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October 29, 2012

Chris Braund
Town Manager
Town of Lake Lure
PO Box 2255
Lake Lure, NC 28746

SUBJECT: Purchased Power Agreement

I have enclosed your original of the Purchased Power Agreement ("PPA") between Duke Energy Carolinas, LLC and your qualifying hydroelectric installation. The Purchased Power Agreement and this letter serve as permission to operate your system connected to the Duke Energy Carolinas system. The Initial Delivery Date in the PPA has been inserted as August 21, 2012. Please retain this agreement for your records.

Please note the *North Carolina Interconnection Procedures, Forms, and Agreements* ("NC Interconnection Standard") issued by the North Carolina Utilities Commission requires customer generators to maintain liability insurance coverage with an insurer authorized to do business in North Carolina for as long as the generation system is interconnected with the Company's system. Your non-residential installation requires a comprehensive general liability insurance policy with liability coverage in the amount of at least \$300,000 per occurrence. This insurance shall be primary for all purposes. Please continue to provide Duke Energy Carolinas with an insurance certificate as your policy renews.

Please note this purchased power account will continue be billed on a monthly basis separately from your regular electric service. Purchased power billing statements are normally produced during the last business week of the month and mailed on or before the end of the month. Payments due you as an electric supplier will follow within seven to ten days of your billing statement.

If you have any questions regarding the enclosed documents, please call me at 704-382-9618.

Sincerely,

Steve W. Smith, PE
Supply Side Resources

Enclosure

PURCHASED POWER AGREEMENT

between

DUKE ENERGY CAROLINAS, LLC

and

TOWN OF LAKE LURE

"Lake Lure Hydro Facility"

Contract Number: 2012-33

Contract Date: July 2, 2012

Initial Delivery Date: August 21, 2012

PURCHASED POWER AGREEMENT

THIS PURCHASED POWER AGREEMENT ("Agreement") is made
this 2nd day of July, 2012, by and between

DUKE ENERGY CAROLINAS, LLC,

a North Carolina Limited Liability Company ("Company"), and

TOWN OF LAKE LURE,

("Supplier" or "Customer"), for the

"Lake Lure Hydro Facility",

which is or will be a qualifying facility as defined by the Federal Energy Regulatory Commission ("FERC") pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978, and is a hydroelectric generating facility owned and operated by a small power producer as defined in N.C.G.S. 62-3(27a), consisting of a powerhouse including two vertical shaft Francis-type hydroelectric turbines and generators with a total nameplate capacity of approximately 3,400 kilowatts, control equipment, electric power delivery facilities, and the Lake Lure dam and reservoir (the "Facility"), which is located on the Broad River in the Town of Lake Lure, North Carolina.

(Hereinafter, the parties are also referred to individually as "Party" and collectively as "Parties").

In consideration of the mutual covenants herein contained, the Parties hereto, for themselves, their successors and assigns, do hereby agree to the following:

1. Service Requirements.

1.1 The Supplier shall sell and deliver exclusively to the Company all of the electric power generated by the Facility, net of the Facility's own auxiliary electrical requirements, and the Company shall purchase, receive, use and pay for the same, subject to the conditions contained in this Agreement. If the Supplier will receive back-up and maintenance power for the Facility's auxiliary electrical requirements from the Company, such power shall be provided to Supplier pursuant to a separate electric service agreement under the Company's rate schedule appropriate for such service.

It is the intention of the Parties that no electric power will flow to Lake Lure from Duke Energy Carolinas through the Delivery Point covered in this Agreement.

1.2 The electric power to be delivered hereunder shall be three (3) phase, alternating, at a frequency of approximately sixty (60) hertz, and at approximately 12,470 volts.

1.3 Delivery of said power shall be made in Rutherford County in the Town of Lake Lure, North Carolina at a delivery point described as follows: At the 12,470 volt bushings on the Duke Energy Carolinas side of Lake Lure's vacuum fault interrupter adjacent to Duke Energy

1 Carolinas Lake Lure Retail Substation near the Facility where Duke Energy Carolina's 12,470
2 volt conductors connect to the bushings.

- 3
4 1.4 (a) The Nameplate Capacity of the Supplier's generating facilities, as defined in the attached
5 Schedule PP-H(NC) is 3,400 kilowatts, consisting of two vertical shaft Francis-type
6 hydroelectric turbines and generators, one unit approximately 2,200 kilowatts, and one unit
7 approximately 1,200 kilowatts.

8
9 (b) The Supplier shall deliver to the Company throughout the term of the Agreement
10 approximately 2,500 kilowatts during On-Peak Periods as its "Capacity Commitment" as
11 defined in Paragraph 1.4(c) below.

