



SERVICE REGULATIONS AND CHARGES

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I. UTILITY PURCHASE AGREEMENT

The 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 of PWC shall execute a Utility Purchase Agreement (“UPA”) with PWC. 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 PWC 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 as set forth in these Service Regulations and Charges shall govern to the extent such time periods are specified).

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.

- “Actual Cost” means all of PWC’s reasonable, actual and documented costs incurred, paid or payable, which include but are not limited to the following: (a) external contractor or subcontractor labor costs and professional fees plus a twenty percent (20%) administrative charge; (b) other costs and out-of-pocket expenses incurred by PWC, which PWC will charge on a pass-through basis plus a twenty percent (20%) administrative charge (e.g., equipment, materials, supplies or contract services); (c) fully loaded internal direct and indirect labor costs related to the completion of work; and (d) reasonable allocations of administrative overhead.
- “Applicable Law” means the law of the State of North Carolina and all other legally binding constitutions, treaties, statutes, ordinances, rules, regulations, orders, 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 line utility extension that is made to serve a development from existing offsite water and/or sewer utilities, 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.
- “City of Fayetteville Municipal Influence Area (“FMIA”)” means the area as defined by an interlocal agreement between the City of Fayetteville and Cumberland County executed on June 9, 2008, and as amended by the City of Fayetteville’s Annexation Agreement with the Town of Hope Mills adopted August 23, 2010.
- “Customer” means a retail purchaser (whether a person or entity) of electricity or water or sanitary sewer service or any combination thereof from PWC for the purchaser’s ultimate consumption rather than resale.
- “System Development Fee Credits” means credits offered by PWC for application towards applicable System Development Fee charges on a project when an approved Approach Main is constructed.
- A “Force Majeure” event means an event that is not anticipated and which is not within the 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 events include, but are not limited 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; any major equipment outage of PWC or its supplier(s); pandemic; and any action or restraint by court order or public or government authority or Applicable Law.
- “Good Credit History” means satisfaction of all of the following requirements during the applicable immediately preceding twelve (12) consecutive month period: (i) the delivery to or usage by Customer of utilities from PWC has not been discontinued by PWC for non-payment; (ii) no more than three (3) occasions have occurred on which the Customer’s bills were not paid when due; and (iii) the Customer has not had more than one (1) payment to PWC returned for insufficient funds or any other reason.
- “Holiday” means the following days of each calendar year: New Year’s Day,

Martin Luther King Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving, the Friday immediately following Thanksgiving, the day preceding Christmas, and Christmas.

- “Lateral Construction Tap” means the installation which joins a PWC main located in a public street or PWC right-of-way and the POD 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. The Customer shall be solely responsible for all costs of each such Letter of Credit.
- “Meter Error” means the failure of a PWC meter on the Customer’s Premises to register or measure accurately, being within (a) plus or minus two percent (2 %) for electric meters, or (b) within the then-applicable standards set by AWWA for water meters, 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 three (3) or more mobile home dwellings capable of being occupied for dwelling or sleeping purposes are located.
- “New development” means any of the following occurring after the date POWC begins the written analysis process required by G.S. 162A-205, no more than one year prior to the adoption of a system development fee, which increases the capacity necessary to serve that development: (a) the subdivision of land; (b) the construction, reconstruction, redevelopment, conversion, structural alteration, relocation, or enlargement of any structure which increases the number of service units; or (c) any use or extension of the use of land which increases the number of service units.
- “Nonresidential Customer” means a Customer of PWC that receives delivery or usage of one or more utilities from PWC for purposes other than domestic 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.
- “Point of Delivery (“POD”)” means, (a) for water or wastewater service, 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 POD at the point on the Customer’s Premises where the meter is located; and (b) for electricity, the point where PWC’s service conductors end, which is located as follows unless otherwise stipulated in the UPA: (i) when PWC’s overhead service conductors are connected to the Customer’s conductors, the POD shall be on the outside wall of the Customer’s building, where PWC’s service conductors can be conveniently extended and anchored; (ii) when PWC’s underground service conductors are connected to the Customer’s conductors, the POD shall be on the outside wall of the Customer’s building, where PWC’s conductors can be conveniently extended and terminated; (iii) when PWC uses a substation, vault or other controlled area to supply electricity to the Customer, the POD shall be an appropriate place as designated by PWC; and (iv) when special circumstances, such as primary metering, render it impracticable for the POD to be located in accordance with (i)-(iii), the POD shall be at a place selected or approved by PWC, and the Customer shall bring its service conductors to that place.
- “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.
- “PWC Sewer Service Area” means the area between the FMIA and Cumberland County Rural Water Districts, as defined by an interlocal agreement between the City of Fayetteville and Cumberland County executed on June 9, 2008, and as amended by the City of Fayetteville’s Annexation Agreement with the Town of Hope Mills adopted August 23, 2010, in which PWC has sufficient sanitary sewer and water mains in place to serve the area.

- “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.
- “Rural Water Districts” means the areas outside the PWC Sewer Service Area, but within Cumberland County, which have been defined by an interlocal agreement between the City of Fayetteville and Cumberland County executed on June 9, 2008, and as amended by the City of Fayetteville’s Annexation Agreement with the Town of Hope Mills adopted August 23, 2010, where drinking water service can be provided to rural development standards.
- “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 use outside the household, including but not limited to watering lawns and filling swimming pools, and non-domestic uses.

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 PWC in accordance with these Service Regulations and Charges. 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 either established urban areas or remote areas.
- Within the FMIA, 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.

It is the Customer's sole responsibility 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. 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.

B. Interruption by PWC

PWC does not guarantee a continuous supply of any utility but shall use reasonable diligence in providing uninterrupted delivery of a utility in accordance with these Service Regulations and Charges. PWC shall not be liable to the Customer for failure to provide continuous utilities. PWC 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 deems advisable, including but not limited to any of 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.
- The continuance of the delivery to or usage of utilities at the Customer's Premises would, in PWC's discretion endanger persons or property.
- 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. Delivery or Usage Suspension and Termination

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 of the following:

- Any default or breach of UPA by Customer.
- Fraudulent or unauthorized use or consumption of utilities or use in such manner as to circumvent PWC's meter or cause Meter Error or tampering with PWC equipment.
- Failure to pay bills when due and payable or failure to restore deposit within the specified period.
- Neglect or refusal to provide to PWC safe and reasonable access to the Premises.
- Damage to, or interference with, any PWC meter or other equipment on the Customer's Premises attributable to the Customer.
- A condition on Customer's side of the POD actually known by PWC to be, or which PWC reasonably anticipates may be, dangerous to life or property.
- Failure of the Customer to rectify promptly a deficiency or defect of Customer equipment or a condition or other facilities on the Customer's side of the POD after receiving notice from PWC that such condition exists.

Any suspension or termination by PWC of the delivery of or access to one or more utilities shall relieve not Customer of the liability to pay for utilities delivered or used, minimum monthly charges during the period of suspension, or Customer's liability for damages.

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. The Customer is responsible for reimbursing PWC for the costs associated with right of way acquisition across the Customer's Premises.

PWC shall not be liable to the Customer for any failure of PWC to deliver utilities to the Customer due to 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 in its discretion the appropriate type, size, location, and technology of the meter 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, size, location, and technology and associated equipment selected by PWC. PWC shall have the right, in its discretion 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.

The Customer shall pay all expenses necessary to relocate a meter unless such relocation is requested by PWC or installed for additional load.

