

October 5, 2018

**VIA ELECTRONIC FILING**

Ms. M. Lynn Jarvis  
Chief Clerk  
North Carolina Utilities Commission  
430 N. Salisbury Street, Dobbs Building  
Raleigh, North Carolina 27603

Re: Docket No. G-9, Sub 726

Dear Ms. Jarvis:

Pursuant to the Commission's September 10, 2018 Order Requesting Additional Information Concerning Receipt Interconnect Agreement in the above-captioned proceeding, Piedmont Natural Gas Company, Inc. respectfully submits a redacted version of its Receipt Interconnect Agreement with Optima TH. Consistent with the Commission's directives, this version of the Optima TH Receipt Interconnect Agreement redacts only those portions of the agreement consistent with State trade secret guidelines under the Public Records Act.

Please accept the attached redacted version of Piedmont's Receipt Interconnect Agreement with Optima TH for filing.

Thank you for your assistance with this matter. If you have any questions regarding this filing, you may reach me at the number shown above.

Sincerely,

/s/ James H. Jeffries IV  
James H. Jeffries IV

JHJ/rkg

Enclosure

cc: Bruce Barkley  
Brian Heslin  
David Nestor  
Elizabeth Culpepper  
Deborah Ross

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the attached is being served this date upon all of the parties to this docket electronically or by depositing a copy of the same in the United States Mail, First Class Postage Prepaid, at the addresses contained in the official service list in this proceeding.

This the 5th day of October, 2018.

/s/ Richard K. Goley  
Richard K. Goley

**G-9, SUB 726**

**REDACTED  
RECEIPT INTERCONNECT  
AGREEMENT**

## RECEIPT INTERCONNECT AGREEMENT

This Receipt Interconnect Agreement ("Agreement") is made this \_\_\_\_ day of \_\_\_\_\_, 2018 by and between Piedmont Natural Gas Company, Inc. ("Piedmont") and \_\_\_\_\_ ("Supplier"). Piedmont and Supplier are referred to hereinafter individually as "Party" and collectively as "Parties."

WHEREAS, Supplier owns, controls or has rights to certain supplies of Alternative Gas (as defined on Attachment A hereto) and desires to establish a new point of interconnection with Piedmont in the vicinity of Tar Heel, North Carolina ("Receipt Point") in order to facilitate the delivery of such Alternative Gas through Supplier's facilities into the transmission facilities of Piedmont; and

WHEREAS, Piedmont is willing, subject to the terms and conditions set forth in the Agreement, to receive such Alternative Gas supplies from Supplier at the Receipt Point subject to the terms and conditions set forth herein; and

WHEREAS, the Parties desire to set forth their understanding regarding the design, construction, installation, ownership, operation and maintenance of certain interconnecting facilities to connect Supplier's facilities to Piedmont's natural gas transmission system and the terms and conditions upon which Piedmont is willing to receive and accept Alternative Gas supplies into its transmission system.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein and other valuable consideration, the adequacy and sufficiency of which are acknowledged, the Parties agree as follows:

### ARTICLE I

#### **Construction, Ownership and Operation of the Facilities**

##### **A. Piedmont's Responsibilities.**

1. Piedmont shall design, construct, install, own, operate and maintain certain facilities at the Receipt Point including, but not limited to, gas monitoring equipment and telemetry, meters, regulators, valves, gas analyzers, odorization equipment, a corrosion coupon testing station, shut-in valves, separators, filters, tap facilities ("Measurement Facilities"), all as may be reasonably determined by Piedmont to be necessary to provide services as contemplated herein. Supplier shall coordinate with Piedmont concerning the substantial completion date of its Alternative Gas production facilities. Following approval of this Agreement by the North Carolina Utilities Commission, Supplier and Piedmont agree to undertake reasonable efforts to coordinate the completion of the Measurement Facilities with a target date for substantial completion of the Alternative Gas production facilities and Measurement Facilities of [REDACTED]

- [REDACTED], subject to any delays related to or arising out of equipment acquisition, weather, labor, materials delays, or other causes beyond the reasonable control of Piedmont. No liability will accrue to Piedmont as a result of failure to achieve the substantial completion target date. Piedmont will provide monthly updates to Supplier regarding the status of its construction of the Measurement Facilities.
2. Such Measurement Facilities shall be capable of accommodating the delivery of a maximum quantity of up to [REDACTED] dekatherms (“Dth”) of Alternative Gas per hour and a total maximum daily quantity of Alternative Gas up to [REDACTED] Dth per day.
  3. Upon completion of the Measurement Facilities and the placement thereof into service by Piedmont, and subject to operating conditions on its system and Supplier’s compliance with all the terms of this Agreement and any Operational Orders issued by Piedmont under the authority of its approved North Carolina tariffs and service regulations, as the same may be changed from time-to-time, Piedmont agrees to accept up to the quantities of Alternative Gas set forth in paragraph 2 above at the Receipt Point for the account and benefit of any transportation customer on its North Carolina transmission and distribution system; [REDACTED]  
[REDACTED] Such acceptance by Piedmont of quantities of Alternative Gas from Supplier for the account of one or more of Piedmont’s transportation customers shall not constitute a sale of such gas to Piedmont by Supplier and no compensation shall be due from Piedmont or payable by Piedmont to Supplier on account of such acceptance; provided, however, that Piedmont and its customers shall continue to be bound by the provisions of Piedmont’s approved North Carolina Rate Schedules and Service Regulations with respect to the cash-out and management of imbalances. Piedmont’s acceptance of Alternative Gas from Supplier shall be solely for the purpose of redelivery of such Alternative Gas to an existing transportation customer consistent with the rights of such transportation customer under Piedmont’s approved North Carolina tariffs or approved special contract arrangements.
  4. Piedmont shall be wholly and solely responsible for testing, calibrating and commissioning the Measurement Facilities and notifying Supplier when the Measurement Facilities are ready to be placed into service (“In-Service Date”). The commissioning period shall commence on the first day Supplier delivers Alternative Gas to the Measurement Facilities after Piedmont provides notice to Supplier that such facilities are ready for commissioning. Prior to commencement of commissioning of the Measurement Facilities, and as a prerequisite thereto, Supplier shall demonstrate to Piedmont’s reasonable satisfaction that (i) it has successfully completed the first two gas quality tests called for under Attachment A hereto, and (ii) it has tested its compression equipment and determined that such equipment is capable of delivering regulated Alternative Gas to the

