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October 28, 2014

**VIA ELECTRONIC FILING**

Ms. Gail L. Mount  
Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, NC 27699-4325

**Re: Docket No. E-100, Sub 136  
Revised Compliance Filing of Rate Schedules and Contracts**

Dear Ms. Mount:

With this letter, Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, Inc. (“DEP”) (collectively, the “Companies”) are filing revisions to their existing avoided cost rate schedules to clarify that the Companies do not intend to file new, proposed avoided cost rates on November 1, 2014, for the reasons set forth below.

In compliance with Ordering Paragraph No. 23 of the *Order Establishing Standard Contract Rates and Contract Terms for Qualifying Facilities* (“Sub 136 Order”), issued by the North Carolina Utilities Commission (Commission) on February 21, 2014, DEC and DEP filed their avoided cost rate schedules and standard contracts on March 13, 2014. The rate schedules went into effect April 1, 2014. Specifically, DEP’s Schedule CSP-29 and DEC’s Schedule PP-N and Schedule PP-H provide that the Fixed, Long-Term Credit rates reflected on those schedules are available only to otherwise eligible Customers (for DEC) or Sellers (for DEP) that establish a Legally Enforceable Obligation (LEO) by November 1, 2014. While the Commission’s Sub 136 Order indicated its intention that the fixed, long-term avoided cost rates approved in biennial proceedings remain available to eligible QFs establishing LEOs no later than November 1 of the year in which a biennial proceeding has been initiated, or the actual filing date of proposed rates if later, new proposed rates traditionally are filed by November 1, and November 1, 2014, was assumed to be that date. DEC’s and DEP’s rate schedules were consistent with the Sub 136 Order at the time they were filed. Because the issues presented in the avoided cost proceeding in Docket No. E-100, Sub 140 are still pending, however, DEC and DEP do not intend to file new proposed avoided cost rates with the

Commission by November 1, 2014. Accordingly, DEC and DEP are revising their rate schedules to state that the Fixed, Long-Term Credit Rates are available only to QFs that establish LEOs by November 1, 2014, or the actual filing date of the proposed rates in the Sub 140 biennial avoided cost proceeding, whichever is later. This revision is consistent with the Commission's Findings of Fact in the Sub 136 Order. The revised schedules are attached, with revisions thereto shown in black-line.

The Companies intend to serve this filing on the parties to Docket No. E-100, Sub 136, and Docket No. E-100, Sub 140, to avoid any confusion. Please do not hesitate to contact me if you have any questions.

Sincerely,



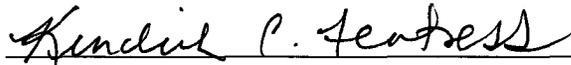
Kendrick C. Fentress  
Associate General Counsel

cc: Parties of Record  
Parties to Docket No. E-100, Sub 140  
Gisele Rankin

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC and Duke Energy Progress, Inc.'s Revised Compliance Filing of Rate Schedules and Contracts in Docket No. E-100, Sub 136, has been served on all parties of record either by hand delivery, email or by depositing a copy in the United States mail, postage prepaid.

This the 28<sup>th</sup> day of October, 2014.



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# Schedule PP-H (NC)

**SCHEDULE PP-H (NC)  
HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER**

Interconnected to Distribution System:

	<u>Variable Rate</u>	<u>5 Years</u>	<u>Fixed Long-Term Rate (a)</u>	
			<u>10 Years (a)</u>	<u>15 Years (a)</u>
I. Capacity Credit				
a. All On-Peak Energy per On-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	3.42 ¢	3.54 ¢	3.74 ¢	3.92 ¢
ii. for all other hydroelectric facilities	2.05 ¢	2.13 ¢	2.24 ¢	2.35 ¢
b. All On-Peak Energy per Off-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	0.68 ¢	0.70 ¢	0.74 ¢	0.78 ¢
ii. for all other hydroelectric facilities	0.41 ¢	0.42 ¢	0.44 ¢	0.47 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.80 ¢	4.99 ¢	5.28 ¢	5.59 ¢
b. All Off-Peak Energy per Month per kWh:	3.77 ¢	3.95 ¢	4.25 ¢	4.51 ¢

Interconnected to Transmission System:

	<u>Variable Rate</u>	<u>5 Years</u>	<u>Fixed Long-Term Rate (a)</u>	
			<u>10 Years (a)</u>	<u>15 Years (a)</u>
I. Capacity Credit				
a. All On-Peak Energy per On-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	3.35 ¢	3.46 ¢	3.65 ¢	3.83 ¢
ii. for all other hydroelectric facilities	2.01 ¢	2.08 ¢	2.19 ¢	2.30 ¢
b. All On-Peak Energy per Off-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	0.66 ¢	0.68 ¢	0.72 ¢	0.76 ¢
ii. for all other hydroelectric facilities	0.40 ¢	0.41 ¢	0.43 ¢	0.45 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.69 ¢	4.88 ¢	5.16 ¢	5.46 ¢
b. All Off-Peak Energy per Month per kWh:	3.69 ¢	3.87 ¢	4.16 ¢	4.42 ¢

Option B

Administrative Charge	\$ 8.17 per month
Facilities Charge (if applicable – See Interconnection Facilities Charge)	\$ 8.03 per month

Interconnected to Distribution System:

	<u>Variable Rate</u>	<u>5 Years</u>	<u>Fixed Long-Term Rate (a)</u>	
			<u>10 Years (a)</u>	<u>15 Years (a)</u>
I. Capacity Credit				
a. All On-Peak Energy per Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	12.09 ¢	12.51 ¢	13.20 ¢	13.84 ¢
ii. for all other hydroelectric facilities	7.25 ¢	7.51 ¢	7.92 ¢	8.30 ¢
b. All On-Peak Energy per Non-Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	1.86 ¢	1.92 ¢	2.03 ¢	2.13 ¢
ii. for all other hydroelectric facilities	1.12 ¢	1.15 ¢	1.22 ¢	1.28 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	5.06 ¢	5.26 ¢	5.59 ¢	5.95 ¢
b. All Off-Peak Energy per Month per kWh:	4.05 ¢	4.23 ¢	4.51 ¢	4.77 ¢

Interconnected to Transmission System:

	<u>Variable Rate</u>	<u>5 Years</u>	<u>Fixed Long-Term Rate (a)</u>	
			<u>10 Years (a)</u>	<u>15 Years (a)</u>
I. Capacity Credit				
a. All On-Peak Energy per Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	11.81 ¢	12.23 ¢	12.89 ¢	13.52 ¢
ii. for all other hydroelectric facilities	7.09 ¢	7.34 ¢	7.74 ¢	8.11 ¢

SCHEDULE PP-H (NC)  
HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER

	Variable Rate	Fixed Long-Term Rate (a)		
		5 Years	10 Years (a)	15 Years (a)
b. All On-Peak Energy per Non-Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	1.82 ¢	1.88 ¢	1.98 ¢	2.08 ¢
ii. for all other hydroelectric facilities	1.09 ¢	1.13 ¢	1.19 ¢	1.25 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.94 ¢	5.14 ¢	5.46 ¢	5.81 ¢
b. All Off-Peak Energy per Month per kWh:	3.97 ¢	4.14 ¢	4.42 ¢	4.67 ¢

Notes: (a) Contracts for the 10-Year and 15-Year Fixed Long-Term Rates are subject to a provision making the contract renewable for subsequent term(s) at the option of the Company on substantially the same terms and provisions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration the Company's then avoided cost rates and other relevant factors, or (2) set by arbitration.

\* Unless otherwise specified in the Company's contract with the Customer, payment of credits under this Schedule do not convey to the Company the right to renewable energy credits (RECs) associated with the energy delivered to the Company by the Customer.

**DEFINITIONS**

**Nameplate Capacity:** The term "Nameplate Capacity" shall mean the maximum continuous electrical output capability of the generator(s) at any time at a power factor of ninety percent (90%).

**Net Capacity:** The term "Net Capacity" shall mean the Nameplate Capacity of the Customer's generating facilities, less the portion of that capacity needed to serve the generating facilities' Auxiliary Load.

**Auxiliary Load:** The term "Auxiliary Load" shall mean power used to operate auxiliary equipment in the facility necessary for power generation (such as pumps, blowers, fuel preparation machinery, and exciters).

**Net Power:** The term "Net Power" shall mean the total amount of electric power produced by the Customer's generating facilities less the portion of that power used to supply the generating facilities' Auxiliary Load.

**Month:** The term "Month" as used in this Schedule means the period intervening between meter readings for the purposes of monthly billing, such readings being taken once per month.

For Option A Rates, the On-Peak Months shall be the billing Months of June through September and December through March. The Off-Peak Months shall be the billing Months of April, May, October and November.

For Option B Rates, the Summer Months are the period from June 1 through September 30. The Non-Summer Months are the period from October 1 through May 31.

**DETERMINATION OF ON-PEAK AND OFF-PEAK ENERGY**

On-Peak Energy shall be energy, in kilowatt-hours, which is supplied to the Company during On-Peak Period Hours. Off-Peak Energy shall be energy, in kilowatt-hours, which is supplied to the Company during the Off-Peak Period Hours.

For Option A Rates, the On-Peak Period Hours shall be those hours, Monday through Friday, beginning at 7 A.M. and ending at 11 P.M. The Off-Peak Period Hours shall be all other weekday hours and all Saturday and Sunday hours.

For Option B Rates, the On-Peak Period Hours shall be those hours, Monday through Friday, beginning at 1 P.M. and ending at 9 P.M. during Summer Months, and beginning at 6 A.M. and ending at 1 P.M. during Non-Summer Months. The Off-Peak Period Hours shall be all other weekday hours and all Saturday and Sunday hours. All hours for the following holidays shall be considered as Off-Peak: New Year's Day, Memorial Day, Good Friday, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, and Christmas Day.

SCHEDULE PP-H (NC)  
HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER

SAFETY, INTERCONNECTION AND INSPECTION REQUIREMENTS

This Schedule is only applicable for installed generation systems and equipment that comply with the provisions outlined in the North Carolina Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Generator Interconnections (hereinafter "Interconnection Procedures") as approved by the North Carolina Utilities Commission.