PWC will provide electric service to Nonresidential Customer electric vehicle fleets through a separately metered service. Electric service to Nonresidential Customer electric vehicle fleets will be charged under the applicable electric rate based on the demand registered by the separate meter.

F. Damage to or Interference with PWC Property

In the event of loss of, damage to, or interference with any PWC meter or other equipment caused by the Customer, the Customer's agents or invitees, or persons associated with the Customer, the Customer shall be responsible for PWC's Actual Costs of replacing a meter or other equipment, repairing damage, or removing any material covering or blocking access to PWC equipment. The Customer shall promptly notify PWC of any interference with or damage to any meters or other equipment of PWC. If Customer's failure to promptly notify PWC results in additional damages to PWC, the Customer shall be liable for such damages

The Customer shall be responsible for tampering with, altering, removing, defacing, damaging, hiding, enclosing, burying, covering, interfering with, or otherwise obscuring PWC's meters or other equipment installed on the Customer's Premises. Only PWC's authorized personnel and agents shall be allowed to make any repairs or adjustments to any such meter or other 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 one or more utilities 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 Additional Responsibilities

The Customer shall install, maintain, and have sole responsibility for all electric lines, water and sewer piping, and control equipment (exclusive of PWC's meter and associated equipment) on the Customer's side of the POD. The Customer shall have exclusive control of all electricity and water after it passes the POD. 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. 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 shall 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. PWC is under no obligation to connect or deliver utilities if Customer fails to comply with all applicable installation provisions.

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. 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 Applicable Law; otherwise, PWC may refuse to connect utilities or may suspend or discontinue the delivery or usage of utilities to the Customer. The Customer shall keep in good repair all such wiring and equipment to the POD with PWC's facilities. Protection of the Customer's systems and all third-party systems installed at, in, or on the Customer's Premises shall be the sole responsibility of the Customer. This protection may include, but is not limited to, overcurrent protection, pressure regulators, loss of voltage, undervoltage, overvoltage/surge protection, overcurrent, phase failure or reversal, loss of synchronism, short circuit, 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 POD. 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. In the event Customer fails to install such equipment properly, PWC will not have any responsibility for loss, damage, or other costs suffered by Customer and caused by any such irregularity.

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 a 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 and holds harmless PWC from 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 Premises.

Customers are prohibited from contracting with a third party to purchase electricity. Except with regard to qualifying facilities under the Public Utility Regulatory Policies Act of 1978, as amended, and facilities that qualify for compliance pursuant to the Renewable Energy and Energy Efficiency Portfolio Standards Act of 2007 (NC Senate Bill 3), as amended, (collectively, “Qualified Facilities”), Customers are prohibited from owning or operating electric generation equipment or any other equipment, including but not limited to batteries or other energy storage, that injects energy into PWC’s grid. Qualified Facilities are permitted only pursuant to a contract executed by and between PWC and the Customer that owns the Qualified Facilities. If a Customer adds or intends to add one or more Qualified Facilities on the Customer’s side of the meter, even if the Qualified Facilities are not intended to inject energy into PWC’s grid, the Customer must notify PWC in writing before generating electricity and allow PWC to inspect the Qualified Facilities and connections to ensure the safety and integrity of PWC’s system. Emergency generating units that are operating consistent with applicable North Carolina Department of Environmental Quality standards do not require a contract with PWC, but in order for such generating units to qualify as an emergency generating unit, the Customer must provide PWC with all permitting records and an annual compliance certification, allow PWC to inspect the generating units and connections to ensure the safety and integrity of PWC’s system, and prevent any injection of energy from such generating units into PWC’s grid.

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, 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 negligent or willful acts, violations of law, errors or omissions or breach of the obligations, or defective construction, wiring, or equipment of the Customer or the Customer’s employee, contractor, agent or invitee. The Customer further releases each of the Indemnities from Customer’s claims, liabilities and damages arising from defects on the Customer’s side of the POD. The Customer’s obligation to indemnify, defend, hold harmless, and release the Indemnities shall survive the termination of the delivery or availability of the utilities to the Customer and shall include the duty to pay for the reasonable attorney’s fees and costs associated with defending each of the Indemnities by the legal counsel of the 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. Cross Connection

“Cross Connection” means any unprotected actual or potential connection or structural arrangement between a public or a consumer's water system and any other source or system through which it is possible to introduce any contamination or pollution, other than the intended potable water with which the system is supplied. Bypass arrangements, jumper connections, removable sections, swivel or change-over devices, and other temporary or permanent devices through which or because of which "backflow" can or may occur are considered to be cross connections.

PWC will notify the Customer or owner of the Premises where a Cross Connection is found to exist in writing to disconnect the Cross Connection. The degree of protection required and time allowed for compliance will be based upon the potential degree of hazard to the public water supply system. The shortest applicable time limit among the following list shall govern:

1. Immediate disconnection if, in PWC's judgment, an imminent health hazard exists for water service to the Premises where a Cross Connection exists, unless an air gap is immediately provided or the Cross Connection is immediately eliminated.
2. Immediate disconnection for Cross Connections with private wells or other auxiliary water supplies.
3. Immediate disconnection for lawn irrigation systems, which are required to have a split tap service or designated lawn irrigation service tap. The connection of a lawn irrigation system to the service line at any point after the POD is prohibited.
4. Within 60 days for all facilities that pose a health hazard to the potable water system if the facilities are required to install a containment assembly in the form of a reduced pressure principle backflow prevention assembly.

5. Within 90 days for all non-health hazard facilities that are required to install, as a minimum containment assembly, a double check valve assembly, unless a different containment assembly is approved in writing by PWC. "Non-health hazard facilities" are industrial and nonresidential facilities that are not identified as a health hazard.

The Customer is solely responsible for installing sufficient internal isolation backflow prevention assemblies and/or methods (i.e., air-gap, pressure vacuum breakers, reduced pressure principle backflow prevention assembly, double check valve assembly) based upon the requirements imposed by PWC. Water mains served by the City of Fayetteville but not maintained by PWC should be considered Cross Connections. The required degree of protection for each Cross Connection shall be based upon the degree of hazard, as determined by PWC. In the event PWC does not have sufficient access to every portion of a private water system (e.g., classified research and development facilities; federal government property) to allow a complete evaluation of the degree of hazard associated with such private water systems, an approved reduced pressure principle assembly shall be required as a minimum of protection. Customers shall not modify their private water system in a manner that would affect the degree of hazard of such system until (i) PWC has been provided with sufficient information showing that the appropriate backflow prevention assembly is installed, and (ii) if such modification or change is determined by PWC to require the installation of a different backflow prevention assembly, the required backflow prevention assembly must be installed properly.

M. 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, any rate schedule, the existence or validity or termination of any UPA, or any other claim, dispute, right, or other issue arising out of the Customer's relationship with PWC.

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 shall be

administered by the AAA. The arbitration shall be held in Fayetteville, North Carolina unless the parties agree in writing upon any other place. 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, lost profits, 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 govern 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, and 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 the modification of the meter reading schedule – is more or less than 25-35 days, the bill will include metered costs for actual utility usage during the relevant 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 the payment period specified on the bill (which depending upon billing cycle typically ranges from 20 to 25 days) 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 date on which a late fee will be assessed is a weekend or Holiday, the date on which the late fee will be assessed will be extended to the next day which is not a Saturday, Sunday, or a Holiday, and provided further, that PWC's General Manager is 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 these 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 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

Any utilities used or consumed by the Customer before the Customer executes a UPA with PWC 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 any Meter Error is discovered through either Customer-requested or PWC-initiated meter testing, then PWC will credit or charge, as appropriate, the Customer the difference between the amount previously billed and the estimated usage or consumption amount. Any applicable credit or charge will be included on the Customer's next monthly bill following the computation of such amount.