- Measurement Facilities at a pressure sufficient to enter Piedmont's system without disruption to the operation of that system. During commissioning of the Measurement Facilities, Supplier shall provide at least 48 hours of continuous gas flow to the Measurement Facilities. The commissioning period shall terminate upon the commencement of service hereunder on the In-Service Date.
5. Piedmont will calibrate and test its meters annually, and will calibrate and test its gas monitoring and analyzing equipment on a commercially reasonable cycle. Piedmont will supply all calibration and test results, data and reports to Supplier upon Supplier's reasonable request including results of initial testing. The actual costs of the testing and calibration provided for in this paragraph I.A.5. shall be included in computing the monthly maintenance fee provided for under paragraph VI.3 hereof and shall be paid by Supplier.
  6. Piedmont will provide Supplier reasonable notice of all planned testing and calibration activities and will allow Supplier or its agents to observe them. At Supplier's request and expense, Piedmont will retest any equipment in the Measuring Facility that appears to Supplier to be providing inaccurate measurements.
  7. Piedmont shall be responsible for establishing and maintaining the electric power and telecommunication services needed to operate the Measurement Facilities. These costs shall be included in the monthly maintenance fee provided for under paragraph VI.3 hereof and shall be paid by Supplier.
  8. Supplier shall be responsible for the payment of all costs incurred by Piedmont in compliance with paragraphs I.A.1 through I.A.7 above, in the manner and as set forth in Article VI hereof.

**B. Supplier's Responsibilities.**

1. Supplier shall design, construct, install, own, operate and maintain, at its sole expense, all facilities upstream of Piedmont's Measurement Facilities necessary to deliver Alternative Gas to the Receipt Point including, but not limited to, upstream interconnecting pipeline(s), compression facilities, gas conditioning equipment (filter, separator, liquid/solid removal devices or dehydration equipment) and any other equipment necessary to connect Supplier's gathering system and/or pipeline to Piedmont's Measurement Facilities (collectively the "Upstream Facilities"). Supplier shall be wholly and exclusively responsible for the compliance of all such equipment with all applicable federal, state, or local safety regulations, including without limitation, PHMSA regulations applicable to Supplier's equipment. Supplier agrees to design, place, and construct the Upstream Facilities in a manner that does not interfere with the operation of the Measurement Facilities and which is not inconsistent with or disruptive of Piedmont's ability to operate those Measurement Facilities in a safe and reliable manner consistent with all pertinent regulations applicable thereto, including but

- not limited to the creation of a National Electric Code Hazardous Area impacting the Measurement Facilities.
2. Supplier shall deliver regulated Alternative Gas to Piedmont's Measurement Facilities at a consistent pressure sufficient to allow the Alternative Gas to enter Piedmont's transmission system without disruption to that system or damage to Piedmont's Measurement Facilities, taking into account the pressure necessary to operate Piedmont's Measurement Facilities. If, at any time during the term of this Agreement, additional compression facilities are required to deliver Alternative Gas through Piedmont's Measurement Facilities into its transmission system, Supplier shall be solely responsible for the design, installation, ownership, operation and maintenance of such facilities. Fuel gas for the compressor facilities and all other auxiliary fuel supplies shall be the responsibility of Supplier or taken upstream of Piedmont's Measurement Facilities. All compression facilities shall be located on properties owned by parties other than Piedmont. At no time shall Supplier deliver Alternative Gas to Piedmont at pressures that exceed the Maximum Allowable Operating Pressure of the Piedmont facilities receiving such Alternative Gas. Piedmont shall have the right to terminate its receipt of Supplier's Alternative Gas at any time and without notice to Supplier in the event that operation of Supplier's equipment constitutes a physical danger to Piedmont's Measurement Facilities. Supplier shall take reasonable measures to dampen vibrations that reach Piedmont's Measurement Facilities resulting from the operation of Supplier's equipment or the flow of Alternative Gas into the Measurement Facilities.
  3. Supplier shall be responsible for acquiring all operating, regulatory and environmental permits in its name that are necessary for the construction, operation and maintenance of all Upstream Facilities.
  4. Supplier shall be responsible for making all payments or providing all services required hereunder in the manner specified and as set forth in the other Articles of this Agreement including, without limitation, Article VI hereof.
  5. Supplier shall provide, on the first business day of every month, its forecasted daily operations schedule for the upcoming six (6) months.

