



SERVICE REGULATIONS AND CHARGES

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I. UTILITY PURCHASE AGREEMENT

Fayetteville Public Works Commission (“PWC”) is a public authority that sells electric capacity and energy (collectively, “electricity”) and water and sanitary sewer service to its customers. Each customer (“Customer”) of PWC shall execute a Utility Purchase Agreement (“UPA”). Residential customers may execute an Application for Utilities that shall constitute the UPA for PWC and the Customer. PWC and each Customer consent to the use of electronic signatures to establish a UPA. In the UPA, the Customer may elect to purchase electricity or water or sanitary sewer service or any combination of the three utilities. Each UPA incorporates and includes these Service Regulations and Charges and the applicable rate schedules, including all changes, substitutions, or additions adopted by the Commission to these Service Regulations and Charges and the applicable rate schedules after the effective date of the UPA. In the event of a conflict between any provision of the UPA, the Service Regulations and Charges, or the applicable rate schedule(s), the applicable rate schedule(s) shall prevail over the UPA and the Service Regulations and Charges, and the Service Regulations and Charges shall prevail over the UPA. In the event of a conflict between the Applicable Law and the UPA (including the Service Regulations and Charges and applicable rate schedule(s) incorporated therein), the UPA (and incorporated documents) shall be interpreted or deemed modified so as to comply with all Applicable Law, except as to statutes of limitation and repose (since the time periods by which the parties must take action shall be as set forth in these Service Regulations and Charges).

II. DEFINITIONS

The following capitalized terms that are not elsewhere defined in these Service Regulations and Charges shall have the respective meanings set forth below.

- “Applicable Law” means the law of the State of North Carolina and all other legally binding constitutions, treaties, statutes, laws, ordinances, rules, regulations, orders, interpretations, permits, judgments, decrees, injunctions, writs and orders of any governmental authority or arbitrator that apply to PWC or to the utilities to be provided by PWC or to the UPA.
- “Approach Main” means a main extension that is made to serve a development from existing offsite water and/or sewer utilities and passes through or abuts other parcels and provides the availability of water and sewer service to these parcels that did not previously have such service available.
- “Facility Investment Fee (FIF) Credits” means credits offered by PWC for application towards applicable FIF charges on a project when an approved approach main is constructed.



- “Force Majeure” means an event that is not anticipated and which is not within the reasonable control of PWC after the exercise of commercially reasonable efforts or attributable to PWC’s fault or negligence, and which by the exercise of due diligence PWC is unable to overcome or obtain or cause to be obtained a commercially reasonable substitute therefor. Force Majeure includes, but is not restricted to: acts of God; fire; explosion; civil disorder or disturbance; sabotage; acts of terrorism; insurrection; riot; PWC’s inability to generate or deliver electricity or clean water or waste water service due to an outage or break that is not attributable to, or the fault of, PWC; action or restraint by court order or public or government authority or Applicable Law, so long as PWC has not applied for or assisted in the application for such government action; and any major equipment outage of PWC or its supplier(s).
- “Good Credit History” means satisfaction of all of the following requirements: (i) the delivery to or usage by Customer of utilities from PWC has not been discontinued by PWC for non-payment of a bill; (ii) no more than three occasions have occurred on which the Customer’s bills were not paid when due; and (iii) the Customer has not had more than one check to PWC returned for insufficient funds or any other reason during the most recent twelve months of service.
- “Holiday” means the following days: New Year’s Day, Martin Luther King Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving, the Friday following Thanksgiving, the day preceding Christmas, and Christmas.
- “Lateral” means the installation which joins a PWC main located in a public street or PWC right-of-way and the point of delivery for the utility (usually at or near the property line of the applicant.)
- “Letter(s) of Credit” means one or more irrevocable, non-transferable standby letters of credit issued by a U.S. commercial bank or a U.S. branch of a foreign bank with such bank having a credit rating of at least A- from S&P and A3 from Moody’s and acceptable to PWC and otherwise being in a form acceptable to PWC, in whose favor the letter of credit is issued, with costs of a such a letter of credit to be borne by the Customer.
- “Meter Error” means the failure of a PWC meter on the Customer’s Premises to register or measure accurately within the Tolerance Limits the amount of utilities used or consumed by the Customer.



- “MGal” means one thousand (1,000) gallons.
- “Mobile Home Park” means any site or tract of land upon which is (are) located three (3) or more mobile home dwellings capable of being occupied for dwelling or sleeping purposes.
- Nonresidential Customer” means a Customer of PWC that receives delivery of or usage of one or more utilities from PWC on or billing under any PWC rate schedule(s) other than any of the following rate schedules: the Residential Service rate schedule, Electric System Extension – Rider #1, Residential Service Additional Meter rate schedule, Residential Water Service - Inside City rate schedule, Residential Water Service - Outside City rate schedule, Residential Water Irrigation Service - Inside City rate schedule, Residential Water Irrigation Service - Outside City rate schedule, or Temporary Water Service for Residential Construction rate schedule. Refer to the “Rate Classifications and Structures” section below for additional detail.
- “Non-single Family” means all land uses that are not single family units. Non-single Family includes but is not limited to duplex units, triplex units, mobile home parks, apartment complexes, commercial developments, and churches.
- “Premises” means a single identifiable parcel of real property (the ownership of which can be established by the records of the register of deeds of the county in which the real property is located or the County property tax records, provided that in the event of an inconsistency, PWC shall have the discretion to select the authority on which it will rely to identify a parcel) and the house(s), building(s), and/or other structure(s) affixed to such real property.
- “Residential Customer” means a Customer of PWC that receives delivery of or usage of one of more utilities from PWC for domestic (personal, family, or household) purposes who is not a Nonresidential Customer. Refer to the “Rate Classifications and Structures” section below for additional detail.
- “Single Family” means a single dwelling unit on a parcel solely for habitation by a single family.
- “Split Lateral” means a service lateral split for more than one water meter. Use of split laterals is limited to non-domestic use, such as watering lawns, filling swimming pools, etc.



- “Tolerance Limits” means (a) plus or minus two percent (2 %) for electric meters, and (b) within the then-applicable standards set by AWWA for water meters.

III. UTILITY PURCHASE CONDITIONS

Upon execution of a UPA by both PWC and the Customer, PWC will supply one or more utilities to the Customer in accordance with the UPA. The following conditions shall apply to each of the utilities to be provided in accordance with the UPA:

A. Availability of PWC Utilities

Electricity, water and sanitary sewer utilities are available throughout the territory served by the PWC in accordance with the regulations established herein.

However, certain types of utilities may not be available in all areas served by PWC, including:

- Overhead or aerial electric utilities are not available in established underground areas or Premises.
- In urban areas, electric voltages may be restricted to those already in place in dedicated subsurface facilities.
- Certain sizes and configurations of water lines and/or sanitary sewer service may not be available in established urban areas, or in remote areas.
- Within the City of Fayetteville’s Municipal Influence Area (MIA), sanitary sewer service will be made available by PWC to prospective customers only after the Fayetteville City Council has taken action to approve or deny a valid annexation petition for the Premises to which the prospective customers are seeking sanitary sewer service to be annexed into the City of Fayetteville’s incorporated boundary. Sanitary sewer service will then be made available to all development that is consistent with the City of Fayetteville’s development regulations in place at the time that sanitary sewer service is delivered to the Customer. Fayetteville’s MIA is as defined by an interlocal agreement between the City of Fayetteville and Cumberland County executed on June 9, 2008 as amended by the City of Fayetteville’s Annexation Agreement with the Town of Hope Mills adopted August 23, 2010, and as may be further amended from time to time.

B. Interruption by PWC

PWC does not guarantee a continuous supply of utilities, but shall use reasonable diligence in providing uninterrupted supplies of electricity and water and sanitary sewer service. Having used such reasonable diligence, PWC shall not be liable to

the Customer for failure to provide continuous utilities. The Commission reserves the right to interrupt or suspend the delivery or usage of utilities or alter the delivery time and quantity without liability on its part at such times and in such a manner as it may deem advisable, including but not limited to the following occurrences:

- An emergency action due to an adverse condition or disturbance on PWC's system – or any other system directly or indirectly interconnected with it – which requires automatic or manual interruption of the utility(ies) for any of the following reasons: to limit the extent of the adverse condition or disturbance; to prevent damage to PWC facilities, including generating and transmission facilities, lift stations, mains, and laterals; to expedite restoration of the delivery or usage of utilities, or to effect a reduction in delivery or usage of utilities to compensate for an emergency condition on an interconnected system.
- A Force Majeure event or an order from any federal, state, county, municipal or other governmental agency or court with jurisdictional authority over PWC.
- Making necessary adjustments, changes, or repairs to PWC facilities including lines, substations, lift stations, mains, and laterals
- In cases where, in its opinion, the continuance of the delivery or usage of utilities to the Customer's Premises would endanger persons or property.
- In situations where the demand for the delivery or usage of utilities exceeds PWC's ability to supply them.
- When work contemplated by PWC is projected to cause an interruption in water delivery for a significant duration, insofar as practical, PWC will provide advance notice to any Customer that is reasonably expected to be affected.

C. Customer Obligations and Delivery or Usage Suspension and Termination

It is the sole responsibility of the Customer to determine whether PWC does or can deliver utilities to any Premises that the Customer might purchase and to verify the availability of the utility delivery configuration contemplated before purchasing equipment for that utility. Where two or more rate schedules are available, it is the Customer's right and responsibility to select the rate schedule. If the Customer is temporarily unable to take delivery of or use the utilities contracted for due to physical destruction of or material damage to the Customer's Premises, PWC will, upon written request of Customer, and for a period reasonably required to replace or repair such Premises, suspend billing under the UPA effective with the beginning of the next ensuing billing period. PWC, in addition to all other legal remedies, may either terminate the UPA or suspend delivery or usage of utilities to Customer for

- any default or breach of UPA by Customer,



- fraudulent or unauthorized use of utilities or use in such manner as to circumvent PWC's meter,
- failure to pay bills when due and payable or failure to restore deposit within the specified period or, in case of a condition on Customer's side of the point of delivery actually known by PWC to be, or which PWC reasonably anticipates may be, dangerous to life or property. Any suspension of the delivery or usage of utilities by PWC or termination of the UPA upon any authorized grounds shall in not operate to relieve Customer of the liability to pay for utilities delivered or used, minimum monthly charges during the period of suspension, nor Customer's liability for damages.