The Customer must submit an Interconnection Request, which must be accepted by the Company, pay an application fee, comply with the liability insurance requirements of the Interconnection Procedures and enter into a specific contract providing for interconnection to the Company's system.

In order to ensure protection of the Company's system, the Company reserves the right, at its discretion, to inspect the Customer's generation system and equipment at any time upon reasonable notice to the Customer in an effort to ensure compliance with the Interconnection Procedures. The Company reserves the right to disconnect electric service to the premises if the Company determines that the Customer's generation system and equipment is not in compliance with the Interconnection Procedures and is being operated in parallel with the Company's system.

INTERCONNECTION FACILITIES CHARGE

The Customer shall be responsible for providing suitable control and protective devices on his equipment to assure no disturbance to other customers of the Company or to the Company itself, and to protect the Customer's facilities from all loss or damage which could result from operation with the Company's system.

The Company will furnish, install, own, and maintain interconnection facilities as necessary for service under this Schedule including: suitable control and protective devices installed on Company equipment to allow operation of the Customer's generating facilities (see exception below); metering facilities equipped to prevent reverse registration for the measurement of service under this Schedule; and any other modifications to its system required to serve the Customer under this Schedule as determined by the Company.

All such facilities shall be subject to a monthly charge under the Extra Facilities provisions of the Company's Service Regulations, provided, however, that the minimum Extra Facilities charge shall not apply. The Company reserves the right to install at any time facilities necessary for the appropriate measurement of service under this Schedule and to adjust the Interconnection Facilities Charge accordingly, solely at the option of the Company.

When the installed generating system complies with the North Carolina Interconnection Procedures and no additional interconnection facilities are required, the Facilities Charge shown in the Rate above will be applied to cover the cost of the Company's metering and installation.

DETERMINATION OF CAPACITY CREDITS

Capacity Credits will be based on the energy, in kilowatt-hours, which is supplied to the Company during the On-Peak Period Hours of the Month and will be applied to the Customer's bill in the appropriate Month.

Capacity Credits are available only to qualifying facilities classified as "new capacity" in accordance with the Federal Energy Regulatory Commission's Order No. 69 in Docket No. RM79-55 and in accordance with the North Carolina Utilities Commission's Order dated September 21, 1981 in Docket No. E-100, Sub 41.

POWER FACTOR CORRECTION

When the average Monthly power factor of the power supplied by the Customer to the Company is less than 90 percent or greater than 97 percent, the Company may correct the energy, in kilowatt-hours, as appropriate. The Company reserves the right to install facilities necessary for the measurement of power factor and to adjust the Interconnection Facilities Charge accordingly, solely at the option of the Company.

PAYMENTS

Credit billings to the Customer shall be payable to the Customer within fifteen (15) days of the date of the bill.

Bills under this Schedule are due and payable on the date of the bill at the office of the Company. Bills are past due and delinquent on the fifteenth day after the date of the bill. If any bill is not so paid, the Company has the right to suspend service. In addition, all bills not paid by the twenty-fifth day after the date of the bill shall be subject to a one percent (1%) late payment charge on the unpaid amount. This late payment charge shall be rendered on the following month's bill and it shall become part of and be due and payable with the bill on which it is rendered.

SCHEDULE PP-H (NC)  
HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER

CONTRACT PERIOD

Each Customer shall enter into a contract which shall specify the amount of capacity committed for delivery throughout the term of the contract and shall specify one of the following as the initial term and associated rate: variable rate for five (5) years or fixed long-term rate for five (5), ten (10) or fifteen (15) years. Following the initial term, the Variable Rate as from time to time amended by the North Carolina Utilities Commission shall apply to all power purchased by the Company until superseded by a new contract.

The Company reserves the right to terminate the Customer's contract under this Schedule at any time upon written notice to the Customer in the event that the Customer violates any of the terms or conditions of this Schedule or operates its generating facilities in a manner which is detrimental to the Company or any of its Customers or fails to deliver energy to the Company for six (6) consecutive months. In the event of early termination of a contract under this Schedule, the Customer will be required to pay the Company for costs due to such early termination.

SCHEDULE PP-H (NC)  
HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER

AVAILABILITY (North Carolina only)

Available only to establishments located in the Company's North Carolina service territory which have hydroelectric generating facilities owned or operated by small power producers as defined in G.S. 62-3 (27a) contracting to sell generating capacity and energy not in excess of five (5) megawatts which are interconnected directly with the Company's system and which are qualifying facilities as defined by the Federal Energy Regulatory Commission pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978.

The Fixed Long-Term Credit rates on this Schedule are available only to otherwise eligible Customers that establish a Legally Enforceable Obligation by November 1, 2014, (or the actual filing date of proposed rates in the biennial avoided cost proceeding in Docket No. E-100, Sub 140 at the North Carolina Utilities Commission, whichever is later) provided eligible Customer begins delivery no later than 30 months from February 21, 2014, the date of the North Carolina Utilities Commission's *Order Establishing Standard Rates and Contract Terms for Qualifying Facilities*, issued in Docket No. E-100, Sub 136. Customers not qualifying for the Fixed Long-Term Credit rates remain eligible for the Variable Credit rates or the Fixed Long-Term Credit rates proposed in the next biennial avoided cost proceeding, which will be subject to adjustment if different rates are approved by the North Carolina Utilities Commission.

Notwithstanding the above, all qualifying facilities have the option to sell energy to the Company on an "as available" basis and receive energy credits only calculated using the Variable Rates identified in this Schedule for the delivered energy.

This Schedule is not applicable to a qualifying facility owned by a Customer, or affiliate or partner of a Customer, who sells power to the Company from another facility within one-half mile.

Service necessary for the delivery of the Customer's Net Power into the Company's system under this Schedule shall be furnished solely to the individual contracting Customer in a single enterprise, located entirely on a single, contiguous premise. Service hereunder shall be restricted to the Net Capacity of the Customer's generating facilities which may be operated in parallel with the Company's system. Service necessary to supply the Customer's total load requirements other than Auxiliary Load, and service necessary to supply the Customer's Auxiliary Load when the Customer's generating facilities are not operating, shall be billed on the applicable schedule(s) of the Company. Net Power delivered to the Company under this Schedule shall not offset or be substituted for power contracted for or which may be contracted for under any other schedule of the Company, except at the option of the Company under special terms and conditions expressed in writing in the contract with the Customer.

The obligations of the Company in regard to service under this Schedule are dependent upon its securing and retaining all necessary rights-of-way, privileges, franchises and permits for such service and the Company shall not be liable to any customer or applicant for power in the event it is delayed in, or is prevented from purchasing power by its failure to secure and retain such rights-of-way, rights, privileges, franchises and permits.

TYPE OF SERVICE

Company will furnish 60 Hertz service through one metering point, at one delivery point, at one of the following approximate voltages, where available, upon mutual agreement:

- Single-phase, 120/240 volts; or
- 3-phase, 3-wire, 240, 480, 4160, 12470, or 24940 volts, or
- 3-phase voltages other than the foregoing may be available, but only at the Company's option, and provided that the size of the Customer's contract warrants a substation solely to serve that Customer, and further provided that the Customer furnish suitable outdoor space on the premises to accommodate a ground-type transformer installation, or substation, or a transformer vault built in accordance with the Company's specifications

The type of service under this Schedule shall be determined by the Company. Prospective customers shall ascertain the available voltage by written inquiry of the Company before purchasing equipment.

RATE \* (One of the following two Rate options shall apply):

<u>Option A</u>	
Administrative Charge	\$ 8.17 per month
Facilities Charge (if applicable – See Interconnection Facilities Charge)	\$ 8.03 per month

SCHEDULE PP-H (NC)  
HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER

	Variable Rate	Fixed Long-Term Rate (a)		
		5 Years	10 Years (a)	15 Years (a)
b. All On-Peak Energy per Non-Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	1.82 ¢	1.88 ¢	1.98 ¢	2.08 ¢
ii. for all other hydroelectric facilities	1.09 ¢	1.13 ¢	1.19 ¢	1.25 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.94 ¢	5.14 ¢	5.46 ¢	5.81 ¢
b. All Off-Peak Energy per Month per kWh:	3.97 ¢	4.14 ¢	4.42 ¢	4.67 ¢

Notes: (a) Contracts for the 10-Year and 15-Year Fixed Long-Term Rates are subject to a provision making the contract renewable for subsequent term(s) at the option of the Company on substantially the same terms and provisions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration the Company's then avoided cost rates and other relevant factors, or (2) set by arbitration.

\* Unless otherwise specified in the Company's contract with the Customer, payment of credits under this Schedule do not convey to the Company the right to renewable energy credits (RECs) associated with the energy delivered to the Company by the Customer.

**DEFINITIONS**

**Nameplate Capacity:** The term "Nameplate Capacity" shall mean the maximum continuous electrical output capability of the generator(s) at any time at a power factor of ninety percent (90%).

**Net Capacity:** The term "Net Capacity" shall mean the Nameplate Capacity of the Customer's generating facilities, less the portion of that capacity needed to serve the generating facilities' Auxiliary Load.

**Auxiliary Load:** The term "Auxiliary Load" shall mean power used to operate auxiliary equipment in the facility necessary for power generation (such as pumps, blowers, fuel preparation machinery, and exciters).

**Net Power:** The term "Net Power" shall mean the total amount of electric power produced by the Customer's generating facilities less the portion of that power used to supply the generating facilities' Auxiliary Load.

**Month:** The term "Month" as used in this Schedule means the period intervening between meter readings for the purposes of monthly billing, such readings being taken once per month.

For Option A Rates, the On-Peak Months shall be the billing Months of June through September and December through March. The Off-Peak Months shall be the billing Months of April, May, October and November.

For Option B Rates, the Summer Months are the period from June 1 through September 30. The Non-Summer Months are the period from October 1 through May 31.

**DETERMINATION OF ON-PEAK AND OFF-PEAK ENERGY**

On-Peak Energy shall be energy, in kilowatt-hours, which is supplied to the Company during On-Peak Period Hours. Off-Peak Energy shall be energy, in kilowatt-hours, which is supplied to the Company during the Off-Peak Period Hours.

