



Town of Waynesville, NC Board of Aldermen – Regular Meeting

Town Hall, 9 South Main Street, Waynesville, NC 28786

Date: **September 23, 2014** Time: **7:00 p.m.**

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(828) 452-2491

gowens@waynesvillenc.gov

A. CALL TO ORDER - Mayor Gavin Brown

1. Welcome/Calendar/Announcements
2. Adoption of Minutes

Motion: *To approve the minutes of September 9, 2014 (regular meeting) as presented [or as corrected].*

3. Proclamations/Resolutions
 - Constitution Week – September 17 - 23, 2014
 - National Disability Employment Awareness Month – October 2014
 - Resolution Retiring K-9 Officer –Levi

B. NEW BUSINESS

4. Approval of Rate Modifications for current Loan Agreements

Motion: To approve the rate modifications for outstanding loans on the Fire Station, Electric Substation and the Recreation Center offered by BB&T and Home Trust Bank, as presented.

C. UNFINISHED BUSINESS

5. Wholesale Electric Power Supply Services Proposals - Updates
 - Kevin O'Donnell, Nova Energy Consultants
 - Representatives of Supplier A and Supplier B

D. COMMUNICATIONS FROM STAFF

6. Town Attorney – Woody Griffin

TOWN OF WAYNESVILLE – REGULAR SESSION AGENDA

September 23, 2014

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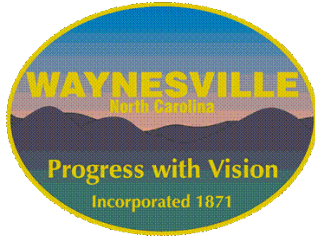
7. Town Manager – Marcy Onieal

- Schedule/Instructions for Guaranteed Rate/Ty Pennington Day – Sept 25
- Haywood Pathways Update
- ICMA Conference Report
- TDA Group Sales Proposal
- Haywood County COG October agenda

E. COMMUNICATIONS FROM MAYOR & BOARD OF ALDERMEN

F. CALL ON THE AUDIENCE

G. ADJOURN



TOWN OF WAYNESVILLE

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CALENDAR September 23, 2014

2014	
Tue, Sep 23 7:00 PM Board Room, 9 S. Main	Board of Aldermen Meeting-Regular Session
Th - Sa, Sep 25-27 9:00 AM ceremony (on Thurs.) 9:00 AM – 5:00 PM (everyday) Brown Avenue	Guaranteed Rate/Ty Pennington Day and Volunteer Work Days Haywood Pathways (prison conversion project)
Mon, Sep 29 4:00 – 6:00 PM Harrell Center, Lake Junaluska	Drop-By Retirement Reception Buddy Young, Lake Junaluska Public Works Director
Tue, Sep 30	VC3 Open House & Tour, Columbia, SC (RSVPs required; contact town manager if interested in attending)
Thur, Oct 2 8:00 AM – Noon Recreation Center	Flu Shot Clinic – Town of Waynesville Employees
Thur, Oct 2 6:00 – 9:00 PM Laurel Ridge CC	Sarge's Furry Friends Benefit Bash
Sun, Oct 5 2:00 PM Waynesville FBC	Prayer Walk – sponsored by Drugs in Our Midst Rolling Street Closure from WFBC to Depot, Commerce, Miller, South Haywood and ending at WUMC
Sat, Oct 11 10:00 AM – 5:00 PM Downtown Waynesville	Church Street Art & Craft Show - sponsored by DWA Street closure from Pigeon Street to Justice Center to begin at 9:00 p.m. Friday Oct 10 th
Tue, Oct 14 7:00 PM Board Room, 9 S. Main	Board of Aldermen Meeting-Regular Session
Sat, Oct 18 10:00 AM – 5:00 PM Downtown Waynesville	Haywood County Apple Festival – Co-sponsored by Haywood Cooperative Extension Svcs, Haywood Apple Growers, Chamber, DWA and TOW Street closure from Pigeon Street to Justice Center to begin at 9:00 p.m. on Friday Oct 17 th
Su-Mo, Oct 19-20 Lake Junaluska Times/Locations TBD	211 th Military Policy Company Homecoming (from Afghanistan) Celebration
Sat, Oct 25 8:00 AM – Noon Waynesville Proper	SOAR 5K and Kids Run Rolling Closure from Montgomery Street to Eagles Nest and back

Mon, Oct 27 5:30 dinner/6:00 meeting Wells Event Center	Haywood County Council of Governments Town of Waynesville Hosting
Tue, Oct 28 7:00 PM Board Room, 9 S. Main	Board of Aldermen Meeting-Regular Session
Tue, Nov 4	Elections Day
Tue, Nov 11	Veteran's Day Holiday Town Office Closed
We-Sa, Nov 19-22	National League of Cities Annual Conference Austin, TX
Mon, Nov 24 6:30 dinner/7:00 meeting Location TBD	Southwestern Commission Board Meeting
Tue, Nov 25 7:00 PM Board Room, 9 S. Main	Board of Aldermen Meeting-Regular Session
Th-Fr, Nov 27-28	Thanksgiving Holiday Town Offices Closed
Mon, Dec 8 6:00 PM Downtown Waynesville	Waynesville Christmas Parade – sponsored by the Town of Waynesville, Waynesville Kiwanis Club and DWA Rolling street closure from North Main & Walnut to Bogart's Restaurant
Tue, Dec 9 7:00 PM Board Room, 9 S. Main	Board of Aldermen Meeting-Regular Session
Sat, Dec 13 6:00 – 9:00 PM Downtown Waynesville	A Night Before Christmas – sponsored by Downtown Waynesville Association Street closure Pigeon Street to Depot Street beginning at 5:00 p.m.
We-Fr, Dec 24-26	Christmas Holiday Town Offices Closed

2015

Thu, Jan 1	New Year's Day Holiday Town Offices Closed
Tue, Jan 13 7:00 PM Board Room, 9 S. Main	Board of Aldermen Meeting-Regular Session
Mon, Jan 19	Martin Luther King Jr. Holiday Town Offices Closed
Tue, Jan 27 7:00 PM Board Room, 9 S. Main	Board of Aldermen Meeting-Regular Session
Tue, Feb 10 7:00 PM Board Room, 9 S. Main	Board of Aldermen Meeting-Regular Session

Tue, Feb 24 7:00 PM Board Room, 9 S. Main	Board of Aldermen Meeting-Regular Session
Tue, Mar 10 7:00 PM Board Room, 9 S. Main	Board of Aldermen Meeting-Regular Session
Tue, Mar 24 7:00 PM Board Room, 9 S. Main	Board of Aldermen Meeting-Regular Session
Mon, Apr 5	Easter Holiday Town Offices Closed
Tue, Apr 14 7:00 PM Board Room, 9 S. Main	Board of Aldermen Meeting-Regular Session
Tue, Apr 28 7:00 PM Board Room, 9 S. Main	Board of Aldermen Meeting-Regular Session
Tue, May 12 7:00 PM Board Room, 9 S. Main	Board of Aldermen Meeting-Regular Session
Mon, May 25	Memorial Day Holiday Town Offices Closed
Tue, May 26 7:00 PM Board Room, 9 S. Main	Board of Aldermen Meeting-Regular Session
Tue, Jun 9 7:00 PM Board Room, 9 S. Main	Board of Aldermen Meeting-Regular Session
Tue, Jun 23 7:00 PM Board Room, 9 S. Main	Board of Aldermen Meeting-Regular Session
Fri, Jul 3	Independence Day Holiday Town Offices Closed
Mon, Sep 7	Labor Day Holiday Town Offices Closed
Wed, Nov 11	Veterans Day Holiday Town Offices Closed
Thur – Fri, Nov 26-27	Thanksgiving Holiday Town Offices Closed
We – Fri, Dec 23-25	Christmas Holiday Town Offices Closed

Board and Commission Meetings – September/October

ABC Board	ABC Office – 52 Dayco Drive	October 21 3 rd Tuesdays 10:00 AM
Board of Adjustment	Town Hall – 9 S. Main Street	October 7 1 st Tuesdays 5:30 PM
Community Action Forum	Police Department Training Room – 9 S. Main Street	Meets Quarterly <i>No meeting scheduled for September</i>
Downtown Waynesville Association	UCB Board Room – 165 North Main	September 25 4 th Thursdays 12 Noon
Firemen's Relief Fund Board	Fire Station 1 – 1022 N. Main Street	Meets as needed; <i>No meeting scheduled for September</i>
Historic Preservation Commission	Town Hall – 9 S. Main Street	October 8 1 st Wednesdays 2:00 PM
Planning Board CANCELLED - Sept 15	Town Hall – 9 S. Main Street	October 20 3 rd Mondays 5:30 PM
Public Art Commission	Town Hall – 9 S. Main Street	October 9 2 nd Thursdays 4:00 PM
Recreation & Parks Advisory Commission	Rec Center Office – 550 Vance Street	October 21 3 rd Tuesdays 5:30 PM
Waynesville Housing Authority	Waynesville Towers – 65 Church Street	October 8 1 st Wednesdays 5:30 PM

BOARD/STAFF SCHEDULE

Wed, Sept 24	Town Clerk	Leadership Haywood
Wed, Oct 15	Town Clerk	Leadership Haywood
Sa-Sa, Oct 18 - 25	Manager	Vacation
Wed, Nov 19	Town Clerk	Leadership Haywood
Wed, Dec 17	Town Clerk	Leadership Haywood
Mo-Th, Dec 28 – Dec 31	Manager	Vacation
Wed, Jan 21, 2015	Town Clerk	Leadership Haywood
Wed, Feb 18	Town Clerk	Leadership Haywood
Wed, Mar 18	Town Clerk	Leadership Haywood
Wed, Apr 15	Town Clerk	Leadership Haywood
Wed, May 20	Town Clerk	Leadership Haywood
June 2015 – TBA	Town Clerk	Leadership Haywood Graduation

MINUTES OF THE TOWN OF WAYNESVILLE BOARD OF ALDERMEN
REGULAR MEETING
SEPTEMBER 9, 2014

THE WAYNESVILLE BOARD OF ALDERMEN held its regular meeting on Tuesday, September 9, 2014 at 7:00 p.m. in the board room of Town Hall, 9 South Main Street, Waynesville, NC.

A. CALL TO ORDER

Mayor Brown called the meeting to order at 7:00 p.m. with the following members present:

Mayor Gavin Brown
Alderman Gary Caldwell
Alderman Julia Freeman
Alderman J. Wells Greeley
Alderman LeRoy Roberson

The following staff members were present:

Marcy Onieal, Town Manager
Woodrow Griffin, Town Attorney
Amie Owens, Town Clerk
Paul Benson, Interim Planning Director

Representing the Media:

Mary Ann Enloe, the Mountaineer

1. Welcome /Calendar/Announcements

Mayor Gavin Brown welcomed everyone to the meeting and Manager Onieal noted the following calendar events:

- September 13 – Building Bridges Mud Run
- September 25 - Guaranteed Rate/Ty Pennington volunteer day
- September 29 – Retirement Reception for Buddy Young, Public Works Director at Lake Junaluska
- September 30 - VC3 Open House and Tour – if any one is interested in attending please let Manager Onieal know. This is a good opportunity to see what services VC3 provides for the Town.
- October 5 - Prayer Walk sponsored by Drugs In Our Midst

Mayor Brown clarified some of the details regarding Guaranteed Rate/Ty Pennington Day including the fact that a resolution had been developed for this occasion. Manager Onieal was asked to update regarding this event. She noted that the Guaranteed Rate/Ty Pennington Day would be the intensive initial start to the renovation project. Mr. Pennington and six (6) executives from Guaranteed Rate would be on site on September 25. There had been 500+ volunteers who have signed up to help that day. Manager Onieal explained that due to the enormous response for volunteers, they would be scheduled in two hour shifts and while the focus was on renovation activities, there would be opportunities for continued fundraising including sale of food, CDs and T-shirts. She noted that on that

day, all of the town managers would serve as guides and provide tours of the campus. Manager Onieal added that since the Town is a sponsor of the event, the Aldermen are invited to attend and participate. The tentative schedule is below:

- 8:00 a.m. to 9:00 a.m. - Breakfast at the Open Door Kitchen with Ty Pennington and representatives from Guaranteed Rate (ticketed event)
- 9:00 a.m. - Site dedication celebration ceremony – Presentation of Proclamation; remarks from various individuals including Mayor and representatives from Guaranteed Rate
- 10:00 a.m. - Work begins; volunteers scheduled for two hour shifts (this will be throughout the weekend)
- Noon – Media and photo-op time
- Construction will be continuous until 5:00 p.m. to 6:00 p.m.
- 7:00 p.m. Benefit dinner at the Chef's Table (ticketed event)

Manager Onieal explained that the estimated renovation costs were between \$200,000 and \$500,000, and that as of the meeting date, they had raised \$285,000; \$30,000 of which was from the Gala on August 28. She acknowledged the outpouring of community support and explained that the plan is to complete Phase 1 by November 1. This is a tight time frame from a construction standpoint. Manager Onieal added that Dale Burris, Facilities and Maintenance Director for Haywood County, is serving as the contractor of record and will coordinate all of the subcontractors on the project. She noted that Haywood Helps has applied for 35 grants and is awaiting any award notifications which allows for additional funding sources. Manager Onieal concluded by informing the Board that the construction plans were completed on September 5 and that Mr. Burris and Jason Rogers, Building Inspector, met for an in-depth review on September 8. Permits will be issued on September 10, 2014.