## **ARTICLE II**

### **Operations and Maintenance**

1. Piedmont shall be solely responsible for all maintenance activities performed in connection with its Measurement Facilities including, but not limited to, operation, testing, calibration, adjustment and maintenance necessary for the reliable utilization of the Measurement Facilities and associated telemetry ("Routine Maintenance"). Supplier shall be responsible for all reasonable and

- necessary Routine Maintenance costs which shall be computed and billed in accordance with the terms set forth in Article VI below.
2. If any of Supplier's Upstream Facilities fail or for any reason or do not function properly and, as a result, Piedmont incurs any costs or expenses, including direct costs or costs paid to Piedmont's contractors, Supplier shall reimburse Piedmont for all such reasonable and necessary costs or expenses as provided in Article VI hereof, provided however, that Supplier is under no obligation to Piedmont to supply Alternative Gas to Piedmont's system and shall not be liable to Piedmont for any costs associated with failure to supply Alternative Gas.
  3. Should Piedmont be required to perform any repairs to the Measurement Facilities in addition to Routine Maintenance, or be forced to replace or rebuild any portion of such Measurement Facilities in order to meet its obligations pursuant to this Agreement, Supplier shall reimburse Piedmont all reasonable and necessary costs incurred by Piedmont with respect to such repair, replacement or rebuilding activities as provided for in Article VI hereof.
  4. Piedmont shall have the right to curtail, interrupt or discontinue, in whole or in part, its acceptance of Alternative Gas from Supplier hereunder at any time for any operational, maintenance or regulatory reason satisfactory to Piedmont in its reasonable discretion including, without limitation, the need to perform repairs, maintenance, testing, calibration, replacement or other related construction on its system or the Measurement Facilities as necessary to maintain operational capability, comply with applicable governmental regulations and its obligations under this Agreement or for other operational, maintenance or regulatory reasons as deemed necessary by Piedmont. Piedmont shall not be liable to Supplier in any manner due to any such curtailment, interruption or discontinuance of service. Piedmont shall provide such notice to Supplier as is reasonable and practical under the circumstances and schedule such activities so as to minimize interruptions or disruption of the receipt of Alternative Gas at the Receipt Point. Piedmont will undertake to complete repairs, maintenance, testing, calibration, replacement or other related requirements with reasonable diligence and otherwise to restore service after any such curtailment, interruption or discontinuance of service as quickly as is reasonably possible in the circumstances.

### **ARTICLE III**

#### **Gas Quality, Testing and Other Matters Relating to the Receipt and Acceptance by Piedmont of Alternative Gas**

1. All Alternative Gas delivered to Piedmont by Supplier at the Receipt Point shall fully comply with and be subject to the quality standards, specifications, and other requirements of Piedmont's "Statement of Alternative Gas Requirements"



- (“Piedmont’s Gas Quality Standards”) attached hereto as Attachment A. If Supplier or its Alternative Gas fail to comply with the requirements of Piedmont’s Gas Quality Standards, then Piedmont’s remedies for such non-compliance shall be as set forth herein and in Attachment A.
2. To the extent the provisions of Attachment A are or become inconsistent with the final Statement of Alternative Gas Requirements approved by the Commission in Docket No. G-9, Sub 698, Attachment A shall be amended by the Parties to be consistent with the final approved Statement of Alternative Gas Requirements approved in Docket No. G-9, Sub 698. Notwithstanding the foregoing and the provisions of this Agreement, Piedmont shall be free to propose modification of its Statement of Alternative Gas Requirements at any time and to file those standards with the NCUC for approval. In such event, Supplier shall be free to intervene in such docket and take any position with respect to such proposed revised standards, including proposals to reject or modify such standards, as it deems consistent with its own best interests; provided, however, that any final ruling of the NCUC with respect to Piedmont’s Statement of Alternative Gas Requirements shall be binding upon the Parties hereto and any such ruling shall be incorporated into and supersede the existing provisions of Attachment A for the remaining term of this Agreement.

#### **ARTICLE IV**

##### **Land Rights**

1. Supplier shall procure, at no cost to Piedmont and subject to Piedmont’s assent in the selection of such property, all necessary property right(s) (the “Property Rights”) for the placement, construction and operation of the Measurement Facilities, as well as the placement, construction, and maintenance of an all-weather road providing year-round access by Piedmont or its contractors to the Measurement Facilities. Any easement(s), licenses or other property rights acquired by Supplier for the installation, operation, maintenance and replacement of the Measurement Facilities or access road shall be fully assigned to Piedmont including the surface easement(s) and right of ingress or egress by Piedmont, its assigns, or its successors prior to the In-Service Date. Should this Agreement be terminated for cause or should Supplier abandon or remove its Upstream Facilities, Piedmont shall continue to have the right, at its sole discretion, to leave its Measurement Facilities in place and Supplier shall take all steps reasonably necessary to assign any and all of its easement(s) related to such facilities to Piedmont.
2. Prior to negotiating or procuring Property Rights associated with any equipment to be installed, operated or owned by Piedmont, Supplier must obtain written approval from Piedmont of the format and content of the documents (including a plat of the location of the Property Rights) used to secure the Property Rights (the “Instruments”). No Instrument will deviate from Piedmont’s standard templates

- used to acquire Property Rights with regard to, but not by way of limitation, easement width, access rights, term, multiple-line or above ground rights, liability and indemnification without the prior written approval of Piedmont. Copies of Piedmont's standard templates will be provided to Supplier upon request. Licenses or permits will not be acceptable substitutes for the Instruments without the prior written approval of Piedmont.
3. All pipeline easements, if applicable, shall be at least fifty (50) feet wide and the measuring station site shall be at least one hundred (100) feet by one hundred (100) feet in size, unless the Parties mutually agree in writing to smaller sizes.
  4. Supplier shall be responsible for, and as between Piedmont and Supplier, assumes all risks associated with conditions on, in, under, or pertaining to the property on which the Measurement Facilities will be located, to include the risk of preexisting environmental contamination on such property and the risk of potential damage to unknown or unlocated underground facilities on such property. Supplier hereby agrees to indemnify and hold Piedmont harmless from any claims, demands, costs, expenses, or damages arising from or relating to preexisting environmental contamination or potential damage to existing underground structures on the property that may result from Piedmont's construction of the Measurement Facilities thereon.