The Customer must furnish to PWC any inspection certificates or permits that may be required by local law for the delivery or use of utilities on the Customer's Premises.

D. PWC Access to Customer's Premises/Right of Way

In cases where it is necessary for PWC to cross private Premises, including those owned by the Customer and by other persons or entities, in order to deliver utilities to the Customer, the Customer shall convey to PWC, without cost to PWC, the easement(s) across such Premises needed for the construction, maintenance, operation, and removal of the required utility facilities. In the absence of the conveyance of a formal easement on and through the Customer's Premises, the Customer, by executing the UPA, grants to PWC an exclusive license to go on and through and across the Customer's Premises to construct, maintain, operate and remove utilities to the Premises, which license may be terminated by Customer only by giving three (3) years prior written notice to PWC.

PWC shall at all reasonable times have the right of entrance to and exit from the Premises of the Customer for any and all purposes connected with the delivery of utilities, or the exercise of any and all terms of the UPA.

The Customer shall also furnish PWC with a valid recordable easement over and through the Customer's Premises when PWC utility extensions are required. All extensions will be completed in accordance with PWC's Electric Extension and Water and Sewer Extension Procedures. The Customer is responsible for reimbursement to PWC for all or a portion of the costs, as determined by PWC to be associated with right of way acquisition across the Customer's Premises.

PWC shall not be liable to the Customer for any failure by PWC to deliver utilities



to Customer because of PWC's inability to secure or retain easements over and through real property, including Customer's Premises, that must be crossed, used, or otherwise accessed to deliver the utilities.

E. Meters

PWC will furnish all necessary meters for the delivery or usage of utilities and will determine at its discretion the appropriate type and size of meter and location along with associated equipment and communication device to deliver utilities to the Customer. As a condition of receiving, using, or consuming the utilities, the Customer must accept the meter type and size, location, and technology and ancillary equipment selected by PWC.

When a meter is relocated from one location to another, unless requested by PWC or installed for additional load, the Customer shall pay all expenses in connection with the relocation of the meter. PWC shall have the right, at its option and at its own expense, to place demand meters, voltmeters, or other instruments on the Customer's Premises for the purpose of testing, measuring, or otherwise recording the utilities delivered to, used by, or consumed by the Customer.

Meters for all residential utilities, and to the extent practicable for all other utilities, shall be located outdoors on the Customer's Premises at a place suitable to the Customer, but which meets all of PWC's requirements for safety and accessibility for reading, testing, and servicing the meter. Where it is not practicable in PWC's opinion to locate the meter and any associated apparatus outdoors, the Customer shall provide a suitable indoor location, which meets all of PWC's safety and accessibility requirements.

F. Interference with PWC Property

The Customer shall not alter or interfere with PWC's meters, seals, transformers, pedestals, or other equipment, nor shall the Customer permit interference by others, except for PWC's authorized personnel or agents. Interference includes tampering with, removing, defacing, damaging, hiding, enclosing, burying, covering, or otherwise obscuring PWC equipment used to provide electricity, water, or sewer service.

In the event of loss of, damage to, or interference with any PWC equipment caused by the Customer, the Customer's agents, or associated persons – or due to vandalism by known or unknown persons – the Customer will be responsible for the costs of replacing equipment, repairing damage, or removing any material covering or blocking access to PWC equipment.



G. Idle Service

Idle service is a utility that is disconnected at the request of the Customer, or by PWC's enforcement of UPA terms and conditions, and which remains disconnected for thirty (30) or more calendar days. Once utility(ies) have been idle for at least six (6) months, these utilities must be re-inspected by PWC at the expense of the Customer prior to reconnection. PWC may remove its meters, apparatus, fixtures, or other property at any time after disconnection.

H. Customer Installations

The Customer is responsible for installing and maintaining all electric lines, water and sewer piping, and control equipment (exclusive of PWC's meter and metering equipment) on the Customer's side of the point of delivery. The Customer shall have exclusive control of all electricity and water after it passes the point of delivery. All electric lines and water and sewer piping must be arranged so that each type of utility can be measured by a single meter (including sanitary sewer discharge to a single point), except as otherwise provided in these Service Regulations and Charges. PWC is under no obligation to connect or deliver utilities if Customer fails to comply with all applicable installation provisions.

The Customer shall not utilize any equipment, appliance, or device that adversely affects PWC's delivery of utilities or the use or consumption by the Customer or others of the utilities.

The Customer must provide suitable wiring and enclosures, as specified by PWC, for the convenient installation of the appropriate PWC metering equipment, in a place suitable to PWC.

The Customer and, if applicable, the Customer's installation contractor shall determine the type of PWC utilities available for delivery by PWC to the Customer's Premises before purchasing and installing plumbing, fixtures, wiring, or other utilization equipment. PWC may specify and restrict the voltage and type of electricity to be delivered, and will also specify the location of the meter and the point where the utilities delivery connection shall be made. PWC is not responsible or liable for any costs involved in replacing or modifying equipment to operate on the type of PWC utilities available at Customer's Premises.

The Customer, whether acting on its own or through an installation contractor, is solely responsible for making sure that all Customer equipment that is to be connected to utilities provided by PWC is appropriately rated for the utilities to be delivered, used, or consumed and conforms to applicable codes and industry

standards. All of the Customer's wiring and equipment must be inspected, installed, and maintained in accordance with the requirements of the local municipal and state authorities; otherwise, PWC may refuse to connect utilities or may discontinue the delivery or usage of utilities to the Customer. The Customer shall keep in good repair all such wiring and equipment to the point of connection with PWC facilities.

The Customer, whether acting on its own or through an installation contractor, is solely responsible for providing all necessary equipment to protect the Customer's systems and all third party systems installed at, in, or on the Customer's Premises. This protection may include, but is not limited to: overcurrent protection, pressure regulators, overvoltage/surge protection, ground fault protection, phase-out protection, harmonic mitigation and backflow prevention.

When PWC supplies three-phase electricity, the Customer shall control usage so that the electrical load is maintained in reasonable balance between the phases at the point of delivery. The Customer shall install and maintain devices adequate to protect the Customer's equipment against irregularities on PWC's system, including devices to protect against single phasing and lightning.

A Customer who has outdoor area lights furnished by PWC on the Customer's Premises hereby grants to PWC the right to maintain a pole line on said property, along with license to access the Premises for installation, maintenance, repair and removal of said line. The Customer shall also maintain an unencumbered route for maintenance by PWC of said electric line and hereby releases PWC for any and all damages to property, lawns, trees, shrubbery, driveways, walkways, septic tanks, drain lines or other items on the Customer's Premises that may arise from or relate to PWC's access to or utility-related actions within and upon the route.

I. Indemnification and Liability Limitations

The Customer shall indemnify, defend, and hold harmless PWC and its Commissioners, officers, employees, agents and representatives ("Indemnities") from and against all claims, actions, liabilities, damages, losses, costs and expenses (including, without limitation, injury to or death of any persons and damage to property, economic and consequential damages, attorneys' fees and all forms of liability and expense in the event of a sanitary sewer backup) asserted by third parties against one or more of the Indemnities arising out of the Customer's or its employee's, contractor's, agent's or invitee's negligent or willful acts, violations of law, errors or omissions or breach of the obligations, or defective construction, wiring, or equipment. The Customer further releases each of the Indemnities from Customer's claims, liabilities and damages arising from defects



on the Customers side of the point of delivery of the utilities. The Customer's obligation to indemnify, defend, hold harmless, and release the Indemnities shall survive the termination of this Agreement and shall include the duty to pay for the reasonable attorney's fees and costs associated with defending the Indemnities(s) by the legal counsel of each Indemnities' choice. PWC shall not be liable to the Customer, either in contract or in tort, for any consequential, incidental, indirect, special or punitive damages.

J. Other Providers

The Customer shall not use PWC's electricity in parallel with electricity from any other provider – nor shall another provider's electricity be introduced on the Customer's Premises for use in conjunction with or as a supplement to PWC's electricity – without written consent from PWC.

K. Backflow Protection

The Customer shall protect the potable water supply in PWC's service area against actual or potential contamination by isolating contaminants or pollutants, which could, under adverse conditions, backflow through uncontrolled connections into the public water system.

L. Arbitration

As a condition of a Nonresidential Customer initiating and/or continuing to receive the delivery or usage of one or more utilities from PWC, including but not limited to electricity, water, and/or sanitary sewer service, the Nonresidential Customer hereby consents to binding arbitration with PWC before a single arbitrator in accordance with the Modified Commercial Arbitration Rules and Mediation Procedures published pursuant to the written directive of PWC's General Manager, of all disputes, controversies, and claims arising on or after February 28, 2018 with or against PWC (including PWC's Commissioners and employees, in their personal and/or official capacities), including but not limited to disputes regarding service quality, metering, billing, the validity of PWC's Service Regulations and Charges, and any rate schedule, or the existence or validity or termination of any UPA.

No demand for arbitration may be made after the date when the institution of legal or equitable proceedings based on such claim or dispute would be barred by the applicable statute of limitations or statute of repose. The arbitration will be administered by the AAA. The arbitration shall be held in Fayetteville, North Carolina unless the parties agree upon any other place agreed upon at the time that

the arbitration is initiated. The arbitrator shall be a practicing attorney or retired judge with at least five years of experience litigating utility rate, tariff, and billing matters. The arbitrator shall issue a written decision. The arbitrator is not authorized to award punitive damage or lost profits or consequential damages or other damages not measured by the prevailing party's actual direct damages. An award of damages shall include pre-award interest at the legal rate of interest specified by statute for North Carolina from the time of the act or acts giving rise to the award. If the arbitrator determines that a party has generally prevailed in the arbitration proceeding, then the arbitrator shall award to that party its reasonable out-of-pocket expenses related to the arbitration, including filing fees, reasonable witness costs, and arbitrator compensation. However, the arbitrator may award attorney's fees to a prevailing party only to the extent permitted by North Carolina law if the dispute had been resolved in a North Carolina state court; provided that this provision does not constitute a reciprocal attorney's fee provision in a business contract pursuant to G.S. 6-21.6. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The North Carolina Revised Uniform Arbitration Act, as amended, shall apply to and governs all arbitration between the Customer and PWC. Either party may apply to the arbitrator seeking injunctive relief until an arbitration award is rendered or the dispute is otherwise resolved. Notwithstanding the foregoing, either party also may, without waiving any other remedy, seek from any court having jurisdiction any interim or provisional injunctive relief that is necessary to protect the rights or property of that party pending the arbitrator's appointment or decision on the merits of the dispute.