Manager Onieal noted that there were three separate business items related to Haywood Helps on the agenda. Mayor Brown recommended completion of these items slightly out of order in an effort to streamline the agenda.

Request to Waive Construction Fees for Haywood Pathways Center

The first item for discussion was the previous item 7 under new business - request to waive construction permit fees for the Haywood Pathways Center on behalf of Haywood County, the property owner. Manager Onieal explained that the permit fees for this project would amount to approximately \$1,000 for permits, and that it has long been customary for the Town and County to waive building permit fees for each other, since both government entities represent the same constituents.

Alderman Greeley made a motion, seconded by Alderman Freeman, to waive all construction permit fees associated with the conversion of the former Department of Corrections facility in to the Haywood Pathways Center. The motion carried unanimously.

Request street closure of Hemlock Street for Construction at Haywood Pathways Center

This item was previously item 8 under new business. Hemlock Street will be closed to public traffic for three days (September 25-27) from Brown Avenue to Belle Meade Drive, with access available only for construction crews, equipment and emergency personnel. The closure will also accommodate the large number of volunteers and spectators expected at the construction site during the Ty Pennington visit, and ensure the safety of all. There will be signage and barricades in place, with access controlled by personnel from both the Waynesville Police Department and Sheriff's Department.

Alderman Greeley made a motion, seconded by Alderman Roberson, to approve the closure of a section of Hemlock Street to allow for construction at the Haywood Pathways Center beginning September 25 through September 27, 2014. The motion carried unanimously.

Proclamation – Guaranteed Rate/Ty Pennington Day – September 25, 2014

Mayor Brown read aloud a Proclamation declaring September 25, 2014 as Guaranteed Rate/Ty Pennington Day in Waynesville. He commented that the faith-based community took the lead in the project and were the first to attempt to address the issue of homelessness. They then joined with the nonprofits and consequently included others to help. Mayor Brown noted that this illustrates the cooperation between all to address community problems with community solutions and that he is pleased that the Town is part of this project.



Proclamation – National Day of Service and Remembrance – September 11, 2014

Mayor Brown requested that Alderman Greeley read aloud the Proclamation declaring September 11, 2014 as National Day of Service and Remembrance. The proclamation urged citizens to recognize the heroism of firefighters, rescue and law enforcement personnel, military service members and volunteers who responded and remember those who lost their lives to the tragic events of September 11, 2001.



2. Adoption of Minutes

Alderman Caldwell made a motion, seconded by Alderman Freeman, to approve the closed session minutes of the August 12, 2014 (regular meeting) as presented. The motion carried unanimously.

Alderman Roberson made a motion, seconded by Alderman Greeley to approve the minutes of the August 26, 2014 (regular meeting) as presented. The motion carried unanimously.

B. PRESENTATION

4. Waynesville Public Art Commission Annual Report

Ms. Ann Melton, Chairperson, provided the annual report from the Waynesville Public Art Commission (WPAC). She began by thanking the Board for the Love Lane sign designating it as the oldest residential neighborhood in Waynesville.

Ms. Melton thanked the Town staff for their assistance in placing Chasing Tadpoles and the work that went into preparing the site. She noted that each day she sees individuals there taking pictures and people enjoying the artwork. Ms. Melton highlighted three goals for the WPAC for the upcoming year:

1. Placing the art piece *La Femme*. It is an unusual piece that looks very theatrical and modern and the WPAC would like to see it put it on the HART Theater property possibly between the new and old stage buildings.
2. Have a piece of public art in Hazelwood. The suggestion has been to have something representative of the Plott Hound, which is the state dog and have it placed in a special location, with the view of Plott Balsam behind it.
3. Develop and publish a walking tour booklet of the art pieces in Waynesville which would include information on artist, the piece and insight into the motivation or inspiration for the piece. This item would not be completed until after placement of *La Femme* and the Hazelwood piece.

Mayor Brown noted that the piece in Frog Level was attracting many and felt it was aptly placed. Manager Onieal added that the use of property in Hazelwood for public art was tricky as there was no public property there. She has had previous discussions with a private owner related to placement of a piece, but no agreement had been reached.

Mayor Brown thanked Ms. Melton for her report and noted that no tax dollars are used to purchase or commission these pieces, all funds are via donation and through various grants obtained from the Community Fund supported by the Medford Grant.

C. PUBLIC HEARING

5. Public Hearing for the purpose of hearing an appeal of rezoning decision by the Waynesville Planning Board for property located at 668 & 746 North Main Street (PIN # 8615-59-3075 and 8615-59-6206)

Manager Onieal explained that the Planning Board had voted unanimously to deny the applicant's request and to leave zoning in this area unchanged. She called on Interim Planning Director Paul Benson for further comment. Mr. Benson provided a map of the area and parcels in question. Mr. Benson noted that the tract at 668 formerly housed A Matter of Record second-hand store and the property at 746 housed multiple tenants including a barber shop, beauty shop and food store. He explained that the Walnut Street Neighborhood District is an older neighborhood district with a

residential core of medium density; single family homes surrounded by appropriately designed service and business uses along Walnut Street and North Main Streets. The Mixed-Use Overlay District permits live/work units, animal services, ATMs and banks, business support services, day care homes, dry cleaning and laundry, government services, personal services, post offices, professional services and general commercial less than 100,000 square feet, outside sales and restaurants.

Mr. Benson recited the additional uses allowed under the North Main Street Neighborhood Center District, which include: auto parts sales, gas stations, vehicle and heavy equipment sales and rental, general commercial (greater than 100,000 square feet), recycling collection stations, neighborhood manufacturing and others that may not be in keeping with the adopted land use goals of the Town's 2020 Plan. He added that the concern expressed by the Planning Board is that allowing the change in zoning would move away from the intent of the district. Mr. Benson illustrated the clear zoning boundary on the map and indicated that the Planning Board had voted unanimously to deny the rezoning request.

Alderman Roberson inquired if all of the existing businesses were in compliance with the mixed use overlay district requirements. Mr. Benson confirmed that everything there now is conforming in mixed use overlay; the only exception is if a building is empty for one year or more, it would have to conform with the Walnut Street Neighborhood District Mixed Use Overlay requirements, rather than the general requirements. The building in question had previously been used as an automotive dealership; however, as it has been empty for more than one year, the requirement is to conform to the new standards.

Alderman Freeman clarified that if a building is empty for one year with no tenants then the owner would have to conform to the mixed use overlay district requirements. She used the example of the gas station and automotive repair shop on the corners. Mr. Benson affirmed that if a business was vacant for one year or more, it must comply with the new standards, but noted that those particular businesses used in Ms. Freeman's example are actually in another district, where their use is allowed outright or through Special Use permit.

Town Attorney Woody Griffin announced rules and procedure regarding Public Hearings and called the public hearing to order at 7:33 p.m, with the following speakers providing comment for the record:

Mr. Lamar Eberhart, indicated he was representing three residents on **Nelson Park Drive**, those who reside closest or most adjacent to the proposed rezoning properties. He indicated that the main concern was an increase in commercial noise if the zoning is changed. Having noise from heavy equipment or construction equipment is of concern to those who live near and above the properties.

Ms. Diane Kline, 129 Nelson Park Drive, lives directly above the property and expressed that the current noise is intolerable. She has owned her home for 9 years and has been awakened at 6:00 a.m. daily due to noise and trucks and is concerned about additional noise.

Ms. Paula Harrell Wilhelm, no address given, indicated that her parents own the property in question and are applicants for the rezoning. She passed out a letter to the Board written by her mother (a copy of which follows, and is attached as part of these minutes). She noted that she would be reading as the voice of her mother. Ms. Wilhelm noted that her parents are both retired and health

issues have slashed their retirement savings considerably and her father is bedridden and needs total care. Ms. Wilhelm read the letter to the Board.

September 8, 2014

Dear Mayor Brown and Aldermen,

Thank you for listening to my letter tonight. I do hope you can agree with me to rezone our property in East Waynesville.

My husband, Leroy, and I were born in Haywood County in 1924. We bought this property in 1960. Leroy had been in the car business in a rental property and he wanted to open his own car dealership. We had been in business 5 or 6 years and the town was prospering and growing. The Alderman approached Leroy wanting to buy some of our front property to widen the road. Leroy said you don't have enough money to buy the property but I will gladly give it to you. That's just the way he is.

Leroy started with a used car business and then got the Land Rover franchise. I feel like our Land Rover business not only brought revenue to the town because of the Land Rover sales and service but also provided employment. We sold Land Rovers in 27 different states and each summer had an annual Land Rover Caravan that started on our property and we drove to the Blue Ridge Parkway and then ended at the test farm for a picnic. We had customers from as far as California to attend. Some of our customers decided to stay and open businesses like the Swag. Haywood County has always been our home.

We did not have retirement accounts back then but Leroy decided to build additional rental buildings on our property for our retirement. We built 2 additional buildings and have rented them for 30 years. When Leroy was unable to work any longer, we started renting the main building and have made a decent living from the rental. Leroy always said this would pay for our retirement and now it does not. The property has served us well and we had a good business there. Now we have found that the Town of Waynesville has put restrictions on the property that makes it impossible to keep the rental income. It saddens our spirits. We always wanted our two daughters to own this property and make it a place to be proud of.

We have had to move to assisted living due to Leroy's health. I would be there in person but Leroy is bedridden and I cannot leave him. If we had been aware of this zoning, we would have been asking for a change before now. We have paid our taxes and been good citizens of the Town of Waynesville. It is difficult enough to pay for assisted living but we have managed to do so until we have been unable to rent our property. When my daughter told me that we could not rent to Meinke I was sure she must be wrong. Our insurance was also canceled because we had an empty building. I never thought the Town of Waynesville would restrict the property we have owned for over 50 years or why the zoning changes at our property. We have been there much longer than the Tool Shed but they have commercial zoning.

I appreciate you listening to my concerns and I ask for your help and support our rezoning.

Dorothy Harrell

Ms. Nina Harrell, 1962 Woodburn Road, Charlottesville, Virginia, also a daughter of the applicants, indicated that she hoped that her parents had always been good neighbors and that the goal was to continue to be good neighbors and have businesses that would be good neighbors as well. She noted that the currently zoned businesses could certainly have noise associated with them. Ms. Harrell explained that the buildings were built specifically for automotive type uses and could not be easily converted to another type of business. She noted that there was no intention of having noisy or unattractive facilities and that each of the buildings would be receiving new roofs and painting of the facades to be more up to date. Ms. Harrell explained that the goal has always been to provide retirement income for her parents and to have businesses that would help to support the economy in Waynesville. She offered her contact information to anyone who would like to have it to address any concerns outside of this arena and reiterated that the Harrell family wished to remain as good neighbors and to maintain the property in a manner that would allow for comfort for her parents in their later life.

Mr. Denver Stevens, 71 East Marshall Street, explained he moved to the area about a year ago and spent \$115,000 to bring his home up to the modern standards. He was happy that he and his family could walk to the park and was attracted to the neighborhood for its homey feel. Mr. Stevens commented that bringing in industry would hurt the neighborhood and suggested that areas in Frog Level area may be better suited for an industrial park area. He added that it was nice to drive through Waynesville with nice quiet and residential areas; the properties in question look run-down, but need a face lift and some tenants with no change to the zoning.

Ms. Diane Whitlock, 112 East Marshall Street, indicated she was concerned about the potential rezoning. She noted that the property has not been kept up very well and can appreciate individuals having to have retirement income, but fixing up the property would allow for better tenants and to get better rent. Ms. Whitlock added that if the neighbors are concerned and there are lots of possibilities for businesses that are covered as is, it may be better to find proper management of the property rather than rezoning.

There being no additional individuals who wished to address the board, the public hearing was closed at 7:50 p.m.

Mayor Brown inquired if the request was being made for both properties. Mr. Benson confirmed that the application covered both properties. Mayor Brown asked if it would be possible to rezone one and leave the other. While it would be possible to look at the properties separately for zoning purpose, the applicant's request was for both parcels.

Mayor Brown commented that all of the members were familiar with this and were aware of the situation. He asked each of the members to comment as it was now the Board's decision to make regarding this appeal.

Alderman Roberson commented that part of the reason for the land development standards was to consolidate areas for commercial businesses to avoid commercial creep. He indicated he supported the decision of the Planning Board.

Alderman Greeley noted that this issue represents the types of difficult decisions that at times have to be made. He commented that zoning is never easy and could appreciate the commercial use that the property has been used for previously. Alderman Greeley asked when the rezoning standards were adopted. Mayor Brown answered March 22, 2003. Alderman Greeley indicated support of the Planning Board's recommendation, noting that the Board of Aldermen should not create pockets where exceptions are made that would set a precedent and cause future problems.

Alderman Caldwell explained that he has known the Harrells for many years and always known them to be good to the community and was very sorry that this zoning change [of a decade ago] escaped their attention. He noted that the property was an auto dealership for years and felt that the Harrell's may not have been aware of the zoning requirements. Alderman Caldwell commented that he respected the Harrell's and felt they would not allow tenants in who would not be respectful to neighborhood. He acknowledged how this may lead to a hardship for the Harrells in their retirement. Alderman Caldwell would prefer that the property be allowed to be re-zoned as North Main Street Neighborhood Center.

Alderman Freeman noted that the former auto business had operated in Town for 50 years. She acknowledged that it was possible that the Harrell's did not realize that the zoning regulations had changed. Alderman Freeman noted that there were lots of automotive dealers and operations in the area and that this building was built for automotive services and would cost a great deal to upfit. She added that there are other vacant buildings that look terrible in various areas; the Harrell's are trying to modernize and make their buildings look nice. Alderman Freeman indicated support for rezoning both properties.