## **ARTICLE V**

### **Term**

1. This Agreement shall be binding upon the Parties upon the execution hereof and shall continue in full force and effect for an initial term of [REDACTED] years, following which it will continue on a year to year basis unless terminated by either Party upon [REDACTED] days prior written notice to the other. This Agreement may be terminated by Piedmont at any time for failure of Supplier to perform its obligations hereunder provided that reasonable written notice of the failure and reasonable opportunity to cure is provided to Supplier and to Supplier Lender, as set forth in Article VI, paragraph 10. If this Agreement is terminated for any reason, Piedmont shall have the right, at its discretion, to disconnect Supplier's Upstream Facilities from Piedmont's Measurement Facilities. [REDACTED]

2. Should Supplier abandon its Upstream Facilities project for any reason prior to the In-Service Date, Supplier shall be responsible for and reimburse Piedmont,

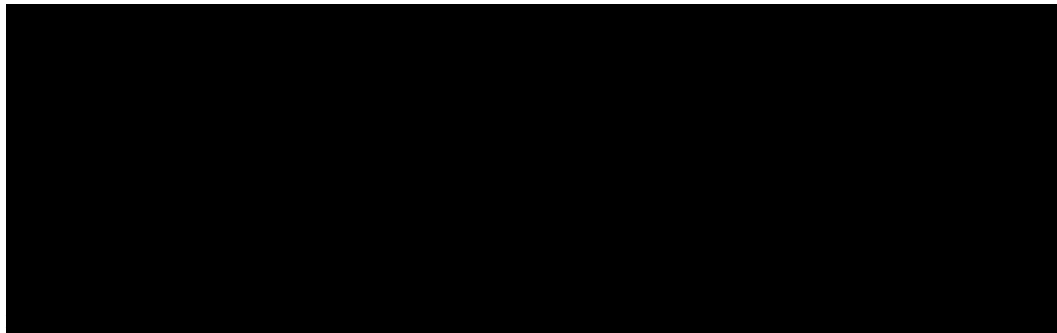
- upon demand, for any costs incurred by Piedmont up to the point the project is abandoned (including in this instance a gross-up for the income tax effect of such payment, but only if and to the extent the receipt of such amount by Piedmont is treated as revenue for income tax purposes).
3. Notwithstanding subsections 1 and 2 of this Article V above, this Agreement shall be subject to termination by either Party, upon five days written notice, in the event of any order by the NCUC which prohibits or precludes the continued receipt by Piedmont of Supplier's Alternative Gas. In the event of a termination of this Agreement pursuant to this subsection 3 of Article V, neither party shall have any continuing liability to the other for actions taken or due to be taken on or after the date of such termination.

**ARTICLE VI**  
**Supplier's Payment and Related Obligations**

1.



2.



[REDACTED]

3. Supplier shall compensate Piedmont for the actual cost of the performance of Routine Maintenance as set forth in Article II above, and for electric power and telecommunications utilized by the Measurement Facilities as well as testing and calibration costs. Piedmont shall charge Supplier a monthly fee for these costs of [REDACTED] to be effective immediately following the In-Service Date. The monthly fee provided for herein shall be reviewed and updated on an annual basis to reflect the costs associated with the underlying activities by Piedmont identified herein in the prior year and for which the monthly fee is intended as compensation, it being the intent of the parties that each year Supplier will pay as a monthly fee an amount sufficient to defray actual costs at the level incurred by Piedmont in the prior year. Supplier shall have the right to inspect Piedmont's books and records on reasonable notice to verify the accuracy of the costs billed. Cost for Routine Maintenance or electric or telecommunications service or calibration and testing costs shall not be billed to Supplier to the extent such costs are included by Piedmont in the costs of operating its utility system for ratemaking purposes and are recovered from other customers.

The initial monthly fee for Routine Maintenance has been calculated on the basis of the following cost factors:

[REDACTED]

Total = [REDACTED] annually or [REDACTED] monthly. Any changes to the monthly fee shall reflect actual costs, as provided above, utilizing the above cost categories.

4. For any repair or replacement of the Measurement Facilities required under the provisions of paragraph II.3 hereof, Supplier will reimburse Piedmont for all reasonable and necessary costs within thirty (30) days of receipt of an invoice reflecting such costs. Piedmont shall reimburse Customer for such costs to the extent that Piedmont ultimately recovers such costs through insurance carriers or through a third-party claim. Customer shall not be liable to Piedmont for such costs to the extent that the cost is caused by Piedmont's negligence in the operation or maintenance of the facility, or was caused by an event occurring elsewhere on Piedmont's system which is not caused by the negligence of Supplier or Supplier's non-conformance with its obligations hereunder. Piedmont