IV. BILLING, PAYMENT & OTHER CONDITIONS

A. Billing

PWC will bill the Customer on a monthly basis. PWC will read meters, as nearly as practicable, at regular intervals of not less than 25 days and not more than 35 days. If PWC is unable to read the Customer's meter for any reason, PWC may estimate the Customer's consumption and usage. Such estimates shall have equal validity as actual meter readings.

The term "Monthly" as used in PWC rate schedules refers to the interval between the previous meter reading (or estimated billing) and the current reading date, and bills shall be rendered accordingly. However, if the period covered by an initial or final bill – or due to revising the meter reading schedule – is more or less than 25-35 days, the bill will include metered costs for actual utility usage during the period, with basic facility charges prorated based a 30-day billing month.



B. Payments

Bills are due when rendered but may be paid by the Customer to PWC within twenty-one (21) days from the date of the bill without incurring a late fee or accruing interest charges (unless otherwise specified in the applicable rate schedule or any specific billing program in which the Customer is participating), provided, however, if the 21st day is a weekend or Holiday, the period in which the bill is payable shall be extended to the next day which is not a Saturday, Sunday, or a Holiday, and provided further, that PWC's General Manager shall be authorized to issue from time to time written directives temporarily extending the payable period as warranted by circumstances such as, but not limited to, modifications to PWC's billing system and force majeure events. If any bill is not so paid, PWC has the right to assess late charges and accrued interest and suspend service in accordance with its Service Regulations and Charges. Payments will be applied first to late fees, then to accrued interest, and then to the oldest principal balance then due and all other principal balances due in chronological order, with payment applied last to the newest principal balance. The customer may request an extension of the payable period for special circumstances. Such requests can be made by telephone or in person at PWC's Business Center during normal business hours. PWC will consider payment extension requests on a case-by-case basis.

Payment for all services must be with funds drawn on the Federal Reserve banking system. Payments can be made with US Currency, checks drawn on banks with an ABA routing number, money orders, and accepted credit cards.

Normally, all checks received for payment are processed on the same day received and without regard to the date inscribed on the check. PWC assumes that all checks are tendered with sufficient funds and abide by the Applicable Laws.

C. Deposits

PWC may, at its discretion, require the Customer to make one or more fund deposits with PWC in order to initiate and/or maintain the delivery or usage of one or more utilities from PWC to the Customer. The amount of the deposit will be determined in accordance with these Service Regulations and Charges.

**D. Utilities Used or Consumed in Advance of UPA**

If utilities are used or consumed by the Customer before the Customer executes a UPA with PWC, these utilities shall be governed by the terms and conditions of the UPA and the applicable rate schedule(s). PWC may discontinue the delivery or usage of utilities to the Customer at any time upon the Customer's failure or refusal to execute the UPA and pay PWC in full the amount due for the delivery, usage, or consumption of utilities to the Customer through the effective date of the UPA.

E. Billing Adjustments

If it is discovered through either Customer-requested or PWC-initiated meter testing that PWC's meter has experienced or is experiencing a Meter Error, then PWC will credit or charge, as appropriate, the Customer's account by the difference between the amount previously billed and the estimated usage or consumption amount.

Residential Customer Billing Adjustments

Residential Customer billing adjustments – including those due to Meter Errors and other errors resulting from meter reading, improper installations, failures to read meters and/or present a bill, or any other errors – whether by refund or bill credit, are subject to a maximum period of thirty-six (36) billing months preceding the date on which the error was discovered when the residential Customer is due a refund, and the Customer must claim or request the refund within twelve (12) months after the discovery of the error. The assessment of additional charges by PWC on the Customer for any error shall not exceed the maximum timeframes allowed by law.

Nonresidential Customer-Electric Billing Adjustment

If a Nonresidential Customer's electric load is less than 30 kW the residential customer billing adjustment policy shall apply. If the Nonresidential Customer's electric load is 30 kW or more, refunds or bill credits to the Customer are limited to a maximum period of twelve (12) billing months preceding the date on which the error was discovered, and the Customer must claim or request the refund or credit within twelve (12) months after the discovery of the error. The assessment of additional charges by PWC on the Customer shall not exceed the maximum timeframes allowed by law.



Nonresidential Customer-Water/Sewer Billing Adjustment

If a Nonresidential Customer's water meter size is less than 2 inches or the monthly usage is less than 1 million gallons, the residential adjustment policy shall apply. If the Nonresidential Customer's water meter size is 2 inches and greater or the monthly usage is 1 million gallons or more, refunds or bill credits to the Customer are limited to a maximum period of twelve (12) billing months preceding the date on which the error was discovered, and the Customer must claim or request the refund or credit within twelve (12) months after of discovery of the error. The assessment of additional charges by PWC on the Customer shall not exceed the maximum timeframes allowed by law.

Other Adjustments

Certain circumstances may arise where unusually high water volume occurs due to events on the Customer's Premises such as a plumbing leak, filling a swimming pool, etc. Upon a Customer's request, PWC will evaluate the facts and circumstances and consider a billing adjustment on a case-by-case basis. Such adjustment should be limited to one occurrence in a 12 month period per Customer account. PWC will use the following guidelines in determining and calculating billing adjustments of this nature:

- Water Only – 30% water volume adjustment may be approved after receipt of proper documentation from the Customer that the problem has been repaired/corrected. The Basic Facility Charge still applies.
- Water and Sewer Service – 30% water and sewer volume adjustment may be approved after receipt of proper documentation from the Customer that the problem has been repaired/corrected. If the water did not flow through the sewer system, the sewer service may be adjusted using average historical usage. The Basic Facilities Charge for both utilities still applies.
- Swimming Pools - For those customers who fill their swimming pools using a domestic water meter, PWC may adjust the sewer usage to the average historical usage. The gallons of sewer service credited to the Customer may not exceed the number of gallons held by the pool. The Basic Facilities Charge still applies.

F. Vacated Premises

The Customer shall notify PWC at least ten (10) days before quitting or vacating the Customer's Premises served under the UPA and provides a valid forwarding address and shall pay, upon presentation by PWC, all bills due and owing to PWC under the UPA.



G. Transfer of Agreement

A UPA between PWC and a Nonresidential Customer may be assigned by the Customer to any person, firm, or corporation purchasing or leasing and intending to continue the operation of the plant or business which is being served under such UPA only after obtaining to the written approval of PWC. PWC will grant such approval:

- upon being reasonably satisfied that the assignee will fulfill the terms of the UPA and
- upon PWC's receipt of a satisfactory guarantee from the assignee for the payment of anticipated bills, if PWC acting in its reasonable discretion determines that such a guaranty is needed.

H. Resale Service

Utilities shall be supplied by PWC directly to the Customer and shall be used solely by the Customer solely for those purposes specified in, and in accordance, with the UPA; provided, however, if the Customer obtains prior written consent from PWC, the Customer may resell utilities, on a metered or unmetered basis, to lessees, tenants, or other third parties to the extent such resales are in compliance with the laws of the State of North Carolina.

Unless the Customer obtains the prior written consent of PWC, the Customer shall not use a single account or meter across more than one Premises or across any publicly owned property for any utilities from PWC. Such prior written consent will be given by PWC only in instances where the adjacent Premises are operated as one integral unit, under the same name and proprietorship, and used for conducting part of the same business.

I. Unauthorized Use

If unauthorized use of any PWC utilities is discovered, PWC may discontinue the utility(ies), and the Customer shall be required to pay for the estimated unauthorized usage, as well as the costs of inspection, investigation, and reconnection, before utilities are restored. Any such resolution shall not prejudice any potential prosecution for violations of criminal law by the Customer.



J. Contract Documents

Applications for Utilities, UPAs, contracts, copies of Rate Schedules, riders and service regulations are available from PWC online and will be furnished to Customer upon request in either electronic or paper format, at PWC's discretion.

K. Changes

All applications, requests, agreements, and contracts for service between PWC and the Customer, including the Rate Schedules and these Service Regulations and Charges, are subject to changes and modifications from time to time, as approved by PWC or imposed by any lawful authority.

L. Customer Information and Agency

PWC does not give or sell any billing information or other customer information to third parties, except as follows: (a) PWC has received a valid notarized power of attorney executed by the Customer, letters of guardian or letters testamentary or letters of administration issued by a court, or an executed notarized Consent and Release on PWC's standard form; (b) the records are requested by a government entity acting within the scope of its authority; or (c) in accordance with Chapter 132 of the North Carolina General Statutes or as otherwise required or allowed by law. Otherwise, if a third party requests such information, PWC will furnish it only to the Customer whose name is on the account.

M. Customer's Force Majeure

In the event the Customer's Premises are destroyed by a Force Majeure event causing a complete cessation of service, the Customer must notify PWC within thirty (30) days of the cessation of service and advise PWC that the Customer intends to resume service as soon as possible following repair/restoration of the Premises. When service has ceased under such conditions, PWC shall have the option to:

- Waive the collection of a deposit to reestablish services, and/or
- Waive temporary service charges for temporary facilities or for reestablishment of service when such charges do not exceed a reasonable amount; and/or
- Waive the collection of a reconnection fee

N. Denial or Discontinuance of Service

PWC shall have the right to deny, suspend, or discontinue the Customer's utilities – including service for repairs or other necessary work on its lines or



system and participation in the buy all sell all rate schedule – for any of the following reasons:

1. Any misrepresentations as to the identity of the Customer entering into the UPA.
2. Fraudulent or unauthorized use of utilities or use of utilities in such a manner as to circumvent payment of PWC's authorized fees or charges.
3. Use or installation on the Customer's Premises of any wiring, equipment, appliance or device which permits electricity and/or water to be used without passing through the PWC's meter, or which prevents or interferes with the measuring of electricity or water by PWC's meters.
4. Violations by the Customer of any terms or conditions of the UPA between PWC and the Customer, or violation of any of the service regulations, which are a part of the UPA.
5. Use of any PWC utilities by the Customer in a manner that is detrimental to the utilities of other Customers.
6. Use of any PWC utilities or services by the Customer in a manner that conflicts with or violates orders, ordinances or laws of the state or any other authority having regulatory powers over PWC's utilities.
7. Nonpayment of any bill, when due, for utilities delivered to, used or consumed by the Customer at its current location or at any previous location.
8. Failure or refusal by the Customer to make, restore, or increase the Customer's deposit as required as PWC.
9. The owner of the Premises or a member of the household or business on the Premises for which the utilities application is being made or UPA is being sought is indebted to PWC for one or more utilities previously delivered by PWC or used or consumed by the owner or member at any location.
10. The condition of the Customer's plumbing or wiring is found, by PWC personnel or inspection officials, to present an obvious hazard to people or property at or near the Premises or the general public.