Mayor Brown noted that the land use standards were enacted in 2003 and that Mr. Benson had provided a recommendation in his report at the last meeting that the Planning Board consider updating the land development standards since the current plan is based on 2000 census data. Mayor Brown agreed that the data in the plan might be updated, but that many goals would likely not change in the updating process. He reminded the board that there was a great deal of neighborhood involvement over an extended period of time, in developing the land use standards in the first place and that it would make sense to review and revise the plan with a similar process from time to time as necessary. Mayor Brown stated it was a demanding process, but one he felt the community should do every 5 – 10 years.

Alderman Greeley added that there is a lengthy list of conforming uses already allowed with the current zoning and encouraged the Harrells to investigate the additional uses to seek tenants that would conform to zoning by right.

Alderman Caldwell made a motion; seconded by Alderman Freeman, to rezone the properties located at 668 & 746 North Main Street (PIN #8615-59-3075 and 8615-59-6206) from Walnut Street Neighborhood District, Mixed-Use Overlay to North Main Street Neighborhood Center, as requested by the property owner. The motion failed by a vote of 2-3 (with Mayor Brown, Alderman Greeley and Alderman Roberson opposed).

D. NEW BUSINESS

6. Request for additional on-street parking designated as Handicapped accessible in the 200 block of North Main Street (requested by Haywood County Manager Ira Dove)

Manager Onieal received a request from Haywood County to add additional handicapped accessible parking in front of the Historic Courthouse as their new security protocol prevents entering the building via the side and rear doors of the building. This change will require individuals parking in the parking deck to make a much longer trek to the main entrance in the front of the building, and renders the handicapped parking spaces reserved in the deck non-compliant according to ADA standards. Manager Onieal explained that there were several possibilities including the designation of additional handicapped spaces; exchanging one space from in front of the Mountaineer that is currently designated as handicapped for a space in front of the courthouse and/or cut down the existing sidewalk to ensure that all spaces would be considered handicapped/wheelchair accessible. The concern is that one of the critical offices in the courthouse is the Veteran's Service office and individuals visiting would require closer access. Ms. Onieal mentioned that some downtown merchants and Waynesville Downtown Association had expressed concern over designating additional on-street parking as handicapped, as many of the on-street spaces, designated as handicapped parking in the downtown area now are underutilized and remain empty much of the day,

Mayor Brown noted that it was important to try to accommodate the citizens related to access and asked if there had been complaints. Manager Onieal explained that the Town had received no

complaints but noted that the County had made the change only this week and was anticipating a need for more handicapped spaces. Discussion was held regarding various options.

Alderman Caldwell made a motion, seconded by Alderman Roberson, to make no change in designation of downtown parking at present and to revisit the issue, if and when complaints are received or a real need arises to add additional handicapped designated spaces. The motion carried unanimously.

E. COMMUNICATIONS FROM STAFF

8. Town Manager – Marcy Onieal

NCDENR Groundwater Assessment Program

Manager Onieal reported that she had received a request from NCDENR for access to Montgomery Street and surrounding areas to conduct groundwater testing due to closing of dry cleaning facilities. She noted that the Town has always participated and cooperated with DENR, but that this is the first time they have asked to drill into a public parking lot. NCDENR is checking for an underground plume of residual contaminants.. Manager Onieal indicated that staff has talked to them about haphazardly painting the sidewalks during the location process and has requested they wait until later in November (after leaf season) for this activity to occur.

IT updates

Manager Onieal explained that communications via the CodeRed messaging system regarding hydrant testing and various website communications have been going well. The VOA deployment for Police Department has been delayed due to staff vacations at VC3 and other scheduling conflicts.

Manager Onieal noted that a new tracking program - PubWorks – has been installed with new applications for public services. The system provides concrete data to use with decision making and will be used for fleet maintenance and both internal and external facility work orders. The system allows for inventory tracking and uses barcode scanners. This will make the total cost of repairs -- labor, equipment, overhead and materials readily available and provides timely and efficient reporting. Manager Onieal commended the Public Services staff for their selection of the program and for getting it set up and in use so quickly. The month of September will be used for testing, with a go- live date of October 1, 2014.

Alderman Caldwell noted that this system is a good idea especially when keeping up with vehicle information. Manager Onieal added that this will help with the budget and provide the most current and accurate data possible, and will lead to more informed decisions with regard to vehicle purchase and replacement.

Employee Updates

Manager Onieal noted several employee updates including:

--Retirement: Billy Goodson-9/1/14

--Transfer: Mike Clontz from Meter Reading to Wastewater Treatment Plant

--PS Employees of the Month – Water and Sewer Maintenance crew – Dwayne

Yarborough, Crew Leader, Equipment Operator James Brown and Utility Maintenance Workers Jody Shuford and Brandon Flynn recognized for their installation of 81 radio read meters in one week.

--Leadership Haywood 2105: Amie Owens, Administration Tim Petrea, Parks & Recreation

--SOG Municipal Administration Course 2014-15: Daryl Hannah, Streets Superintendent

--Police Department Promotion Ceremony on September 18th including the retirement of K-9 officer Levi.

Manager Onieal thanked the Board for their support of training and development of staff and noted that many took time on their own for these various training and educational opportunities. She acknowledged how valuable well-trained staff are to the organization.

Crows at Laurel Ridge Country Club

Manager Onieal noted that she had received a request from Laurel Ridge Country Club regarding permission to shoot the crows that were tearing up the golf course. Manager Onieal provided pictures to the board of the damage in question. She noted that Waynesville is a bird sanctuary and that current ordinances do not allow firing of weapons inside town limits. Mayor Brown added that there is really no way to give permission to do this. He added that every golf course has to treat for grubs and other insects that crows eat, and that every course has to deal with this issue. The board declined to take action on the request.

9. Town Attorney - Woody Griffin

Attorney Griffin had no business to discuss.

E. COMMUNICATIONS FROM MAYOR AND BOARD OF ALDERMEN

Mayor Brown thanked the Board for their attention and consideration. He noted that sometimes the board has to make tough decisions and go on; these decisions are not personal but have to be made.

F. CALL ON THE AUDIENCE

No one addressed the Board.

G. ADJOURN

There being no further business to discuss, Alderman Roberson made a motion, seconded by Alderman Greeley, to adjourn the meeting at 8:22 p.m. The motion passed unanimously.

ATTEST

Gavin A. Brown, Mayor

Marcia D. Onieal, Town Manager

Amanda W. Owens, Town Clerk

**Proclamation
Constitution Week
September 17-23, 2014**

WHEREAS, September 17, 2014 marks the two hundred twenty-seventh anniversary of the drafting of the Constitution of the United States of America by the Constitutional Convention; and

WHEREAS, it is fitting and proper to accord official recognition to this magnificent document and its memorable anniversary, and to the patriotic celebrations which will commemorate the occasion, and

WHEREAS, Public Law 915 guarantees the issuing of a proclamation each year by the President of the United States of America designating September 17 through 23 as Constitution Week.

NOW, THEREFORE, I, Gavin A. Brown, by virtue of the authority vested in me as Mayor of the Town of Waynesville, North Carolina do hereby proclaim the week of September 17 through 23 as

Constitution Week

and ask our citizens to reaffirm the ideals the Framers of the Constitution had in 1787 by vigilantly protecting the freedom guaranteed to us through this guardian of our liberties, remembering that lost rights may never be regained.

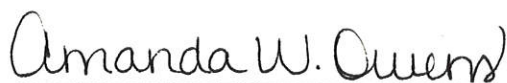
IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the City to be affixed this 15 day of September, of the year of our Lord two thousand fourteen.

Town of Waynesville



Gavin A. Brown
Mayor

ATTEST:



Amanda W. Owens
Town Clerk



Proclamation
National Disability Employment Awareness Month
October 1 – 31, 2014

WHEREAS, workplaces welcoming of the talents of all people, including people with disabilities, are a critical part of our efforts to build an inclusive community and strong economy; and

WHEREAS, in this spirit, the Town of Waynesville, North Carolina is recognizing National Disability Employment Awareness Month this October to raise awareness about disability employment issues and celebrate the many and varied contributions of people with disabilities; and

WHEREAS, activities during this month will reinforce the value and talent people with disabilities add to our workplaces and communities and affirm Waynesville, North Carolina commitment to an inclusive community.

NOW, THEREFORE, I, Gavin A. Brown, Mayor of the Town of Waynesville, do hereby proclaim October 1 through October 31, 2014 as

National Disability Employment Awareness Month

And in so doing, I call upon employers, schools and other community organizations in Waynesville North Carolina to observe this month with appropriate programs and activities, and to advance its important message that people with disabilities are equal to the task throughout the year.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the Town of Waynesville to be affixed, this 23rd day of September, 2014.



TOWN OF WAYNESVILLE



Gavin A. Brown, Mayor

TOWN OF WAYNESVILLE
RESOLUTION RETIRING CANINE OFFICER "LEVI"

WHEREAS, the Town of Waynesville's canine officer named Levi is a mature male German Shepherd police dog; and

WHEREAS, Levi has worked well and hard for the Town of Waynesville Police Department for the past nine years performing a wide variety of law enforcement and public service tasks ranging from illegal drug detection, criminal tracking, suspect apprehension, explosives identification and police officer protection; and

WHEREAS, Levi is now ten and one-half years old and is experiencing the effects of aging such as decreased stamina and a loss of foot speed that contribute to a reduction in his ability to safely carry out the tasks required of a law enforcement canine officer; and

WHEREAS, it is recognized that Levi's law enforcement service days are at an end and he is deserving of the honor and recognition of his service through retirement in a place of comfort and safety conducive to his continued well being and health.

NOW, THEREFORE BE IT RESOLVED, effective as of September 18, 2014, I, Gavin A. Brown, Mayor, on behalf of the Town of Waynesville Board of Aldermen and staff hereby officially retire the canine officer named Levi from his full-time duties with the Waynesville Police Department and transfers all rights of ownership and responsibility for the continued care and well being to his current handler Sergeant Heath Plemmons.

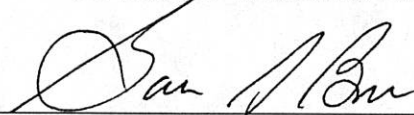
Duly Adopted this the 18th day of September, 2014.



ATTEST

Amanda W. Owens
Amanda W. Owens, Town Clerk

TOWN OF WAYNESVILLE



Gavin A. Brown, Mayor



Marcia D. Onieal, Town Manager



Town of Waynesville
Property Disposition Form

Department/Div: Police Department

Employee initiating sale or disposition: Chief Bill Hollingsed

Property to be disposed of: Model/Serial Number _____ Description _____

10.5 year old German Shepherd police dog Black and Tan in Color

Inventory Number: N/A

Asset Number: N/A

Original Purchase Price:

Date Purchased: 2005

Justification for disposition _____

Canine officer is retiring due to age and health concerns – could be a safety issue if he continues

to work.

Proposed method of disposition:

- | | |
|---|--|
| <input type="checkbox"/> Private negotiation and sale | <input type="checkbox"/> Public auction |
| <input type="checkbox"/> Advertisement for sealed bids | <input type="checkbox"/> Exchange/Trade-in |
| <input type="checkbox"/> Negotiated offer, advertisement, and upset bid | <input type="checkbox"/> Donation |
| | • Discard/Destroy |

Estimated fair market value: No market value if unable to perform duties

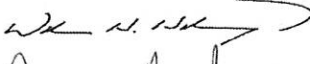
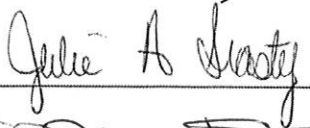

Sale price if applicable: \$1.00

Sale date if applicable: 09-18-2014

Sold to: Sergeant Heath Plemmons

Address: 84 Ivy Branch Rd. Canton, NC 28716

Phone: 828-734-9006

Department Head Approval 	Date: 09-18-2014
Purchasing Director Approval 	DATE: 9/18/2014
Town Manager Approval: 	Date: 9/18/14

The town is granted by the State of North Carolina the authority to sale or dispose of town owned property by North Carolina General Statute Chapter 160, Article 12. For further information and guidance about the procedures and limitations of said article please visit, <http://www.ncleg.net/gascripts/statutes/statutes.asp>.

TOWN OF WAYNESVILLE BOARD OF ALDERMEN
REQUEST FOR BOARD ACTION
Meeting Date: September 23, 2014

SUBJECT: Approval of Rate Modifications for Current Loan Agreements

AGENDA INFORMATION:

Agenda Location: New Business
Item Number: 4-B
Department: Finance
Contact: Eddie Caldwell, Finance
Presenter: Marcy Onieal, Town Manager

BRIEF SUMMARY: Over the past six months, the Finance Director has been reviewing current loan agreements to determine which loans might be eligible for refinancing at lower rates to save the Town additional funds. As part of this review, Davenport & Company LLC (a municipal finance advisor firm) provided a free review that included an estimate of costs and savings associated with the complete refunding of eligible loans. As an additional option, the Town also asked the financial institutions, through which existing loans originated, to consider rate modifications for the same purpose. Three out of sixteen current loans were determined to offer possible savings if re-funded or subjected to a rate modification: 1) Fire Station (BB&T), Electric Substation (BB&T), and the Recreation Center loan (HomeTrust Bank).