- agrees to pursue with reasonable diligence any claims it may have against such third parties who may cause damages to the Measurement Facilities; provided, however, that Piedmont shall retain ultimate discretion in the resolution or abandonment of such claims.
5. With respect to Supplier's obligation to reimburse Piedmont for costs associated with any failure of the Upstream Facilities under paragraph II.2, termination of this Agreement for failure to comply with Piedmont's Gas Quality Standards under paragraph III.1, or abandonment of the project or Upstream Facilities under paragraph V.2, Supplier shall pay Piedmont all amounts due within thirty (30) days of receipt of an invoice for such costs.
  6. Payment of all invoices rendered to Supplier by Piedmont hereunder shall be due within thirty (30) days of receipt. A late payment charge of 1% per month will be applied to all balances not paid within thirty (30) days of receipt.
  7. It is further agreed that, in the event Supplier fails to pay Piedmont any of the monies invoiced and described in this Agreement within thirty (30) days of receipt and the collection of any such monies are placed in the hands of an attorney for collection, or suit is brought on Supplier by Piedmont to collect such monies, or monies are collected through bankruptcy or probate proceedings, Supplier additionally agrees, to the extent permitted by applicable law, to pay all of Piedmont's court costs and reasonable attorney fees associated with the collection of monies which shall be added to the amounts due to Piedmont.
  8. Notwithstanding any other provision(s) in this Agreement, or any other agreement between the Parties to the contrary, in the event Supplier fails to pay Piedmont any of any undisputed amounts due pursuant to this Agreement within thirty (30) after written notice that such payment is overdue, in addition to any other rights or remedies available to Piedmont, Piedmont shall have the right to suspend or terminate all performance under this Agreement and suspend or terminate all receipts of gas from Supplier through the Receipt Point until such monies are paid in full to Piedmont.
  9. Supplier's Lender means Live Oak Bank. Notwithstanding any other provision of this Agreement, in the event that an event of default or possible termination is asserted against Supplier, notice of such event of default or possible termination shall be delivered to Supplier's Lender in accordance with the notices provision of Article VII set forth below, and Supplier's Lender shall have a period of thirty (30) days from receipt of such notice in which to cure such event of default or grounds for termination before any further actions are taken in respect of them, by Supplier pursuant to this Agreement or otherwise.

**ARTICLE VII**  
**Notices**

All notices, requests, demands, statements and payments provided for in this Agreement must be provided in writing, directed to the Party to whom given and mailed to or delivered at such Party's address as set forth below and shall be deemed properly and sufficiently given when: (i) delivered in person with receipt acknowledged in writing by the receiving Party; (ii) sent by registered or certified mail, return receipt requested, to the applicable address specified below; (iii) received at the applicable electronic mail address, if any, specified below; or (iv) sent by telephonic document transfer to the applicable fax number, if any, specified below:

“Supplier”

(Notices)

\_\_\_\_\_  
Attn: \_\_\_\_\_  
E-mail: \_\_\_\_\_

and if to to Supplier, mandatory copies shall be simultaneously sent to:

Supplier's Lender  
Live Oak Bank  
Attn: \_\_\_\_\_  
E-mail: \_\_\_\_\_

(Invoices)

\_\_\_\_\_  
Attn: \_\_\_\_\_  
E-mail: \_\_\_\_\_

“Piedmont”

(Notices)

Piedmont Natural Gas  
4720 Piedmont Row Drive  
Charlotte, NC 28210  
Attention: Mr. David Nestor  
E-mail: david.nestor@piedmontng.com

**ARTICLE VIII**  
**Miscellaneous**

1. This Agreement shall be governed by and enforced in accordance with the laws of the State of North Carolina without regard to the conflicts of laws provisions thereof. The Parties acknowledge that the terms of this Agreement are subject to the regulatory authority of the NCUC and that this Agreement must be approved by the NCUC before it is fully binding upon the Parties. In case of any dispute concerning this interpretation of the terms of this Agreement, the Parties agree first to attempt to negotiate a mutually agreeable resolution to the dispute and then to regulatory review with the NCUC. Supplier and Piedmont agree that any such dispute may be discussed with the Public Staff by either or both Parties and Supplier and Piedmont agree to participate in such discussions to the extent agreeable to the Public Staff. Any cause of action to collect funds owed under this Agreement or to enforce the terms of this Agreement over which the NCUC lacks jurisdiction will be brought in a state or federal court located in Charlotte, North Carolina.
2. This Agreement shall be held in strict confidence by both Supplier and Piedmont unless prior written consent for a disclosure has been received from the other party; provided, however, that both Supplier and Piedmont shall be permitted to disclose the existence and substance of this Agreement to their directors, shareholders, investors, lenders, grant providers, attorneys, accountants and insurance carriers and regulators, and by Supplier to customers receiving Alternative Gas provided by means of this Agreement, who agree to be bound by the terms of this confidentiality provision or to regulatory agencies having jurisdiction over this Agreement or over parties to this Agreement, provided that such disclosure to regulatory agencies shall be made under seal and with a designation of confidentiality. Disclosures of such confidential information by either Supplier or Piedmont to such third parties shall be only on a need-to-know basis in order to carry out the purposes of such party's internal business. Both Supplier and Piedmont shall take all reasonable measures to avoid wrongful disclosures by such third parties and shall be fully responsible and liable for the wrongful disclosure by the persons listed above. Notwithstanding the above, the following information shall be excluded from this requirement of confidentiality:
  - a) Information which was in the public domain prior to execution of this Agreement, or which subsequently becomes part of the public domain by publication or otherwise, except by the wrongful act of either party.
  - b) Information which can be demonstrably shown to have been received from a third party who had no obligation of confidentiality; and
  - c) Information that either party has been compelled to produce by subpoena or other legal process.