12
13 (c) The "Capacity Commitment" shall be the average capacity in kilowatts the Supplier
14 commits to deliver to the Company during On-Peak Periods through the term of the
15 Agreement taking into account scheduled and forced outages, fuel availability, steam
16 requirements and any other conditions which might impact the average capacity during On-
17 Peak Hours.

18
19 (d) The maximum amount of electric power to be delivered by Supplier to the Company under
20 this Agreement shall be 3,400 kilowatts.

- 21
22 1.5 The Company will install and own such meter(s) as shall be necessary to measure and record
23 the electrical energy and demand(s) delivered and received in accordance with the terms and
24 conditions of this Agreement, such meter(s) to be located at or near the Delivery Point.

- 25
26 1.6 Supplier shall notify the Company's System Operating Center ("SOC") according to a
27 procedure mutually agreed upon by the Parties (e.g., on a weekly basis by 4 p.m. on each
28 Friday, on a daily basis by 4 p.m. on the day prior, by 7 a.m. on each day, etc.), and by means
29 of communication (e.g., phone, facsimile, e-mail, etc.) to be mutually agreed upon by the
30 Parties, of the estimated kW that the Facility will generate on a net basis each hour over the
31 agreed upon period; provided, however, that Supplier shall also notify the Company's SOC
32 promptly, and in advance when possible, of any changes in the Facility's output from the
33 previous estimate (e.g., unit shut-down, start-up, de-rating, maintenance outage or reduction,
34 forced outage or reduction, etc.). If Supplier fails to provide notifications in a timely manner
35 in accordance with the agreed upon procedure, the Company shall have the right to discontinue
36 service and suspend purchases until Supplier is in compliance.

- 37
38 1.7 Supplier shall operate its Facility in compliance with all applicable operating guidelines
39 established by the North American Electric Reliability Council ("NERC") and the
40 Southeastern Electric Reliability Council ("SERC") or any successor thereto.

41
42 Upon Duke Energy Carolinas' request, Lake Lure shall operate the Facility so as to assist
43 Duke Energy Carolinas in meeting its environmental compliance requirements at Duke Energy
44 Carolinas' Cliffside Steam Station under hydrological conditions during which the flow of the
45 Broad River is approaching the 7Q10 low flow (the 7Q10 low flow is the lowest 7 day average
46 flow that is statistically expected to occur once every 10 years). The Parties hereby agree that
47 during the term of this Agreement, reasonable compensation to Lake Lure for such periods of

operation requested by Duke Energy Carolinas shall consist of payment by Duke Energy Carolinas to Lake Lure for energy delivered during such periods calculated using the On-Peak Energy Price, regardless of when such requested deliveries occur.

1.8 In the event the Company determines, based on calculations, studies, analyses, monitoring, measurement or observation, that the output of the Facility will cause or is causing the Company to be unable to provide proper voltage levels to its customers, the Supplier shall be required to comply with a voltage schedule and/or reactive power output schedule as prescribed by the Company. In the event such schedules are required by the Company, the POWER FACTOR CORRECTION paragraph of Schedule PP-H(NC) attached hereto shall not apply to service under this Agreement. If the Supplier fails to comply with such schedule(s), the Company shall have the right to discontinue service and suspend purchases until the Supplier is in compliance.

2. Rate Schedule and Service Regulations. The sale, delivery, and use of electric power hereunder, and all services of whatever type to be rendered or performed in connection therewith, shall in all respects be subject to and in accordance with all the terms and conditions of the Company's *Rate Schedule PP-H, Electricity No. 4, North Carolina Tenth Revised Leaf No. 92, Option A, Distribution Interconnection, 10-year Fixed Long-Term Rate, ii. for all other hydroelectric facilities* ("Rate Schedule") and its Service Regulations, both of which are now on file with the North Carolina Utilities Commission ("Commission"), and are hereby incorporated by reference and made a part hereof as though fully set forth herein. Said Rate Schedule and Service Regulations are subject to change, revision, alteration or substitution, either in whole or in part, upon order of said Commission or any other regulatory authority having jurisdiction, and any such change, revision, alteration or substitution shall immediately be made a part hereof as though fully written herein, and shall nullify any prior provision in conflict therewith.

3. Initial Delivery Date.

3.1 The Initial Delivery Date shall be the first date upon which energy is generated by the Facility and delivered to the Company, and such energy is metered by the Company under this PPA. The Initial Delivery Date under this Agreement is August 21, 2012.

3.2 Subject to the provisions of Paragraph 3.4 hereof, if the Initial Delivery Date does not occur within thirty (30) months from the date of execution of this Agreement, then the Company may at any time thereafter terminate this Agreement immediately upon written notice to Supplier.