The Davenport & Company LLC proposed a complete refunding of the three loans at a possible savings (net of costs) of \$134,482. This option would require considerable time and effort to complete, since it would be akin to taking out a brand new loan – requiring the production of a bid package, conducting a public hearing, obtaining bids, going through Local Government Commission for application, review, approval, establishing escrow and closing on the new loan(s).

Rate modifications with existing financial institutions for the same three loans is estimated to save \$142,677 net of the \$200 modification costs over the life of the loans, and have been offered by BB&T and Home Trust Bank, as follows:

- 1) Fire Station (BB&T): 3.77% → 2.38%
- 2) Electric Substation (BB&T): 3.52% → 2.18%
- 3) Recreation Center (Home Trust Bank): 3.99% → 3.1%

The term and principal on these loans will not change. Due to reduction in interest rate, the annual payments will be reduced, resulting in annual savings to the general fund ranging from a high of approximately \$18,000 to a low of \$5,000, with a total savings of \$142,677 over the life of all three loans.

The banking institutions require a resolution of approval for each rate modification.

MOTION FOR CONSIDERATION: *To approve the rate modifications for outstanding loans on the Fire Station, Electric Substation, and Recreation Center, offered by BB&T and Home Trust Bank, as presented..*

FUNDING SOURCE/IMPACT: . Save an additional \$142,677 in interest payments over the life of these three loans.

ATTACHMENTS:

- Three resolutions approving rate modifications as indicated above.

MANAGER'S COMMENTS AND RECOMMENDATIONS: Approve as presented.

Resolution Approving Terms of Re-financing Contract 9933004136-00001

WHEREAS, Town of Waynesville, North Carolina (the "Town") has determined to change the terms of the Payment Schedule to that Financing Agreement and Deed of Trust granted to F. Louis Loyd, III (the "Deed of Trust Trustee") for the benefit of Branch Banking and Trust Company ("BB&T") dated as of February 15, 2007 (the "Original Agreement") ; and

WHEREAS, the changes to the terms of the Payment Schedule include revising the interest rate from 3.77% to 2.38%;

NOW, THEREFORE BE IT RESOLVED by the governing body of Town of Waynesville, North Carolina that the proposed changes to the Payment Schedule of the Original Agreement are hereby approved and the officers designated to sign financing documents are hereby authorized and directed to take such action as may be necessary to effectuate such changes. All other terms and conditions of the Original Agreement and the Payment Schedule thereof remain in full force and effect.

Adopted this ____ day of September 2014.

Attestation:

SEAL

Town Clerk
Town of Waynesville, North Carolina

Mayor or Town Manager
Town of Waynesville, North Carolina

Resolution Approving Terms of Re-financing Contract 9933004136-00003

WHEREAS, Town of Waynesville, North Carolina (the "Town") has determined to change the terms of the Payment Schedule to that Financing Agreement and Deed of Trust granted to F. Louis Loyd, III (the "Deed of Trust Trustee") for the benefit of Branch Banking and Trust Company ("BB&T") dated as of July 17, 2008 (the "Original Agreement") ; and

WHEREAS, the changes to the terms of the Payment Schedule include revising the interest rate from 3.52% to 2.18%;

NOW, THEREFORE BE IT RESOLVED by the governing body of Town of Waynesville, North Carolina that the proposed changes to the Payment Schedule of the Original Agreement are hereby approved and the officers designated to sign financing documents are hereby authorized and directed to take such action as may be necessary to effectuate such changes. All other terms and conditions of the Original Agreement and the Payment Schedule thereof remain in full force and effect.

Adopted this ____ day of September 2014.

Attestation:

SEAL

Town Clerk
Town of Waynesville, North Carolina

Mayor or Town Manager
Town of Waynesville, North Carolina

Resolution Approving Terms of Re-financing Contract 3655249208

WHEREAS, Town of Waynesville, North Carolina (the "Town") has determined to change the terms of the Payment Schedule to that Financing Agreement and Deed of Trust granted to Western North Carolina Service Corporation ("Trustee") for the benefit of Clyde Savings Bank a division of The Hometown Bank ("Home Trust Bank") dated as of October 19, 1998 (the "Original Agreement"); and

WHEREAS, the changes to the terms of the Payment Schedule include revising the interest rate from 3.99% to 3.10%;

NOW, THEREFORE BE IT RESOLVED by the governing body of Town of Waynesville, North Carolina that the proposed changes to the Payment Schedule of the Original Agreement are hereby approved and the officers designated to sign financing documents are hereby authorized and directed to take such action as may be necessary to effectuate such changes. All other terms and conditions of the Original Agreement and the Payment Schedule thereof remain in full force and effect.

Adopted this ____ day of September 2014.

Attestation:

Town Clerk
Town of Waynesville, North Carolina

Mayor or Town Manager
Town of Waynesville, North Carolina

**TOWN OF WAYNESVILLE BOARD OF ALDERMEN
FOR BOARD INFORMATION
Meeting Date: September 23, 2014**

SUBJECT: Wholesale Electric Power Supply Services Proposals

AGENDA INFORMATION:

Agenda Location: Unfinished Business
Item Number: 5-C
Department: Administration/Finance/Utilities
Contact: Marcy Onieal, Town Manager
Eddie Caldwell, Finance Director
Fred Baker, Utilities Director

Presenter: Kevin O'Donnell, Nova Energy Consultants
Representatives from Provider A and Provider B

BRIEF SUMMARY: The Town's wholesale power supply agreement with CP&L/Progress Energy (now Duke Energy), will expire December 31, 2015. In FY14, at the request of staff and Board, the Town's energy services consultant, Kevin O'Donnell, solicited preliminary proposals for a 10-year power purchase agreement on behalf of Waynesville (and four of the consultant's other municipal clients), receiving five responses, and four preliminary proposals. During the past year, the consultant has evaluated those preliminary proposals, along with a variety of energy industry forecasts, while closely following the activities and actions of the Town's current power provider, the NC Utilities Commission and the state legislature (specifically with regard to mergers/acquisitions, rate-setting, and coal-ash settlement). He has continued to keep the Town informed through interim reports.

The chart below reflects projected annual and 10-year power costs associated with the original submittals by the four responding providers:

	Supplier A	Supplier B	Supplier C	Supplier D
Year 2016 Cost	\$5,410,640	\$6,347,462	\$5,222,146	\$5,987,974
10-year NPV Cost @ 5%	\$42,080,685	\$57,836,806	N/A	\$50,516,150

The Year 2016 annual cost figures may be compared to the Town's current estimated annual cost for power (at 6/30/14) of \$5,407,654. Following initial review of these preliminary proposals on May 13, 2014, the Board directed the consultant to continue exploring a potential wholesale agreement with both Suppliers A & B, which represent the Town's current provider and the supplier offering the preliminary proposal with lowest projected costs.

Since May, the consultant has worked with both providers to refine their proposals to account for new information not known at the time of submittal and to ensure that the consultant's financial assumptions and calculations are valid and acceptable to both providers. The Board will be presented with an overview by the consultant and updated proposals by both Providers A and B on September 23, 2014.

MOTION FOR CONSIDERATION: *This presentation is for information purposes only, and no action is anticipated at the meeting of September 23, 2014.*

FUNDING SOURCE/IMPACT: . N/A at this point in time..

ATTACHMENTS:

- Request for Proposals prepared by Nova Energy Consultants, Sept 6, 2013
- Current Power Supply Agreement between TOW and CP&L/Progress/Duke Energy
- Additional handouts and power point will be available at the Board meeting on Sept 23, 2014

MANAGER'S COMMENTS AND RECOMMENDATIONS:

It is important to recognize that a decision to engage in a long-term power supply agreement is not as simple or straightforward as the typical bid process the Board undertakes for purchase of equipment or contracting for construction. While cost will certainly be one, if not the most, important part of this decision-making process, it should be noted that neither proposal represents a fixed-dollar cost. Many currently unknown factors can affect future costs and either proposal will require that we make certain assumptions about what will occur in the future. The two proposals under consideration each provide a different basis on which power supply costs will be applied, and both proposals represent a departure from the manner in which our current contract assigns costs.. One proposal offers a tiered fixed-rate approach, while the other offers a period of fixed rate, followed by a period of formula rate. Other factors that will be important for the Board to consider in making its decision include: 1) reliability of power supply, 2) financial strength/management/durability of the provider; 3) source of power generation and distance that power must be wheeled (which may impact transmission costs), 4) billing procedures and timing of cost adjustments, 5) percentage of the provider's portfolio comprised by different energy sources (coal/nuclear/natural gas/renewables), and 6) other intangible factors that may be important, but not directly connected to total costs.

No decision is requested at the meeting of September 23, 2014, but it is my intent to bring our energy services consultant back to one of the regularly scheduled board meetings in October (either 10/14 or 10/28) to answer any final questions the Board may have and to deliver the manager's recommendation at that time. At that meeting, I will be recommending that the Board decide between Provider A and B and authorize our consultant to negotiate a 10-year wholesale power supply agreement on the Town's behalf. It is hoped that negotiations will move swiftly and successful toward an agreement that will come back for board approval by late November/early December, so that all provisions of the new agreement will be in place as we enter into the FY16 budget process next spring.

Request for Proposal for Electric Power Supply Services

**Town of Black Creek,
Lucama, Sharpsburg,
Stantonsburg, and
Waynesville, NC**

Prepared by

Nova Energy Consultants, Inc.

Cary, NC

Issued on September 6, 2013

I. INTRODUCTION:

The Towns of Black Creek, Lucama, Sharpsburg, Stantonburg, and Waynesville, NC are currently all-requirements customers of Duke Energy Progress (DEP). Waynesville is located Haywood County in Western NC and its contract with DEP ends on Dec. 31, 2015. The Towns of Black Creek, Lucama, Sharpsburg, and Stantonburg are located in Wilson, Nash, and Edgecombe counties in Eastern NC. The current contract for each of these four towns runs through Dec. 31, 2017.

All five towns are network transmission customers of Duke Energy Progress. Waynesville owns two delivery points that connect to the DEP system at the Canton-Hazelwood 115kv feeder. Sharpsburg owns one delivery point that connects to the DEP Wilson/Rocky Mount 115 kV transmission line. Black Creek, Lucama, and Stantonburg jointly own a substation called the Tri-Towns substation that is located on the Black Creek/Wilson 115 kV transmission line.

Contact information for each town is as follows:

Mr. Greg Gates
Utility Director
Town of Black Creek
P.O. Box 8
Black Creek, NC 27813
ggates@townofblackcreek.org

Mr. Jeff Davis
Utility Director
Town of Lucama
PO Box 8
Lucama, NC 27813
Lucama@cocentral.com

Mr. Robert Smith
Utility Director
Town of Sharpsburg
P.O. Box 1759
Sharpsburg, NC 27878
rsmith@sharpsburgnc.com

Mr. Gary Davis
Town Manager
Town of Stantonburg
P.O. Box 10
Stantonburg, NC 27883
gdavis@townofstantonburg.com

Mr. Fred Baker
Utility Director
Town of Waynesville
P.O. Box 100
Waynesville, NC 28786
publicworksdirector@townofwaynesville.org

II. RFP PROCESS:

Attached to this RFP is load data for all 5 towns. Any questions about this RFP or the associated load data is to be directed to the following person:

Kevin W. O'Donnell
President
Nova Energy Consultants, Inc.
1350 SE Maynard Rd.
Suite 101
Cary, NC 27511

919-461-0270 (o)
919-523-6906 (m)

kodonnell@novaenergyconsultants.com

The supplier is requested to one electronic copy of its final proposal that includes all indicative prices, calculations and any related materials before 2:00 pm on Nov. 15, 2013 for evaluation. All responses are to be supplied electronically to Kevin O'Donnell at the above-stated e-mail address.

After review of the submitted proposals, the 5 Towns will select a short list of bidders for actionable pricing to be received on Nov. 15, 2013. The towns may hold interviews with the potential suppliers after the short list is selected.

It anticipated that a decision on the selected supplier will be announced no later than July 1, 2014.

Each of the 5 towns reserve the right to reject any or all of the responses and re-issue the RFP if bids are not satisfactory.

III. SCOPE OF WORK:

This Request for Proposal (“RFP”) covers the purchase of electricity and its delivery into DEP’s electric system, including any and all fees that DEP may charge for interconnection, scheduling, and other ancillary services. To be clear, this RFP is intended to be as “all-inclusive” as possible.

The term of the proposed contracts is through Dec. 31, 2027.

IV. PROPOSAL EVALUATION:

Proposals will be evaluated based on the criteria that the 5 towns consider to be in their best overall interest. Such criteria include, but are not limited to, the following:

- The total cost of the all-requirements electric services provided – price will be communicated in capacity cost, energy price, and any other pricing measure deemed suitable by interested supplier (line losses delivered to the DEP control area must be included);
- The stability of the proposed price;
- The fuel mix from the fleet proposed to be used to supply 5 Towns;
- The creditworthiness of the responder;
- Historical performance of proposed supplier; and

- References from current customers.

V. GENERAL EQUIREMENTS:

1. All-inclusive indicative pricing delivered into the DEP control area for the period of the contract (through 2027);
2. Pricing shall be stated in terms of capacity cost, energy price, and other pricing characteristic deemed acceptable by interested supplier.
3. Ways the volatility of the pricing can be minimized through hedging activities;
4. Cost of the hedging activities as outlined in no. 2 above;
5. Copy of the proposed contract for all-requirements power supply service;
6. Proposer's most recent credit report as prepared by Standard & Poors, Moodys, or Fitch. If a credit report is not available, proposed supplier will provide bond assurance or some other financial security to assure performance through the life of the contract term.