- In addition, Piedmont and Supplier may, only with the mutual consent of both parties, use the other party's name, the fact that Piedmont is performing services for Supplier or otherwise publicize this Agreement within any press releases, media statements or public communications. Neither Piedmont, nor Supplier shall use the other's (including its subsidiaries and affiliates) name, logos, copyrights, trademarks, service marks, trade names or trade secrets in any way without prior written consent, and neither party shall be deemed to have granted the other a license of, or any rights in, any of the foregoing by entering into this Agreement.
3. This Agreement constitutes the entire agreement between the parties with respect to matters addressed herein and supersedes all prior representations or contracts, both oral and written. No modification of the terms and provisions of this Agreement shall be effective except by written agreement of the parties hereto.
  4. Piedmont and Supplier each assume full responsibility and liability for the maintenance and operation of their respective properties and facilities and shall indemnify and hold harmless the other party from all liability and expense, including reasonable fees of attorneys, on account of any and all damages, claims, actions, including injury to and death of persons, arising from the indemnifying party's breach of this Agreement, its agent's or employees' negligent act or omission, or any fault or negligent act or omission in connection with the installation, maintenance and operation of the property, equipment and facilities of the indemnifying party, its agents or employees.
  5. No waiver by either party of any one or more defaults by the other in the performance of any provision of this Agreement shall operate or be construed as a waiver of any future default, or defaults, whether of a like or a different character.
  6. This Agreement benefits and shall be binding upon the parties hereto and their respective successor and assigns. Supplier may not assign its rights and obligations under this Agreement without the express written consent of Piedmont, which consent shall not be unreasonably withheld.
  7. This Agreement shall be subject to applicable federal and state laws and applicable orders, rules and regulations of any local, state or federal governmental authority having or asserting jurisdiction; provided, however, that nothing contained herein shall be construed as a waiver of any right to question or contest any such law, order, or regulation in any forum having jurisdiction over the subject matter. This Agreement is subject to all necessary regulatory and governmental approvals and permits including all necessary authorizations from applicable federal, state, county, and local authorities. The parties agree to use their best efforts to obtain such approvals and permits and to cooperate in good faith to execute all papers necessary to effectuate the mutual obligations contemplated herein.



8. If either party is rendered unable, wholly or in part, by an event of Force Majeure as defined by Piedmont's North Carolina Service Regulations, to carry out its obligations, except for the payment of monies, under this Agreement, it is agreed that on such party's provision of written notice and reasonably full particulars of the reason for the Force Majeure (by electronic communication or facsimile) to the other party within a reasonable period of time after the occurrence of the cause relied upon, then the obligations of the party giving such notice, so far as they are effected by such event of Force Majeure, shall be suspended during the continuance of any such Force Majeure event, but for no longer period, provided that such party exercises due diligence to overcome such Force Majeure with all reasonable dispatch.
9. This Agreement is not an agreement to transport, purchase, receive, deliver or sell gas in any form. Any transportation, redelivery, receipt, sale or purchase of gas in any form through the Measurement Facilities described herein, regardless of whether upgraded, installed or constructed pursuant to the terms of this Agreement, shall only be performed pursuant to one or more separate written agreements between the Parties or Piedmont's approved North Carolina tariffs.
10. Supplier shall indemnify and hold Piedmont harmless from any and all claims of governmental agencies or individuals related to the collection, processing, storage, extraction or delivery to Piedmont of the Alternative Gas subject to this agreement and to any permitting, regulatory or approval requirements associated therewith, including, without limitation, any claims of environmental contamination or liability associated with the Alternative Gas delivered to Piedmont hereunder. All such claims shall be the sole and exclusive responsibility of Supplier.
11. Supplier and Piedmont warrant and represent that the person signing this Agreement on its behalf is authorized to do so pursuant to valid corporate action.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives on the date first written above.

**Supplier:** \_\_\_\_\_ **Piedmont Natural Gas Company, Inc.:**

Signed: \_\_\_\_\_ Signed: \_\_\_\_\_

By: \_\_\_\_\_ By: \_\_\_\_\_

Title: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_ Address: \_\_\_\_\_  
 \_\_\_\_\_

## Attachment A

### STATEMENT OF ALTERNATIVE GAS REQUIREMENTS

This Statement of Alternative Gas Requirements sets forth the terms and conditions under which Piedmont will accept “Alternative Gas” onto its system and pursuant to which it will continue to accept and redeliver such gas to customers receiving service from Piedmont. The terms of this Statement of Alternative Gas Requirements may be modified from time-to-time, with the approval of the North Carolina Utilities Commission, based upon Piedmont’s actual operating experience with Alternative Gas and/or any threats to Piedmont’s ability to provide safe, reliable, and economic natural gas service to the public.

For purposes of this Statement of Alternative Gas Requirements, “Alternative Gas” shall mean gas capable of combustion in customer appliances or facilities which is similar in heat content and chemical characteristics to natural gas produced from traditional underground well sources and which is intended to act as a substitute or replacement for Natural Gas (as that term is defined in Piedmont’s North Carolina Service Regulations). Alternative Gas shall include but not be limited to biogas, biomethane, and landfill gas, as well as any other type of natural gas equivalent produced or manufactured from sources other than traditional underground well sources. For purposes of the application of Piedmont’s rate schedules and its Service Regulations, Alternative Gas shall be treated in a manner equivalent to “Gas” or “Natural Gas” except to the extent that this Statement of Alternative Gas Requirements specifies more restrictive obligations applicable to Alternative Gas, in which case the provisions of this Statement of Alternative Gas Requirements shall control.