Except in the instances set forth in items (1), (2), (3), (5), and (10) above, PWC will provide twenty-four (24) hours written notice, delivered personally to the Customer's Premises or sent by mail before terminating or suspending one or more utilities. The notice will identify the specific reason(s) for the termination or suspension of utilities.

Failure by PWC to terminate the UPA or to suspend the delivery of or usage of utilities, at any time after the grounds for such termination or suspension have been established shall in no way waive or prejudice PWC's subsequent right to invoke such termination or suspension or to seek other legal remedy.



Any suspension or termination of the delivery or usage of utility services by PWC shall not relieve the Customer of the Customer’s liability to pay for utilities previously delivered, used, or consumed, nor shall it relieve the Customer of:

- In the case of suspension, the Customer’s liability for payment of minimum monthly charges during the period of suspension.
- In the case of termination, the Customer’s liability for damages in the amount of the minimum monthly charges which would have been payable during any remaining term of the UPA.
- Any other obligations owed to PWC.

V. DESCRIPTON OF UTILITIES

A. Water and Sanitary Sewer Service

The point of delivery for water and/or sanitary sewer utility service shall generally be at the boundary of the Customer’s Premises adjacent to the public street where PWC’s mains are located, unless PWC, acting in its sole discretion, elects to set the point of delivery at the point on the Customer’s Premises where the meter is located. Water pressure at this delivery point will not be less than 20 PSI. Wastewater shall be collected and treated in accordance with the Sanitary Sewer Ordinance of the City of Fayetteville.

PWC will install and maintain all water distribution and sewer main facilities in accordance with PWC’s Water & Sanitary Sewer Main Extension and Service Policy.

The Customer is solely responsible for all facilities and use and consumption of PWC utilities on the Customer’s side of the point of delivery.

Backflow protection shall be required on the Customer’s side of, and just before the connection to, the point of delivery. The type of backflow protection installed shall conform to the requirements of the City of Fayetteville’s Cross Connection Control Ordinance (Ordinance No. S2003-001). PWC will provide backflow protection equipment for Residential Customers, who will also be charged a monthly fee for the inspection services provided by PWC. Each Nonresidential Customer shall, at is sole expense, install, operate, inspect, test and maintain approved backflow prevention assemblies, as directed by PWC.

Quality of Service

PWC endeavors to furnish water that meets the standards of the U.S. Environmental Protection Agency (EPA). PWC attempts to maintain a high



quality of drinking water to its customers. This being said, however, there are some times when each water utility system in the U.S. will deliver water that might be discolored due to breaks in the line, construction, fires or regular flushing activities to keep the lines viable, failure of lines due to age or condition, problems within the customer's own service line and other causes not within the control of PWC.

PWC WARRANTS ONLY THAT ITS WATER MEETS EPA ENFORCEABLE STANDARDS UNDER THE SAFE DRINKING WATER ACT. PWC DOES NOT WARRANT OR REPRESENT THAT IT'S WATER IS FIT FOR ANY OTHER PURPOSE.

PWC EXPLICITLY EXCLUDES ANY WARRANTY UNDER THE UNIFORM COMMERCIAL CODE INCLUDING, BUT NOT LIMITED TO, AN IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR AN IMPLIED WARRANTY FOR MERCHANTABILITY. PWC FURTHER DISCLAIMS ALL OTHER WARRANTIES UNDER ARTICLE 2 OF CHAPTER 25 OF THE NORTH CAROLINA GENERAL STATUTES, CONSISTENT WITH G.S. 130A-315(g) OF THE NORTH CAROLINA DRINKING WATER ACT.

Customers who use PWC water for purposes other than drinking do so at their own risk and PWC will not be responsible for water that is used for any purpose other than drinking water. Any Customer using PWC water for any purpose other than drinking water must provide its own filtration and / or treatment of the water in order to assure that it meets the specific needs and quality standards that are necessary for the Customer's particular usage.

All drinking water, including bottled water, may reasonably be expected to contain at least a small amount of contaminants. The presence of contaminants does not per se indicate that the water poses a health risk. More information about contaminants and potential health effects can be obtained through the EPA. Certain people may be vulnerable to contaminants in drinking water. Immunocompromised individuals – such as people with cancer undergoing chemotherapy, people who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, the elderly and infants – can be particularly at risk for infections. These people should seek advice from their health care providers about drinking PWC's water.

B. Electricity

Electricity delivered by PWC to the Customer's Premises shall consist of single-phase (two or three wires) or three-phase (three or four wires), 60-cycle alternating electric current supplied through a single point of delivery, through a single electric meter, at a voltage specified by PWC. Except for Customers classified as industrial, electricity will generally be delivered at 240 volts or less within a range of plus or minus 10%. Non-Residential Customers can be served at voltages of 480 and higher if so specified in the UPA. within a range of plus or minus 10%. When a Customer desires two or more types of voltage service – if the types of voltage can be supplied by a single-phase, three-wire type or a three-phase, four-wire type without voltage transformation – only one of the types necessary for the Customer's usage will be supplied.

Transmission, distribution, and service facilities will be installed according to PWC's Electric System Extensions Procedure. The point of delivery for electricity sold by PWC is the point where PWC's service conductors end. The Customer shall be required to provide suitable conductors on Customer's side of the point of delivery up to the point of delivery. The Customer shall take all steps required to maintain the conductors on the Customer's side of the point of delivery in good order at all times. Unless otherwise stipulated in the UPA, PWC shall designate the point of delivery as follows:

- In cases where PWC's overhead service conductors are connected to the Customer's conductors, the point of delivery shall be on the outside wall of the Customer's building, where PWC's service conductors can be conveniently extended and anchored.
In cases where PWC's underground service conductors are connected to the Customer's conductors, the point of delivery shall be on the outside wall of the Customer's building, where PWC's conductors can be conveniently extended and terminated.
- In cases where PWC uses a substation, vault or other controlled area to supply electricity to the Customer, the point of delivery shall be an appropriate place as designated by PWC.

Where special circumstances, such as primary metering, render it impracticable for the point of delivery to be located as stipulated above, the point of delivery shall be at a place selected or approved by PWC, and the Customer shall bring its service conductors to that place.



PWC WARRANTS ONLY THAT ITS ELECTRICITY COMPLIES WITH THE TERMS AND CONDITIONS SET FORTH IN THESE SERVICE REGULATIONS AND CHARGES. PWC DOES NOT WARRANT OR REPRESENT THAT IT'S ELECTRICITY IS FIT FOR ANY OTHER PURPOSE. PWC EXPLICITLY EXCLUDES ANY WARRANTY UNDER THE UNIFORM COMMERCIAL CODE INCLUDING, BUT NOT LIMITED TO, AN IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR AN IMPLIED WARRANTY FOR MERCHANTABILITY.

Responsibility Beyond the Delivery Point

It is understood and agreed that PWC is merely a furnisher of electricity, deliverable at the point where it passes from PWC's wires to the service wires of the Customer – or through a divisional switch separating the Customer's wires and equipment from PWC's wires and equipment. PWC shall not be responsible for any damage to the buildings, motors, apparatus or other property of the Customer due to lightning, defects in wiring or other electrical installations, defective equipment, or any other cause other than the negligence of the PWC. PWC shall not in any way be responsible for the transmission, use or control of electricity beyond the delivery point, and shall not be liable for any property damage, injury or death of any person arising or resulting in any manner from the delivery and use of said electricity.

Changes in Demand

Customer shall give PWC reasonable notice in writing of any anticipated increase in demand exceeding 20 kW or ten percent (10%) of the former demand, whichever is greater. The notice shall state the approximate increase and the date that the additional capacity is needed.

PWC will extend its facilities and change the point of delivery only when the investment required by PWC is warranted by the anticipated revenue, and when the extension is permissible and feasible.

C. Fluctuating Load

The Customer may use electricity from PWC for intermittent, fluctuating, or harmonic-generating loads through the regular service meter only when such operation does not adversely affect the quality of service to any other PWC Customers. If, however, the operation of such loads causes voltage fluctuations or other problems detrimental to the service of the Customer or other Customers,



PWC may require the Customer to install additional service equipment to correct these fluctuations. If installed by PWC, such additional service equipment will be considered “Extra Facilities” and will be subject to the charges, clauses and conditions set forth in the “Extra Facilities” section below.

VI. RATE CLASSIFICATIONS AND STRUCTURES

PWC has established a series of rate schedules – based on Customer classifications – to meet the diverse requirements and usage needs of its Customers. The initial assignment of a given rate classification to the Customer is based on the nature of the Customer’s expected usage. Where two or more rate schedules and/or riders are available to the Customer, PWC will assist the Customer to a reasonable extent in determining which rate schedule and/or rider to select, but it is the Customer’s right and sole responsibility to select the appropriate rate schedule and/or rider, and PWC will not assume responsibility or accept any liability for the Customer’s rate schedule choice.

PWC reserves the right to change the Customer’s rate classification, should actual usage differ from expected usage to the extent that the initial classification was inappropriate or is no longer appropriate. Upon establishing a billing history of no less than twelve (12) months, the Customer may apply in writing for a review of the current rate classification. If usage indicates that such reclassification is justified, the Customer will promptly be reclassified for the billing month following the reclassification determination.

PWC endeavors to classify its customers accurately, according to their expected and/or actual usages. However, PWC does not guarantee that a Customer will be served under the most favorable rate schedule at all times. PWC shall not be held responsible or liable for a Customer’s financial losses or other damages in the event that services are billed under a rate schedule that does not most accurately represent the Customer’s usage. Therefore, no refunds or credits shall be issued for the difference between previously billed rate schedule charges and charges which would have been billed had the Customer been served under a different rate schedule.