For Option A Rates, the On-Peak Period Hours shall be those hours, Monday through Friday, beginning at 7 A.M. and ending at 11 P.M. The Off-Peak Period Hours shall be all other weekday hours and all Saturday and Sunday hours.

For Option B Rates, the On-Peak Period Hours shall be those hours, Monday through Friday, beginning at 1 P.M. and ending at 9 P.M. during Summer Months, and beginning at 6 A.M. and ending at 1 P.M. during Non-Summer Months. The Off-Peak Period Hours shall be all other weekday hours and all Saturday and Sunday hours. All hours for the following holidays shall be considered as Off-Peak: New Year's Day, Memorial Day, Good Friday, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, and Christmas Day.

SCHEDULE PP-H (NC)  
HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER

CONTRACT PERIOD

Each Customer shall enter into a contract which shall specify the amount of capacity committed for delivery throughout the term of the contract and shall specify one of the following as the initial term and associated rate: variable rate for five (5) years or fixed long-term rate for five (5), ten (10) or fifteen (15) years. Following the initial term, the Variable Rate as from time to time amended by the North Carolina Utilities Commission shall apply to all power purchased by the Company until superseded by a new contract.

The Company reserves the right to terminate the Customer's contract under this Schedule at any time upon written notice to the Customer in the event that the Customer violates any of the terms or conditions of this Schedule or operates its generating facilities in a manner which is detrimental to the Company or any of its Customers or fails to deliver energy to the Company for six (6) consecutive months. In the event of early termination of a contract under this Schedule, the Customer will be required to pay the Company for costs due to such early termination.

# Schedule PP-N (NC)

SCHEDULE PP-N (NC)  
NON-HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER

AVAILABILITY (North Carolina only)

Available only to establishments located in the Company's North Carolina service territory which have non-hydroelectric qualifying facilities fueled by trash or methane derived from landfills, hog waste, poultry waste, solar, wind, and non-animal forms of biomass contracting to sell generating capacity and energy not in excess of five (5) megawatts, or other non-hydroelectric generating facilities contracting to sell generating capacity and energy not in excess of three (3) megawatts, which are interconnected directly with the Company's system and which are qualifying facilities as defined by the Federal Energy Regulatory Commission pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978.

The Fixed Long-Term Credit rates on this Schedule are available only to otherwise eligible Customers that establish a Legally Enforceable Obligation by November 1, 2014, (or the actual filing date of proposed rates in the biennial avoided cost proceeding in Docket No. E-100, Sub 140 at the North Carolina Utilities Commission, whichever is later) provided eligible Customer begins delivery no later than 30 months from February 21, 2014, the date of the North Carolina Utilities Commission's *Order Establishing Standard Rates and Contract Terms for Qualifying Facilities*, issued in Docket No. E-100, Sub 136. Customers not qualifying for the Fixed Long-Term Credit rates remain eligible for the Variable Credit rates or the Fixed Long-Term Credit rates proposed in the next biennial avoided cost proceeding, which will be subject to adjustment if different rates are approved by the North Carolina Utilities Commission.

Notwithstanding the above, all qualifying facilities have the option to sell energy to the Company on an "as available" basis and receive energy credits only calculated using the Variable Rates identified in this Schedule for the delivered energy.

This Schedule is not applicable to a qualifying facility owned by a Customer, or affiliate or partner of a Customer, who sells power to the Company from another facility within one-half mile.

Service necessary for the delivery of the Customer's Net Power into the Company's system under this Schedule shall be furnished solely to the individual contracting Customer in a single enterprise, located entirely on a single, contiguous premise. Service hereunder shall be restricted to the Net Capacity of the Customer's generating facilities which may be operated in parallel with the Company's system. Service necessary to supply the Customer's total load requirements other than Auxiliary Load, and service necessary to supply the Customer's Auxiliary Load when the Customer's generating facilities are not operating, shall be billed on the applicable schedule(s) of the Company. Net Power delivered to the Company under this Schedule shall not offset or be substituted for power contracted for or which may be contracted for under any other schedule of the Company, except at the option of the Company under special terms and conditions expressed in writing in the contract with the Customer.

The obligations of the Company in regard to service under this Schedule are dependent upon its securing and retaining all necessary rights-of-way, privileges, franchises and permits for such service and the Company shall not be liable to any customer or applicant for power in the event it is delayed in, or is prevented from purchasing power by its failure to secure and retain such rights-of-way, rights, privileges, franchises and permits.

TYPE OF SERVICE

Company will furnish 60 Hertz service through one metering point, at one delivery point, at one of the following approximate voltages, where available, upon mutual agreement:

- Single-phase, 120/240 volts; or
- 3-phase, 3-wire, 240, 480, 4160, 12470, or 24940 volts or
- 3-phase voltages other than the foregoing, but only at the Company's option, and provided that the size of the Customer's contract warrants a substation solely to serve that Customer, and further provided that the Customer furnish suitable outdoor space on the premises to accommodate a ground-type transformer installation, or substation, or a transformer vault built in accordance with the Company's specifications.

The type of service under this Schedule shall be determined by the Company. Prospective customers shall ascertain the available voltage by written inquiry of the Company before purchasing equipment.

RATE \* (One of the following two Rate options shall apply):

Option A

Administrative Charge	\$ 8.17 per month
Facilities Charge (if applicable – See Interconnection Facilities Charge)	\$ 8.03 per month

Amended North Carolina Twelfth Revised Leaf No. 91

Effective for service on and after April 1, 2014

NCUC Docket No. E-100, Sub136, Order dated February 21, 2014 and March 31, 2014

SCHEDULE PP-N (NC)  
NON-HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER

Interconnected to Distribution System:

	Variable Rate	Fixed Long-Term Rate (a)		
		5 Years	10 Years (b)	15 Years (b)
I. Capacity Credit				
a. All On-Peak Energy per On-Peak Month per kWh:	2.05 ¢	2.13 ¢	2.24 ¢	2.35 ¢
b. All On-Peak Energy per Off-Peak Month per kWh:	0.41 ¢	0.42 ¢	0.44 ¢	0.47 ¢
	Variable Rate	5 Years	10 Years (b)	15 Years (b)
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.80 ¢	4.99 ¢	5.28 ¢	5.59 ¢
b. All Off-Peak Energy per Month per kWh:	3.77 ¢	3.95 ¢	4.25 ¢	4.51 ¢

Interconnected to Transmission System:

	Variable Rate	Fixed Long-Term Rate (a)		
		5 Years	10 Years (b)	15 Years (b)
I. Capacity Credit				
a. All On-Peak Energy per On-Peak Month per kWh:	2.01 ¢	2.08 ¢	2.19 ¢	2.30 ¢
b. All On-Peak Energy per Off-Peak Month per kWh:	0.40 ¢	0.41 ¢	0.43 ¢	0.45 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.69 ¢	4.88 ¢	5.16 ¢	5.46 ¢
b. All Off-Peak Energy per Month per kWh:	3.69 ¢	3.87 ¢	4.16 ¢	4.42 ¢

Option B

Administrative Charge	\$ 8.17 per month
Facilities Charge (if applicable – See Interconnection Facilities Charge)	\$ 8.03 per month

Interconnected to Distribution System:

	Variable Rate	Fixed Long-Term Rate (a)		
		5 Years	10 Years (b)	15 Years (b)
I. Capacity Credit				
a. All On-Peak Energy per Summer Month per kWh:	7.25 ¢	7.51 ¢	7.92 ¢	8.30 ¢
b. All On-Peak Energy per Non-Summer Month per kWh:	1.12 ¢	1.15 ¢	1.22 ¢	1.28 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	5.06 ¢	5.26 ¢	5.59 ¢	5.95 ¢
b. All Off-Peak Energy per Month per kWh:	4.05 ¢	4.23 ¢	4.51 ¢	4.77 ¢

Interconnected to Transmission System:

	Variable Rate	Fixed Long-Term Rate (a)		
		5 Years	10 Years (b)	15 Years (b)
I. Capacity Credit				
a. All On-Peak Energy per Summer Month per kWh:	7.09 ¢	7.34 ¢	7.74 ¢	8.11 ¢
b. All On-Peak Energy per Non-Summer Month per kWh:	1.09 ¢	1.13 ¢	1.19 ¢	1.25 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.94 ¢	5.14 ¢	5.46 ¢	5.81 ¢
b. All Off-Peak Energy per Month per kWh:	3.97 ¢	4.14 ¢	4.42 ¢	4.67 ¢

Notes: (a) The 10-Year and 15-Year Fixed Long-Term Rates are applicable only to those qualifying facilities which are non-hydroelectric qualifying facilities fueled by trash or methane derived from landfills, hog waste, poultry waste, solar, wind, and non-animal forms of biomass contracting to sell capacity and energy not in excess of five (5) megawatts.

(b) Contracts for the 10-Year and 15-Year Fixed Long-Term Rates are subject to a provision making the contract renewable for subsequent term(s) at the option of the Company on substantially the same terms and provisions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration the Company's then avoided cost rates and other relevant factors, or (2) set by arbitration.

SCHEDULE PP-N (NC)  
NON-HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER

\* Unless otherwise specified in the Company's contract with the Customer, payment of credits under this Schedule do not convey to the Company the right to renewable energy credits (RECs) associated with the energy delivered to the Company by the Customer.

DEFINITIONS

**Nameplate Capacity:** The term "Nameplate Capacity" shall mean the maximum continuous electrical output capability of the generator(s) at any time at a power factor of ninety percent (90%).

**Net Capacity:** The term "Net Capacity" shall mean the Nameplate Capacity of the Customer's generating facilities, less the portion of that capacity needed to serve the generating facilities' Auxiliary Load.

**Auxiliary Load:** The term "Auxiliary Load" shall mean power used to operate auxiliary equipment in the facility necessary for power generation (such as pumps, blowers, fuel preparation machinery, and exciters).

**Net Power:** The term "Net Power" shall mean the total amount of electric power produced by the Customer's generating facilities less the portion of that power used to supply the generating facilities' Auxiliary Load.