#### **Receipt of Alternative Gas**

Piedmont’s obligation to receive and accept Alternative Gas shall be limited as set forth below and to situations where Piedmont is able to physically receive the Alternative Gas into its system without materially impacting its ability to provide service to its customers, meet its legal, contractual and regulatory obligations, or adversely impact its ability to safely and reliably operate its system. Construction of facilities needed to receive and accept Alternative Gas shall be governed by Piedmont’s standard feasibility analyses and Piedmont shall have no obligation to construct economically infeasible facilities to enable

receipt of Alternative Gas. Piedmont may require prospective suppliers of Alternative Gas to enter into interconnection and facilities reimbursement agreements, as discussed below, as a condition to receipt and acceptance of Alternative Gas.

### **Testing Requirements**

**Initial Testing.** Prior to the initial receipt of Alternative Gas by Piedmont, any supplier thereof shall provide the results of two consecutive independent laboratory tests, performed no less than 7 days apart, demonstrating that supplier's Alternative Gas is in conformance with the Alternative Gas Quality Standards set forth herein. After the initial receipt of Alternative Gas by Piedmont, any supplier thereof shall provide the results of 3 consecutive independent laboratory tests, performed no less than 30 days apart, demonstrating that supplier's Alternative Gas is in conformance with the Alternative Gas Quality Standards set forth herein. Such testing shall be performed by an independent third-party laboratory satisfactory to Piedmont at supplier's sole cost and expense.

**Subsequent Testing.** If receipt of supplier's Alternative Gas is interrupted or suspended pursuant to the terms hereof, then prior to resumption of acceptance of deliveries of Alternative Gas from such supplier, that supplier shall provide the results of two consecutive independent laboratory tests, performed no less than 7 days apart, demonstrating that supplier's Alternative Gas continues to be or has been restored to be in conformance with the Alternative Gas Quality Standards set forth herein. After the restored receipt of Alternative Gas by Piedmont, any supplier thereof shall provide the results of 3 consecutive independent laboratory tests, performed no less than 30 days apart, demonstrating that supplier's Alternative Gas is in conformance with the Alternative Gas Quality Standards set forth herein. Such testing shall be performed by an independent third-party laboratory satisfactory to Piedmont at supplier's sole cost and expense.

**Quarterly Testing.** In addition to the other testing requirements set forth herein, and on no less than a quarterly basis, supplier shall provide to Piedmont the results from independent laboratory testing, satisfactory to Piedmont and at supplier's sole cost and expense, demonstrating that supplier's Alternative Gas continues to conform to the Alternative Gas Quality Standards set forth herein.

**Supplemental Testing.** Piedmont reserves the right to request supplier, at supplier's sole expense, to perform additional testing for constituent or contaminant compounds in addition to those expressly listed herein, should (i) the presence of such compounds be determined by Piedmont to be reasonably possible in supplier's Alternative Gas stream, and (ii) should such constituents or compounds pose an actual or prospective threat to Piedmont's system or the provision of safe and reliable natural gas service to Piedmont's customers.

**Alternative Gas Source.** In the event a supplier flowing Alternative Gas onto Piedmont's system determines to alter its source of production of Alternative Gas or to take action that might otherwise be expected to change the characteristics or constituent components of its gas stream, supplier shall promptly notify Piedmont, in advance, of such

prospective change and Piedmont shall have no obligation to receive Alternative Gas from such supplier until it has been provided with the results of two consecutive independent laboratory tests, performed no less than 7 days apart, demonstrating that supplier's modified Alternative Gas is in conformance with the Alternative Gas Quality Standards set forth herein. Such testing shall be performed by an independent third-party laboratory satisfactory to Piedmont at supplier's sole cost and expense.

With regard to any of the testing provided for above, Piedmont shall be provided reasonable advance notice of such testing and shall have the right to observe the samples being taken. Test results shall be promptly shared between Piedmont and supplier upon receipt of such results from the testing laboratory.

### **Alternative Gas Quality Standards**

1. All Alternative Gas delivered to Piedmont shall fully comply with the quality standards and specifications set forth below.

Alternative Gas delivered to Piedmont shall be free of components which might interfere with its merchantability or cause damage to the operation of Piedmont's system or equipment or those of its customers. All such Alternative Gas delivered to Piedmont shall specifically conform to the following minimum Alternative Gas Quality Standards:

**Delivery Temperature:** Minimum of 40°F and maximum of 120°F.

**Methane:** Minimum methane content of 94%.

**Heating Value:** Between 980 and 1100 Btu/SCF at dry gas conditions (14.73 psia at 60°F).

**Interchangeability:** WOBBE 1290 and 1370.

**Hydrogen Sulfide (H<sub>2</sub>S):** Less than or equal to 0.25 grain/100 SCF.

**Mercaptan:** Shall not exceed 0.5 grain/100 SCF.

**Total Sulfur:** Less than or equal to 10 grain/100 SCF, including sulfur from hydrogen sulfide and mercaptan.

**Water:** Less than or equal to 7 pounds/MMSCF at dry gas conditions (14.73 psia at 60°F).

**CHDP:** Not greater than 20°F.

**Carbon Dioxide (CO<sub>2</sub>):** Not more than 2% by volumetric basis.

**Nitrogen:** Not more than 2% by volumetric basis.

**Oxygen:** Not more than 0.2% by volumetric basis.

**Carbon Monoxide (CO):** Not more than 0.1% by volume.

**Total Inerts:** Not more than 3.2% by volumetric basis.

**Hydrogen:** No more than 600 ppm.

**Solid Particle Size:** Gas filtration is required and shall be sufficient to remove 99.99% of solid particles 3 microns or larger.