Rate schedule classifications, as well as the provisions of these schedules, are based, as closely as practicable, on the costs incurred by PWC in providing service.

A. Rate Classifications

Rate classifications are grouped into two categories: Residential and Nonresidential.

(1) Residential Classifications

Residential classifications, and applicable rate schedules, apply to Customers living in an individual residence, defined as a single habitable dwelling unit, which provides permanent and independent facilities complete for living, sleeping, eating, cooking, and sanitation. An individual residence may include a house, condominium, modular home, mobile home, or individually metered apartment. The residential rate schedules shall be applicable to only one meter serving an individual residence.

Outbuildings, garages, swimming pools, water pumps, and other uses that form a part of the general living establishment on the same Premises with a residence may be connected to the residential service meter, or they may be separately metered. Such separately metered services shall be served on one of the nonresidential rate schedules.

Professional Offices or Business Activities in Residences

For residences involving some business, professional, or other gainful activity, a residential rate schedule will be permitted only when:

- The business or service is located within the dwelling or an associated accessory building which may include an accessory dwelling unit, and does not exceed 20 percent of the heated floor area of the principal structure or 600 square feet, whichever is less. In no instance shall more than one home occupation use be conducted on a single Premises.
- The electric energy is used only by equipment that would normally be used in a residence.

If both of the foregoing conditions cannot be met, the entire Premises shall be classified as Nonresidential, and the appropriate nonresidential rate schedule shall be applied.

The Customer may, at its option, provide separate circuits so that the residential uses can be metered separately and billed under a residential schedule, and the other uses can be billed under a nonresidential rate schedule.

Farm and Rural Service

The residential rate schedules are available for delivery through one meter to the Customer's personal residence on a farm and for usual farm uses outside the dwelling unit on Residence Farms (as defined by the USDA), but not for: commercial farm operations (including but not limited to retail and wholesale sales), non-farming operations; or the processing, preparing, or distributing of

products not grown or raised on that farm.

The Residential Customer on a Residence Farm may, at its option, elect to take delivery of all utilities under one of the Nonresidential rate schedules. Separate circuits may be provided so that the residential dwelling unit, together with the usual farm uses outside the dwelling unit, can be metered and billed under a Residential rate schedule – and utility usage for other activities are metered and billed under a Nonresidential schedule.

(2) Nonresidential Classifications

Nonresidential classifications, and applicable rate schedules, refer to all types of Nonresidential Customers, including the following:

- Office buildings, stores, shops, restaurants, service stations, and other commercial establishments
- Hospitals, nursing homes and institutional care facilities
- Schools, dormitories and churches, and other similar nonresidential institutions
- Multi-family residential structure (other than the individual residential units), including hall lighting, laundry facilities, recreational facilities, etc.
- Miscellaneous services with individual meters serving well pumps, signs, customer-owned lighting, garages, etc.

Outdoor Lighting

Customer-owned outdoor lighting may be connected to the residential or nonresidential meter – or it may be separately metered. If outdoor lighting is separately metered, the Nonresidential rate schedule shall apply.

Temporary Service

Temporary service will be provided under a Nonresidential rate schedule during the construction of housing and other establishments – even if utilities will be delivered to or used by the Premises on PWC's Residential rate schedule when the housing construction is completed. If any establishment under construction will not receive permanent utility service from PWC, the Customer is required to pay for the actual cost of installation and subsequent removal of PWC facilities not required for permanent service.

B. Rate Structures

1. Water And Sanitary Sewer Rate Structure

Customers who receive both water and sanitary sewer service from PWC are billed for both utilities based on the water meter supplied by PWC. If a sanitary sewer Customer does not receive water delivery from PWC, the Customer's sanitary sewer service will be billed on a flat rate basis. A sanitary sewer Customer who serves multiple dwellings and does not receive water deliveries from PWC, will normally be billed the flat charge for each dwelling unit. However, the Customer may contact the Water Resources Department to evaluate other options.

PWC's various water and sanitary sewer rate schedules include different combinations of provisions, depending on the schedule. There are, however, only four distinct types of rates and charges. They are:

- Flat Monthly Rate is used in billing Residential and Nonresidential sanitary sewer service, where the Customer receives all retail water requirements from one or more sources other than PWC. If a landlord provides some utilities free of charge, but charges a tenant for sanitary sewer service, PWC will either (i) bill the tenant separately for sanitary sewer service if the tenant is a PWC Customer with another separately metered utility delivered by PWC, or (ii) PWC will bill the landlord for the sanitary sewer service.
- Basic Facilities Charges apply to all water and sanitary sewer schedules except Flat Monthly Rates. These charges are assessed independent of, and in addition to, all consumption or discharge rates. Even if the Customer has no usage in a particular billing period, the Customer will still be billed for the Basic Facilities Charge. Basic Facilities Charges are graduated in accordance with the meter size to reflect the various levels of PWC's investment costs.
- Consumption (Discharge) Rates apply, as appropriate, to all schedules except the Flat Monthly Rate and Sanitary Sewer Surcharges.
- Utility Line Relocation Rider The Fayetteville area is slated for significant thoroughfare expansions for the current and future years, according to the NCDOT State Transportation Improvement plan. Each NCDOT thoroughfare expansion imposes significant costs on PWC to relocate water and



sewer lines and ancillary equipment and acquire new easements. Under NCDOT's current operating procedure, project costs and potential reimbursements are difficult to predict and manage. This separate Rider serves as a means to capture and recover those costs imposed by NCDOT-mandated utility relocations while attempting to maintain stable, predictable retail base rates for PWC customers. The amount charged (or credited) through the Rider maybe modified from time to time, as deemed necessary and appropriate by the Commission. The Rider will be assessed on all water and wastewater rate schedules other than irrigation, bulk water, fire hydrant, septage hauling, pump and haul rate schedules.

- Sanitary Sewer Surcharges are applied in conjunction with Nonresidential rate schedules. Sanitary sewer Customers are surcharged when discharges exceed allowances for Biochemical Oxygen Demand, Suspended Solids, and Ammonia Nitrogen.
- Third-Party Service
On a case-by-case basis, PWC will enter into a contract with a governmental, military or private entity to provide full or supplementary water delivery and/or sanitary sewer service for use by that entity's retail customers. In those wholesale transactions, the restrictions that might normally apply may be waived, and rates and charges for service shall be as stated in the contract between PWC and said entity.

2. Electric Rates and Charges Structure

PWC's various electric rate schedules include different combinations of provisions, depending on the schedule. There are, however, only six distinct types of rates and charges.

- Flat Monthly Rates are used in billing street and area lighting facilities. These rates are used in situations, such as photoelectric controlled lighting, where total usage and the pattern of usage are known. Flat rates are also used to assess charges for Community Street Lighting, Contract Street Lighting, Contract Private Lighting, Contract Area Lighting, Area Lighting, and for additional area lighting poles and transformers, where applicable.
- Basic Facilities Charges apply to all schedules except Flat Monthly Rates for lighting. These charges are independent of, and in addition



to, electric usage and, where applicable, demand charges. Unless otherwise stipulated, even if the Customer has no electricity consumption for a billing period, the Customer will be billed for the Basic Facilities Charge. PWC may at its discretion assess a community street light charge in addition to a Basic Facilities Charge but bill them collectively in the Customer's monthly bill as a single Basic Facilities Charge.

- Energy Charges are assessed on a per kilowatt-hour basis and apply to all schedules except Flat Monthly Rates for lighting.
- Wholesale Power Cost Adjustment (WPCA) is assessed on a per kilowatt-hour basis and applies to all electric rate schedules except Coincident Peak Rates. The adjustment will be calculated based on actual power supply charges or credits and projected energy sales of the recovery period (not less than 12 months) and will be recovered from or credited to all Customers, other than Customers subject to a separate true up under the specific terms of the rate schedule(s) on which the Customers are purchasing utilities. As actual energy usage and power cost become known, there may be a modification of the amount collected from or credited to each Customer's bills adjusting for power cost not included in the rate schedules.
- Coal Ash Rider In September 2014, the Coal Ash Management Act, ("CAMA") was enacted in North Carolina to address the handling, disposal and remediation of Coal Combustion Residuals ("CCRs") at coal electric generating facilities. Subsequent to the passage of the CAMA in October 2015, the EPA issued its own regulations relating to CCRs that will require Duke Energy Progress, LLC (DEP) and certain of its affiliated entities to take certain remedial actions related to its plants producing CCRs. DEP has indicated that it will petition the North Carolina Utilities Commission for recovery of these expenses from retail customers and FERC to recover the applicable share of expenses from all wholesale customers, including PWC. In order to recover the CCR charges assessed by DEP on PWC, PWC is adopting a Coal Ash Rider for its retail rate schedules.
- Contract Demand
If applicable, the Contract Demand for electric service shall be specified in the executed UPA. In cases where actual demand exceeds the existing Contract Demand, PWC reserves the right to request, in writing and within 60 days, that the Customer reduces such actual

demand due to inadequacy of the facilities used by PWC for the benefit of the Customer. In such case, PWC will direct the Customer to reduce their actual demand to the existing Contract Demand, or to a specific amount in excess thereof. If the Customer desires service in excess of the amount specified by PWC, PWC will advise the Customer under what conditions the excess service may be supplied.

If the Customer desires to reduce the currently effective Contract Demand after the initial term of the UPA has expired, the Customer may do so, if at least one of the following conditions is met:

- The Contract Demand has not been reduced at the Customer's request during the preceding twelve months, and the Customer has received and paid for service during the full initial term of the Contract in accordance with the terms thereof; or
 - The Customer pays PWC a sum equal to the estimated net cost of exchanging the facilities in place for facilities of a lesser capacity adequate to supply the reduced Contract Demand.
-
- Early Termination Fee
The Early Termination Fee equals the number of the remaining months of the UPA term multiplied by the number of units terminated multiplied by the monthly service rate applicable upon the date of termination. For regular area lights, this will be computed from a 36-month contract period and for decorative area lights, this will be computed from a 120-month contract period.