**Month:** The term "Month" as used in this Schedule means the period intervening between meter readings for the purposes of monthly billing, such readings being taken once per month.

For Option A Rates, the On-Peak Months shall be the billing Months of June through September and December through March. The Off-Peak Months shall be the billing Months of April, May, October and November.

For Option B Rates, the Summer Months are the period from June 1 through September 30. The Non-Summer Months are the period from October 1 through May 31.

DETERMINATION OF ON-PEAK AND OFF-PEAK ENERGY

On-Peak Energy shall be energy, in kilowatt-hours, which is supplied to the Company during On-Peak Period Hours. Off-Peak Energy shall be energy, in kilowatt-hours, which is supplied to the Company during the Off-Peak Period Hours.

For Option A Rates, the On-Peak Period Hours shall be those hours, Monday through Friday, beginning at 7 A.M. and ending at 11 P.M. The Off-Peak Period Hours shall be all other weekday hours and all Saturday and Sunday hours.

For Option B Rates, the On-Peak Period Hours shall be those hours, Monday through Friday, beginning at 1 P.M. and ending at 9 P.M. during Summer Months, and beginning at 6 A.M. and ending at 1 P.M. during Non-Summer Months. The Off-Peak Period Hours shall be all other weekday hours and all Saturday and Sunday hours. All hours for the following holidays shall be considered as Off-Peak: New Year's Day, Memorial Day, Good Friday, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, and Christmas Day.

SAFETY, INTERCONNECTION AND INSPECTION REQUIREMENTS

This Schedule is only applicable for installed generation systems and equipment that comply with the provisions outlined in the North Carolina Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Generator Interconnections (hereinafter "Interconnection Procedures") as approved by the North Carolina Utilities Commission.

The Customer must submit an Interconnection Request, which must be accepted by the Company, pay an application fee, comply with the liability insurance requirements of the Interconnection Procedures and enter into a specific contract providing for interconnection to the Company's system.

In order to ensure protection of the Company's system, the Company reserves the right, at its discretion, to inspect the Customer's generation system and equipment at any time upon reasonable notice to the Customer in an effort to ensure compliance with the Interconnection Procedures. The Company reserves the right to disconnect electric service to the premises if the Company determines that the Customer's generation system and equipment is not in compliance with the Interconnection Procedures and is being operated in parallel with the Company's system.

INTERCONNECTION FACILITIES CHARGE

The Customer shall be responsible for providing suitable control and protective devices on his equipment to assure no disturbance to other customers of the Company or to the Company itself, and to protect the Customer's facilities from all loss or damage which could result from operation with the Company's system.

SCHEDULE PP-N (NC)  
NON-HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER

The Company will furnish, install, own, and maintain interconnection facilities as necessary for service under this Schedule including: suitable control and protective devices installed on Company equipment to allow operation of the Customer's generating facilities; metering facilities equipped to prevent reverse registration for the measurement of service under this Schedule; and any other modifications to its system required to serve the Customer under this Schedule as determined by the Company.

All such facilities shall be subject to a monthly charge under the Extra Facilities provisions of the Company's Service Regulations provided, however, that the minimum Extra Facilities charge shall not apply. The Company reserves the right to install at any time facilities necessary for the appropriate measurement of service under this Schedule and to adjust the Interconnection Facilities Charge accordingly, solely at the option of the Company.

When the installed generating system complies with the North Carolina Interconnection Procedures and no additional interconnection facilities are required, the Facilities Charge shown in the Rate above will be applied to cover the cost of the Company's metering and installation.

DETERMINATION OF CAPACITY CREDITS

Capacity Credits will be based on the energy, in kilowatt-hours, which is supplied to the Company during the On-Peak Period Hours of the Month and will be applied to the Customer's bill in the appropriate Month.

Capacity Credits are available only to qualifying facilities classified as "new capacity" in accordance with the Federal Energy Regulatory Commission's Order No. 69 in Docket No. RM79-55 and in accordance with the North Carolina Utilities Commission's Order dated September 21, 1981 in Docket No. E-100, Sub 41.

POWER FACTOR CORRECTION

When the average Monthly power factor of the power supplied by the Customer to the Company is less than 90 percent or greater than 97 percent, the Company may correct the energy, in kilowatt-hours, as appropriate. The Company reserves the right to install facilities necessary for the measurement of power factor and to adjust the Interconnection Facilities Charge accordingly, solely at the option of the Company.

PAYMENTS

Credit billings to the Customer shall be payable to the Customer within fifteen (15) days of the date of the bill.

Bills under this Schedule are due and payable on the date of the bill at the office of the Company. Bills are past due and delinquent on the fifteenth day after the date of the bill. If any bill is not so paid, the Company has the right to suspend service. In addition, all bills not paid by the twenty-fifth day after the date of the bill shall be subject to a one percent (1%) late payment charge on the unpaid amount. This late payment charge shall be rendered on the following month's bill and it shall become part of and be due and payable with the bill on which it is rendered.

CONTRACT PERIOD

Each Customer shall enter into a contract which shall specify the amount of capacity committed for delivery throughout the term of the contract and shall specify one of the following as the initial term and associated rate: variable rate for five (5) years or fixed long-term rate for five (5), ten (10) or fifteen (15) years. Following the initial term, the Variable Rate as from time to time amended by the North Carolina Utilities Commission shall apply to all power purchased by the Company until superseded by a new contract.

The Company reserves the right to terminate the Customer's contract under this Schedule at any time upon written notice to the Customer in the event that the Customer violates any of the terms or conditions of this Schedule or operates its generating facilities in a manner which is detrimental to the Company or any of its Customers or fails to deliver energy to the Company for six (6) consecutive Months. In the event of early termination of a contract under this Schedule, the Customer will be required to pay the Company for costs due to such early termination.

SCHEDULE PP-N (NC)  
NON-HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER

AVAILABILITY (North Carolina only)

Available only to establishments located in the Company’s North Carolina service territory which have non-hydroelectric qualifying facilities fueled by trash or methane derived from landfills, hog waste, poultry waste, solar, wind, and non-animal forms of biomass contracting to sell generating capacity and energy not in excess of five (5) megawatts, or other non-hydroelectric generating facilities contracting to sell generating capacity and energy not in excess of three (3) megawatts, which are interconnected directly with the Company’s system and which are qualifying facilities as defined by the Federal Energy Regulatory Commission pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978.

The Fixed Long-Term Credit rates on this Schedule are available only to otherwise eligible Customers that establish a Legally Enforceable Obligation by November 1, 2014, (or the actual filing date of proposed rates in the biennial avoided cost proceeding in Docket No. E-100, Sub 140 at the North Carolina Utilities Commission, whichever is later) provided eligible Customer begins delivery no later than 30 months from February 21, 2014, the date of the North Carolina Utilities Commission’s *Order Establishing Standard Rates and Contract Terms for Qualifying Facilities*, issued in Docket No. E-100, Sub 136. Customers not qualifying for the Fixed Long-Term Credit rates remain eligible for the Variable Credit rates or the Fixed Long-Term Credit rates proposed in the next biennial avoided cost proceeding, which will be subject to adjustment if different rates are approved by the North Carolina Utilities Commission.

Notwithstanding the above, all qualifying facilities have the option to sell energy to the Company on an “as available” basis and receive energy credits only calculated using the Variable Rates identified in this Schedule for the delivered energy.

This Schedule is not applicable to a qualifying facility owned by a Customer, or affiliate or partner of a Customer, who sells power to the Company from another facility within one-half mile.

Service necessary for the delivery of the Customer’s Net Power into the Company’s system under this Schedule shall be furnished solely to the individual contracting Customer in a single enterprise, located entirely on a single, contiguous premise. Service hereunder shall be restricted to the Net Capacity of the Customer’s generating facilities which may be operated in parallel with the Company’s system. Service necessary to supply the Customer’s total load requirements other than Auxiliary Load, and service necessary to supply the Customer’s Auxiliary Load when the Customer’s generating facilities are not operating, shall be billed on the applicable schedule(s) of the Company. Net Power delivered to the Company under this Schedule shall not offset or be substituted for power contracted for or which may be contracted for under any other schedule of the Company, except at the option of the Company under special terms and conditions expressed in writing in the contract with the Customer.

The obligations of the Company in regard to service under this Schedule are dependent upon its securing and retaining all necessary rights-of-way, privileges, franchises and permits for such service and the Company shall not be liable to any customer or applicant for power in the event it is delayed in, or is prevented from purchasing power by its failure to secure and retain such rights-of-way, rights, privileges, franchises and permits.

TYPE OF SERVICE

Company will furnish 60 Hertz service through one metering point, at one delivery point, at one of the following approximate voltages, where available, upon mutual agreement:

- Single-phase, 120/240 volts; or
- 3-phase, 3-wire, 240, 480, 4160, 12470, or 24940 volts or
- 3-phase voltages other than the foregoing, but only at the Company’s option, and provided that the size of the Customer’s contract warrants a substation solely to serve that Customer, and further provided that the Customer furnish suitable outdoor space on the premises to accommodate a ground-type transformer installation, or substation, or a transformer vault built in accordance with the Company’s specifications.

The type of service under this Schedule shall be determined by the Company. Prospective customers shall ascertain the available voltage by written inquiry of the Company before purchasing equipment.