Residential Customer Billing Adjustments

All Residential Customer billing adjustments, including but not limited to 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 (collectively "Billing 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 Billing Error was discovered by PWC or confirmed by PWC after discovery by the Customer when the Residential Customer is due a refund, and the Customer must claim or request the refund within twelve (12) months after notice of the discovery of the Billing Error is provided by either PWC or the Customer to the other party. The assessment of additional charges by PWC on the Customer for any Billing Error shall not exceed the maximum timeframes allowed by Applicable Law.

Nonresidential Customer-Electric Billing Adjustment

If a Nonresidential Customer's electric load is less than 30 kW the Residential Customer Billing Adjustments 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 Billing Error was discovered was discovered by PWC or confirmed by PWC after discovery by the Customer, and the Customer must claim or request the refund or credit within twelve (12) months after notice of the discovery of the Billing Error is provided by either PWC or the Customer to the other party. The assessment of additional charges by PWC on the Customer shall not exceed the maximum timeframes allowed by Applicable 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 Customer Billing Adjustments 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 Billing Error was discovered was discovered by PWC or confirmed by PWC after discovery by the Customer, and the Customer must claim or request the refund or credit within twelve (12) months after notice of the discovery of the Billing Error is provided by either PWC or the Customer to the other party. The assessment of additional charges by PWC on the Customer shall not exceed the maximum timeframes allowed by Applicable Law.

Other Adjustments

PWC is not responsible for charges incurred by the Customer due to leakage or water wasted due to damaged pipes or fixtures on the Customer's side of the POD. Upon a Customer's request for an investigation of an unusually high water volume attributed to the Customer, PWC will evaluate the facts and circumstances and consider a billing adjustment on a case-by-case basis. Such adjustment will be limited to one occurrence in a twelve (12) consecutive 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 will still apply.
- 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 will still apply.
- 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, but the Basic Facilities Charge will still apply. The gallons of sewer service credited to the Customer may not exceed the number of gallons held by the pool.

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 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 the written approval of PWC. PWC may grant such approval if:

- PWC is reasonably satisfied that the assignee will fulfill the terms of the UPA; and
- The Nonresidential Customer provides PWC with 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 supplied by PWC to the Customer 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 all Applicable Law.

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 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 either a prosecution of the Customer or potential Customer for violations of criminal law or a civil action by PWC against the Customer or potential Customer for the unauthorized usage.

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-related information to third parties, except as follows: (a) PWC has received a valid authorization; (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 Applicable Law. Otherwise, PWC will furnish customer information only to the Customer whose name is on the account and each of the following persons and entities:

- The current spouse of a Customer is entitled to obtain customer-related information and to modify the Customer's account and utilities, unless the Customer specifically prohibits such authorization.
- The current roommate or suitemate of a Customer is entitled to obtain customer-related information and to modify the Customer's account and utilities if the Customer who set up the account specifically grants such authorization.
- Property owners (and agents) of non-residential and/or residential multi-unit structures that are comprised of at least three occupied units, to whom PWC has the right to provide, without Customer consent, aggregated usage and billing information for the structures.

For purposes of this section, "valid authorization" means either: (1) notarized power of attorney executed by the Customer; (2) letters of guardianship or letters testamentary or letters of administration issued by a court; (3) an executed notarized Consent and Release on PWC's standard form; or (4) a written, signed authorization that PWC, acting in its sole discretion, deems to be sufficient under the circumstances.

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

Utility service may be denied, suspended, discontinued, or terminated by PWC for causes including, but not limited to, the following:

1. Any misrepresentations as to the identity of the Customer entering into the UPA or any other false statement or misrepresentation of the Customer.
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 that allows electricity and/or water to be used without passing through the PWC's meter, or which prevents or interferes with the measuring, control, or any regulating of a utility supplied by PWC.
4. The Customer's failure to comply with these Service Regulations and Charges or the terms or conditions of the applicable 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 by the Customer in a manner that conflicts with or violates Applicable Law.
7. Nonpayment of any utility bill when delinquent for more than ten (10) days.
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, as determined by PWC personnel or inspection officials, presents 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 at least twenty-four (24) hours written notice, delivered 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 or delay by PWC to terminate the UPA or to

suspend the delivery or usage of utilities at any time after the grounds for such termination or suspension have been established shall not serve as a waiver or prejudice PWC's 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, and it shall not 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 by the Customer to PWC.

O. Water and Wastewater Main, Lateral, and/or System Development Fee Payment Options

These payment options will be available to residential property owners who exhibit a hardship preventing payment of a utility bill in full when due, provide sufficient evidence of cash flows to meet monthly payment terms, and use water and/or wastewater for only domestic purposes while living in a residence.

A. System Development Fee Payment Option – For Assessed Owners

1. For assessed owners, PWC will require all of the following:
 - a. A payment term of no more than six (6) months for one utility and no more than twelve (12) months for two (2) utilities.
 - b. The monthly payment to be added to the property owner's utility bill, which will be due on the date stated on the monthly statement.
 - c. A carrying charge of one (1) percent to be billed 1/12th per month.
 - d. A witnessed payment plan agreement that states, "in the event of default, all utility services being provided to the property can be discontinued."

B. Water and/or Wastewater Fee Payment Option For Non-Assessed Owners

1. If paying the fee for a term of no more than six (6) months or less (short-term), PWC will require all of the following:

- a. A carrying charge of one (1) percent to be billed 1/12th per month.
- b. A down payment in the amount of the lateral charge listed or referenced on the Water/Sewer quote provided by the Water Resources Engineering Department.
- c. A witnessed payment plan agreement that states, “in the event of default, all utility services being provided to the property can be discontinued.”

2. If payment arrangements require a period of more than six (6) months, but will be paid within five (5) years or term of no more than 60 payments (long-term), PWC will require all of the following:

- a. A minimum down payment of ten percent (10%) and a minimum monthly payment of \$50.00. In the event the customer pays a substantial down payment, the length of the arrangement period will be adjusted to reflect the lower principal amount due.
- b. A signed promissory note, deed of trust and witnessed payment plan agreement.
- c. The property owner to assume all costs including a \$100.00 administrative charge and all applicable filing fees.
- d. A carrying charge of two (2) percent above prime to be billed 1/12th per month. The carrying charge will be established every six (6) months, on the last business day of June and December, for each payment arrangement processed during subsequent six (6) month period. (“Prime” means the Prime Interest Rate as published in the Wall Street Journal.)

V. DESCRIPTION OF UTILITIES

A. Water and Sanitary Sewer Service

Water pressure at the POD 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 all main line utility extensions in accordance with the terms of an extension agreement between PWC and the Customer or property developer consistent with PWC’s standard procedures. The Customer is solely responsible for all facilities and use and consumption of PWC utilities on the Customer’s side of the POD.

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 ITS 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.