VII. EXTRA FACILITIES

At the request of the Customer, PWC will furnish, install, own and maintain facilities which are in addition to those necessary for delivery of utilities at one point, through one meter, at one voltage – and of adequate capacity to serve the contracted demand, in accordance with the applicable Rate Schedule. Such additional facilities shall be furnished under an “Extra Facilities Charges” Schedule – and shall be added to and made part of PWC's UPA with the Customer – and contain the following provisions:

- (1) The utilities shall be used or consumed solely by the contracting Customer in a single enterprise, located entirely on a single Premises. The utilities shall not be exempted from any of the other applicable provisions of PWC's service regulations.



- (2) “Extra Facilities” shall be specified in the UPA and may consist of any of the following: voltage regulators, capacitors, switches and/or circuit breakers, duplicate service, transformers, substations, connecting lines, enhanced metering, relay, or other equipment installed for the exclusive use of the contracting Customer – other than facilities which PWC would furnish to the Customer without cost under the standard form contract.
- (3) The facility(ies) to be supplied shall be served by PWC standard overhead transmission or distribution lines at standard PWC voltage, and the equipment shall be installed only on PWC’s side of the point of delivery.
- (4) PWC shall install, own, operate, and maintain all lines and equipment located on its side of the point of delivery. It shall also furnish and install the necessary meter, and meter transformers where necessary, for measuring the electricity used or consumed, though such meter will usually be located on Customer's side of the point of delivery. When the Customer requests PWC to supply electricity to a single Premises in a special manner requiring facilities over and above those normally provided by PWC, such additional facilities will be provided by PWC’s at its discretion, if PWC finds it practicable, under the following conditions: (a) The facilities will be a kind and type normally used by or acceptable to PWC and will be installed at a place and in a manner satisfactory to PWC. (b) The Customer will pay to PWC a Monthly Facilities Charge of 1.3 percent of the estimated original installed cost and rearrangement cost of all facilities required, including metering, in addition to those PWC would have provided, but not less than \$25 per month. (c) If PWC increases its investment, other than replacement of existing equipment with equipment of equal capacity and kind, in facilities necessary to supply PWC's special electric requirements (including conversion of the primary voltage to a higher voltage), the monthly charge for providing the additional facilities will be adjusted at that time. The Customer may terminate the additional facilities in accordance with the applicable termination provisions or continue the additional facilities under the changed conditions. (d) In lieu of the Monthly Facilities Charge of 1.3 percent, the Customer may elect to make a lump sum payment in an amount specified by PWC for the additional facilities. After such payment the Monthly Facilities Charge for the additional facilities will be 0.5 percent of said payment. (e) When the Customer desires more than one point of delivery to a single Premises at one or more voltages with a meter installation, acceptable to PWC to obtain the total kilowatt hours and simultaneous kilowatts of demand, PWC may in its discretion, furnish such electricity under the applicable terms and conditions of the UPA, as amended. Both meter totalization for billing purposes and meter aggregation in order to qualify to take electricity on a particular rate schedule by combining the

maximum 15 minute demands of multiple meters during a billing month shall be permitted only by written agreement between the Customer and PWC based upon the Customer's electric configuration and other relevant arrangements. In case of a primary meter installation, the installed cost of metering equipment will not be included as additional facilities nor will the metering equipment be compensated for line or transformation losses. (f) PWC shall not be required to make such installation of facilities in addition to those normally provided until the Customer has signed such agreements, including provisions for termination, as may be required by PWC.

- (5) The installed cost of extra facilities shall be the original cost of materials used including spare equipment, if any, plus applicable labor, transportation, sales tax, engineering and general expenses, all estimated if not known. The original cost of materials used is the current market price of the equipment at the time the equipment is installed, whether said equipment is new or out of inventory.
- (6) "Extra Facilities" shall include the installed cost of meters appropriate for the voltage delivered to the customer. Upon mutual agreement between the Customer and PWC, demand and energy may be metered at primary voltage, without compensation for transformer loss and without inclusion of any part of the metering cost as an extra facility. When extra facilities furnished include additional equipment, such as a voltage regulator or capacitors, metering equipment shall be installed on PWC's side of the regulator or capacitors, or if this is not feasible, the meter shall be compensated so as to include registration of the additional equipment's losses.
- (7) When the facilities requested by the Customer are required to deliver utilities at either more than one delivery point on the Premises, or more than one voltage, or both, the extra facilities charge may apply in the exercise of PWC's reasonable discretion, depending upon the specific nature of the Customer's facilities and arrangements. The installed cost of the extra facilities, on which the monthly extra facilities charge is based, shall be the difference between the installed cost of the facilities made necessary by the customer's request, and the installed cost of the facilities that PWC would furnish without cost to the Customer to serve the total contract demand under its standard contract.
- (8) PWC shall have the option of refusing requests for extra facilities if, at PWC's discretion, the requested facilities are not feasible, or may adversely affect PWC's service to other customers. Likewise, PWC will have the option of installing extra facilities at the Customer's expense to mitigate any adverse effect that the Customer's load is reasonably expected or found, to have on the service to other customers. This may include, but is not limited to, harmonics



generated by the Customer and flicker caused by fluctuating or intermittent loads.

- (9) UPA and other contracts containing the extra facilities clause shall have a minimum original term of at least five (5) years and will continue year to year thereafter. PWC may require payment of removal costs in contracts with original terms of 10 years or less. PWC may also require advance payment of the extra facilities charge for a period equal to one-half the original term of the contract.
- (10) PWC will not provide sub metering of electric utilities to any customer after April 30, 2018.

Customers for whom PWC is furnishing extra facilities under contracts made prior to July 1, 2004 shall be exempted from all provisions of this extra facilities clause until such time as their contracts expire, are terminated by the Customer, or are terminated by PWC for reasons not related to the furnishing of extra facilities.

In the event that an existing extra facility must be modified or replaced – as requested by the Customer – the installed cost of extra facilities, on which the monthly extra facilities charge is based, shall be the installed cost of existing equipment, plus the installed cost of new additions, less the installed cost of equipment removed. The installed cost of existing equipment shall be the same installed cost used for said equipment immediately prior to the modification or replacement. The installed cost of new additions shall be the current market price of said new additions at the time the new additions are installed. The installed cost of equipment removed shall be the same installed cost used for said equipment immediately prior to removal.

VIII. DEPOSITS

A. Establishment of Credit

PWC shall require of any applicant for utilities (electricity, water and/or sanitary sewer service) the establishment of credit securing the payment of sums accruing under the UPA. Such credit establishment is required to limit the revenue losses associated with uncollectible accounts and to minimize the amount of those losses which ultimately must be borne by all customers of PWC. The deposit policies of the PWC are based strictly on credit risk. No regard is attached to the location or the ownership status of the domestic or nonresidential premises involved.

The establishment of credit by an applicant for utilities will be deemed acceptable if:



1. The applicant is, or has been within a period of two years of the application date, a customer of PWC with Good Credit History.
2. The applicant makes a cash deposit or submits an acceptable financial instrument to secure the payment of bills accruing under the UPA. Such deposits shall be determined by PWC and may not exceed two times the estimated average bill of the service location.

If the usage history is unknown for a **Residential** applicant, the deposit will be calculated based on two times the monthly estimate of 1,200 kWh, 5,000 gallons for water and 5,000 gallons for wastewater at the applicable rates and charges in effect at the time the service is connected

If the usage history is unknown for a **Nonresidential** applicant, PWC shall determine the required deposit based on available information.

Establishment of credit, including payment of a deposit by the applicant, will in no way relieve the applicant of the obligation to pay utility bills when due, nor will it deprive PWC of the right to terminate utilities for non-payment of such bills. An existing applicant who has demonstrated to be a credit risk will be required to establish and/or re-establish a deposit.

An existing applicant who has an outstanding debt with PWC must pay all such debt in full before utilities can be reestablished.

B. Deposit Refunds

Deposits made to PWC by applicants will be reviewed and refunded for services if the following actions occur:

1. PWC will undertake a monthly review of its customer deposit accounts and automatically refund the deposit of any **Residential** Customer who has had a deposit with PWC for a period of thirty-six (36) months, who is not currently delinquent in the payment of bills for service, and who has established a Good Credit History with PWC. Deposit refunds will be made in the form of credits to the succeeding bills for service. **Nonresidential** Customer deposits will be kept until the service is discontinued unless express written consent is obtained from PWC's General Manager.
2. Upon discontinuance of service PWC will automatically refund that portion of the Customer's deposit which is in excess of any unpaid bills for service.



Transfer of service within PWC’s territory from one Premise to another shall not be considered as a discontinuance of service.

IX. CUSTOMER SERVICE FEES AND CHARGES

A. Service Charges

- 1. Initial Service Charge. A permanent service charge will be assessed when the PWC first supplies electricity, water, and/or sanitary sewer service to the Customer under any applicable rate schedule (either separately or combination). A Customer transferring such service from its present location to another location will be assessed the same service charge as a new customer. There will be no charge for discontinuing services. Applicable service charge amounts are:

During Normal PWC Business Hours.....	\$22
After Normal Business Hours.....	\$65

- 2. Interest. Interest of 12% per annum will be assessed on the balance due that is unpaid. Interest shall accrue daily during the period that the balance due remains unpaid, except during the specified period in which a Customer’s bill may be paid timely.
- 3. Attorney’s Fees. Upon Customer’s failure to timely pay the balance due, PWC may employ an attorney to enforce its rights and remedies and the Customer hereby agrees to pay to PWC its reasonable attorney’s fees not
- 4. Exceeding a sum equal to fifteen percent (15%) of the outstanding balance due and owing to PWC, plus all other reasonable expenses incurred by PWC in exercising any of its rights and remedies upon the Customer’s failure to make timely payment in full to PWC, and the bills from PWC shall serve as evidence of indebtedness for purposes of G.S. 6-21.2.
- 5. Additional Service Charges. In those circumstances where the customer fails to pay bills when due and payable or service is terminated, or for any other breach of service agreement by the customer, the following charges apply:

Late Fee Assessed once on the principal balance immediately after the last day on which a bill may be paid timely.....	4%
Disconnection Attempt Fee**.....	\$22



Reconnect Fee during Normal PWC Business Hours.....	\$30
Reconnect Fee after Normal PWC Business Hours.....	\$60
Returned Bank Item	\$25
Court Costs.....	Actual Fees
Install Valve and Valve Box for Sewer Only Accounts	\$1,250
Consumptive Loss Application Fee	\$ 355

**A trip made to Customer’s Premises to disconnect for non-payment and services were left active due to an agreement with the customer.