RATE \* (One of the following two Rate options shall apply):

Option A

Administrative Charge	\$ 8.17 per month
Facilities Charge (if applicable – See Interconnection Facilities Charge)	\$ 8.03 per month

**SCHEDULE PP-N (NC)  
NON-HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER**

Interconnected to Distribution System:

	<u>Variable Rate</u>	<u>Fixed Long-Term Rate (a)</u>		
		<u>5 Years</u>	<u>10 Years (b)</u>	<u>15 Years (b)</u>
I. Capacity Credit				
a. All On-Peak Energy per On-Peak Month per kWh:	2.05 ¢	2.13 ¢	2.24 ¢	2.35 ¢
b. All On-Peak Energy per Off-Peak Month per kWh:	0.41 ¢	0.42 ¢	0.44 ¢	0.47 ¢
	<u>Variable Rate</u>	<u>5 Years</u>	<u>10 Years (b)</u>	<u>15 Years (b)</u>
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.80 ¢	4.99 ¢	5.28 ¢	5.59 ¢
b. All Off-Peak Energy per Month per kWh:	3.77 ¢	3.95 ¢	4.25 ¢	4.51 ¢

Interconnected to Transmission System:

	<u>Variable Rate</u>	<u>Fixed Long-Term Rate (a)</u>		
		<u>5 Years</u>	<u>10 Years (b)</u>	<u>15 Years (b)</u>
I. Capacity Credit				
a. All On-Peak Energy per On-Peak Month per kWh:	2.01 ¢	2.08 ¢	2.19 ¢	2.30 ¢
b. All On-Peak Energy per Off-Peak Month per kWh:	0.40 ¢	0.41 ¢	0.43 ¢	0.45 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.69 ¢	4.88 ¢	5.16 ¢	5.46 ¢
b. All Off-Peak Energy per Month per kWh:	3.69 ¢	3.87 ¢	4.16 ¢	4.42 ¢

Option B

Administrative Charge	\$ 8.17 per month
Facilities Charge (if applicable – See Interconnection Facilities Charge)	\$ 8.03 per month

Interconnected to Distribution System:

	<u>Variable Rate</u>	<u>Fixed Long-Term Rate (a)</u>		
		<u>5 Years</u>	<u>10 Years (b)</u>	<u>15 Years (b)</u>
I. Capacity Credit				
a. All On-Peak Energy per Summer Month per kWh:	7.25 ¢	7.51 ¢	7.92 ¢	8.30 ¢
b. All On-Peak Energy per Non-Summer Month per kWh:	1.12 ¢	1.15 ¢	1.22 ¢	1.28 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	5.06 ¢	5.26 ¢	5.59 ¢	5.95 ¢
b. All Off-Peak Energy per Month per kWh:	4.05 ¢	4.23 ¢	4.51 ¢	4.77 ¢

Interconnected to Transmission System:

	<u>Variable Rate</u>	<u>Fixed Long-Term Rate (a)</u>		
		<u>5 Years</u>	<u>10 Years (b)</u>	<u>15 Years (b)</u>
I. Capacity Credit				
a. All On-Peak Energy per Summer Month per kWh:	7.09 ¢	7.34 ¢	7.74 ¢	8.11 ¢
b. All On-Peak Energy per Non-Summer Month per kWh:	1.09 ¢	1.13 ¢	1.19 ¢	1.25 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.94 ¢	5.14 ¢	5.46 ¢	5.81 ¢
b. All Off-Peak Energy per Month per kWh:	3.97 ¢	4.14 ¢	4.42 ¢	4.67 ¢

Notes: (a) The 10-Year and 15-Year Fixed Long-Term Rates are applicable only to those qualifying facilities which are non-hydroelectric qualifying facilities fueled by trash or methane derived from landfills, hog waste, poultry waste, solar, wind, and non-animal forms of biomass contracting to sell capacity and energy not in excess of five (5) megawatts.

(b) Contracts for the 10-Year and 15-Year Fixed Long-Term Rates are subject to a provision making the contract renewable for subsequent term(s) at the option of the Company on substantially the same terms and provisions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration the Company's then avoided cost rates and other relevant factors, or (2) set by arbitration.

SCHEDULE PP-N (NC)  
NON-HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER

\* Unless otherwise specified in the Company’s contract with the Customer, payment of credits under this Schedule do not convey to the Company the right to renewable energy credits (RECs) associated with the energy delivered to the Company by the Customer.

**DEFINITIONS**

Nameplate Capacity: The term “Nameplate Capacity” shall mean the maximum continuous electrical output capability of the generator(s) at any time at a power factor of ninety percent (90%).

Net Capacity: The term “Net Capacity” shall mean the Nameplate Capacity of the Customer’s generating facilities, less the portion of that capacity needed to serve the generating facilities’ Auxiliary Load.

Auxiliary Load: The term “Auxiliary Load” shall mean power used to operate auxiliary equipment in the facility necessary for power generation (such as pumps, blowers, fuel preparation machinery, and exciters).

Net Power: The term “Net Power” shall mean the total amount of electric power produced by the Customer’s generating facilities less the portion of that power used to supply the generating facilities’ Auxiliary Load.

Month: The term “Month” as used in this Schedule means the period intervening between meter readings for the purposes of monthly billing, such readings being taken once per month.

For Option A Rates, the On-Peak Months shall be the billing Months of June through September and December through March. The Off-Peak Months shall be the billing Months of April, May, October and November.

For Option B Rates, the Summer Months are the period from June 1 through September 30. The Non-Summer Months are the period from October 1 through May 31.

**DETERMINATION OF ON-PEAK AND OFF-PEAK ENERGY**

On-Peak Energy shall be energy, in kilowatt-hours, which is supplied to the Company during On-Peak Period Hours. Off-Peak Energy shall be energy, in kilowatt-hours, which is supplied to the Company during the Off-Peak Period Hours.

For Option A Rates, the On-Peak Period Hours shall be those hours, Monday through Friday, beginning at 7 A.M. and ending at 11 P.M. The Off-Peak Period Hours shall be all other weekday hours and all Saturday and Sunday hours.

For Option B Rates, the On-Peak Period Hours shall be those hours, Monday through Friday, beginning at 1 P.M. and ending at 9 P.M. during Summer Months, and beginning at 6 A.M. and ending at 1 P.M. during Non-Summer Months. The Off-Peak Period Hours shall be all other weekday hours and all Saturday and Sunday hours. All hours for the following holidays shall be considered as Off-Peak: New Year’s Day, Memorial Day, Good Friday, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, and Christmas Day.

**SAFETY, INTERCONNECTION AND INSPECTION REQUIREMENTS**

This Schedule is only applicable for installed generation systems and equipment that comply with the provisions outlined in the North Carolina Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Generator Interconnections (hereinafter “Interconnection Procedures”) as approved by the North Carolina Utilities Commission.

The Customer must submit an Interconnection Request, which must be accepted by the Company, pay an application fee, comply with the liability insurance requirements of the Interconnection Procedures and enter into a specific contract providing for interconnection to the Company’s system.

In order to ensure protection of the Company’s system, the Company reserves the right, at its discretion, to inspect the Customer’s generation system and equipment at any time upon reasonable notice to the Customer in an effort to ensure compliance with the Interconnection Procedures. The Company reserves the right to disconnect electric service to the premises if the Company determines that the Customer’s generation system and equipment is not in compliance with the Interconnection Procedures and is being operated in parallel with the Company’s system.

**INTERCONNECTION FACILITIES CHARGE**

The Customer shall be responsible for providing suitable control and protective devices on his equipment to assure no disturbance to other customers of the Company or to the Company itself, and to protect the Customer’s facilities from all loss or damage which could result from operation with the Company’s system.

**SCHEDULE PP-N (NC)  
NON-HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER**

The Company will furnish, install, own, and maintain interconnection facilities as necessary for service under this Schedule including: suitable control and protective devices installed on Company equipment to allow operation of the Customer's generating facilities; metering facilities equipped to prevent reverse registration for the measurement of service under this Schedule; and any other modifications to its system required to serve the Customer under this Schedule as determined by the Company.

All such facilities shall be subject to a monthly charge under the Extra Facilities provisions of the Company's Service Regulations provided, however, that the minimum Extra Facilities charge shall not apply. The Company reserves the right to install at any time facilities necessary for the appropriate measurement of service under this Schedule and to adjust the Interconnection Facilities Charge accordingly, solely at the option of the Company.

When the installed generating system complies with the North Carolina Interconnection Procedures and no additional interconnection facilities are required, the Facilities Charge shown in the Rate above will be applied to cover the cost of the Company's metering and installation.

**DETERMINATION OF CAPACITY CREDITS**

Capacity Credits will be based on the energy, in kilowatt-hours, which is supplied to the Company during the On-Peak Period Hours of the Month and will be applied to the Customer's bill in the appropriate Month.

Capacity Credits are available only to qualifying facilities classified as "new capacity" in accordance with the Federal Energy Regulatory Commission's Order No. 69 in Docket No. RM79-55 and in accordance with the North Carolina Utilities Commission's Order dated September 21, 1981 in Docket No. E-100, Sub 41.

**POWER FACTOR CORRECTION**

When the average Monthly power factor of the power supplied by the Customer to the Company is less than 90 percent or greater than 97 percent, the Company may correct the energy, in kilowatt-hours, as appropriate. The Company reserves the right to install facilities necessary for the measurement of power factor and to adjust the Interconnection Facilities Charge accordingly, solely at the option of the Company.

**PAYMENTS**

Credit billings to the Customer shall be payable to the Customer within fifteen (15) days of the date of the bill.

Bills under this Schedule are due and payable on the date of the bill at the office of the Company. Bills are past due and delinquent on the fifteenth day after the date of the bill. If any bill is not so paid, the Company has the right to suspend service. In addition, all bills not paid by the twenty-fifth day after the date of the bill shall be subject to a one percent (1%) late payment charge on the unpaid amount. This late payment charge shall be rendered on the following month's bill and it shall become part of and be due and payable with the bill on which it is rendered.

**CONTRACT PERIOD**

Each Customer shall enter into a contract which shall specify the amount of capacity committed for delivery throughout the term of the contract and shall specify one of the following as the initial term and associated rate: variable rate for five (5) years or fixed long-term rate for five (5), ten (10) or fifteen (15) years. Following the initial term, the Variable Rate as from time to time amended by the North Carolina Utilities Commission shall apply to all power purchased by the Company until superseded by a new contract.

The Company reserves the right to terminate the Customer's contract under this Schedule at any time upon written notice to the Customer in the event that the Customer violates any of the terms or conditions of this Schedule or operates its generating facilities in a manner which is detrimental to the Company or any of its Customers or fails to deliver energy to the Company for six (6) consecutive Months. In the event of early termination of a contract under this Schedule, the Customer will be required to pay the Company for costs due to such early termination.