PWC is not be responsible for water that is used for any purpose other than drinking water. Customers who use PWC water for purposes other than drinking do so at their own risk. Any Customer using PWC water for any purpose other than drinking water must provide its own filtration and 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. Certain people may be vulnerable to contaminants in drinking water. PWC encourages every Customer and person who consumes water supplied by PWC to learn about contaminants and potential health effects. More information can be obtained through the EPA. 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 healthcare providers about drinking PWC's water.

Since fire flow service for fire protection is not a chargeable service under PWC's current rate schedules, PWC will make fire flow service available only to neighborhoods to which PWC provide water delivery services to Customers.

B. Electricity

Electricity delivered by PWC to the Customer's Premises will consist of single-phase (two or three wires) or three-phase (three or four wires), 60-cycle alternating electric current supplied through a single POD, 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%. Nonresidential 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. Appendix A contains the Standard Available Voltages. The Customer shall be required to provide suitable conductors on Customer's side of the POD up to the POD. The Customer shall take all steps required to maintain the conductors on the Customer's side of the POD in good order at all times.

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 ITS 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.

PWC will extend its facilities and change the POD only when the investment required by PWC is warranted by the anticipated revenue, and when the extension is permissible and feasible. PWC will install all transmission, distribution, and service facilities extensions and improvements in accordance with the terms of an extension agreement between PWC and the Customer or property developer consistent with PWC's standard procedures.

Responsibility Beyond the POD

It is understood and agreed that PWC is merely a furnisher of electricity. PWC shall not be responsible or liable 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 PWC. PWC shall not in any way be responsible for the transmission, use or control of electricity on the Customer's side of the POD, 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 when the additional capacity is needed.

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 at Customer's sole expense 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 rate classification to the Customer is based on the nature of the Customer's expected usage. If two or more rate schedules and/or riders are available to the Customer, 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 if actual usage differs from anticipated 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 a reclassification is justified, the Customer will promptly be reclassified for the billing month following the reclassification determination. 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. 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.

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 a 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 a single 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 in which some business, professional services, or other gainful activity (collectively, "Business") occurs, a residential rate schedule will be permitted only when the following conditions are simultaneously met:

- The Business 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.
- Only one Business is conducted on the Premises.
- The electric energy is used only by equipment that would normally be used in a residence.

If all of the conditions are not simultaneously met, the Customer in the Premises

shall be classified as a Nonresidential Customer, 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 rate 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. The Customer may, at its option, provide separate circuits 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 can be 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 structures (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 any structure, even if utilities will be delivered to or used by the Premises on PWC's residential rate schedule when the construction is complete. If any structure 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 either does not receive water delivery from PWC or receives service on the Sanitary Sewer Service Flat Rate Schedule (SS-3), 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 PWC to evaluate other options.

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

- 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 to its tenant(s) 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) 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 is imposed because 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.

The terms and conditions of a wholesale arrangement between PWC and a governmental, military or private entity that provides full or supplementary water delivery and/or sanitary sewer service for use by that entity's retail customers will be set forth in the contract between PWC and the entity and in any applicable rate schedule(s).

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 seven (7) 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 and 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) may be assessed on a per kilowatt-hour (energy) basis, a per KW (demand) basis, a flat charge, or in any other manner deemed appropriate by PWC in its discretion. Except with regard to the Large Power-Coincident Peak rate schedule to which the WPCA is not applicable, the WPCA assessment will be based on actual power supply charges or credits and projected energy sales of the recovery period (not less than 12 months). 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 is assessed because 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 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 determined by PWC in its discretion. If the Customer desires service in excess of the amount specified by PWC, PWC will

advise the Customer under what conditions, if any, 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 UPA 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 is equal to 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 POD.
- (4) PWC shall install, own, operate, and maintain all lines and equipment located on its side of the POD. 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 POD. 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 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 POD 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. Meter aggregation in order to qualify to take electricity on a particular rate schedule by combining the maximum fifteen (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 POD 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. 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.

If existing Extra Facilities 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 requires each applicant for utilities (electricity, water and/or sanitary sewer service) to establish adequate creditworthiness for the payment of sums accruing under the UPA based on the applicant's credit rating. Establishing adequate creditworthiness limits PWC's uncollectible accounts and thus minimizes the losses that ultimately are borne by all of PWC's customers. PWC's deposit requirements are based strictly on credit risk. PWC does not take into account the Customer's location or the ownership status of the Premises when assessing credit risk.

If a deposit is required based upon the credit rating of an applicant seeking to become a Residential Customer, the deposit will be computed based upon two (2) times the average monthly usage of the prior occupant of the site at which the applicant is seeking to establish service from PWC. If residential usage data is unavailable or

outdated, as determined by PWC in its discretion, the deposit for electricity will be computed based upon two (2) times the monthly estimate of 1,200 kWh at the applicable rates and charges and for water consumption and wastewater service at two (2) times the currently applicable estimated average monthly household water consumption and wastewater usage at the applicable rates and charges in effect at the time the service is connected.

If the usage history is unknown for an applicant seeking to become a Nonresidential Customer, PWC shall determine the required deposit based on available information, including, but not limited to, the size of the building(s) to be served, the type of equipment to be installed, and the type of business to be conducted on the Premises.

If an existing Customer fails to maintain a Good Credit History at any time, then the Customer will be required to deposit an amount set to cover the estimated cost of two times the Customer's average monthly utility consumption and usage, net of any existing Customer deposit with PWC that is already on hand.

Establishment of credit, including payment of a deposit by the applicant, neither relieves the applicant of the obligation to pay utility bills when due nor deprives 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.

Customer deposits must be cash or cash equivalents, such as personal checks for which sufficient funds are available, certified checks, cashier's checks, and money orders, or a financial instrument that PWC, in its discretion, accepts as sufficient to secure the payment of utility bills, such as a Letter of Credit.

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, immediately prior to the refund date: (1) has maintained at least thirty-six (36) consecutive months of service with PWC, (2) is not currently delinquent in the payment of bills, and (3) has maintained Good Credit History with PWC for at least the twelve (12) consecutive month period immediately preceding the refund. 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 Premises to another shall not be considered a discontinuance of service.

IX. CUSTOMER SERVICE FEES AND CHARGES

A. Service Charges

- 1. Initial Service Connection Charge (“the Connection Charge”). A nonrefundable initial service connection 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 initial service connection charge as a new customer. There will be no charge for discontinuing services. Applicable initial service connection charge amounts are:

During PWC’s normal business hours.....\$ 22
 Outside PWC’s normal business hours.....\$ 65

- 2. Interest. Interest of 12% per annum will be assessed to the Customer 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 on the Customer’s invoice in which an applicable balance 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. Customer hereby agrees to pay to PWC its reasonable attorney’s fees not 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.
- 4. Additional Service Charges. When the Customer fails to pay bills when due and payable or service is terminated or for any other breach of the UPA by the Customer, the following charges shall 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	\$ 1,400
Consumptive Loss Application Fee	\$ 395

**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

In addition to the charges for metered electricity imposed pursuant to Section VI.A(2), when temporary utilities are provided by PWC to developers, builders, or other electric consumers, the following one-time set-up charges will apply:

Temporary Underground Charges:	\$ 115.00
Temporary Overhead Charges:	\$ 170.00

If a Customer needs PWC to construct facilities for temporary service that will not be needed for permanent service, the additional Construction Cost for the installation to be paid by the Customer will be determined by PWC 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. PWC will conduct additional meter tests upon Customer request provided:

1. The Customer schedules a definite date and time for testing 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 \$50.00 for each electric meter tested wherein accuracy falls within limits established by ANSI.
 - b) Testing fee of \$85.00 for each water meter tested wherein accuracy falls

within limits established by AWWA.