3.3 The initial delivery of electric power is dependent upon the Company securing from the manufacturers all necessary apparatus, equipment and material for the delivery of said power, and the Company shall not be required to receive said power until it shall have secured and installed such equipment, apparatus and material.

3.4 If either Party shall be delayed or prevented from delivering or receiving electric power on the Initial Delivery Date by reason of an event or condition of force majeure as defined in Paragraph 7 hereof, then the Initial Delivery Date and the beginning of Supplier's obligation to

1 pay Interconnection Facilities Charges pursuant to Paragraph 5.3 hereof shall be extended for a
2 period proportionate to such delay or prevention.
3

- 4 4. Term. The term of this Agreement shall be **10 years** beginning with the Initial Delivery Date.
5 The Company shall have the right of termination provided in the attached Rate Schedule. In
6 the event of early termination of this agreement, the Supplier shall be required to pay the
7 Company for costs due to such early termination.
8

9 In the event that this contract is terminated by either Party prior to the expiration of the initial
10 term the Supplier will reimburse the Company for the total energy and capacity credits
11 received in excess of that which would have been received under variable rates, plus interest,
12 at the rate of 6.0% per annum until repaid.
13

- 14 5. Interconnection Facilities Charge.
15

- 16 5.1 (a) In accordance with the provisions of the attached Rate Schedule, the Company will
17 furnish, install, own and maintain Interconnection Facilities, including protective devices,
18 metering equipment, etc. to permit parallel operation of the Supplier's facilities with the
19 Company's system. The Interconnection Facilities Charge, calculated in accordance with the
20 Extra Facilities Provisions of the Company's Service Regulations, to be paid by the Supplier
21 each month shall be \$1,772.76, which is 1.7 % of the installed cost of said Interconnection
22 Facilities, which amount is \$104,280.00.
23

24 (b) The costs and charges set forth above shall be determined no later than twelve (12) months
25 prior to the installation of the Interconnection Facilities to reflect then current costs, conditions,
26 and service requirements.
27

- 28 5.2 The monthly charge for the Interconnection Facilities to be provided under this Agreement is
29 subject to the rates, Service Regulations and conditions of the Company as the same are now
30 on file with the Commission and may be changed or modified from time to time upon approval
31 by the Commission. Any such changes or modifications, including those which may result in
32 increased charges for the Interconnection Facilities to be provided by the Company, shall be
33 made a part of this Agreement to the same effect as if fully set forth herein.
34

- 35 5.3 The Company shall furnish and install the Interconnection Facilities no later than the date
36 requested by Supplier for such installation. Supplier's obligation to pay the Interconnection
37 Facilities charges shall begin on the date that such Interconnection Facilities become
38 operational, except as provided in Paragraph 3.4 hereof, and such charges shall apply at all
39 times thereafter during the term of this Agreement, whether or not Supplier is actually
40 supplying electric power to the Company.
41

- 42 6. Service Interruptions. The Parties do not guarantee continuous service. They shall use
43 reasonable diligence at all times to provide satisfactory service, and to remove the cause or
44 causes in the event of failure, interruption, reduction or suspension of service, but neither Party
45 shall be liable for any loss or damage resulting from such failure, interruption, reduction or
46 suspension of service, nor shall same be a default hereunder, when due to any of the following:
47

(a) An emergency action due to an adverse condition or disturbance on the system of the Company, or on any other system directly or indirectly interconnected with it, which requires automatic or manual interruption of the supply of electricity to some customers or areas in order to limit the extent or damage of the adverse condition or disturbance, or to prevent damage to generating or transmission facilities, or to expedite restoration of service, or to effect a reduction in service to compensate for an emergency condition on an interconnected system.

(b) An event or condition of force majeure as defined in Paragraph 7 hereof.

(c) Making necessary adjustments to, changes in, or repairs on Company lines, substations, and facilities, and in cases where, in its opinion, the continuance of service from Supplier's premises would endanger persons or property.

7. Force Majeure.

(a) Circumstances beyond the reasonable control of a Party which solely cause that Party to experience delay or failure in delivering or receiving electricity or in providing continuous service hereunder, including: acts of God; unusually severe weather conditions; earthquake; strikes or other labor difficulties; war; riots; fire; requirements, actions or failures to act on the part of governmental authorities (including the adoption or change in any rule or regulation or environmental constraints lawfully imposed by federal, state or local government bodies), but only if such requirements, actions or failures to act prevent or delay performance; or transportation delays or accidents shall be deemed to be "events or conditions of force majeure". Events or conditions of force majeure do not include such circumstances which merely affect the cost of operating the Facility.