The Town of Waynesville
and
Carolina Power & Light
Company

POWER SUPPLY AND COORDINATION
AGREEMENT

January 1, 2010 – December 31, 2015

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**POWER SUPPLY AND
COORDINATION AGREEMENT
Between Carolina Power & Light Company and
The Town of Waynesville**

This POWER SUPPLY AND COORDINATION AGREEMENT ("Agreement") is made and entered into on this 14th day of August, 2009 ("Execution Date") between Carolina Power & Light Company b/d/a Progress Energy Carolinas, Inc. ("CP&L"), a North Carolina corporation, and the Town of Waynesville, North Carolina ("Waynesville"), a municipality incorporated in North Carolina.

RECITALS:

WHEREAS, CP&L is engaged in the business of purchasing, generating, transmitting, distributing, and selling electric power in portions of the States of North Carolina and South Carolina, and operates its own electric generation facilities; and

WHEREAS, Waynesville is engaged in the business of distributing and selling electric generation within a geographic area Waynesville is legally entitled as a municipality to serve; and

WHEREAS, CP&L desires to sell and Waynesville desires to receive and purchase full requirements electric capacity and energy for the term of this Agreement at the Generation Delivery Point, hereinafter defined.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein set forth, the Parties hereby agree as follows:

SECTION 1.0 – DEFINITIONS

"*Billing Demand*" is defined in Section 4.1 of this Agreement.

"*Billing Energy*" is defined in Section 5.2 of this Agreement.

"*Clock Hour*" shall mean each of the twenty-four hours in a calendar day ending at 00 minutes and 00 seconds.

"*Coincident Peak Demand*" shall be Waynesville's hourly integrated demand, determined monthly for each calendar month and measured by metering equipment or computed at the Transmission Exit Point during the Clock Hour of CP&L's maximum system energy use for the calendar month.

"*Contract Term*" is defined in Section 2.1 of this Agreement.

"Effective Date" is defined in Section 2.1 of this Agreement.

"FERC" means the Federal Energy Regulatory Commission or its successor agency.

"Generation Delivery Point" is defined in Section 8.1 of this Agreement.

"Monthly Capacity Rate" shall be the rate per kilowatt charged to Waynesville.

"Monthly Energy Rate" shall be the rate per kilowatt-hour charged to Waynesville.

"Non-conforming Load" shall mean any load characterized by load swings that materially change, on a percentage basis, Waynesville's then-current load, to the extent that such load:

1. Is substantially more expensive for CP&L to serve, compared to Waynesville's then-current load; or
2. Materially impairs or reasonably threatens to materially impair CP&L's ability to adequately and reliably serve CP&L's then-current retail and wholesale requirements customers.

"Parties" shall mean Waynesville and CP&L.

"Party" shall mean Waynesville or CP&L.

"SEPA" shall mean Southeastern Power Administration, which can allocate governmental generation to Waynesville.

"Transmission Exit Point(s)" shall be the location(s) where the substation facilities serving Waynesville connect to the Transmission Provider's transmission system. In the case of the original delivery for Waynesville under this Agreement, the Transmission Exit Point is the 115 kV side of the CP&L 115 kV / 12 kV power transformer.

"Transmission Provider" means CP&L or its successor, including a regional transmission organization or an independent transmission provider.

SECTION 2.0 – TERM OF THE AGREEMENT

2.1 Term

Subject to the conditions subsequent specified in Sections 12.2 and 15.0 of this Agreement, the Contract Term of this Agreement shall be from January 1, 2010, through December 31, 2015, unless previously terminated pursuant to the terms of this Agreement.

SECTION 3.0 – OBLIGATIONS OF THE PARTIES

3.1 Agreement to Purchase and Sell

Subject to the provisions of this Agreement, CP&L agrees to sell and Waynesville agrees to purchase capacity and energy as follows:

For the Contract Term, CP&L agrees to supply Waynesville with full requirements service and Waynesville agrees to purchase from CP&L the capacity and associated electrical energy at the Generation Delivery Point scheduled in accordance with the provisions of this Agreement. Notwithstanding Section 3.1 or any other provision in this Agreement, Waynesville shall have the right to purchase or obtain power from alternative sources, including but not limited to Waynesville's own emergency generating capacity associated with its public safety and health facilities with a capacity of up to 375 kW, in the event and to the extent that CP&L is unable to deliver power to the Generation Delivery Point in an amount equal to Waynesville's electric power demand as a result of a Force Majeure event as defined in Section 12.5 or an event as defined in Section 10.2. Consistent with the requirements of the Transmission Provider and/or control area operator, the electrical energy supplied by CP&L to Waynesville shall be of such a nature to permit the Transmission Provider and/or control area operator to deliver electrical energy to Waynesville.

SECTION 4.0 – CAPACITY

4.1 Billing Demand

For each calendar month, CP&L shall determine Waynesville's Coincident Peak Demand. If at the time of billing, CP&L's maximum system energy use is not known, an estimate shall be used for purpose of determining Waynesville's Coincident Peak Demand for the month. Any difference between such estimated demand and Waynesville's actual Coincident Peak Demand for the month shall be reflected in an adjustment to a subsequent month's bill, provided, however, that any such adjustment which increases the charge to Waynesville in a single month by more than thirty thousand dollars (\$30,000) shall be pro-rated in the subsequent bills over the three immediately following months, without the accrual of any interest or penalties if Waynesville's payments of the three monthly bills to which pro-rated amounts are allocated are timely.

The Billing Demand for the Generation Delivery Point shall be equal to Waynesville's Coincident Peak Demand, reduced by the government contract demand associated with the SEPA allocable demand, if any, and increased by real power losses in accordance with Section 8.3. CP&L shall reduce Waynesville's Billing Demand to the extent of Waynesville's emergency generation and/or purchases pursuant to Section 3.1 if and only to the extent that Waynesville provides CP&L with written notice that Waynesville is using such emergency generation and/or purchases pursuant to Section 3.1 and such written notice is provided to CP&L within five business days of Waynesville's use of such emergency generation and/or purchases. Waynesville's written notice to CP&L will identify when the emergency generation and/or purchases began to supply capacity and/or energy to Waynesville. Information needed for Billing Demand adjustments shall be provided in accordance with Section 11.1.

A sample calculation used to produce a bill from CP&L to Waynesville, reflecting applicable adjustments to the Billing Demand, is attached hereto as Exhibit A.

To the extent Waynesville is a government preference customer, as defined by the SEPA, the government contract demand, to which Waynesville may be entitled, will be allocated by the government to Waynesville. The allocated government contract demand and the kilowatt-hours associated therewith shall be determined independently and incorporated in the Billing Demand in

accordance with this Section 4.1 and the Billing Energy in accordance with Section 5.2.

4.2 Monthly Capacity Charge

For full requirements service provided pursuant to this Agreement, Waynesville shall pay a monthly capacity charge calculated by multiplying a Monthly Capacity Rate of \$9.70 per kilowatt-month times Waynesville's Billing Demand ("Monthly Capacity Charge").

4.3 Nuclear Decommissioning Costs

The Parties recognize that CP&L must make contributions to an external fund in order to fund its nuclear decommissioning expense and agree that the Capacity Charges set forth in Section 4.2 provide for Waynesville's load ratio share of such contributions. Further, Waynesville shall not be obligated to cover such decommissioning expenses after the expiration of this Agreement.

SECTION 5.0 – ENERGY

5.1 Monthly Energy Rate

For all energy associated with this Agreement, Waynesville shall pay a Monthly Energy Rate equal to \$0.02192 per kilowatt-hour (which includes a base fuel cost of \$0.01304 per kilowatt-hour). The base cost of fuel will be calculated in accordance with Rider No. 1, which is attached to this Agreement. The base cost of fuel portion of the Monthly Energy Rate is subject to a monthly true-up adjustment to reflect actual, reasonably and prudently-incurred fuel costs. Waynesville shall be permitted to challenge the reasonableness or prudence of CP&L's fuel costs pursuant to the terms of this Agreement, including but not limited to Sections 11.3, 12.4, and 16.0.

5.2 Billing Energy

Billing Energy shall be total monthly energy measured or computed at Waynesville's Transmission Exit Point(s), reduced by the delivered SEPA energy during the month, reduced by Waynesville's emergency generation and/or purchases from alternative resources pursuant to Section 3.1 provided that notice is given to CP&L in accordance with this Section, and increased by real power losses in accordance with Section 8.3. CP&L shall reduce Waynesville's Billing Energy to the extent of Waynesville's emergency generation and/or purchases pursuant to Section 3.1 if and only to the extent that Waynesville provides CP&L with written notice that Waynesville is using such emergency generation and/or purchases pursuant to Section 3.1 and such written notice is provided to CP&L within five (5) business days of Waynesville's use of such emergency generation and/or purchases. Waynesville's written notice to CP&L will identify when the emergency generation and/or purchases began to supply capacity and/or energy to Waynesville. Information needed for Billing Energy adjustments shall be provided in accordance with Section 11.1.

5.3 Monthly Energy Charge

For full requirements service provided pursuant to this Agreement, Waynesville shall pay to CP&L each month a monthly energy charge calculated by multiplying the Monthly Energy Rate times the Billing Energy ("Monthly Energy Charge").

5.4 Environmental Surcharge

For full requirements service provided pursuant to this Agreement, Waynesville shall pay to CP&L each month a monthly environmental surcharge ("Environmental Surcharge") that includes Waynesville's pro rata share of (1) all CP&L's variable costs of materials, emissions allowances and other environmental compliance associated with reducing or treating emissions, as required by any and all regulations, laws, orders, or ordinances; and (2) all CP&L's variable costs and all purchase power costs associated with satisfying any renewable energy portfolio standard that is applicable to Waynesville, as required by any and all regulations, laws, orders, or ordinances. If Waynesville is not required to meet a renewable energy portfolio standard, CP&L will not assess any environmental charges under Section 5.4(2) to Waynesville for a renewable energy portfolio standard. The Environmental Surcharge may not include any costs that are duplicative of those costs already recovered through Rider No. 1.

SECTION 6.0 – OTHER CHARGES

6.1 Taxes

The Monthly Energy Charge for service provided to Waynesville pursuant to this Agreement shall be increased or decreased, as appropriate, for any changes in applicable sales and/or gross receipts taxes imposed by any governmental authority. Notwithstanding anything to the contrary in this Section 6.1, Waynesville shall be responsible for and shall pay for gross receipts tax associated with this transaction imposed by the North Carolina Department of Revenue or any successor taxing authority having or claiming jurisdiction over the sale contemplated by this transaction.

SECTION 7.0 – NATURE OF SERVICE

7.1 Priority of Service

Power supply service under this Agreement shall have a priority of service equivalent to service to CP&L's firm native load customers. In the event of a shortage of energy supply, deliveries under this Agreement shall be curtailed on an equivalent basis with CP&L's firm native load customers. The obligation to provide Waynesville with a service equivalent to that of CP&L's firm native load customers shall affect all provisions of this Agreement, including Section 10.2.

7.2 Exclusivity

- A. The Parties recognize that Waynesville has an existing contract agreement with the SEPA. This contract may remain in place during the Contract Term of this Agreement and Waynesville will continue to receive some portion of its capacity and energy from SEPA. Capacity and energy allocations from SEPA may change during the Contract Term of this Agreement. Such changes will not negate this Agreement with CP&L.
- B. With the exception of Sections 3.1 and 7.2.A, the Parties recognize that this Agreement has been negotiated by them on the basis that CP&L will be the full requirements supplier of electric capacity and energy for Waynesville during the

Contract Term of this Agreement. Accordingly, during the Contract Term of this Agreement, Waynesville shall not directly or indirectly obtain alternative sources of electric capacity and energy except as provided in Sections 3.1 and 7.2A.

- C. Nothing in this Section 7.2 is intended to preclude Waynesville or its customers from instituting non-generation demand side management and/or electric conservation measures.
- D. Waynesville agrees that the capacity and energy provided pursuant to this Agreement is intended to be used solely to serve its retail native load customers and shall not be used to serve wholesale customers of any type, unless otherwise agreed to by CP&L.
- E. CP&L agrees to consider to provide Waynesville the following for new loads greater than 2 MW to be served by Waynesville: (1) a power supply proposal to serve such new load; (2) rate design assistance; and (3) assistance with presentations to the potential new customer responsible for the new loads greater than 2 MW.
- F. CP&L reserves the right to provide alternative pricing structure(s) to Waynesville for serving Waynesville's new Non-conforming Loads above two (2) megawatts, such as a steel mill plant. The alternative pricing structure(s) would only apply to the capacity and energy used to serve such new Non-conforming Load.
- G. For the Contract Term of this Agreement, Waynesville agrees that it will not install peak shaving generation or distributed generation.

7.3 Renewable Energy Portfolio Standard

If federal or state legislation is enacted during the Contract Term of this Agreement that implements a renewable energy portfolio standard that is applicable to Waynesville's power supply service under this Agreement, CP&L will ensure that the power supply service that Waynesville receives from CP&L under this Agreement satisfies such renewable energy portfolio standard. Pursuant to Section 5.4(2) of this Agreement, Waynesville will pay CP&L a monthly surcharge that includes the costs incurred by CP&L to ensure that the power supply service that Waynesville receives from CP&L under this Agreement satisfies such renewable energy portfolio standard. The Parties understand that the requirements of federal or state legislation on renewable energy portfolio standards are unknown on this date. If and to the extent this Section 5.4(2) does not equitably provide a mechanism to assign Waynesville its pro-rata costs to satisfy its renewable energy portfolio standard under federal or state legislation, the Parties agree to negotiate an amendment to this Agreement to adopt a mechanism to assign Waynesville its pro-rata costs to satisfy its renewable energy portfolio standard and to prevent any over-recovery or under-recovery of such costs from Waynesville.