SCHEDULE PP-H (NC)  
HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER

AVAILABILITY (North Carolina only)

Available only to establishments located in the Company’s North Carolina service territory which have hydroelectric generating facilities owned or operated by small power producers as defined in G.S. 62-3 (27a) contracting to sell generating capacity and energy not in excess of five (5) megawatts which are interconnected directly with the Company’s system and which are qualifying facilities as defined by the Federal Energy Regulatory Commission pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978.

The Fixed Long-Term Credit rates on this Schedule are available only to otherwise eligible Customers that establish a Legally Enforceable Obligation by November 1, 2014, (or the actual filing date of proposed rates in the biennial avoided cost proceeding in Docket No. E-100, Sub 140 at the North Carolina Utilities Commission, whichever is later) provided eligible Customer begins delivery no later than 30 months from February 21, 2014, the date of the North Carolina Utilities Commission's *Order Establishing Standard Rates and Contract Terms for Qualifying Facilities*, issued in Docket No. E-100, Sub 136. Customers not qualifying for the Fixed Long-Term Credit rates remain eligible for the Variable Credit rates or the Fixed Long-Term Credit rates proposed in the next biennial avoided cost proceeding, which will be subject to adjustment if different rates are approved by the North Carolina Utilities Commission.

Notwithstanding the above, all qualifying facilities have the option to sell energy to the Company on an “as available” basis and receive energy credits only calculated using the Variable Rates identified in this Schedule for the delivered energy.

This Schedule is not applicable to a qualifying facility owned by a Customer, or affiliate or partner of a Customer, who sells power to the Company from another facility within one-half mile.

Service necessary for the delivery of the Customer’s Net Power into the Company’s system under this Schedule shall be furnished solely to the individual contracting Customer in a single enterprise, located entirely on a single, contiguous premise. Service hereunder shall be restricted to the Net Capacity of the Customer’s generating facilities which may be operated in parallel with the Company’s system. Service necessary to supply the Customer’s total load requirements other than Auxiliary Load, and service necessary to supply the Customer’s Auxiliary Load when the Customer’s generating facilities are not operating, shall be billed on the applicable schedule(s) of the Company. Net Power delivered to the Company under this Schedule shall not offset or be substituted for power contracted for or which may be contracted for under any other schedule of the Company, except at the option of the Company under special terms and conditions expressed in writing in the contract with the Customer.

The obligations of the Company in regard to service under this Schedule are dependent upon its securing and retaining all necessary rights-of-way, privileges, franchises and permits for such service and the Company shall not be liable to any customer or applicant for power in the event it is delayed in, or is prevented from purchasing power by its failure to secure and retain such rights-of-way, rights, privileges, franchises and permits.

TYPE OF SERVICE

Company will furnish 60 Hertz service through one metering point, at one delivery point, at one of the following approximate voltages, where available, upon mutual agreement:

- Single-phase, 120/240 volts; or
- 3-phase, 3-wire, 240, 480, 4160, 12470, or 24940 volts, or
- 3-phase voltages other than the foregoing may be available, but only at the Company’s option, and provided that the size of the Customer’s contract warrants a substation solely to serve that Customer, and further provided that the Customer furnish suitable outdoor space on the premises to accommodate a ground-type transformer installation, or substation, or a transformer vault built in accordance with the Company’s specifications

The type of service under this Schedule shall be determined by the Company. Prospective customers shall ascertain the available voltage by written inquiry of the Company before purchasing equipment.

RATE \* (One of the following two Rate options shall apply):

<u>Option A</u>	
Administrative Charge	\$ 8.17 per month
Facilities Charge (if applicable – See Interconnection Facilities Charge)	\$ 8.03 per month

# Schedule CSP-29

COGENERATION AND SMALL POWER PRODUCER  
SCHEDULE CSP-29

AVAILABILITY

Upon Seller's completion and Company's acceptance of an Application for Standard Contract, this Schedule is available for electrical energy and capacity supplied by Eligible Qualifying Facilities (as defined below) to Company, provided Seller is a Qualifying Facility as defined by the Federal Energy Regulatory Commission's (FERC) Order No. 70 under Docket No. RM79-54. This Schedule is not available for electric service supplied by Company to Seller or to Seller who has negotiated rate credits or conditions with Company which are different from those below. If Seller requires supplemental, standby, or interruptible services, Seller shall enter into a separate service agreement with Company in accordance with Company's applicable electric rates, riders, and Service Regulations on file with and authorized by the state regulatory agency having jurisdiction.

The Fixed Long Term Credit rates are available only to otherwise eligible Sellers that establish a Legally Enforceable Obligation by November 1, 2014 (or the actual filing date of proposed rates in the biennial avoided cost proceeding in Docket No. E-100, Sub 140 at the North Carolina Utilities Commission if later), provided eligible Seller begins delivery no later than 30 months from February 21, 2014, the date of the North Carolina Utilities Commission's *Order Establishing Standard Rates and Contract Terms for Qualifying Facilities*, issued in Docket No. E-100, Sub 136.

Sellers not qualifying for the Fixed Long Term Credit rates remain eligible for the Variable Credit rates or the Fixed Long Term Credit rates proposed in the next biennial avoided cost proceeding, which will be subject to adjustment if different rates are approved by the North Carolina Utilities Commission in that proceeding.

Qualifying Facilities Eligible for Capacity and/or Energy Credits

In order to be an Eligible Qualifying Facility and receive Energy Credits under this Schedule, the Qualifying Facility must be a hydroelectric or a generator fueled by trash or methane derived from landfills, solar, wind, hog or poultry waste-fueled or non-animal biomass-fueled Qualifying Facility with a Contract Capacity of 5 MW or less, or other Qualifying Facility with a Contract Capacity of 3 MW or less:

Capacity Credits are limited to Eligible Qualifying Facilities located within Company's service area that are classified as New Capacity in accordance with FERC Order No. 69 under Docket No. RM79-55 and interconnected to Company's transmission or distribution facilities, or to those Eligible Qualifying Facilities who were selling electricity to Company and receiving Capacity Credits under an existing Purchase Power Agreement on April 1, 2005. The availability of Fixed Long-Term and Variable Capacity Credits is subject to the following conditions:

The 5-Year, 10-Year, and 15-Year Fixed Long-Term and Variable Capacity Credits below are available to hydroelectric qualifying facilities owned or operated by small power producers as defined in G.S. 62-3(27a), non-hydroelectric qualifying facilities fueled by trash or methane derived from landfills, solar, wind, hog or poultry waste-fueled or non-animal biomass-fueled Eligible Qualifying Facilities with Contract Capacities of 5 MW or less. Other Eligible Qualifying Facilities with Contract Capacities of 3 MW or less are eligible for 5-Year Fixed Long-Term and Variable Capacity Credits below.

Eligible Qualifying Facilities receiving Capacity Credits under this Schedule shall also receive corresponding Energy Credits of like term. The Variable Energy Credit shall constitute an "as available" avoided cost credit for Eligible Qualifying Facilities.

Standard 10-year and 15-year rate options as specified in this Schedule, for Eligible Qualifying Facilities may be renewable for subsequent terms, at the Company's option, based on substantially the same terms and provisions contained herein and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration Company's then avoided cost rate and other relevant factors or (2) set by arbitration.

#### Non-Eligible Qualifying Facilities

All Qualifying Facilities not eligible for the standard long-term levelized rates have the following three options if the Company has a Commission-recognized active solicitation underway: (1) participating in the Company's competitive bidding process, (2) negotiating a contract and rates with the Company, or (3) selling energy at the Company's Commission-established variable energy rate. If the Company does not have a Commission-recognized active solicitation underway, it shall offer Qualifying Facilities not eligible for the standard long-term levelized rates the options of (1) contracting with the Company to sell power at the variable energy rate established by the Commission in these biennial proceedings or (2) contracting with the Company to sell power at negotiated rates. If the Company does not have a solicitation underway, any unresolved issues arising from such negotiations will be subject to arbitration by the Commission at the request of either the Company or Qualifying Facility to determine the Company's actual avoided cost, including both capacity and energy components, as appropriate; however, the Commission will only arbitrate disputed issues if the QF is prepared to commit its capacity to the utility for a period of at least two years. The exact points at which an active solicitation should be regarded as beginning and ending for these purposes should be determined by motion to, and order of, the Commission. Unless there is such a Commission order, it will be assumed that there is no solicitation underway. If the variable energy rate option is chosen, such rate may not be locked in by a contract term, but shall instead change as determined by the Commission in the next biennial proceeding.

The Variable Energy Credit shall constitute the "as available" avoided cost credit for Non-Eligible Qualifying Facilities.

#### APPLICABILITY

This Schedule is applicable to all electric energy and capacity supplied by Eligible Qualifying Facility to Company at one point of delivery through Company's metering facilities.

#### CONTRACT CAPACITY

The Contract Capacity shall be as specified in the Application For Standard Contract between Company and Seller. Only one such Standard Contract shall be permitted for any Qualifying Facility. Capacity in excess of the contract capacity of a standard rate Qualifying Facility's generators must be consumed internally by the Qualifying Facility.

#### MONTHLY RATE

##### Payment

Company shall pay Eligible Qualifying Facilities for energy and/or capacity furnished to Company the Credits set forth below as applicable. Such payments shall be reduced by both the Seller Charge and any applicable Interconnection Cost. Payments to Qualifying Facilities with Contract Capacities of 10kW or less shall only be made on a calendar year basis.

Energy Credits

Those Eligible Qualifying Facilities eligible for Company's Fixed Long-Term and/or Variable Energy Credits shall be paid an Energy Credit for all energy delivered to Company's System as registered or computed from Company's metering facilities. This Energy Credit will be in accordance with the length of rate term for energy sales so established in the Purchase Agreement. Seller may contract for rates under either Option A or Option B below.

**Option A**

For facilities whose deliveries do not enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)	4.120	4.391	4.942	5.310
Off-Peak kWh (¢/kWh)	3.739	3.862	4.266	4.618

For facilities whose deliveries enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year.</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)	4.034	4.300	4.839	5.199
Off-Peak kWh (¢/kWh)	3.688	3.810	4.208	4.556

**Option B** <sup>(1)</sup>

For facilities whose deliveries do not enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)	3.966	4.478	5.078	5.496
Off-Peak kWh (¢/kWh)	3.849	3.932	4.348	4.689

For facilities whose deliveries enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year.</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)	3.880	4.381	4.969	5.377
Off-Peak kWh (¢/kWh)	3.793	3.874	4.284	4.621

<sup>(1)</sup> Billing under Option B shall be available on and after October 1, 2014.

