

STANDBY SERVICE RIDER

AVAILABILITY Except as otherwise provided herein, available throughout the electric service territory served by the Fayetteville Public Works Commission (PWC) in accordance with PWC's established Service Regulations and Charges to a Customer that: (1) purchases electricity from PWC on one of the following rate schedules: Medium Power Service, Medium Power Service-Coincident Peak, Large Power Service-Coincident Peak, Large Power Service – Owning Transmission, Large Power Service – Noncoincident Differential Load, or Large Power Service – Noncoincident Differential Load – Owning Transmission for the electricity delivered to the PWC retail electric meter behind which Customer Generation (defined hereinafter) is installed or controlled, and (2) installs or controls electric generating equipment on the Customer's side of PWC's retail electric meter serving as the point of delivery to the Customer (Customer Generation), provided, however, Customer Generation shall exclude generation that is permitted and used solely for emergencies in compliance with the operational limitations and emissions limitations established by the applicable North Carolina Department of Environmental Quality air permit. This Rider is not available for temporary or seasonal service. This Rider is not available to a Customer that installs a QF (defined hereinafter) with a capacity of more than 5.0 MW. Each Customer that installs a QF with a capacity of more than 5.0 MW shall, pursuant to a separately negotiated agreement with PWC, be subject to any and all pass-through back-stand charges assessed to PWC by Duke Energy Progress, LLC in accordance with the Eleventh Amended and Restated Power Supply Coordination Agreement between PWC and DEP, as amended, and reasonable standby charges based upon Customer Peak Demand.

APPLICABILITY If a Customer installs or controls Customer Generation, then the Customer must: (1) execute a Utility Purchase Agreement specifying a Contract Demand for the anticipated consumption of electricity from PWC and agree to purchase Standby Service Capacity under this Rider in an amount equal to the difference between the Customer's most recent typical Customer Peak Demand and the Contract Demand; provided, however, that if the Customer is new or otherwise lacks a recent typical Customer Peak Demand, then the Customer Peak Demand shall be estimated by PWC in its discretion on the basis of the Customer's anticipated electricity consumption pattern (or load curve), and provided further that PWC reserves the right to review for reasonableness and adjust the Contract Demand and Standby Service Capacity from time to time in order to prevent an unreasonable billing outcome or prevent or reduce manipulation by the Customer; (2) execute an Interconnection Agreement; (3) allow PWC to install a meter to measure the Customer Generation, for which meter the Customer shall pay an Extra Facilities charge; and (4) continue to purchase electricity from PWC on the rate that would otherwise be applicable to the Customer in absence of Customer Generation for all electricity consumed by the Customer in excess of the Customer Generation. In this Rider, "Grid Meter" means the PWC meter located at the Customer's point of delivery that measures the electricity flowing from PWC's grid to the Customer. "Facility Meter" means the PWC meter located on the Customer's side of the point of delivery that measures the

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electricity flowing from the Customer Generation to the Customer. “Peak Hour” means the Customer’s highest single (coincident) hour total demand during each billing month registered by both the Grid Meter and the Facility Meter (less the capacity value of the Customer Generation for the energy exported through the Customer’s point of delivery to PWC’s grid during the same hour, which export is permissible only if the Customer Generation is a Qualifying Facility (QF) under the Public Utility Regulatory Policies Act (PURPA), CFR Title 18, Chapter 1, Part 292, Subpart B); provided, however, the coincident hour that constitutes the Peak Hour in this Rider is determined independently of and is not related to the System Coincident Peak Demand used for billing under applicable rate schedules. “Actual Load” means the total load registered by the Grid Meter and the Facility Meter in aggregate during the Peak Hour. If the Actual Load exceeds the total of the Contract Demand and the Standby Service Capacity (which total is the Allowed Load), then: (a) if the demand measured by the Grid Meter exceeds the Contract Demand, then the Contract Demand will be subject to an automatic ratchet increase to the amount of demand measured by the Grid Meter during the Peak Hour (unless the Customer Generation is fully or partially offline and the Customer has provided written notice to PWC of the amount of capacity reduction within two (2) days (excluding weekends and Holidays) after the start of the capacity reduction, in which event the Contract Demand will be subject to an automatic ratchet increase (but never a decrease) to an amount equal to the Actual Load minus the highest noncoincident single hour capacity value recorded by the Facility Meter during the same billing month or such longer period as PWC shall determine, acting in its reasonable discretion based on relevant circumstances); and (b) if the demand measured by the Facility Meter (less the capacity value of the QF Customer Generation for the energy exported through the Customer’s point of delivery to PWC’s grid during the applicable period) exceeds the Standby Service Capacity during the Peak Hour, then the Standby Service Capacity will be subject to an automatic ratchet increase to the Facility Meter load; provided, however, the Customer may, at its election, submit a written request to PWC to increase the Contract Demand to equal the Actual Load rather than be subject to an automatic ratchet of the Standby Service Capacity, and the Customer shall submit written justification for its request and promptly, accurately, and completely respond to all of PWC’s requests for any additional information relating to the request, after which PWC shall evaluate all relevant facts and circumstances to determine whether to grant, in PWC’s sole discretion exercised in a non-discriminatory manner, the Customer’s request on a prospective basis. Each ratchet increase will be applied in the month of exceedance and thereafter until a subsequent exceedance, at which point the new higher ratchet will begin to apply.