The Customer shall not be obligated to pay the testing fee if meter testing confirms a Meter Error, in which event the Customer's balance due is subject to adjustment in accordance with the terms of these Service Regulations and Charges.

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 identify, prevent, deter, and stop all activities involving or relating to theft of service.

Any individual who receives the benefit of an unauthorized service or unlawfully alters, tampers, or bypasses any PWC meter and/or related equipment designed to register the quantity of utilities may be assessed a \$500.00 penalty per incident by PWC. Additional charges, including replacement of PWC's equipment/property, can be assessed to return the damaged equipment/property to PWC's standards. The Customer will also be subject to criminal prosecution and civil action, as warranted.

E. Special Services Fee

PWC provides assistance to its customers and potential customers for the provision of electricity, water, and sanitary sewer services following the guidelines established in the Service Regulations and Charges as usual and customary and following best industry practices. In the event the Customer requests or needs ancillary services or any assistance that exceeds PWC's usual and customary service (but reasonably relates to the provision of electricity, water, or wastewater services) or the Customer's action(s) necessitate the rendering of such service and PWC provides such ancillary or additional services to the Customer, the Customer will be liable for and billed for such additional services at PWC's Actual Cost.

F. Damage Charge

For damages caused by the Customer (or attributed to the Customer pursuant to Section III.F) to PWC equipment used to serve the Customer, the Customer shall be charged at PWC's Actual Cost in accordance with Section III.F of these Service Regulations and Charges as an additional service charge that will be included on the Customer's monthly invoice.

X. ELECTRIC FEES AND CHARGES

A. Electric Service Extension Charges

PWC will extend electric service, upon request, in accordance with the terms of an extension agreement between PWC and the Customer or property developer consistent with PWC's standard procedures. Fees and charges for such extension are set forth below.

B. Permanent Extensions

1. PWC will construct, own, operate, and maintain an overhead or underground service extension to the normal POD 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 POD(s);
- 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 requesting an extension 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 Construction Cost and the Revenue Credit.

3. PWC will be compensated at cost by any Customer requesting service beyond the normal POD 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 and where applicable, 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 \$1,000.00 plus excess construction costs, where applicable. Excess construction costs shall be computed as \$5.35 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

PWC offers to 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 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 are required, 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 imposed on the basis of estimated Actual Cost when unusual soil conditions 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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G. 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 by 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 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, and developers who petition PWC for this lighting service and enter 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.
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, and developers who enter 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.

G. Cost Recovery for Demand-Side Management and Energy Efficiency Measures

Customers classified as (1) Industrial according to the North American Industry Classification System (NAICS), or (2) Nonresidential Customers that use more than one million kWhs annually, may choose to apply to opt out of contributions toward PWC's Demand Side Management or Energy Efficiency (DSM/EE) programs funded through the NC Renewable Energy Programs (REPS) rider rate. Industrial Customers may not include any meter that is for a site/building not classified as 'industrial' based on the NAICS. Nonresidential Customers may not aggregate meters to reach the one million kWh qualification requirement. Each meter is considered independent.

Applications to opt out of the DSM/EE programs must be received by PWC

during the January enrollment period. To meet Opt Out Program eligibility criteria, the eligible Customer must demonstrate that it has adopted, or will adopt within the next 12-month period, a significant DSM/EE program. If an eligible Customer is approved for the Opt Out Program, and the usage rate falls below one million kWh or fails to meet any PWC or NCUC requirements in any 12-month period, PWC reserves the right to remove the Customer from the Opt Out Program. The Customer may choose to re-apply once usage requirements are met. Customers who are approved for the Opt Out Program, but then decide to opt back in to PWC's DSM/EE programs:

1. are prohibited from applying for the Opt Out Program for a 5-year period from the date they opt back in;
2. must have initiated a new DSM/EE program different than the one used for the prior opt out request; and
3. must submit a new Opt Out Program Application.

All DSM/EE program costs will reside in the REPS Rider account. Approved Customers choosing the Opt Out Program will have their bills reduced by the current REPS charge being billed by PWC. The Opt Out enrollment period will be the calendar month of January each year. Applications received outside this time period will be held for consideration during the next enrollment period. For approved Customers, Opt Out rates will be effective starting July 1st following the enrollment period.

XI. WATER AND SANITARY SEWER FEES AND CHARGES

A. Utility Extension Permitting and Charges

For areas in the FMIA that are requesting sewer service and have pending action by the City of Fayetteville to be annexed into the corporate boundary of the City of Fayetteville, the permitting process can begin; however, the permit for sewer service will not be issued until action to approve a valid annexation petition for the property/area seeking service has been taken by the City of Fayetteville or the City of Fayetteville issues a waiver from the annexation requirement.

PWC will not be responsible for issuing permits for the work to be performed by utility systems outside of PWC's utility service area that connect to PWC's system, but PWC shall review all plans and specifications and issue approval prior to submission to the State for permitting. The submittal of the permit applications will be in accordance with the minimum requirements as

established by the State of North Carolina, the Local Permitting Authority delegated to PWC by the Environmental Management Commission, and the City of Fayetteville's Local Permitting Ordinance. Detailed requirements for plans, permits, encroachments, easements, specifications, and other applicable information will be provided by PWC upon written request.

A Utility Extension Charge will be imposed on the benefited requesting party(ies) to recover the Actual Cost of water and sewer lines installed by PWC along the perimeter of the one or more Premises of the requesting party(ies) to deliver utilities to serve the requesting party(ies). PWC will extend water lines and sanitary sewer service to new developments (including subdivisions) and existing structures and developments within and outside the limits of the City of Fayetteville in accordance with the following guidelines:

Applicants for one or more utilities from PWC who require utility system extensions in order to access the utilities must submit a written request to PWC for its approval. If PWC will be responsible for the construction of the utility extension, a written agreement between PWC and the requesting party(ies) that provides for reimbursement to PWC of the Utility Extension Charge must be executed before PWC will accept any obligation to construct the requested utility extension. For systems constructed by the requesting party(ies) or any third party, PWC will only allow connections to PWC's water and/or sanitary sewer system when the system to be connected is installed in accordance with PWC's standards and transferred to PWC to own and operate. Once inspection is complete and all permit requirements have been met, PWC will accept the new installation as part of its utility system to own and operate from that day forward. For new development in the FMIA, PWC will make available sanitary sewer service after the Fayetteville City Council has approved an annexation petition, for the property or area seeking service, for annexation into the City of Fayetteville. PWC will also make available such sanitary sewer service in the FMIA when the Fayetteville City Council has waived the foregoing annexation requirement. PWC will make such sanitary sewer service available pursuant to its policies and in accordance with site plans and subdivisions approved by the City of Fayetteville as being consistent with the City's development regulations, policies and ordinances. Water and/or sanitary sewer system connections to PWC will be allowed for new development in the PWC Sewer Service Area by making a formal application to PWC and following all the procedures as required, such as applying for an appropriate permit for utility installation through PWC.