**Dust, Gums & Solid Matter:** The gas shall be free of dust, gums, gum-forming constituents, or other liquid or solid matter which might become separated from the gas in the course of transportation through pipelines.

**Biologicals:** Gas, including any associated liquids, shall not contain any micro-biological organisms exceeding  $4 \times 10^4$ /scf (qPCR per APB, SRB, IOB group), active bacteria or bacterial agents > 0.2 microns.

**Organic Silicon (Siloxanes):** Total Organic Silicon (siloxanes) shall not be greater than 0.40 mg of SJ/Nm<sup>3</sup>.

**Odorization Masking/Fading Agents (VOC):** Gas shall be free of agents, compounds or the like which will interfere with the process of the human olfactory process in the recognition of odorized natural gas through bonding with the odorant or causing interference with the human olfactory senses.

**VOC:** Alternative Gas shall be free from any halogenated compounds that when, through the process of combustion, form dioxins.

**The following Constituents of Concern shall be limited as indicated:**

Constituent	Limit mg/m <sup>3</sup> (ppmv)
Arsenic	0.48 (0.15)
p-Dichlorobenzene	140 (24)
Ethylbenzene	650 (150)
n-Nitroso-di-n-propylamine	0.81 (0.15)
Vinyl Chloride	21 (8.3)
Antimony	30 (6.1)
Copper	3.0 (1.2)
Lead	3.8 (0.44)
Methacrolein	53 (18)
Alkyl thiols (mercaptans)	N/A (610)

Toluene	45,000 (12,000)
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If additional equipment is required to ensure consistent compliance of supplier's Alternative Gas to the Alternative Gas Quality Standards set forth above, Piedmont may require supplier to purchase, and promptly install, any additional equipment necessary to meet the referenced gas quality specifications at supplier's expense. The unreasonable refusal to do so shall be a violation of supplier's obligations hereunder.

### **Termination of Obligation to Receive Gas**

If Alternative Gas proffered for delivery to Piedmont fails to meet the specifications of Piedmont's Alternative Gas Quality Standards set forth herein, or is otherwise out of conformance with the provisions of this Statement of Alternative Gas Requirements, Piedmont may interrupt or suspend its receipt and acceptance of such Alternative Gas until such Alternative Gas is in conformity with this Statement of Alternative Gas Requirements and such conformity is verified by an independent certified third-party laboratory satisfactory to Piedmont as provided above.

Piedmont shall also have the right to interrupt or suspend the receipt of Alternative Gas at any time from any supplier in the event that: (i) constituent compounds or components of supplier's Alternative Gas are determined to pose an actual or potential health risk to the public or to Piedmont's employees that is different in degree or nature from the risks normally attendant upon the use and transportation of natural gas; (ii) testing or other evidence reasonably indicates that supplier's Alternative Gas contains constituent compounds or components reasonably likely to or actually causing harm to Piedmont's facilities or equipment (including corrosion damage); (iii) testing or other evidence reasonably indicates that supplier's Alternative Gas contains constituent compounds or components reasonably likely to or actually causing harm to the facilities or equipment of Piedmont's other customers (including corrosion damage); or (iv) the chemical characteristics or physical properties of supplier's Alternative Gas are impeding Piedmont's ability to provide safe and reliable service to Piedmont's other customers.

In the event of such interruption or suspension of service, Piedmont shall have no obligation to resume receipt of Alternative Gas from supplier until the correction or remediation of the problem prompting such interruption or suspension of service has occurred as determined by Piedmont in the exercise of its reasonable discretion.

### **Interconnection Agreement**

Prior to and as a condition of delivering Alternative Gas to Piedmont and Piedmont's acceptance thereof, any proposed supplier must enter into an interconnection and facilities reimbursement agreement with Piedmont addressing, to Piedmont's reasonable satisfaction, the terms and conditions applicable to construction and payment for any needed incremental facilities required to accept or receive supplier's Alternative Gas. Piedmont shall have no obligation to accept or receive Alternative Gas until such agreement is executed and its obligations to accept and receive Alternative Gas following such execution shall be governed by the interconnection and reimbursement agreement

and this Statement of Alternative Gas Requirements.

**Indemnity/Liability**

As a condition to the receipt and acceptance of Alternative Gas by Piedmont, all suppliers of Alternative Gas shall indemnify and hold Piedmont harmless from any and all claims, suits, actions, debts, accounts, damages, costs, losses and expenses including reasonable attorney fees, arising from or related to the delivery to Piedmont by supplier of any Alternative Gas that fails to meet the Alternative Gas Quality Standards set forth herein or otherwise is not in compliance with this Statement of Alternative Gas Requirements.

**PIEDMONT SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO SUPPLIER, SUPPLIER'S CUSTOMER, OR ANY THIRD-PARTY ASSOCIATED WITH ITS EXERCISE OF THE RIGHT TO INTERRUPT OR SUSPEND RECEIPT OF ALTERNATIVE GAS AS PROVIDED FOR ABOVE AND IN NO EVENT SHALL BE LIABLE FOR ANY PUNITIVE, CONSEQUENTIAL, OR EXEMPLARY DAMAGES ARISING FROM ITS RECEIPT OR ACCEPTANCE (OR FAILURE TO RECEIVE OR ACCEPT) ALTERNATIVE GAS UNDER THE TERMS HEREOF OR OTHERWISE.**