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MONTHLY RATE

Reservation Charges for the Applicable Rate Schedule
Standby Service Capacity Charge

Medium Power Service	\$6.43 per kW
Medium Power Service – Coincident Peak	\$6.43 per kW
Large Power Service – Coincident Peak	\$7.01 per kW
Large Power Service – Owning Transmission	\$7.19 per kW
Large Power Service – Noncoincident Differential Load	\$7.01 per kW
Large Power Service – Noncoincident Differential Load – Owning Transmission	\$7.19 per kW

If the Customer utilizes Standby Service Capacity because both of the following occur during the Peak Hour in a billing month: (i) the demand measured by the Grid Meter exceeds the Customer’s Contract Demand; and (ii) Customer Generation capacity as measured by the Facility Meter is less than the Standby Service Capacity, then the Customer shall pay for the demand measured by the Grid Meter during the applicable period (or at the Contract Demand, if greater than the relevant demand measured by the Grid Meter) under the applicable rate schedule, but the Customer shall receive a per kW Standby Credit equal to the Standby Service Capacity minus the capacity measured on the Facility Meter during the Peak Hour, in accordance with the following schedule (the purpose of which is to prevent the Customer from overpaying in a single month for both a demand charge and a Standby Service Capacity Charge for the demand measured by the Grid Meter that is associated with the use of standby capacity):

Standby Credit

Medium Power Service	(\$6.43) per kW
Medium Power Service – Coincident Peak	(\$6.17) per kW
Large Power Service – Coincident Peak	(\$5.35) per kW
Large Power Service – Owning Transmission	(\$2.26) per kW
Large Power Service – Noncoincident Differential Load	(\$6.04) per kW
Large Power Service – Noncoincident Differential Load – Owning Transmission	(\$3.08) per kW

A **Primary Discount** will be applied to both the **Standby Service Capacity Charge** and the **Standby Credit** if the Customer takes service directly from PWC's distribution lines of 7,200 volts or higher, but less than 66,000 volts, and the Customer owns, operates, and maintains the equipment normally otherwise provided by PWC. The **Primary Discount** is: **(\$0.90) per kW**.

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A **Transmission Discount** will be applied only to the **Standby Service Capacity Charge** if the Customer takes service directly from PWC's transmission lines of 66,000 volts or higher and the Customer owns, operates, and maintains the equipment normally provided by PWC. The Transmission Discount will be given in the form of reduced Customer Peak Demand charges. The **Transmission Discount** is: **(\$8.49) per kW**.

If the Customer Generation is a QF under PURPA with a nameplate capacity greater than 10 kW but less than 500 kW and the Customer accurately represents and warrants to PWC in a written agreement that the Customer has the legal authority to engage in energy sales for compensation, then energy exported by the Customer from its Customer Generation through the point of delivery to PWC's grid shall be compensated monthly by PWC at the variable **Avoided Cost Rate** of: \$0.0576 per kWh. If the Customer Generation is a QF under PURPA with a nameplate capacity of 500 kW or more and the Customer accurately represents and warrants to PWC in a written agreement that the Customer has the legal authority to engage in energy sales for compensation, then energy exported by the Customer from its Customer Generation through the point of delivery to PWC's grid shall be compensated monthly at the Applicable Rate in accordance with the Eleventh Amended and Restated Power Supply Coordination Agreement between PWC and Duke Energy Progress, as amended.

PAYMENTS All bills shall be paid in accordance with the terms of the Service Regulations and Charges.

TAX Applicable North Carolina sales tax will apply.

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