(b) Neither Party shall be responsible nor liable for any delay or failure in its performance hereunder due solely to events or conditions of force majeure, provided that:

(i) The affected Party gives the other Party written notice describing the particulars of the event or condition of force majeure, such notice to be provided within forty-eight (48) hours of the determination by the affected Party that an event or condition of force majeure has occurred, but in no event later than thirty (30) days from the date of the occurrence of the event or condition of force majeure;

(ii) The delay or failure of performance is of no longer duration and of no greater scope than is required by the event or condition of force majeure, provided that in no event shall such delay or failure of performance extend beyond a period of twelve (12) months;

(iii) The affected Party uses its best efforts to remedy its inability to perform;

(iv) When the affected Party is able to resume performance of its obligations under this Agreement, that Party shall give the other Party prompt written notice to that effect; and,

(v) The event or condition of force majeure was not caused by or connected with any negligent or intentional acts, errors, or omissions, or failure to comply with any law, rule, regulation, order or ordinance, or any breach or default of this Agreement.

8. Offset For Charges Due to Company. The Company reserves the right to set off against any amounts due from the Company to Supplier, any amounts which are due from Supplier to the Company, including, but not limited to, unpaid charges for Interconnection Facilities or past due balances on any accounts Supplier has with the Company for other services.
9. Records. In addition to the regular meter readings to be taken once each month for billing purposes, the Company may require additional meter readings, records, transfer of information, etc. as may be agreed upon by the Parties. The Company reserves the right to provide to the Commission or the FERC or any other regulatory body, upon request, information pertaining to this Agreement, including but not limited to: records of the Facility's generation output and the Company's purchases thereof (including copies of monthly statements of power purchases and data from load recorders and telemetering installed at the Facility); copies of this Agreement; and information regarding the Interconnection Facilities, as set forth in Paragraph 5 hereof. The Company will not provide any information developed solely by Supplier and designated by Supplier in writing to be "proprietary" unless required to do so by order of the Commission or the FERC or any other regulatory body or court, in which event, the Company will notify Supplier prior to supplying the proprietary information.
10. Waiver. The failure of either Party to enforce or insist upon compliance with any of the terms or conditions of this Agreement shall not constitute a waiver or relinquishment of any such terms or conditions, but the same shall be and remain at all times in full force and effect.
11. Assignment. The rights and obligations accruing to the Supplier under this Agreement may be assigned to another person, partnership, or corporation, subject to the Company's prior approval of the assignment of said person, firm, or corporation, which approval shall not be unreasonably or arbitrarily withheld. However, before such rights and obligations are assigned, the assignee must first obtain necessary approval from all regulatory bodies including, but not limited to, the Commission.
12. Notification of Assignment, Transfer or Sale. In the event of an assignment of the rights and obligations accruing to the Supplier under this Agreement pursuant to Paragraph 11 hereof, or in the event of any contemplated sale, transfer or assignment of the Facility or the Certificate of Public Convenience and Necessity, the Supplier shall, in addition to obtaining the approvals required by Paragraph 13 hereof, advise the Company and the Commission of any plans for such an assignment, sale or transfer, or of any accompanying significant changes in the information required by Commission Rules R8-64 and R8-65, all as more fully set forth in Commission Rules R8-64 and R8-65, as amended, which are incorporated by reference herein.
13. Regulatory Approval. This entire Agreement is contingent upon the Supplier's obtaining required approval from all regulatory bodies including, but not limited to, a Certificate of Public Convenience and Necessity or its equivalent from the Commission. The Parties hereto agree that performance under this Agreement shall not commence unless and until such

1 approvals are obtained. If at any time during the term of this Agreement any of such required
2 approvals expire, are withdrawn, are revoked or for any reason become invalid, the Company
3 shall allow the Supplier a reasonable period to cure the problem before giving notice of
4 termination of this Agreement.
5

- 6 14. Classification of Facility. In accordance with the Commission's Order dated September 21,
7 1981 in Docket No. E-100, Sub. 41, the Supplier's generating facilities are classified as "old
8 capacity" (defined in FERC Order No. 69, §292.304(b) as facilities whose construction began
9 before November 9, 1978) and are therefore not entitled to receive capacity credits under this
10 Agreement without demonstrating need. By order dated August 22, 2006, in Docket No. E-7,
11 Sub 808, the NCUC concludes that the Town's facility is entitled to capacity credits in
12 Schedule PP-H(NC) applicable to "all other hydroelectric facilities."
13

- 14 15 Prior Agreement Superseded. This Agreement supersedes the Purchased Power Agreement
15 between Duke Power Company LLC d/b/a Duke Energy Carolina, LLC and Town of lake
16 Lure "Lake Lure Hydro Facility", Contract No. 2006-01 dated September 15, 2006, which
17 shall be canceled and rendered of no force and effect upon execution of this Agreement.