System connections to PWC will be allowed for Rural Water Districts with an appropriate wholesale meter installation, including backflow prevention

devices, separating PWC's utility system from the Rural Water District system. PWC would not typically take ownership of the infrastructure in the Rural Water District but may own main line extensions within the district to serve the district or for backup to the PWC system. If a Rural Water District has not installed infrastructure, PWC may, upon request, extend its water system into the district and serve the individual customers in a specified area. The extension to serve individual customers within the Rural Water District would be designed to meet rural water standards and would be owned by PWC. Rural water standards are not designed to provide fire protection.

Except as otherwise provided herein, each main line utility extension shall be placed within or along "publicly maintained" street rights-of-way or permanent easements such that PWC has unrestricted access to the main line utility extension and all appurtenances thereto. "Publicly maintained" shall be defined as NCDOT SR numbered roads, NC or US numbered highways, or city streets which are eligible for Powell Bill Funds. Main line utility extensions are allowed in and along private streets only if the private street is owned and maintained by an established Homeowner's Association (or other equivalent organization) where appropriate easements have been granted to PWC.

The site developer to which one or more main line utility extensions are to be extended shall engage, at the developer's expense, a Professional Engineer, registered in the State of North Carolina and competent in this field of practice, to oversee field surveys and prepare plans and specifications for each utility in accordance with rules, regulations, and specifications of the State of North Carolina and PWC. Fire hydrants in single family residential developments in the City of Fayetteville, in the FMIA, and in the PWC Sewer Service Area shall be a maximum of 500' from any residence unless otherwise approved in writing by PWC. Fire hydrant spacing for Non-single Family residential areas in the City of Fayetteville, in the FMIA, and in the PWC Sewer Service Area, shall be established on a case-by-case basis. In instances where water mains are not available, PWC may consider installation and operation of a well system or other alternative means to serve the new development. The developer shall pay one-hundred percent (100%) of the cost of water and sanitary sewer main line utility extensions (labor and materials), including fire hydrants and valves, based on the size of the main line utility extension required to serve the new development. PWC standards define an 8-inch water main and an 8-inch sanitary sewer main as the approved minimum size.

If PWC determines there is a need to increase the size of the water and/or

sanitary sewer main line utility extensions to a size larger than that required to serve the new development, PWC may require the larger main line utility extensions to be installed, in which case PWC will bear 100% of the incremental cost of such main line utility extensions larger than the size required of the developer. If gravity sewer is not reasonably available to the new development, the developer shall pay one-hundred percent (100%) of the cost of a sanitary sewage lift station and force main, if such is required, plus the land or cost of the real estate required for the lift station. The lift station must be built to PWC standards. PWC will take ownership of all such facilities, real estate, easements, and ancillary equipment upon final acceptance and be responsible for all future maintenance of the lift station, except as otherwise specified in the contract between PWC and the developer. If PWC determines there is a need to increase the size of the lift station and/or force main to a size larger than that required to serve the new development, PWC may require the larger lift station to be installed, in which case PWC will bear 100% of the incremental cost to increase the size of the lift station. Parallel water and/or sanitary sewer mains may be required to be installed along multi-lane highways when deemed necessary and approved by PWC. PWC will reimburse the developer all the incremental additional construction costs associated with the required parallel mains to be installed by PWC. When the developer pays for water and/or sanitary sewer main line utility extensions, main connection charges will be waived for all individual connections within the developer's project, and lateral construction tap charges shall apply only if individual lateral construction taps to the main line utility extensions are installed by PWC.

To request new utility service connections, a formal written request must be made to PWC and all required procedures must be followed. A written agreement may be developed based on the service request for execution by the applicant and PWC.

Service connections will be allowed for existing development in the City of Fayetteville. A written agreement may be developed based on the service request for execution by the applicant and PWC. For existing development with new or expanded service in the FMIA, PWC will make available sanitary sewer service after the Fayetteville City Council has approved an annexation petition, for the existing development seeking new or expanded service, for annexation into the City of Fayetteville. PWC will also make available such new or expanded sanitary sewer service in the FMIA when the Fayetteville City Council has waived the above annexation requirement. PWC will make such sanitary sewer service available pursuant to contract and in accordance with site plans and subdivision

approved by the City of Fayetteville as being consistent with the City's development regulations, policies and ordinances. The above annexation requirement does not apply to a single-family homeowner who requests service from an existing sanitary sewer main when the homeowner's lot is not contiguous to a corporate boundary of the City of Fayetteville. In such case, PWC will make available sanitary sewer service to such homeowner without the requirement of annexation or waiver thereof.

Requests for service connections and main line utility extensions for water and/or sanitary sewer connections for existing development in the PWC Sewer Service Area must be made by submitting a formal request to PWC and following all the procedures as required. A written agreement may be developed based on the service request for execution by the applicant and PWC. For existing buildings that have an existing well and septic tank system, a request may be made and granted to extend only one utility service to the property, if that property is experiencing a problem with only a single system failure. The applicant is responsible to pay applicable main connection and lateral construction tap charges, plus any other standard fees associated with establishing a new service connection to the PWC utility system. When a developer pays for water and/or sanitary sewer main line utility extensions, connection charges will be waived for all individual connections within the developer's project, and lateral charges shall apply only if individual lateral connections to the main lines are made by PWC.

Water and sanitary sewer main line utility extensions in the City of Fayetteville, in the FMIA, and in the PWC Sewer Service Area areas, not to include new development, may be installed, either upon petition to the City Council for such improvements, or upon order by the City Council when funds are available, in accordance with Applicable Law. One-hundred percent (100%) of the cost of water and sanitary sewer extensions, including fire hydrants and valves, based on 8-inch water mains and 8-inch sanitary sewer mains (the minimum approved sizes) must be paid to recover one-hundred percent (100%) of the cost stated above. This would typically be handled through an assessment on the benefited property ordered by the Fayetteville City Council.

In the event that applicants for water and/or sanitary sewer main line utility extensions in areas other than new developments do not elect to petition for such extension, and/or the City Council does not order said extensions completed, applicants may pay one-hundred percent (100%) of the cost of water and sanitary sewer extensions, including fire hydrants and valves, based on 8-inch water mains and 8-inch sanitary sewer mains. PWC will

require installation of water and sanitary sewer mains of a size it deems necessary and, subject to availability of funds, PWC will bear 100% of the incremental cost of such main line utility extensions larger than the size defined above. If gravity sewer is not reasonably available, the applicant shall pay one-hundred percent (100%) of the cost of a sanitary sewage lift station and force main, if such is required, plus the land or cost of the real estate required for the lift station. The lift station must be built to PWC standards. PWC will take ownership of all such facilities, ancillary equipment, real estate, and easements upon final acceptance and be responsible for all future maintenance of the lift station.

The provision of water and sanitary sewer utilities by PWC is based on the following criteria:

- a. As a condition of acceptance prior to dedication to PWC for ownership and maintenance, all water and sewer utility services shall be built to PWC standards.
- b. All plans and specifications shall be approved by PWC and permitted through PWC according to the North Carolina Department of Environmental Quality requirements.
- c. No construction will commence until requisite contracts with PWC have been executed.
- d. PWC requires compliance with approved plans and specifications and reserves the right to inspect all construction.
- e. All utilities will be dedicated to PWC by contract for ownership and maintenance, provided those utilities are in accordance with item (d) above.
- f. PWC requires all main line utility extensions be installed the entire width of applicant/developer's property, if such utilities are capable of serving properties of others as may be deemed necessary by PWC. The existence of an available sewer manhole or water and/or sewer main stub-out shall not preclude the requirement to extend the main across the width of the property.
- g. Master water metering may be allowed of multiple occupancy structures provided that meter locations are approved by PWC. Master metering will not be permitted where location and size of water mains interferes with provision of adequate fire protection nor will private

water or sanitary sewer services be allowed to cross under public streets.

h. A minimum of 20 feet of road frontage (where water or sanitary sewer mains exist) is required to qualify for a PWC connection. This provision shall not apply to mobile home parks where master metering is utilized and spaces and/or mobile homes are rented on a monthly basis.