SECTION 8.0 – GENERATION DELIVERY POINT

8.1 Generation Delivery Point

The Generation Delivery Point for this Agreement is at the generation bus bar in the CP&L West Control Area.

8.2 Responsibility of Waynesville for Transmission

Except as provided in Section 9.1, Waynesville is solely responsible for securing and paying for all transmission and necessary transmission-related services, including the cost associated with transmitting the power and energy associated with the real power losses, in order to deliver the capacity and energy at the Generation Delivery Point to Waynesville's load. The prices listed in this Agreement do not include costs for transmission services and ancillary services from the Transmission Provider's open access transmission tariff. CP&L shall be responsible for obtaining all regulatory approvals necessary to sell firm wholesale power to Waynesville. CP&L shall, to the extent information is within the possession, custody or control of CP&L, provide to Waynesville: (i) all information needed by Waynesville to complete application(s) for transmission service and transmission related services from the Transmission Provider; and (ii) otherwise satisfy Waynesville's informational obligations to the Transmission Provider. However, nothing herein will require CP&L to violate its federal or state regulatory requirements.

8.3 Real Power Losses

Waynesville shall purchase from CP&L capacity and energy to compensate the Transmission Provider for real power losses on the Transmission Provider's transmission system. The billing determinants will be increased by the sum of (1) the real power losses between the Generation Delivery Point and the Transmission Exit Point(s) as determined by the Transmission Provider's open access transmission tariff; and (2) the real power losses, as determined by the Transmission Provider, on any facilities between the Transmission Exit Point(s) and the point(s) of interconnection between the facilities of the Transmission Provider and those of Waynesville. Regarding the original delivery to Waynesville under this Agreement, the Transmission Exit Point is at 115 kV and the point of interconnection between the facilities of the Transmission Provider and those of Waynesville is at 12 kV. The real power losses in the 115 kV/ 12 kV transformer are included in (2) of this Section and are in addition to the real power losses described in (1) in this Section. If Waynesville is billed by the Transmission Provider for real power losses, then CP&L shall reimburse Waynesville for the amount of the real power losses billed by the Transmission Provider.

SECTION 9.0 – DISPATCH & SCHEDULING

9.1 General Provisions on Scheduling and Dispatch

CP&L will be operationally responsible for dispatch and scheduling of capacity and energy to meet Waynesville's full requirements during the Contract Term of this Agreement, and CP&L shall satisfy the operational requirements of the Transmission Provider. CP&L will provide all metering for CP&L's generation or other power supply resources to measure electrical capacity and energy delivered to the Generation Delivery Point on the Transmission Provider's

transmission system in accordance with any requirements imposed by the Transmission Provider. CP&L will reimburse Waynesville for any imbalance charges incurred under Schedule 4 of the open access transmission tariff of the Transmission Provider.

SECTION 10.0 – LIMITATIONS OF LIABILITY AND INDEMNIFICATION

10.1 Liability of CP&L

In providing the services called for under this Agreement, CP&L does not guarantee continuous service but, consistent with Prudent Utility Practice, shall use reasonable diligence to provide an uninterrupted supply of electricity, and, having used reasonable diligence, shall not be liable to Waynesville for failure of, or interruptions or suspension of these services. CP&L, consistent with Prudent Utility Practice, shall use reasonable diligence promptly to restore service that has failed, been interrupted or suspended and Waynesville shall cooperate with CP&L in so doing.

10.2 Limitation of Liability

A. Neither Party shall be liable to the other for any damage or loss resulting from or caused by:

1. Force Majeure, as defined in Section 12.5 of this Agreement;
2. An emergency action due to an adverse condition on a Party's system or on any other system directly or indirectly interconnected with the Party's system that was not caused by the negligence, gross negligence, or willful misconduct of the Party or its agents, which requires automatic or manual interruption of the supply of electricity to some customers or areas in order to limit the extent of, or damage caused by, the adverse condition or disturbance, or to prevent damage to generation, transmission, or transformation facilities, or to expedite restoration of service, or to effect a reduction in service to compensate for an emergency condition on an interconnected system;
3. The making of necessary inspections of, adjustments to, changes in or repairs to a Party's facilities and by discontinuing service to avoid endangering persons or property, provided such conditions do not arise due to the negligence, gross negligence, or willful misconduct of the Party or its agents; and/or
4. An interruption of transmission service pursuant to the provisions of a Transmission Provider's open access transmission tariff or a directive of a Security Coordinator.

B. The parties acknowledge that the purpose of this Agreement is to provide service to Waynesville comparable to CP&L's other firm native load customers. Accordingly, under Section 10.2A, CP&L shall not be liable to Waynesville for loss or damage related to failure to deliver capacity or energy unless such failure results from CP&L making an adverse distinction between Waynesville's load and similarly situated firm native load.

10.3 No Consequential Damages

In no event shall either Party be liable to the other Party (or any third party related to, or affiliated with or a member of the other Party) for incidental or consequential losses or damages, with respect to any claim arising out of the performance or non-performance of obligations under this Agreement.

10.4 Indemnification

- A. To the extent allowable by North Carolina law, each Party (the Indemnitor) agrees to indemnify, defend and hold harmless the other Party, its officers, directors, affiliates, agents, employees, suppliers, contractors, or subcontractors (the Indemnitees) from and against any and all liability, damage, loss, cost and/or expense arising out of any claim, suit or action made or brought against any of the Indemnitees, for the death of or injury to persons or damage or destruction of property arising out of the negligence and/or willful misconduct of the Indemnitor on the Indemnitor's side of any Generation Delivery Point, if the Indemnitor is CP&L, and on the Indemnitor's side of the Transmission Exit Point, if the Indemnitor is Waynesville, except to the extent such death, injury, damage or destruction is caused by the negligence or willful misconduct of, or the failure to perform and/or comply with any material provision of this Agreement (which failure relates to the incident giving rise to the claim, suit or action) by the Indemnitees. The Indemnitor shall hold harmless the Indemnitees from and against any such liability and any and all losses, damages, injuries, costs and expenses, including reasonable expenses and attorneys' fees incurred by the Indemnitees by reason of the assertion of any such claim, suit or action against the Indemnitees, and/or the Indemnitor's failure to comply with this Section 10.4, subject to the limitations set forth in Section 10.3. The Indemnitor may assume on behalf of the Indemnitees at Indemnitor's option and after written notification to the Indemnitees, the control of the defense of any claim, suit or action at law or in equity which may be brought against the Indemnitees.
- B. To the extent that the Indemnitees unduly delay providing notice of any claim, suit or action to the prejudice of the Indemnitor, then the obligation of the Indemnitor hereunder shall be reduced to such extent. If the Indemnitor assumes responsibility for defending the Indemnitees, the indemnification is further conditioned upon the Indemnitees' provision, at Indemnitor's expense, all reasonably necessary information, testimony and cooperation.

10.5 Indemnification for Fines and/or Penalties

To the extent allowable by North Carolina law, if either Party is assessed any fines and/or penalties by any government agency or court due to non-compliance by the other Party (Indemnitor) with any laws, rules, regulations or ordinances, the Indemnitor shall defend, indemnify and hold harmless the other Party, its officers, directors, affiliates, agents, employees, suppliers, contractors, and subcontractors (the Indemnitees) from and against all such fines and/or penalties and all losses, liabilities, damages and claims suffered or incurred because of the failure of the Indemnitor to comply therewith provided that such non-compliance does not result from the Indemnitee's negligence, gross negligence, or willful misconduct. The Indemnitor shall also reimburse the

Indemnites for any reasonable expenses and attorneys' fees incurred by the Indemnites in connection with such losses, liabilities, damages or claims, and/or the Indemnitor's failure to comply with this Section 10.5. The Indemnitor may assume on behalf of the Indemnites at Indemnitor's option and after written notification to the Indemnites, the control of the defense of any claim, suit or action at law or in equity which may be brought against the Indemnites. To the extent that the Indemnites unduly delay providing notice of any claim, suit or action to the prejudice of the Indemnitor, then the obligation of the Indemnitor hereunder shall be reduced to such extent. If the Indemnitor assumes responsibility for defending the Indemnites, the indemnification is further conditioned upon the Indemnites' provision, at Indemnitor's expense, of all reasonably necessary information, testimony and cooperation.

10.6 Environmental Indemnification

To the extent allowable under North Carolina law, each Party (the Indemnitor) shall defend, indemnify, and hold the other Party, and its officers, directors, affiliates, agents, employees, suppliers, contractors, and subcontractors (the Indemnites) harmless from and against any and all damages, claims, demands, judgments, losses, costs and expenses (including reasonable attorneys' fees) under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, et seq., or any other applicable federal, state or local environmental laws or regulations, arising out of the ownership, maintenance or operation of equipment and/or facilities by the Indemnitor, its officers, directors, affiliates, agents, employees, suppliers, contractors, or subcontractors, including without limitation the discharge, dispersal, release, storage, treatment, generation, disposal or escape of pollutants or other toxic or hazardous substances from such equipment and/or facilities, the contamination of the soil, air, surface water, or groundwater at or around such equipment and/or facilities, or any pollution abatement, replacement, removal or other decontamination or monitoring obligations with respect thereto, except to the extent such damages are caused by the negligence or willful misconduct of, or the failure to perform and/or comply with any material provision of this Agreement (which failure relates to the incident giving rise to the claim, suit or action) by, the Indemnites. The Indemnitor shall also reimburse the Indemnites for any reasonable expenses and attorneys' fees incurred by the Indemnites, as a result of the Indemnitor's failure to comply with this Section 10.6. To the extent that the Indemnites unduly delay providing notice of any claim, suit or action to the prejudice of the Indemnitor, then the obligation of the Indemnitor hereunder shall be reduced to such extent. If the Indemnitor assumes responsibility for defending the Indemnites, the indemnification is further conditioned upon the Indemnites' provision, at Indemnitor's expense, of all reasonably necessary information, testimony and cooperation.

SECTION 11.0 – BILLING AND PAYMENTS

11.1 Presentation and Payment

Each month each Party shall submit to the other Party, as promptly as practicable after the first business day of each month, a billing statement and invoice for the amounts due under the terms of this Agreement. The Parties agree to the automatic setoff of all amounts due to or from each other arising out of the payment obligations under this Agreement. If the Parties each owe payments to the other under this Agreement, CP&L may net those amounts against each other such that it will only bill Waynesville for the amount it owes CP&L in excess of any amounts that CP&L owes

Waynesville, or it will credit Waynesville for the amount CP&L owes in excess of any amounts Waynesville owes CP&L, except during the last month of the Contract Term of this Agreement and thereafter, during which period CP&L shall pay Waynesville directly rather than apply a set-off or credit. Waynesville shall submit in writing, via first class mail, express mail, facsimile, or other mutually agreeable method of delivery, to CP&L the amounts owed by CP&L to Waynesville at least five business days before the first business day of the month for inclusion in the monthly billing statement to be issued as soon as possible after the first day of the month, and amounts submitted by Waynesville after this deadline will be included in the subsequent month's bill. Waynesville shall also provide to CP&L the quantity of demand and energy purchased from alternative resources or obtained from Waynesville's emergency generating capacity pursuant to Section 3.1 for the purposes of adjusting the Billing Demand and Billing Energy. The billing statement shall contain sufficient detail of the amounts netted. Billing will proceed as follows: (a) invoices may be delivered to the other Party by mail, express mail, courier, facsimile or electronic means; (b) all such invoices shall be due and payable within fourteen (14) days from the postmark date of the bill (c) invoices not paid when due shall be deemed delinquent and shall then accrue interest daily for each day delinquent at the rate provided for refunds under the FERC regulations (18 C.F.R. Section 35.19a) or any successor thereto; and (d) all remittances for payment shall be made to the Accounting Department of CP&L or at a local pay station, in the case of payment by Waynesville, and made to the Town Manager, in the case of payment by CP&L, or as otherwise mutually agreed to by the Parties. Waynesville's representative responsible for receiving the bill associated with the charges computed in accordance with this Agreement is:

All billing inquiries should be sent to:

<i>Carolina Power & Light Company</i>	<i>Town of Waynesville</i>
<i>Attn: Accounting Dept – Wholesale Accounts</i>	<i>Attn: Director of Public Utilities</i>
<i>Rick Lemley</i>	<i>Fred Baker</i>
<i>P.O. Box 1551</i>	<i>P.O. Box 100</i>
<i>411 Fayetteville Street Mall</i>	<i>16 South Main Street</i>
<i>Raleigh, NC 27601</i>	<i>Waynesville, NC 28786</i>
<i>Phone (919) 546 7637</i>	<i>Phone: 828 456 4410</i>
<i>Fax (919) 546 2645</i>	<i>Fax: 828 456 2000</i>
<i>E-Mail rick.lemley@pgnmail.com</i>	<i>E-Mail dpw_waynesville@charter.net</i>

11.2 Disputed Bill

In the event of a billing dispute between CP&L and Waynesville regarding amounts that CP&L asserts are owed by Waynesville to CP&L under this Agreement, CP&L shall continue to provide service under this Agreement as long as Waynesville (i) continues to make to CP&L all payments not in dispute, and (ii) pays to CP&L any disputed amounts, provided that Waynesville's total obligation to pay both disputed and undisputed amounts in any month shall not exceed 150 percent of the corresponding monthly bill in the previous calendar year. Disputed amounts paid by Waynesville to CP&L shall be designated as "Paid Under Protest." If Waynesville's total obligation to pay both disputed and undisputed amounts in any month exceeds 150 percent of the corresponding monthly bill in the previous calendar year, then Waynesville may withhold such excess amount (the "Excess Amount") pending resolution of such dispute. If Waynesville fails to meet these requirements for continuation of service, then CP&L may provide notice to

Waynesville of its intention to suspend service in sixty (60) days, in accordance with FERC policy. If any portion of a monthly bill is in dispute, Waynesville may, in lieu of withholding payment of any Excess Amount, pay the full amount due and payable in accordance with Section 11.1 and identify the payment as "Paid Under Protest." Disputed amounts that are designated by Waynesville as "Paid Under Protest" or withheld from payment by Waynesville shall be accompanied by written notice specifying the reason(s) therefor. Waynesville's payment of a bill (whether or not under protest) shall not affect any legal or equitable rights a Party may have to challenge the correctness of the bill within the time limitations established in Section 11.3 below. Unless otherwise agreed, upon final determination of the correct bill amount, any necessary billing adjustments shall be made on the following month's bill, together with interest from the date of payment of the bill, calculated at the rate provided under the FERC's regulations (18 CFR Section 35.19a) or any successor thereto.