B. Temporary Service Charge

When temporary utilities are provided to developers, builders, or other electric customers, the following charges will apply:

Temporary Underground Charges:	\$105.00
Temporary Overhead Charges:	\$170.00

If the Customer needs PWC to construct facilities for temporary service that will not be needed for permanent service, the construction charge will be determined by the PWC Electrical Engineering Department for the installation based on estimated construction costs.

C. Meter Testing Fees

Meters are inherently very accurate instruments. They are tested by the manufacturer and by PWC, both upon receipt and at intervals after installation. However, PWC will test meters upon request provided:

1. The Customer schedules a definite date and time for test and accompanies PWC’s representative to the PWC Meter Shop to witness the test; and
2. The Customer pays to PWC the:
 - a) Testing fee of **\$50** for each electric meter tested wherein accuracy falls within limits established by ANSI.
 - b) Testing fee of **\$85** for each water meter tested wherein accuracy falls within limits established by AWWA.

However, the Customer shall not be obligated to pay the testing fee if meter tested does not exhibit acceptable accuracy. In this circumstance, the

customer's current and previously billed amounts (up to twelve months) are subject to adjustment, up or down.

D. Meter Tampering Fee

In accordance with the provisions of N.C.G.S. 14-151, interfering with electric meters is a criminal offense, and it is the policy of PWC to aggressively prevent, identify, deter and control all activities related to theft of service.

Any individual that receives the benefit of an unauthorized service, unlawfully alters, tampers, or bypasses any PWC meter and or related equipment designed to register the quantity of service may be assessed up to \$500 per incident. Other charges, to include replacement of PWC's equipment/property, can be assessed to return the damaged equipment/property to PWC's standards, and additionally may include criminal prosecution and civil Actions as warranted.

E. Special Services Fee

PWC provides assistance to its customers and potential customers for the provision of electricity, water and sanitary sewer utility services following the guidelines established in the Service Regulations and Charges as usual and customary and following best industry practices. In the event Customer requires more than reasonable and customary assistance, Customer will be liable for and billed at PWC's actual cost, including reasonable overhead, for additional services above those that are reasonable and customary.

X. ELECTRIC FEES AND CHARGES

A. Electric Service Extension Charges

PWC will extend electric service, upon request, subject to the conditions delineated in the PWC Procedure for Electric System Extensions. Fees and charges thereon are summarized below.

B. Permanent Extensions

1. PWC will construct, own, operate, and maintain an overhead or underground service extension to the normal point of delivery at its expense up to the point where its Construction Cost (less the cost for Electric System Improvement) exceeds the customer's Revenue Credit where:

a) Construction Cost is the estimated installed cost of PWC's facilities to

the normal point(s) of delivery;

- b) Electric System Improvement is construction which enhances the electric system in serving existing and/or future loads; and
 - c) Revenue Credit is the estimated net energy revenue received from the Customer during the first five years of service.
2. The Customer will be required to make a non-refundable contribution in aid of construction where the Construction Cost (less the cost for Electric System Improvements) is in excess of the customer's Revenue Credit. Such contribution will be equal to the difference between the net Cost and the Revenue Credit.
 3. PWC will be compensated at cost by any customer requesting service beyond the normal point of delivery or any customer requiring non-standard installation procedures

C. Temporary Extensions

In situations where the Customer requires temporary (up and down) electric service extension for construction purposes, PWC will require a non-refundable contribution, in addition to the temporary service charge described above, paid in advance by the Customer to PWC to cover the costs of construction which will not become a part of the permanent service.

D. Service Conversions

At the request of the Customer, PWC will replace an existing overhead residential electric service with an underground service. The Customer will be required to pay the following:

1. An overhead service conversion charge of \$ 910 plus excess construction costs, where applicable. Excess construction costs shall be computed as \$5 per linear foot of underground conductor in excess of 100 feet and/or \$15 per linear foot for boring; or,
2. If the Customer's load has grown to the point where replacement of the overhead conversion service is necessary, there will be no charge and the replacement underground service will be evaluated as a new service.



E. Area Lighting

The PWC offers to its customers the option to purchase area lighting service consisting of a luminary owned, installed and maintained by PWC. The monthly rates for such service are state on Rate Schedule AL. The basic contract terms as well as charges for additional facilities as needed or requested are described below.

The Customer obtains area lighting by completing an Area Lighting Installation Contract with the PWC. If the light facility is already in place, the standard monthly rates will apply and there will be no additional charges. If the lighting facility is to be installed on an existing PWC distribution pole, the customer must sign a three year contract. If the lighting facility requested is to be installed on a location other than an existing PWC distribution pole, the customer will pay additional charges based on either of two options, in addition to the terms of the Area Lighting Installation Contract. If the customer’s service is disconnected for non-payment, the Early Termination Fee will apply.

The following charges apply when the Customer requires the installation of an additional pole up to a 35 foot wood pole and 50 foot of overhead wire and elects to be surcharged monthly per pole.

Additional Facilities.....\$4.50 per month per pole
(If other additional facilities, the Customer may have an additional upfront charge)

If the Customer does not elect to be surcharged monthly, or chooses the installation of a pole other than the standard wood pole, the charges listed below will be assessed on a one-time basis when the lighting facility is requested:

1. If the Customer requires or requests underground service to an area lighting facility, the Customer must pay an assessment of \$5 per linear foot of underground conductor and \$15 per linear foot for boring, if necessary. There may be additional charges when unusual soil conditions (as described in PWC’s “Policy for Electric System Extensions”) are encountered.
2. The following installation charges, per pole, may be assessed prior to the installation of area lighting:



Wood Pole (30 foot/ Class 5 Pole).....	\$510
Secondary, lift wood pole	\$465
All Other Poles.....	Per Estimate

3. The charges stated below are assessed when a Customer requests relocation of the lighting facility following initial installation.

Relocation of pole after initial installation.....	\$255
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F. Street Lighting

The installation of PWC-standard lighting poles in an underground development as requested by a developer or additional poles requested by a local government unit as required to meet the applicable IES Roadway Lighting Standards for the right(s)-of-way owned such local government unit, will be installed by PWC at no charge. However, the installation of poles other than PWC’s standard lighting poles, which are constructed of wood or fiberglass, for such lighting will require the requesting party, whether a developer or local government unit, to pay PWC a one-time non-refundable charge for the poles based on the estimated cost differential between the requested installation and the installation of PWC-standard poles. In the event a local government unit or other legal entity requests any other form of street lighting, including street lighting in or along rights-of-way for which lighting is not required to meet applicable IES Roadway Lighting Standards, the requesting local government unit or other legal entity must pay a one-time non-refundable charge for the full installation cost of such lighting.

The Community Street Lighting charge provides illumination of community public streets located inside the corporate limits of the City of Fayetteville. It specifically enhances the safety of both pedestrians and vehicular traffic. As outlined in the Customer’s appropriate rate schedule, this charge will be applicable to all electric meters except for Traffic Signal, Sports Field Lighting and Buy All Sell All rates.

A Customer may contract for installation and maintenance of additional lighting facilities. These facilities charges shall be in addition to the monthly Community Street Lighting charge.

1. Contract Street Lighting is for installation and maintenance of lighting facilities along public roadways located outside the corporate limits of the City of Fayetteville. This lighting service is available to homeowners, homeowner associations, mutual customer groups,



developer, etc. that enters into a contract with or petitions PWC for this lighting service. A minimum of 6 electric meters are needed to execute this contract. As set forth in the contract, this monthly charge will be billed per the Customer's applicable rate schedule.

2. Contract Private Lighting is available for entities that request the installation and maintenance of lighting facilities in residential parking lots, common areas and along private streets. This service is available both inside and outside the corporate limits of the City of Fayetteville to homeowners, homeowner associations, mutual customer groups, developer, etc. that enters into a contract with PWC for this service. A minimum of 6 electric meters are needed to execute this contract. As set forth in the contract, this monthly charge will be billed per the Customer's applicable rate schedule.
3. Contract Area Lighting is for the installation and maintenance of area lighting facilities at specific locations as requested by an individual or company. Each individual or company must enter into a contract with PWC for these installations. A monthly rate will be charged for each lighting unit per the Area Lighting Service Schedule.

XI. WATER AND SANITARY SEWER FEES AND CHARGES

A. Main Extension Charges

A Main charge is the fee charged to Customers to recover the cost of water and sewer lines installed along the perimeter of the one or more Premises to deliver utilities. PWC will extend water lines and sanitary sewer service to new subdivisions and existing developments within and outside the limits of the City of Fayetteville, subject to the conditions delineated in the PWC Water and Sanitary Sewer Main Extension Permitting Procedure.

B. Connection Charges

The applicant shall pay a water and/or sanitary sewer main charge prior to initial connection to the existing system of mains. The main charges are in addition to any lateral charges and meter vault and by-pass charges which may apply. Main Charges are:



1. Residential Main Charge (per connection)

- a.) 1-inch Water.....\$2,360
- b.) 4-inch Sewer.....\$2,400

2. Nonresidential Main Charge

Nonresidential includes Mobile Home Parks. A Mobile Home Park may be permitted one water and/or one sanitary sewer connection.

- a.) Water Service Main Charge.....\$26.24 per front foot
(Minimum charge is \$2,360)
- b.) Sanitary Sewer Service Main Charge.....\$26.71 per front foot
(Minimum charge is \$2,400)

C. Lateral Charges

A water or sanitary sewer service lateral is the installation which joins a PWC main located in a public street or PWC right-of-way and the point of delivery for service (usually at or near the property line of the applicant) prior to an initial connection or connections to the PWC system of mains. All charges include labor, equipment, and materials required for the installation of the specified pipe size(s) at a depth not to exceed ten feet. Common exceptions to the standard charges are as follows:

<u>Water Service Laterals</u>	<u>Per Installation</u>
1-inch lateral (utilize 5/8" meter unless larger size justified)	\$2,640
2-inch lateral (utilize 1 1/2" meter unless larger size justified)	\$2,758

<u>Sanitary Sewer Service Laterals</u>	<u>Per Installation</u>
4-inch	\$3,424
6-inch	\$3,784

<u>Combination Water and Sanitary Sewer Laterals</u>		<u>Per Installation</u>
<u>Water</u>	<u>Sewer</u>	
1-inch	4-inch	\$5,864
2-inch	4-inch	\$5,982
1-inch	6-inch	\$6,224
2-inch	6-inch	\$6,342



Split Water Service Laterals

1-inch (at the time of new installation of domestic lateral)	\$ 464
1-inch (existing lateral)	\$ 678
New 2-inch irrigation tap with jumbo meter box	\$3,179

Above charges are for “Standard” services. Some common exceptions are:

1. Charges for other depths of bury, pipe sizes, and pipe size combinations, unusually difficult construction conditions, etc., and will be the total actual cost. Preliminary estimate will be provided before the work is started.
2. Split Laterals: Copper or PE water service laterals may be “split” for more than one water meter. A one-inch water service can be split only one time.