Requirement to Petition for Annexation

1. City of Fayetteville: For new development in the FMIA, PWC will make available sanitary sewer service after the Fayetteville City Council has approved an annexation petition, for the property or area seeking service, for annexation into the City of Fayetteville. PWC will also make available such sanitary sewer service in the FMIA when the Fayetteville City Council has waived the above annexation requirement. PWC will make such sanitary sewer service available pursuant to its policies and in accordance with site plans and subdivisions approved by the City of Fayetteville as being consistent with the City's development regulations, policies and ordinances. This requirement for annexation does not apply to a residential applicant (other than multi-family dwelling units) requesting service from an existing sanitary sewer main when the lot is not contiguous to a corporate boundary of the City of Fayetteville.

2. Town of Hope Mills: For development of properties that are contiguous with the corporate limits of the Town of Hope Mills, or non-contiguous but within the Hope Mills MIA, a request for the extension of water mains and/or sanitary sewer mains to serve such areas may be approved once the applicant furnishes proof that a petition for annexation has been filed or that an annexation agreement for said property has been filed with the City Clerk of the Town of Hope Mills. The Hope Mills MIA is as defined by an interlocal agreement between the City of Fayetteville and Cumberland County executed on June 9, 2008, and as amended by the City of Fayetteville's Annexation Agreement with the Town of Hope Mills adopted August 23, 2010.

B. Main Connection Charges

The applicant shall pay a water and/or sanitary sewer main connection charge prior to initial connection to PWC's existing system of main lines. The main connection charges are in addition to any lateral construction tap charges and meter vault and bypass charges that may apply. Main Connection Charges (also



referred to from time to time as “Main Charges”) are:

1. Residential Main Connection Charge (per connection)

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

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

C. Lateral Construction Tap 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 POD 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. 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)	\$ 2,940
2-inch lateral (utilize 1 1/2” meter unless larger size justified)	\$ 3,220

<u>Sanitary Sewer Service Laterals</u>	<u>Per Installation</u>
4-inch	\$ 3,845
6-inch	\$ 4,210

<u>Combination Water and Sanitary Sewer Laterals</u>		<u>Per Installation</u>
<u>Water</u>	<u>Sewer</u>	
1-inch	4-inch	\$ 6,585
2-inch	4-inch	\$ 6,865
1-inch	6-inch	\$ 6,950
2-inch	6-inch	\$ 7,230



Split Water Service Laterals

1-inch (at the time of new installation of domestic lateral)	\$ 643
1-inch (existing lateral)	\$ 790
New 2-inch irrigation tap with jumbo meter box	\$ 4,740

Common exceptions and additions to PWC’s standard lateral construction tap charges include, but are not limited to:

1. Charges for other depths of bury, pipe sizes, and pipe size combinations, unusually difficult construction conditions, all of which will be charged to the Customer at PWC’s Actual Cost. A preliminary estimate of the Actual Cost will be provided to the Customer 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 Bypass 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	\$ 3,170
Other sizes	Actual Cost

E. Utility Capacity Charges

Utility Capacity Charges (“UCCs”) are charges that PWC imposes to deliver utilities to locations that are connecting to PWC’s water and/or sanitary sewer (wastewater) systems but do not constitute New Developments. Utility Capacity Charges are charged in addition to the Main Connection Charge and the Lateral Construction Tap Charge.

1. PWC hereby waives all Utility Capacity Charges for connections made to a main line during the first six (6) consecutive months immediately following the date on which the main line is made available to the public for connection, as long as the connecting party timely pays in full both the Main Connection and Lateral Construction Tap Charges.

2. An existing Customer connected to both water and sanitary sewer and needing additional connections to the system will pay the appropriate water and sewer Utility Capacity Charges for the additional connections.
3. An existing Customer needing to up-size the current meter will pay the difference between the Utility Capacity Charges (water and sewer) for the existing meter and the larger meter to which the Customer is up-sizing.
4. All applicable Utility Capacity Charges must be paid to PWC by the applicant by the time the earliest of the following events occurs:
 - a. the new connection is installed;
 - b. the meter is installed; or
 - c. the connection to the service lateral is made if an existing meter is on the Premises

Any deviations from this procedure will be deemed a violation and addressed in accordance with theft of service requirements.

5. No Utility Capacity Charges will be collected for fire protection laterals.

Water-Sewer Utility Capacity Charges

1. Residential, Nonresidential, and Wholesale (excluding multi-family dwelling units):

<u>Domestic Meter Size</u>	<u>Water UCC</u>	<u>Sewer UCC</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

2. Multi-family Dwelling Units:

- a. For buildings containing multi-family dwelling units in which each unit is individually metered, the Utility Capacity Charge shall be equal to the

meter size Utility Capacity Charge specified in the foregoing Residential, Nonresidential, and Wholesale schedule 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 Utility Capacity Charges shall be the greater of: (i) the meter size Utility Capacity Charge specified in the foregoing Residential, Nonresidential, and Wholesale schedule; 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 Utility Capacity Charges for Multi-family Dwelling Units

Water: \$ 443 per unit

Sewer: \$ 774 per unit

Sewer Only Utility Capacity Charges

For a Customer who obtains water from a source other than PWC and thereafter connects to PWC's sanitary sewer service but not to PWC's water system, the Utility Capacity Charges will be based on the water meter size installed by a third party provider (such as, by way of example and not limitation, Aqua Water Company), but in the event the water meter information is unavailable or there is no meter, the Utility Capacity Charges will be based upon the 3/4" water meter as specified above for "Residential, Nonresidential, and Wholesale" Water-Sewer Utility Capacity Charges.

F. System Development Fees

System Development Fees ("SDFs") are fees that PWC imposes on New Development connecting to PWC's water and/or sanitary sewer (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. SDFs are subject to change in accordance with Applicable Law. SDFs are charged in addition to the Main Connection Charge and the Lateral Construction Tap Charge.

1. SDFs shall be appropriately applied to all connections for New Development.
2. SDFs will be charged and collected in accordance with G.S. 162A-213.
3. SDFs will not be charged or collected for fire protection laterals or for new PWC electrical connections. PWC will provide an applicant upon

request with written confirmation if an SDF is not applicable.

Water-Sewer System Development Fees

1. Residential, Nonresidential, and Wholesale (excluding multi-family dwelling units):

<u>Domestic Meter Size</u>	<u>Water SDF</u>	<u>Sewer SDF</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

2. Multi-family Dwelling Units:

- a. For buildings containing multi-family dwelling units in which each unit is individually metered, the System Development Fee shall be equal to the meter size SDF specified in the foregoing Residential, Nonresidential, and Wholesale schedule 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 System Development Fee shall be the greater of: (i) the meter size SDF specified in the foregoing Residential, Nonresidential, and Wholesale schedule; 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 System Development Fees

For New Development that obtains water from a source other than PWC and thereafter connects to PWC's sanitary sewer service but not to PWC's water system, the Utility Capacity Charges will be based on the water meter size

installed by a third party provider (such as, by way of example and not limitation, Aqua Water Company), but in the event the water meter information is unavailable or there is no meter, the Utility Capacity Charges will be based upon the 3/4" water meter as specified above for "Residential, Nonresidential, and Wholesale" Water-Sewer Utility Capacity Charges.