11.3 Challenges to Bills

Unless otherwise agreed: (a) either Party may challenge (such challenges to be in writing) the correctness of any bill or billing adjustment pursuant to this Agreement no later than twenty-four (24) months after the date payment of such bill or billing adjustment is due; (b) if a Party does not challenge the correctness of a bill or billing adjustment within such twenty-four (24) month period, such bill or billing adjustment shall be binding upon both Parties and shall not be subject to challenge; and (c) where it is determined as a result of a billing challenge that an adjustment to a bill or billing adjustment is appropriate, such adjustment shall include interest accrued at the rate provided under the FERC's regulations (18 C.F.R. Section 35.19a) or any successor thereto, and shall be made in the month following such determination.

SECTION 12.0 – MISCELLANEOUS

12.1 Representations and Warranties

A. CP&L hereby represents and warrants that:

- 1) The execution of this Agreement and consummation of the transactions contemplated herein by CP&L have been duly authorized, and the individual executing this Agreement on behalf of CP&L is duly authorized to do so;
- 2) The execution of this Agreement and consummation of the transactions contemplated herein by CP&L will not conflict with or violate any rule, statute, or regulation of any court, agency, regulatory body, or other entity having jurisdiction over CP&L or its operations;
- 3) The execution of this Agreement and consummation of the transactions contemplated herein by CP&L will not conflict with or violate any contract, agreement, or other arrangement to which CP&L is a party or by which it is otherwise bound;
- 4) The execution of this Agreement and consummation of the transactions contemplated herein by CP&L do not require the approval of any federal, state, or local agency or authority (except FERC) having jurisdiction over CP&L or its operations, or, to the extent that any such approval is required, CP&L has obtained or will use its best

efforts to obtain any and all such necessary approvals of this Agreement;

- 5) As of the Execution Date of this Agreement, this Agreement will constitute a valid and binding document, which is enforceable in accordance with its terms, subject however to the conditions subsequent identified in Section 2.1, and
- 6) CP&L is a corporation duly organized, validly existing, and in good standing under the laws of the State of North Carolina, and has all requisite corporate power and authority to enter into this Agreement and consummate the transactions contemplated herein.

B. Waynesville hereby represents and warrants that:

- 1) The execution of this Agreement and consummation of the transactions contemplated herein by Waynesville have been duly authorized, and the individual executing this Agreement on behalf of Waynesville is duly authorized to do so;
- 2) The execution of this Agreement and consummation of the transactions contemplated herein by Waynesville will not conflict with or violate any rule, statute, or regulation of any court, agency, regulatory body, or other entity having jurisdiction over Waynesville or its operations;
- 3) The execution of this Agreement and consummation of the transactions contemplated herein by Waynesville will not conflict with or violate any contract, agreement, or other arrangement to which Waynesville is a party or by which it is otherwise bound;
- 4) The execution of this Agreement and consummation of the transactions contemplated herein by Waynesville, to the best of its knowledge, do not require the approval of any federal, state, or local agency or authority (except FERC) having jurisdiction over Waynesville or its operations, or, to the extent that such approval is required, that Waynesville will use its best efforts to obtain any and all such necessary approvals of this Agreement;
- 5) As of the Execution Date of this Agreement, this Agreement will constitute a valid and binding document, which is enforceable in accordance with its terms, subject however to the conditions subsequent identified in Section 2.1; and Waynesville is a municipal corporation duly organized, validly existing and in good standing under the laws of North Carolina. Waynesville has all requisite corporate power and authority to enter into this Agreement and consummate the transactions contemplated herein and take all actions necessary to assure compliance with this Agreement.

12.2 Regulatory Approval

CP&L shall be responsible for and shall bear the cost of obtaining regulatory approval or acceptance of this Agreement from appropriate regulatory agencies, including FERC. If FERC orders modifications of this Agreement or imposes conditions on its approval or acceptance of this Agreement that imposes a material adverse affect on either Party, the adversely affected Party shall have the right to request that the Parties negotiate in good faith to alleviate said adverse effect.

If, after a period of negotiation not to exceed sixty (60) days, such negotiations do not produce a result that the adversely affected Party believes, in good faith, will relieve the adverse effect on it, then the adversely affected Party shall have the right to terminate this Agreement on thirty (30) days written notice to the other Party.

12.3 Changes in Rates

12.3.1 Changes in Rates. Any change in rates for service provided under this Agreement shall be by mutual agreement of the parties. Both Parties expressly waive their right to unilaterally seek from FERC a change in rates for such services pursuant to Section 205 or 206 of the Federal Power Act or otherwise

12.3.2 “Public Interest” Standard. Absent the agreement by the Parties, the standard of review for changes to the charges, terms and conditions of this Agreement proposed by a Party shall be the “public interest” standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), and the standard of review for the changes to the charges, terms and conditions of this Agreement proposed by a non-party or the FERC acting *sua sponte* shall be the most stringent standard permissible under applicable law.

12.4 Access to Books and Records

During normal business hours and subject to conditions consistent with the conduct of CP&L and Waynesville of their regular business affairs and responsibilities, CP&L and Waynesville shall provide each other, or their representatives, with access in a timely manner to those books, records, and other documents and, upon request, copies thereof, which set forth (i) matters, including cost and methods of cost allocation, applicable to the transactions described herein to the extent necessary to enable verification of any relevant costs or power measurement data or schedules which may be taken into account in determining any of the fees or charges specified herein; (ii) matters relating to transactions and duties of the Parties described herein; and (iii) matters relating to dealings between either or both of the Parties and any regulatory body or governmental agency with respect to this Agreement. Such right of access shall not include any internal audit reports, personnel records or other documents subject to a valid claim of privilege. CP&L and Waynesville shall maintain the confidentiality of any nonpublic information obtained as a result of this Section 12.4 in accordance with Section 14.1 of this Agreement. Each Party shall bear the costs of any copying, review, or audit of the books and records of the other Party.

12.5 Force Majeure

Force Majeure shall mean any cause that results in either Waynesville or CP&L being delayed in or prevented from performing or carrying out its obligations under this Agreement in whole or in part by reason of any cause beyond the reasonable control of the Party claiming Force Majeure, including, without limitation as to the nature or kind of events, sabotage, strikes, or other labor disputes, riots, disorders or civil disturbances, vandalism, acts of God, acts of public enemy, droughts, epidemics, earthquakes, floods, explosions, fires, storms, snow, hail, ice, lightning, wind, landslides, washouts, embargoes, acts of military authorities, actions or inactions of local, state or

federal legislative, judicial or regulatory agencies or other proper authorities (other than Waynesville), and curtailment or interruption of firm transmission service, or other cause not within the reasonable control of such Party. The Party encountering such delay or prevention shall notify the other as soon as reasonably possible of the delay or prevention and shall use due diligence to remove promptly the cause or causes thereof. In order to be relieved of obligations pursuant to this Section 12.5, neither Waynesville nor CP&L shall be required to settle any strike, walkout, or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to its interest.

12.6 Notices

All notices provided pursuant to this Agreement hereunder (excluding communications relating to day-to-day scheduling and delivery of capacity and energy) shall be in writing and addressed as provided below:

Notices to CP&L:	Notices to Waynesville:
Rob Caldwell, Vice President	Lee Galloway, Town Manager
Efficiency and Innovative Technology Department	
Progress Energy	Town of Waynesville
P. O. Box 1981, TPP 9	P.O. Box 100
100 East Davie Street (27601)	16 South Main Street
Raleigh, NC 27602	Waynesville, NC 28786

12.7 Assignment and Succession

This Agreement shall be binding on the Parties and their respective successors and assigns, provided that neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent shall not be withheld or delayed unreasonably.

12.8 Waivers

Any waiver at any time by any Party of its rights with respect to the other Party or with respect to any matter arising in connection with this Agreement, shall not be considered a waiver with respect to any other prior or subsequent default or matter.

12.9 Complete Agreement

This Agreement is intended as the exclusive integrated statement regarding service provided hereto, and parol or extrinsic evidence shall not be used to vary or contradict the express terms of this Agreement. This Agreement is made under and shall be governed by the laws of the State of North Carolina, except to the extent preempted by the laws of the United States of America.

12.10 No Dedication of Facilities

Any undertaking or commitment by one Party to the other shall not constitute the dedication of the system or any portion thereof of any Party to the public or to the other Party.

12.11 Prudent Utility Practice

The Parties shall discharge any and all obligations under this Agreement in accordance with Prudent Utility Practice. Prudent Utility Practice means the practices, methods and acts (including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry) that, at a particular time, in the exercise of reasonable judgment in light of the facts known or that should reasonably have been known at the time a decision was made, would have been expected to accomplish the desired result in a manner consistent with law, regulation, codes, standards, equipment manufacturer's recommendations, reliability, safety, environmental protection, economy and expedition.

12.12 Survivorship

Termination of this Agreement shall not discharge either Party from any obligation to the other Party, including but not limited to obligations for losses, payments, damages, or costs, to the extent that such obligation arose from circumstances occurring prior to such termination. Further, the terms of this Agreement shall survive termination to the extent necessary to effect final billing for all amounts owed by either Party under the terms of this Agreement. Notwithstanding any other provision to the contrary, the provisions of this Agreement related to limitation of the Parties' respective liabilities and indemnification obligations shall survive termination of this Agreement.

12.13 Severability

In the event that a regulatory agency or court of competent jurisdiction finds any provision of this Agreement to be invalid for any reason, the remainder of the Agreement shall remain in full force and effect and shall continue to be binding on the Parties, except as provided in Section 12.2.

12.14 Changes in Transmission Regulations

If any regulatory agency or body having jurisdiction over the transmission and transmission-related services contemplated in Section 8.2 of this Agreement causes any material change in the provisions of this Agreement or the service contemplated hereunder, the Parties agree to negotiate a resolution in good faith. The Parties shall undertake, during the ninety (90) days immediately following written notice by either Party to the other of such regulatory change, to negotiate such modifications as are necessary to preserve the overall economic benefits to each Party at the levels provided for in this Agreement as originally executed, and as are mutually acceptable to the Parties. If such negotiation does not produce a modified Agreement acceptable to both Parties during the aforesaid 90-day period, either Party shall have the right to initiate arbitration pursuant to Section 16.0 for the purpose of having the arbitrator(s) modify this Agreement in a manner that most reasonably preserves the overall economic benefits to each Party.

SECTION 13.0 – DEFAULT

13.1 Events of Default

The following events constitute an Event of Default with respect to a Party (the "Defaulting Party"):

- (i) Commencement of a proceeding under bankruptcy or similar laws for the protection of the Party's creditors; or
- (ii) Insolvency of the Party or the inability of the Party to pay its debts as they fall due; or
- (iii) Breach of the Party's obligations under this Agreement, which breach is not cured within thirty (30) days of written notice by the other Party (the "Non-Defaulting Party"); or
- (iv) Failure of the Party to make timely payment of the amounts due under this Agreement, which failure is not cured within fourteen (14) days of written notice by the Non-Defaulting Party; or
- (v) Failure of CP&L to deliver energy except to the extent prevented by Force Majeure as defined in Section 12.5 or an event as defined in Section 10.2, and such failure continues for more than 24 consecutive hours in a calendar year or more than a total of thirty-six hours in a calendar year.

13.2 Termination for Event of Default

If an Event of Default occurs, the Party who is not the Defaulting Party (the "Non-Defaulting Party") may terminate this Agreement by providing written notice to the Defaulting Party of such termination. Such right of termination shall be in addition to any other rights and remedies of the Non-Defaulting Party under this Agreement, at law, in equity or otherwise, including any rights to collect money damages. Both Parties agree to waive the right to a jury trial.

SECTION 14.0 – CONFIDENTIALITY

14.1 Confidentiality

To the extent permitted by law, each Party agrees not to disclose to a third party (other than a Party's outside counsel, consultants, accountants and lenders) any non-public information provided under this Agreement, including without limitation information obtained pursuant to a Party's audit or inspection of the other Party's assets and records which have been designated as confidential by the providing Party. Notwithstanding the foregoing, either Party may disclose any information: a) that becomes public information through no wrongful act of the receiving Party; b) that is provided to the receiving Party by a third party without restriction known to the receiving Party and without breach of this Agreement or; c) that the receiving Party is required to disclose to comply with an applicable law, governmental regulation or exchange rule. Either Party may file under seal or present in camera such confidential information to an arbitrator or judicial body provided that such Party shall be required to take all reasonable and ordinary precautions to preserve the confidentiality of such information.