## Capacity Credits

Those Eligible Qualifying Facilities eligible for Company's Fixed Long Term and/or Variable Capacity Credits shall be paid a Capacity Credit for all capacity delivered to Company's System as registered or computed from Company's metering facilities. This Capacity Credit will be in accordance with the length of rate term for capacity sales so established in the Purchase Agreement. Company shall pay a Capacity Credit based on the on-peak kWh supplied by the Eligible Qualifying Facility.

### **Option A**

For hydroelectric facilities with no storage capability and no other type of generation whose deliveries do not enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)-Summer	4.797	4.964	5.225	5.461
On-Peak kWh (¢/kWh)-Non-summer	3.805	3.938	4.145	4.332

For all other facilities whose deliveries do not enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)-Summer	2.878	2.978	3.135	3.277
On-Peak kWh (¢/kWh)-Non-summer	2.283	2.363	2.487	2.599

For hydroelectric facilities with no storage capability and no other type of generation whose deliveries enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)-Summer	4.697	4.860	5.116	5.347
On-Peak kWh (¢/kWh)-Non-summer	3.726	3.855	4.058	4.242

For all other facilities whose deliveries enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)-Summer	2.818	2.916	3.069	3.208
On-Peak kWh (¢/kWh)-Non-summer	2.236	2.313	2.435	2.545

### **Option B** <sup>(1)</sup>

For hydroelectric facilities with no storage capability and no other type of generation whose deliveries do not enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)-Summer	8.008	8.287	8.722	9.117
On-Peak kWh (¢/kWh)-Non-summer	6.075	6.286	6.617	6.916

For all other facilities whose deliveries do not enter Company's transmission system:

	Variable Credit	Fixed Long-Term Credits		
		5-Year	10-Year	15-Year
On-Peak kWh (¢/kWh)-Summer	4.805	4.972	5.233	5.470
On-Peak kWh (¢/kWh)-Non-summer	3.645	3.772	3.970	4.149

For hydroelectric facilities with no storage capability and no other type of generation whose deliveries enter Company's transmission system:

	Variable Credit	Fixed Long-Term Credits		
		5-Year	10-Year	15-Year
On-Peak kWh (¢/kWh)-Summer	7.835	8.107	8.534	8.920
On-Peak kWh (¢/kWh)-Non-summer	5.944	6.150	6.474	6.767

For all other facilities whose deliveries enter Company's transmission system:

	Variable Credit	Fixed Long-Term Credits		
		5-Year	10-Year	15-Year
On-Peak kWh (¢/kWh)-Summer	4.701	4.864	5.120	5.352
On-Peak kWh (¢/kWh)-Non-summer	3.566	3.690	3.884	4.060

<sup>(1)</sup> Billing under Option B shall be available on and after October 1, 2014.

Summer months under both Options A and B are defined as the calendar months of June through September. Non-summer months are defined as all other months.

#### Renewable Energy Credits

The sale of power by QFs at avoided cost rates does not convey the right to renewable energy credits (RECs) or green tags.

#### Seller Charge

An Eligible Qualifying Facility shall pay to Company a Seller Charge outlined below in accordance with the Contract Capacity specified in the Application For Standard Contract between Company and Seller:

	Contract Capacity			
	0 to 10 kW	11 to 100 kW	101 to 999 kW	1000 kW and above
Monthly Seller Charge	\$4	\$7	\$93	\$278

For Small Power Producers, as the term is defined in N.C. General Statute §62-3 (27a), with no storage capacity and no other type of generation whose deliveries do not enter Company's transmission system, the sum of: (1) the Seller Charge and (2) the Monthly Facilities Charge for those Interconnection Facilities installed before January 1, 2000 or replaced thereafter with equipment of equal capacity and kind, shall be \$100.00 per month; except that any Interconnection Facilities installed after January 1, 2000, other than replacement of existing equipment with equipment of equal capacity and kind, shall be

subject to additional Monthly Facilities Charges. This provision applies only to a Small Power Producer who has completed an initial 15-year contract term under a Purchase Power Agreement with Company prior to January 1, 2000 or was selling electricity to Company on January 1, 2000.

#### RATE UPDATES

The Credits and Seller Charge of this Schedule will be updated every two years. Sellers who have contracted for the Fixed Long-Term Credits will not be affected by updates in the Energy and Capacity Credits until their rate term expires. For all Qualifying Facilities selling to Company pursuant to the Variable Credit provisions of this schedule, such credits shall be updated and changed in accordance with the Commission's revisions to such credits in Company's biennial avoided cost proceedings.

#### DETERMINATION OF ON-PEAK AND OFF-PEAK HOURS

##### I. On-Peak Hours:

###### Option A:

- A. Service used beginning at 12:00 midnight March 31 and ending at 12:00 midnight September 30:

The on-peak hours are defined as the hours between 10:00 a.m. and 10:00 p.m., Monday through Friday, excluding holidays considered as off-peak.

- B. Service used beginning at 12:00 midnight September 30 and ending at 12:00 midnight March 31:

The on-peak hours are defined as those hours between 6:00 a.m. and 1:00 p.m., plus 4:00 p.m. through 9:00 p.m., Monday through Friday, excluding holidays considered as off-peak.

###### Option B:

- A. Service used beginning at 12:00 midnight May 31 and ending at 12:00 midnight September 30:

The on-peak hours are defined as those hours, Monday through Friday, beginning at 1:00 p.m. and ending at 9:00 p.m., excluding holidays considered as off-peak.

- B. Service used beginning at 12:00 midnight September 30 and ending at 12:00 midnight May 31:

The on-peak hours are defined as those hours, Monday through Friday, beginning at 6:00 a.m. and ending at 1:00 p.m., excluding holidays considered as off-peak.

##### II. Off-Peak Hours:

The off-peak hours in any month are defined as all hours not specified above as on-peak hours. All hours for the following holidays will be considered as off-peak: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the day after, and Christmas Day. When one of the above holidays falls on a Saturday, the Friday before the holiday will be considered off-peak; when the holiday falls on a Sunday, the following Monday will be considered off-peak.

| INTERCONNECTION COSTS

For Eligible Qualifying Facilities, the installed costs for all facilities constructed or installed by Company to interconnect and safely operate in parallel with Seller's equipment shall be determined in accordance with Company's Terms and Conditions for the Purchase of Electric Power. Interconnection of Customer's generation to Company's system shall be in accordance with the North Carolina Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Generation Interconnections.

Supersedes Schedule CSP-27B

| Effective for energy and capacity rendered on and after -April 1, 2014  
NCUC Docket No. E-100, Sub 136

COGENERATION AND SMALL POWER PRODUCER  
SCHEDULE CSP-29

AVAILABILITY

Upon Seller's completion and Company's acceptance of an Application for Standard Contract, this Schedule is available for electrical energy and capacity supplied by Eligible Qualifying Facilities (as defined below) to Company, provided Seller is a Qualifying Facility as defined by the Federal Energy Regulatory Commission's (FERC) Order No. 70 under Docket No. RM79-54. This Schedule is not available for electric service supplied by Company to Seller or to Seller who has negotiated rate credits or conditions with Company which are different from those below. If Seller requires supplemental, standby, or interruptible services, Seller shall enter into a separate service agreement with Company in accordance with Company's applicable electric rates, riders, and Service Regulations on file with and authorized by the state regulatory agency having jurisdiction.

The Fixed Long Term Credit rates are available only to otherwise eligible Sellers that establish a Legally Enforceable Obligation by November 1, 2014 (or the actual filing date of proposed rates in the biennial avoided cost proceeding in Docket No. E-100, Sub 140 at the North Carolina Utilities Commission if later), provided eligible Seller begins delivery no later than 30 months from February 21, 2014, the date of the North Carolina Utilities Commission's *Order Establishing Standard Rates and Contract Terms for Qualifying Facilities*, issued in Docket No. E-100, Sub 136.

Sellers not qualifying for the Fixed Long Term Credit rates remain eligible for the Variable Credit rates or the Fixed Long Term Credit rates proposed in the next biennial avoided cost proceeding, which will be subject to adjustment if different rates are approved by the North Carolina Utilities Commission in that proceeding.

Qualifying Facilities Eligible for Capacity and/or Energy Credits

In order to be an Eligible Qualifying Facility and receive Energy Credits under this Schedule, the Qualifying Facility must be a hydroelectric or a generator fueled by trash or methane derived from landfills, solar, wind, hog or poultry waste-fueled or non-animal biomass-fueled Qualifying Facility with a Contract Capacity of 5 MW or less, or other Qualifying Facility with a Contract Capacity of 3 MW or less:

Capacity Credits are limited to Eligible Qualifying Facilities located within Company's service area that are classified as New Capacity in accordance with FERC Order No. 69 under Docket No. RM79-55 and interconnected to Company's transmission or distribution facilities, or to those Eligible Qualifying Facilities who were selling electricity to Company and receiving Capacity Credits under an existing Purchase Power Agreement on April 1, 2005. The availability of Fixed Long-Term and Variable Capacity Credits is subject to the following conditions:

The 5-Year, 10-Year, and 15-Year Fixed Long-Term and Variable Capacity Credits below are available to hydroelectric qualifying facilities owned or operated by small power producers as defined in G.S. 62-3(27a), non-hydroelectric qualifying facilities fueled by trash or methane derived from landfills, solar, wind, hog or poultry waste-fueled or non-animal biomass-fueled Eligible Qualifying Facilities with Contract Capacities of 5 MW or less. Other Eligible Qualifying Facilities with Contract Capacities of 3 MW or less are eligible for 5-Year Fixed Long-Term and Variable Capacity Credits below.

Eligible Qualifying Facilities receiving Capacity Credits under this Schedule shall also receive corresponding Energy Credits of like term. The Variable Energy Credit shall constitute an "as available" avoided cost credit for Eligible Qualifying Facilities.