G. System Development Fee Credits

1. SDF credit may be given for offsite water and/or sewer approach main line utility 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. SDF 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 SDF 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. SDF credits applied via contract or other method may not be transferred to other properties or refunded for any reason. SDF s that have been paid in cash may not be refunded by applying SDF credits.
4. The party earning the SDF credit (the "credit-holder") may request such credit be prorated between both water and sanitary sewer utilities. A credit-holder's request for this prorating must be made in writing to and approved by PWC. This approval must be set forth in a legally binding agreement PWC and the credit-holder in which (i) the credit-holder seeks to extend existing PWC utilities at the credit-holder'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.

H. 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 Main Connection Charge for the relevant water main and a Water Utility Capacity Charge or Water System Development Fee, as applicable, 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 Construction Tap and/or Meter Vault or Bypass shall be the lower of: (i) the applicable standard fees specified in Subsections C and D of this Section XI, or (ii) 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 Construction Tap and/or Meter Vault or Bypass, as described in Subsections C and D of this Section XI;
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.

I. Service Call Fee

In the event of a sanitary sewer line clog causing a backup on a Customer's Premises, the Customer is expected to retain a licensed plumber to diagnose the cause of the clog. If the plumber determines that the clog was caused by the Customer, then the Customer shall be responsible for all costs associated with remedying the clog, including all costs associated with the evaluation by the plumber. If the plumber determines that the clog was caused on PWC's side of the POD, then the Customer shall promptly contact PWC to inform PWC of the clog and request that PWC investigate it. If PWC determines that the clog was not caused by the Customer, then PWC will remedy the clog at no cost to the Customer, and PWC will reimburse the Customer for the reasonable costs actually expended by the Customer in hiring the licensed plumber to investigate the clog. If PWC determines that the clog was caused by the Customer, then PWC will charge the Customer a nonrefundable service call fee equal to the greater of \$300.00 or the Actual Cost associated with the service call and evaluation of the clog and any work performed by PWC on its side of the POD for each service call made by the Customer other than the Customer's first service call. PWC is under no obligation to, and thus will not, clean or clear any water or wastewater line(s) on the Customer's side of the POD. PWC shall not be responsible or liable for any such issues or resulting damages that occur on the Customer's side of the POD.

J. Consumptive Water Loss Credit

A Consumptive Water Loss Credit is available for a Customer who has monthly water consumption that exceeds 250,000 gallons three (3) or more times during any consecutive 12-month billing period. The applicable Consumptive Water Loss Credit allows the Customer to potentially reduce the sewer service costs by consenting to sewer billing being based on the volume of water actually discharged.

Billing for a Consumptive Water Loss Credit may occur as follows and after Customer submits a valid application for the applicable credit:

1. Meter Loss through Individual Process may be approved by PWC if Customer agrees to all of the following conditions:

- Customer allows PWC to install incoming and outgoing flow meters on the process where water is being lost.
- Customer pays the application fee, agrees to be billed and pay for all costs associated with the installation of all incoming and outgoing process meters, and pays a monthly Basic Facilities Charge as applicable for each meter installed at the site. Installation costs shall include labor and materials and the current cost of the meter(s) based on current market value.
- The difference between the incoming and outgoing flow meters shall be determinative of the “consumptive loss.” Customer shall be credited accordingly toward the Customer’s sewer volume for that billing cycle.
- Customer agrees that PWC may, in its discretion revert to estimated sewer billing based on historical data in the event of a meter failure or malfunction.
- PWC shall retain ownership of the incoming and outgoing process meters. Any testing of the accuracy or reliability of the meters shall be done in accordance with the terms of these Service Regulations and Charges.

2. Total Facility Sewer Flow Measurement may be approved by PWC if Customer agrees to all of the following conditions:

- Customer agrees to have PWC install, at Customer’s sole expense, a sewer flow meter in a location where all water discharged to the sanitary sewer flows through the metered location.
- The sewer flow meter can be installed in a location that is accessible to PWC, and its employees, contractors, agents, and representatives.
- Customer schedules and pays for an independent third party to calibrate the meter at least once each calendar year and provides sufficient documentation of the calibration to PWC.

- Customer also agrees to schedule and pay for the meter to re-calibrated within thirty (30) of a request of PWC based only on concerns of the accuracy of the meter, including but not limited to:
 - a. Increase or decrease in sewer flow greater than 25 percent in two consecutive months.
 - b. Increase or decrease in “sewer flow to water consumption” ratio greater than 10 percent in two (2) consecutive months.
- Customer shall notify PWC within 24 hours of any malfunction, damage, or repairs needed to the meter.
- Customer agrees that PWC may, in its discretion, revert to sewer billing from the incoming water meter or an estimated volume in the event of the failure of the flow meter’s proper performance or the failure of the customer to properly maintain and submit required documentation within the specified time-frame.
- Customer shall pay associated sewer surcharges based on the metered volume.

Any Customer seeking a Consumptive Water Loss Credit shall submit an application to PWC for its evaluation. PWC retains sole discretion to decide whether to approve such applications and shall do so in a reasonably timely manner. If an application is approved, PWC will notify the Customer of the decision in writing and will provide an estimated cost of installation and the ongoing monthly Basic Facilities Charges. Customer shall pay all applicable installation fees before PWC takes any action to install the meter(s) in question.



XII. UTILITY PURCHASE AGREEMENT

The 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 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, 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/ Elaina L. Ball*
Elaina L. Ball, CEO/General Manager

APPENDIX A: Standard Available Voltages

The following voltages are available and are considered standard. Other voltages and combinations of minimum and maximum loads will be reviewed at the request of the customer on a case-by-case basis.

<u>END USE</u>	<u>VOLTAGE</u>	<u>PHASE</u>	<u>MIN LOAD <KVA></u>	<u>MAX LOAD <KVA></u>
Residential	120/240	Single	0	0
	120/240	Three	10	500
Commercial	120/240	Single	0	250
	120/240	Three	10	750
	240/480	Single	25	167
	280Y120	Three	75	750
	480Y277	Three	75	2,500
Lg. Commercial/ Industrial	240/480	Three	50	250
	480/277	Three	150	2,500
	480 Delta	Three	300	2,500
	600 Delta	Three	500	3,750
	2400 Delta	Three	1,000	5,000
	2400Y4160	Three	1,000	5,000
	12470Y7200	Three	1,000	10,000
	24900Y14400	Three	1,000	10,000
	69000 Delta	Three	5,000	100,000

NOTES:

1. For service rendered for individual residential use, the voltage variations shall not exceed 5% above or below the standard base voltage (as indicated in the chart above). For example, based on 120 volts, the voltage supplied will range between 114 and 126 at the meter base.
2. For other service classifications, the voltage variations shall not exceed 10% above or below the standard base voltage (as indicated in the chart above).
3. Customers receiving primary and/or sub-transmission service are subject to additional voltage fluctuations caused by regional service limitations on the Bulk Electric System.
4. Delivery voltages provided by PWC are aligned with standards adopted by the North Carolina Utility Commission and American National Standards Institute (ANSI).