SECTION 15.0 – TRANSMISSION SERVICE AGREEMENTS

The Parties understand that in order for Waynesville to receive power and energy from CP&L and for this Agreement to be effective, a transmission service agreement and a network operating agreement between Waynesville and the Transmission Provider are required.

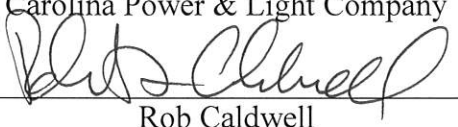
SECTION 16.0 – ARBITRATION

Any controversy or claim arising out of or relating to this Agreement or the breach thereof shall be subject to the following:

- (a) For any controversy or claim arising out of or relating to this Agreement or the breach thereof, and for which the aggregate notional value is less than five million dollars (\$5,000,000.00), such claim or controversy **shall** be submitted to binding arbitration. Such arbitration shall be submitted to one (1) arbitrator who has not previously been employed by either party and does not have a direct or indirect interest in either Party or the subject matter of the arbitration, but who is recognized by both parties as experienced and knowledgeable in the industry. Such arbitrator shall either be as mutually agreed by the Parties within thirty (30) days after written notice from either Party requesting arbitration or failing agreement shall be selected under the expedited American Arbitration Association Commercial Arbitration (“AAACA”) rules.
- (b) For any controversy or claim arising out of or relating to this Agreement or the breach thereof, and for which the aggregate notional value is equal to or greater than five million dollars (\$5,000,000.00), such claim or controversy **may**, by mutual agreement of the parties, be submitted to binding arbitration. Each Party shall select one (1) arbitrator who is recognized as experienced and knowledgeable in the industry but who has not previously been employed by either Party and does not have a direct or indirect interest in either Party or the subject matter of the arbitration. The two (2) arbitrators shall then mutually agree upon and select a third arbitrator in the same manner as previously set forth in this Section 16.0 (a) or failing an agreement, the third arbitrator shall then be selected under the expedited AAACA rules.
- (c) For any arbitration proceeding as set forth in (a) or (b) above:
 - (i) the arbitration shall be held in Raleigh, North Carolina and Waynesville, North Carolina, on an alternating basis, and the first session will be held in Waynesville, North Carolina;
 - (ii) both Parties shall be afforded adequate opportunity to present information in support of its position on the dispute being arbitrated, and discovery shall be in accordance with the discovery rules specified in the AAACA discovery rules, and the North Carolina Rules of Civil Procedure to the extent such discovery issues are not addressed in the AAACA discovery rules;
 - (iii) the arbitrator(s) may request additional information from the Parties but shall be bound by the terms of this Agreement and may not amend or modify any of the terms hereof;
 - (iv) the arbitrator(s) shall set forth a written reason for the decision;
 - (v) the judgment of the arbitrator(s) may be entered into and enforced by any court having jurisdiction over the subject matter or the Parties;
 - (vi) the costs awarded in any arbitration generally will not include attorney fees and expert costs of the Parties, provided that in the event that the arbitrator(s) determine by taking into account the particular facts and circumstances of the case that there is sufficient evidence of bad faith, blatant disregard of the law or the terms of this Agreement, or particularly egregious, outrageous or arbitrary behavior, then some or all of the attorney fees or expert costs may be awarded to a Party or apportioned between the Parties and provided further that in any action to collect an amount due under this Agreement, the prevailing Party shall be entitled to recover its reasonable attorney fees and collection costs and

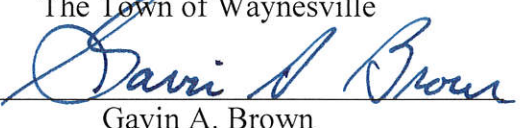
-
- expenses as determined by arbitration under this Section 16.0 or by a court of competent jurisdiction;
- (vii) any judgment and reward of the arbitrator(s) may be appealed to any court of competent jurisdiction for errors of law and/or findings of fact that are not supported by substantial evidence in the dispute.
 - (d) Notwithstanding the foregoing or any provision to the contrary, in the event that a non-breaching Party makes a good faith determination that a breach of the terms of this Agreement (including but not limited to any breach of confidentiality pursuant to Section 14.0) by the other Party is such that immediate injunctive or equitable relief is appropriate and necessary under the circumstances, the Non-Breaching Party may file a petition for such relief with any court of competent jurisdiction.

In witness whereof, each of the Parties has caused this Agreement to be duly executed.

Carolina Power & Light Company
By: 
Rob Caldwell


Title: Vice President,
Efficiency and Innovative Technology

Date: Aug. 14, 2009

The Town of Waynesville
By: 
Gavin A. Brown

Title : Mayor,
Town of Waynesville

Date: 8/18/09

 CP&L A Progress Energy Company	SAMPLE CALCULATION *	Exhibit A
For Service Month Ending: January 31, 2010	Payment Due: mm/dd/yy	
Town of Waynesville, N.C. *** Capacity and Energy Calculation ***		
Line No.		Total Usage Total Bill
CAPACITY CALCULATION		
1.	CP Demand for billing period (Notes 1 and 4)	18,309 kW
2.	Less: SEPA Capacity Credit at Transmission Exit	1,700 kW
3.	Loss Adjustment for Current Transmission Losses: (Line 1 less Line 2) x 2.15%	357 kW
4.	Total Transmission Exit Point Billing Demand (Line 1 - Line 2 + Line 3)	16,966 kW
5.	Demand Billed Amount (Line 4 x \$9.70)	\$164,570.20
ENERGY CALCULATION		
6.	Total Metered kWh Usage (Note 4)	9,371,117 kWh
7.	Less: SEPA Energy Credit at Transmission Exit	249,184 kWh
8.	Loss Adjustment for Current Transmission Losses: A. (Line 6 less line 7) x 2.15%	196,122 kWh
9.	Total Transmission Exit Point Energy Usage (Line 6 - Line 7 + Line 8)	9,318,055 kWh
10.	Energy Billed Amount (Line 9 x \$.02192)	\$204,251.77
11.	Total Capacity and Energy Billed	\$368,821.97
12.	True-up Energy for prior month	8,369,730 kWh
13.	True-up Fuel Adjustment Factor Including Environmental Surcharge (Note 2)	\$ 0.002814 /kWh
14.	True-up Fuel Adjustment (Line 12 x Line 13)	\$23,552.42
15.	Current Month Fuel Adjustment (Line 9 x Rate in Note 3)	\$74,991.71
16.	Gross Receipts Tax ((Line 11 + Line 14 + Line 15) x \$.03327)	\$15,549.27
17.	Energy Imbalance Adjustment	\$0.00
18.	Balance Forward	0.00
19.	Sub-total Capacity and Energy Bill (Lines 11 + 14 + 15 + 16 + 17 + 18)	482,915.37
20.	Total Transmission Charges (Detailed Invoice to be provided by Transmission Provider)	\$18,705.74
	TOTAL DUE CP&L (Lines 19 + 20)	\$501,621.11
Note 1: Coincidental Peak Demand occurring at the CP&L peak hour ending: 01/29/2010 at 4:00 pm Note 2: True-up Fuel Adjustment factor for November 2009 service. \$ 0.002814 per kWh Note 3: Current Month Fuel Adjustment factor \$ 0.008048 per kWh Note 4: Total usage in Line Numbers 1 and 6 include compensation from the metering point(s) to Transmission Exit, as determined by the Transmission Provider.		
<i>* Sample Calculation: This sample calculation for Waynesville's service from CP&L under this Agreement is for illustrative purposes only. The types of costs and amounts of each type of cost will vary in Waynesville's actual bills under this Agreement, provided that they are consistent with the terms and conditions of this Agreement. CP&L, in its sole discretion, reserves the right to make non-substantive changes to the form or format of its actual bills to Waynesville under this Agreement.</i>		
Customer Address: WAYNESVILLE, TOWN OF P.O. Box C-100 WAYNESVILLE, NC 28786-4335		
		Account 833 141 7652 Date mailed 1/2/2010
Payable to: Progress Energy Carolinas, Inc. P.O. Box 2041 Raleigh, NC 27602		Total due Progress Energy Carolinas \$501,621.11 Payment due 1/16/2010
Your account will be drafted for this bill on the Due Date shown above. Please do not pay by check. I thank you for paying by draft.		
Visit our website: www.progress-energy.com		

RESALE FUEL ADJUSTMENT CLAUSE

RIDER NO. 1

POWER SUPPLY AND COORDINATION AGREEMENT

APPLICABILITY

This Rider is applicable to and becomes a part of this Agreement.

BILLING

The monthly bill computed under this Agreement will be increased or decreased by an amount equal to the result of multiplying the kWh used in the current month by the factor F_1 plus the result of multiplying the kWh used in the second preceding month by the factor F_2 as determined as follows:

$$F_1 = \frac{F_C}{S_C} - .013040$$

$$F_2 = \frac{F_A}{S_A} - \frac{F_E}{S_E}$$

Where:

F_1 = The current month's fuel adjustment in dollars per kWh rounded to the nearest one-thousandth of a cent.

F_C = Total fuel cost as estimated for the current month.

S_C = kWh sales for the current month shall be equated to the sum of the estimated (1) generation, (2) purchases, and (3) interchange in; less (4) energy associated with pumped storage operations less (5) inter-system sales referred to in Note (f) below;

less (6) losses calculated at the rate specified in the applicable Transmission Provider's Open Access Transmission Tariff times the net sum of (1) + (2) + (3) - (4) - (5) in this definition of S_C .

F_2 = The true-up fuel clause adjustment factor representing the difference between cost incurred and revenue billed in the second preceding month.

F_E = Total fuel cost as estimated and billed in the second preceding month.

F_A = Total actual fuel cost incurred in the second preceding month.

$.013040 = \frac{F_B}{S_B}$, with F_B being the expense of the fossil and nuclear fuel and purchased and purchased economic power in the base period and S_B being the kWh sales in the base period.

$S_E =$ kWh sales for the second preceding month shall be equated to the estimated (1) generation, (2) purchases, and (3) interchange in; less (4) energy associated with pumped storage operations less (5) intersystem sales referred to in Note (f) below;

less (6) losses calculated at the rate specified in the applicable Transmission Provider's Open Access Transmission Tariff times the net sum of (1) + (2) + (3) - (4) - (5) in this definitions of S_E .

$S_A =$ kWh sales for the second preceding month shall be equated to the actual (1) generation, (2) purchases, and (3) interchange in; less (4) energy associated with pumped storage operations less (5) inter-system sales referred to in Note (f) below;

less (6) losses calculated at the rate specified in the applicable Transmission Provider's Open Access Transmission Tariff times the net sum of (1) + (2) + (3) - (4) - (5) in this definition of S_A .

Notes:

The total fuel cost as determined for F_C , F_E , and F_A is the cost of:

- (a) fossil and nuclear fuel consumed in CP&L's own plants and CP&L's share of fossil and nuclear fuel consumed in jointly owned or leased plants, plus fees for disposal of spent nuclear fuel and/or high level radioactive waste as specified in the Contract for Disposal of Spent Nuclear Fuel and/or High Level Radioactive Waste between the United States of America, represented by the U.S. Department of Energy, and Carolina Power & Light Company, dated June 3, 1983. The cost of fossil fuel shall include no items other than those listed in Account 151 of the Commission's Uniform System of Accounts for Public Utilities and Licenses. The cost of nuclear fuel shall be that as shown in Account 518, except that if Account 518 also contains any expense for fossil fuel which has already been included in the cost of fossil fuel, it shall be deducted from this account;
- (b) plus the actual identifiable fossil and nuclear fuel costs associated with energy purchased for reasons other than identified in (c) below;
- (c) plus the total cost of the purchase of economic power, as defined below, if the reserve capacity of CP&L is adequate, independent of all other purchases where non-fuel charges are included in either F_C or F_B .

For the purpose of paragraph (c):

-
- (1) "Economic power" is power or energy purchased over a period of twelve months or less where the total cost of the purchase is less than CP&L's total avoided variable cost.
 - (2) "Total cost of the purchase" is all charges incurred in buying economic power and having such power delivered to CP&L's system. The total cost includes, but is not limited to, capacity or reservation charges, energy charges, adders, and any transmission or wheeling charges associated with the purchase.
 - (3) "Total avoided variable cost" is all identified and documented variable costs that would have been incurred by CP&L had a particular purchase not been made. Such costs include, but are not limited to, those associated with fuel, start-up, shut-down or any purchases that would have been made in lieu of the purchase made.
 - (4) Power purchases made by CP&L are judged as being for reliability purposes if, at the time the decision to purchase is made, CP&L expects that the capacity purchased will be required to supplement its available resources to meet the anticipated load requirements plus its spinning reserve commitment to the Virginia-Carolinas Reliability Group;
- (d) plus energy charges for any purchase if the total amount of energy charges is less than CP&L's total avoided variable cost, except to the extent such energy charges (or any portion thereof) are included in paragraphs (b) or (c);
 - (e) plus the actual cost of nuclear fuel consumed in CP&L's nuclear generating units undergoing precommercial operation;
 - (f) less the cost of fossil and nuclear fuel recovered through all inter-system sales; and
 - (g) less the Nuclear Electric Insurance Limited (NEIL) proceeds.