Galvanized pipe or wrought iron pipe cannot be split even if it is a one-inch service. Meter services located in concrete or asphalt cannot be split.

D. Water Meter Vaults and By-Pass Installations

The labor, equipment, and material costs incurred by PWC in constructing water meter vaults and by-pass installations are recovered through the charges shown below:

<u>Water Service Lateral</u>	<u>Per Installation</u>
1-inch	No Charge
2-inch	\$2,734
Other sizes	Actual Cost

E. Facility Investment Fees

Facility Investment Fees (FIFs) are system development fees imposed by PWC on new users connecting to the Water and Wastewater systems which represent a pro rata share of the costs of the systems which are attributable to the increased demand such additional connections create upon the systems in accordance with Article 8 of North Carolina General Statutes Chapter 162A. FIFs are in addition to the Main Charge and Service Lateral Charge.

1. FIFs shall be appropriately applied to all connections. FIFs are subject to change in accordance with applicable law.
2. PWC’s General Manager has the discretion to waive the FIF for up to



six (6) months to encourage connection to newly installed water and/or sewer infrastructure funded through other sources (such as annexation areas).

3. Existing customers connected to both water and sanitary sewer, and needing additional connections to the system, will pay the appropriate water and sewer FIFs
4. Existing customers needing to up-size the current meter will pay the difference between the FIFs (water and sewer) for the existing meter and the larger meter
5. All applicable FIFs must be paid before the new connection is installed, prior to the meter installation or in the case of an existing meter, prior to connection to the service lateral by the applicant. Any deviations from this procedure will be deemed a violation and addressed in accordance with theft of service requirements.
6. No FIF will be collected for fire protection laterals.
7. There are currently no FIF charges for new PWC electrical connections.
8. PWC will provide the applicant with written confirmation if the FIF is not applicable.
9. Separate irrigation taps to serve non-single family residential parcels will require payment of the appropriate water FIF; however, a sewer FIF is not applicable.



Water-Sewer Facility Investment Fees

Single Family Residential, Nonresidential, and Wholesale (excludes multi-family dwelling units):

<u>Domestic Meter Size</u>	<u>Water FIF</u>	<u>Sewer FIF</u>
3/4"	\$ 634	\$ 1,107
1"	995	1,738
1 1/2"	2,720	4,749
2"	3,620	6,321
2 1/2"	6,340	11,070
3"	9,060	15,819
4"	18,113	31,627
6"	36,227	63,254
8"	63,400	110,700
10"	99,627	173,954
12"	125,722	219,518

Multi-family Dwelling Units:

- a) For buildings containing multi-family dwelling units in which each unit is individually metered, the Facility Investment Fee shall be equal to the meter size FIF specified above for Single Family Residential multiplied by the number of meters installed to serve the units.
- b) For multi-family dwelling units in which one meter serves more than one unit, the Facility Investment Fee shall be the greater of: (i) the meter size FIF fee for the meter installed as specified above ; or (ii) the number of units served by the meter multiplied by the per unit fee for multi-family dwelling units set forth below.

Per Unit Fees for Multi-family Dwelling Units

Water: \$443 per unit
Sewer: \$774 per unit

Sewer Only Facility Investment Fees

For customers with sewer only service, no water FIF is charged. The Sewer Only FIF will be based on the following:

- 1. If the property is designated for a single-family residential customer, FIF will be based on 3/4" water meter.



2. If the property is served by a private water company, FIF is based on water meter size provided by the company (e.g., Aqua Water Company).

F. FIF Credits

1. FIF credit may be given for offsite water and/or sewer approach main extensions that meet the definition of Approach Mains. Credits may also be given for upsizing for future needs or for providing additional capacity in a lift station for serving other areas or for future demands. Credits will not be granted if PWC provided participation in the project or for upgrades if the upgrades are funded by PWC.
2. FIF credits are intended for use on the project in which they are earned; however, if not used, the unused amount will be credited to the appropriate party and available for use by that party on future PWC projects. This FIF credit will remain in effect for a maximum of five (5) years from the start date of the contract, unless an extension is approved in a signed writing issued by PWC based on special circumstances. If unused, they then expire and are no longer available for use. These credits shall not be sold or transferred to other parties for use on other PWC projects.
3. FIF credits applied via contract or other method may not be transferred to other properties or refunded for any reason. FIFs that have been paid in cash may not be refunded by applying FIF credits.
4. The party earning the FIF credit may request such credit be prorated between both water and sanitary sewer utilities. Request for this prorating must be made in writing to the Water Resources Engineering Department responsible for reviewing the plans and approved by the Water Resources Engineer Manager. This concurrence must be included in a legally binding agreement PWC and the Developer in which (i) the Developer seeks to extend existing PWC utilities at the Developer's expense to serve a proposed development and PWC agrees to accept the utilities for perpetual operation and maintenance once the conditions of the agreement have been met; and (ii) all fees and other conditions of acceptance that may be applicable to the project will be defined.

F. Reduced Fees for Phase V Qualifying Properties

A real property parcel owner seeking to purchase water from PWC at the parcel may do so at a Reduced Fee if the parcel is deemed by PWC to be a Qualifying Property. A "Reduced Fee" means that the requirements for a new



PWC water customer to pay a Connection Charge for the relevant water main and a Water Facilities Investment Fee will be waived, but all other standard fees and charges for new PWC water customers will apply, except that the cost(s) of the standard Water Service Lateral and/or Meter Vault or Bypass shall be the lower of the applicable standard fees specified in Subsections C and D of this Section or the actual price quoted by the water main contractor retained by PWC in the winning bid proposal submitted in response to PWC's Request for Proposals for the water main to be installed adjacent to the parcel. A "Qualifying Property" is a real property parcel that satisfies all of the following requirements, as determined in PWC's sole discretion:

1. The parcel is included in the area annexed by the City of Fayetteville on September 30, 2005, commonly referred to as "Phase V";
2. The parcel was not scheduled to receive water service from PWC as part of the Agreement between the City of Fayetteville and the Public Works Commission of the City of Fayetteville Establishing a Formal Agreement to Fund the Construction of Water and Sanitary Sewer Systems in the Annexed Area Referred to as Phase V, as amended ("Phase V Funding Agreement") either because (a) water service was already provided to the parcel as of 2005 by PWC or another municipal, private or investor-owned water supplier or, (b) PWC or another municipal, private or investor-owned utility owned or managed facilities at or near the parcel as of 2005 that could have reasonably provided water service to the parcel;
3. As part of PWC's obligation to deliver water to the parcels that are included within the Phase V Funding Agreement, PWC will be installing a new water main that runs directly adjacent to the parcel for which "Qualifying Property" status is requested by a customer or prospective customer of PWC;
4. PWC will be able to deliver water to the parcel from the new water main without any additional incurred cost other than a standard Water Service Lateral and/or Meter Vault or Bypass, as described in Subsections C and D of this Section;
5. The parcel has either already been assessed or will be assessed for the extension of Sewer Service as described in the Phase V Funding Agreement by the Fayetteville City Council; and
6. The parcel owner applies timely to PWC for recognition of the parcel as a Qualifying Property and executes timely a water connection agreement with PWC and pays timely all applicable fees.



Even if PWC provides notice to one or more parcel owners that their parcels may be Qualifying Properties, each parcel owner is solely responsible for timely applying to PWC for Qualifying Property status and executing a water connection agreement and paying the applicable fees. The time period for the application and agreement shall be set by PWC at its discretion based upon the bidding and construction schedule of the water main through which service may be provided to the parcel(s), taking into account that prior to PWC's issuance of the Request for Proposals for the water main that will be installed adjacent to the parcel, the parcel owner must execute a water connection agreement with PWC committing to purchase water from PWC beginning within six (6) months after PWC notifies the parcel owner that water delivery to the parcel is available.



XII. UTILITY PURCHASE AGREEMENT

Fayetteville Public Works Commission (“PWC”) and _____ (“Customer”) hereby agree that PWC shall sell and deliver and Customer shall accept and pay for the utilities from the Fayetteville Public Works Commission (“PWC”) selected by the Customer, which selection may be made, depending upon the Customer’s classification(s), by: (i) application, whether written or electronic; (ii) exhibit, rider, schedule, or other attachment to this agreement, all of which are incorporated herein by reference; or (iii) other means acceptable to PWC. In the absence of any such selection, the Customer’s selection shall be deemed to be all utilities from PWC for which the Customer is eligible on the rate schedule(s) that are applied most commonly to other PWC customers of the same classification(s).

The sale and delivery of utilities from PWC to the Customer and Customer’s use or consumption of such utilities shall in all respects be subject to and in accordance with all of the terms and conditions of PWC’s applicable rate schedule(s) and PWC’s Service Regulations and Charges, both of which are incorporated herein by reference. PWC’s applicable rate schedule(s) and Service Regulations and Charges are subject to change, revision, alteration or substitution, either in whole or in part, upon order or resolution of PWC or any other governmental authority having legal jurisdiction over such rates and regulations, and all such changes, revisions, alterations or substitutions shall immediately be made a part hereof as though fully written herein, and shall nullify any prior provision in conflict therewith.

The delivery of utilities by PWC to the Customer is dependent upon PWC receiving all necessary easements and obtaining all necessary apparatus, equipment and materials. This agreement shall continue in effect until terminated. The Customer agrees to pay PWC timely for all utilities delivered to or used or consumed by the Customer until the Customer has given PWC written notice and reasonable opportunity to discontinue service in accordance with the terms of the Service Regulations and Charges, unless the parties have otherwise agreed to a specific term for this agreement.

CUSTOMER:

By: _____
(Signature)

Date: _____

Fayetteville Public Works Commission

By: /s/ David W. Trego
David W. Trego, CEO/General Manager