(Continued on page 12)

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

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.

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 POWERAVAILABILITY (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 Rates on this Schedule are available only to Customers under contract with the Company on or before November 1, 2012, for delivery of power beginning on or before the earlier of thirty (30) months from the date of execution of the contract or May 1, 2015.

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

Interconnected to Distribution System:

I. Capacity Credit	Variable Rate	5 Years	Fixed Long-Term Rate (a)	
			10 Years (a)	15 Years (a)
a. All On-Peak Energy per On-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	4.60 ¢	4.75 ¢	4.98 ¢	5.20 ¢
ii. for all other hydroelectric facilities	2.76 ¢	2.85 ¢	2.99 ¢	3.12 ¢

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

	<u>Variable Rate</u>	<u>5 Years</u>	<u>10 Years (a)</u>	<u>15 Years (a)</u>
b. All On-Peak Energy per Off-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	0.91 ¢	0.94 ¢	0.99 ¢	1.03 ¢
ii. for all other hydroelectric facilities	0.55 ¢	0.56 ¢	0.59 ¢	0.62 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	5.11 ¢	5.30 ¢	6.11 ¢	6.50 ¢
b. All Off-Peak Energy per Month per kWh:	3.98 ¢	4.07 ¢	4.46 ¢	4.67 ¢
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	4.48 ¢	4.63 ¢	4.86 ¢	5.07 ¢
ii. for all other hydroelectric facilities	2.69 ¢	2.78 ¢	2.92 ¢	3.04 ¢
b. All On-Peak Energy per Off-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	0.89 ¢	0.91 ¢ 0	.96 ¢	1.00 ¢
ii. for all other hydroelectric facilities	0.53 ¢	0.55 ¢	0.58 ¢	0.60 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.98 ¢	5.17 ¢	5.95 ¢	6.33 ¢
b. All Off-Peak Energy per Month per kWh:	3.89 ¢	3.98 ¢	4.36 ¢	4.56 ¢

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	16.16 ¢	16.68 ¢	17.51 ¢	18.28 ¢
ii. for all other hydroelectric facilities	9.70 ¢	10.01 ¢	10.51 ¢	10.97 ¢
b. All On-Peak Energy per Non-Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	2.50 ¢	2.58 ¢	2.71 ¢	2.83 ¢
ii. for all other hydroelectric facilities	1.50 ¢	1.55 ¢	1.63 ¢	1.70 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	5.37 ¢	5.54 ¢	6.36 ¢	6.78 ¢
b. All Off-Peak Energy per Month per kWh:	4.29 ¢	4.40 ¢	4.94 ¢	5.20 ¢

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	15.76 ¢	16.26 ¢	17.07 ¢	17.83 ¢
ii. for all other hydroelectric facilities	9.45 ¢	9.76 ¢	10.25 ¢	10.70 ¢
b. All On-Peak Energy per Non-Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	2.44 ¢	2.52 ¢	2.64 ¢	2.76 ¢
ii. for all other hydroelectric facilities	1.46 ¢	1.51 ¢	1.58 ¢	1.66 ¢

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

II. Energy Credit	<u>Variable Rate</u>	<u>5 Years</u>	<u>10 Years (a)</u>	<u>15 Years (a)</u>
a. All On-Peak Energy per Month per kWh:	5.24 ¢	5.40 ¢	6.20 ¢	6.61 ¢
b. All Off-Peak Energy per Month per kWh:	4.19 ¢	4.30 ¢	4.83 ¢	5.08 ¢

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.

SAFETY, INTERCONNECTION AND INSPECTION REQUIREMENTS


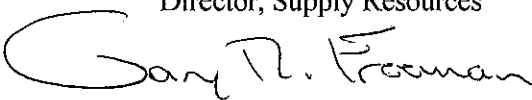
This Schedule is only applicable for installed generation systems and equipment that comply with the provisions outlined in the North Carolina Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Generator Interconnections (hereinafter "Interconnection Procedures") as approved by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

IN WITNESS WHEREOF, on the day and year first above written, the Parties hereto have caused their official names to be hereunto subscribed by their respective Presidents, Vice Presidents or Authorized Representatives. Executed in Duplicate.

DUKE ENERGY CAROLINAS, LLC

By 
Director, Supply Resources


TOWN OF LAKE LURE

By  8-20-12

Print CHRIS BRAUND

Title TOWN MANAGER