Standard 10-year and 15-year rate options as specified in this Schedule, for Eligible Qualifying Facilities may be renewable for subsequent terms, at the Company's option, based on substantially the same terms and provisions contained herein and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration Company's then avoided cost rate and other relevant factors or (2) set by arbitration.

#### Non-Eligible Qualifying Facilities

All Qualifying Facilities not eligible for the standard long-term levelized rates have the following three options if the Company has a Commission-recognized active solicitation underway: (1) participating in the Company's competitive bidding process, (2) negotiating a contract and rates with the Company, or (3) selling energy at the Company's Commission-established variable energy rate. If the Company does not have a Commission-recognized active solicitation underway, it shall offer Qualifying Facilities not eligible for the standard long-term levelized rates the options of (1) contracting with the Company to sell power at the variable energy rate established by the Commission in these biennial proceedings or (2) contracting with the Company to sell power at negotiated rates. If the Company does not have a solicitation underway, any unresolved issues arising from such negotiations will be subject to arbitration by the Commission at the request of either the Company or Qualifying Facility to determine the Company's actual avoided cost, including both capacity and energy components, as appropriate; however, the Commission will only arbitrate disputed issues if the QF is prepared to commit its capacity to the utility for a period of at least two years. The exact points at which an active solicitation should be regarded as beginning and ending for these purposes should be determined by motion to, and order of, the Commission. Unless there is such a Commission order, it will be assumed that there is no solicitation underway. If the variable energy rate option is chosen, such rate may not be locked in by a contract term, but shall instead change as determined by the Commission in the next biennial proceeding.

The Variable Energy Credit shall constitute the "as available" avoided cost credit for Non-Eligible Qualifying Facilities.

#### APPLICABILITY

This Schedule is applicable to all electric energy and capacity supplied by Eligible Qualifying Facility to Company at one point of delivery through Company's metering facilities.

#### CONTRACT CAPACITY

The Contract Capacity shall be as specified in the Application For Standard Contract between Company and Seller. Only one such Standard Contract shall be permitted for any Qualifying Facility. Capacity in excess of the contract capacity of a standard rate Qualifying Facility's generators must be consumed internally by the Qualifying Facility.

#### MONTHLY RATE

##### Payment

Company shall pay Eligible Qualifying Facilities for energy and/or capacity furnished to Company the Credits set forth below as applicable. Such payments shall be reduced by both the Seller Charge and any applicable Interconnection Cost. Payments to Qualifying Facilities with Contract Capacities of 10kW or less shall only be made on a calendar year basis.

## Energy Credits

Those Eligible Qualifying Facilities eligible for Company's Fixed Long-Term and/or Variable Energy Credits shall be paid an Energy Credit for all energy delivered to Company's System as registered or computed from Company's metering facilities. This Energy Credit will be in accordance with the length of rate term for energy sales so established in the Purchase Agreement. Seller may contract for rates under either Option A or Option B below.

### Option A

For facilities whose deliveries do not enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)	4.120	4.391	4.942	5.310
Off-Peak kWh (¢/kWh)	3.739	3.862	4.266	4.618

For facilities whose deliveries enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)	4.034	4.300	4.839	5.199
Off-Peak kWh (¢/kWh)	3.688	3.810	4.208	4.556

### Option B <sup>(1)</sup>

For facilities whose deliveries do not enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)	3.966	4.478	5.078	5.496
Off-Peak kWh (¢/kWh)	3.849	3.932	4.348	4.689

For facilities whose deliveries enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)	3.880	4.381	4.969	5.377
Off-Peak kWh (¢/kWh)	3.793	3.874	4.284	4.621

<sup>(1)</sup> Billing under Option B shall be available on and after October 1, 2014.

## Capacity Credits

Those Eligible Qualifying Facilities eligible for Company's Fixed Long Term and/or Variable Capacity Credits shall be paid a Capacity Credit for all capacity delivered to Company's System as registered or computed from Company's metering facilities. This Capacity Credit will be in accordance with the length of rate term for capacity sales so established in the Purchase Agreement. Company shall pay a Capacity Credit based on the on-peak kWh supplied by the Eligible Qualifying Facility.

### **Option A**

For hydroelectric facilities with no storage capability and no other type of generation whose deliveries do not enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)-Summer	4.797	4.964	5.225	5.461
On-Peak kWh (¢/kWh)-Non-summer	3.805	3.938	4.145	4.332

For all other facilities whose deliveries do not enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)-Summer	2.878	2.978	3.135	3.277
On-Peak kWh (¢/kWh)-Non-summer	2.283	2.363	2.487	2.599

For hydroelectric facilities with no storage capability and no other type of generation whose deliveries enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)-Summer	4.697	4.860	5.116	5.347
On-Peak kWh (¢/kWh)-Non-summer	3.726	3.855	4.058	4.242

For all other facilities whose deliveries enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)-Summer	2.818	2.916	3.069	3.208
On-Peak kWh (¢/kWh)-Non-summer	2.236	2.313	2.435	2.545

### **Option B** <sup>(1)</sup>

For hydroelectric facilities with no storage capability and no other type of generation whose deliveries do not enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)-Summer	8.008	8.287	8.722	9.117
On-Peak kWh (¢/kWh)-Non-summer	6.075	6.286	6.617	6.916

For all other facilities whose deliveries do not enter Company's transmission system:

	Variable Credit	Fixed Long-Term Credits		
		5-Year	10-Year	15-Year
On-Peak kWh (¢/kWh)-Summer	4.805	4.972	5.233	5.470
On-Peak kWh (¢/kWh)-Non-summer	3.645	3.772	3.970	4.149

For hydroelectric facilities with no storage capability and no other type of generation whose deliveries enter Company's transmission system:

	Variable Credit	Fixed Long-Term Credits		
		5-Year	10-Year	15-Year
On-Peak kWh (¢/kWh)-Summer	7.835	8.107	8.534	8.920
On-Peak kWh (¢/kWh)-Non-summer	5.944	6.150	6.474	6.767

For all other facilities whose deliveries enter Company's transmission system:

	Variable Credit	Fixed Long-Term Credits		
		5-Year	10-Year	15-Year
On-Peak kWh (¢/kWh)-Summer	4.701	4.864	5.120	5.352
On-Peak kWh (¢/kWh)-Non-summer	3.566	3.690	3.884	4.060

<sup>(1)</sup> Billing under Option B shall be available on and after October 1, 2014.

Summer months under both Options A and B are defined as the calendar months of June through September. Non-summer months are defined as all other months.

### Renewable Energy Credits

The sale of power by QFs at avoided cost rates does not convey the right to renewable energy credits (RECs) or green tags.

### Seller Charge

An Eligible Qualifying Facility shall pay to Company a Seller Charge outlined below in accordance with the Contract Capacity specified in the Application For Standard Contract between Company and Seller:

	Contract Capacity			
	0 to 10 kW	11 to 100 kW	101 to 999 kW	1000 kW and above
Monthly Seller Charge	\$4	\$7	\$93	\$278

For Small Power Producers, as the term is defined in N.C. General Statute §62-3 (27a), with no storage capacity and no other type of generation whose deliveries do not enter Company's transmission system, the sum of: (1) the Seller Charge and (2) the Monthly Facilities Charge for those Interconnection Facilities installed before January 1, 2000 or replaced thereafter with equipment of equal capacity and kind, shall be \$100.00 per month; except that any Interconnection Facilities installed after January 1, 2000, other than replacement of existing equipment with equipment of equal capacity and kind, shall be

subject to additional Monthly Facilities Charges. This provision applies only to a Small Power Producer who has completed an initial 15-year contract term under a Purchase Power Agreement with Company prior to January 1, 2000 or was selling electricity to Company on January 1, 2000.

#### RATE UPDATES

The Credits and Seller Charge of this Schedule will be updated every two years. Sellers who have contracted for the Fixed Long-Term Credits will not be affected by updates in the Energy and Capacity Credits until their rate term expires. For all Qualifying Facilities selling to Company pursuant to the Variable Credit provisions of this schedule, such credits shall be updated and changed in accordance with the Commission's revisions to such credits in Company's biennial avoided cost proceedings.

#### DETERMINATION OF ON-PEAK AND OFF-PEAK HOURS

##### I. On-Peak Hours:

###### Option A:

- A. Service used beginning at 12:00 midnight March 31 and ending at 12:00 midnight September 30:

The on-peak hours are defined as the hours between 10:00 a.m. and 10:00 p.m., Monday through Friday, excluding holidays considered as off-peak.

- B. Service used beginning at 12:00 midnight September 30 and ending at 12:00 midnight March 31:

The on-peak hours are defined as those hours between 6:00 a.m. and 1:00 p.m., plus 4:00 p.m. through 9:00 p.m., Monday through Friday, excluding holidays considered as off-peak.

###### Option B:

- A. Service used beginning at 12:00 midnight May 31 and ending at 12:00 midnight September 30:

The on-peak hours are defined as those hours, Monday through Friday, beginning at 1:00 p.m. and ending at 9:00 p.m., excluding holidays considered as off-peak.

- B. Service used beginning at 12:00 midnight September 30 and ending at 12:00 midnight May 31:

The on-peak hours are defined as those hours, Monday through Friday, beginning at 6:00 a.m. and ending at 1:00 p.m., excluding holidays considered as off-peak.

##### II. Off-Peak Hours:

The off-peak hours in any month are defined as all hours not specified above as on-peak hours. All hours for the following holidays will be considered as off-peak: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the day after, and Christmas Day. When one of the above holidays falls on a Saturday, the Friday before the holiday will be considered off-peak; when the holiday falls on a Sunday, the following Monday will be considered off-peak.

INTERCONNECTION COSTS

For Eligible Qualifying Facilities, the installed costs for all facilities constructed or installed by Company to interconnect and safely operate in parallel with Seller's equipment shall be determined in accordance with Company's Terms and Conditions for the Purchase of Electric Power. Interconnection of Customer's generation to Company's system shall be in accordance with the North Carolina Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Generation Interconnections.

Supersedes Schedule CSP-27B

Effective for energy and capacity rendered on and after April 1, 2014

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