

United States
Department of Energy
Southeastern Power Administration

Wholesale Power Rate Schedule CC-1-J

Availability:

This rate schedule shall be available to public bodies and cooperatives served through the facilities of Duke Energy Progress (formerly known as Carolina Power & Light Company), Western Division (hereinafter called the Customers).

Applicability:

This rate schedule shall be applicable to electric capacity and energy available from the Dale Hollow, Center Hill, Wolf Creek, Cheatham, Old Hickory, Barkley, J. Percy Priest, and Cordell Hull Projects (all of such projects being hereinafter called collectively the "Cumberland Projects") and sold in wholesale quantities.

Character of Service:

The electric capacity and energy supplied hereunder will be three-phase alternating current at a nominal frequency of 60 hertz. The power shall be delivered at nominal voltages of 161,000 volts to the transmission system of Duke Energy Progress, Western Division.

Points of Delivery:

The points of delivery will be at interconnecting points of the Tennessee Valley Authority (TVA) system and the Duke Energy Progress, Western Division system. Other points of delivery may be as agreed upon.

Billing Month:

The billing month for power sold under this schedule shall end at 2400 hours CDT or CST, whichever is currently effective, on the last day of each calendar month.

Rate Alternatives:

Southeastern Power Administration (Southeastern) is including three rate alternatives. All of the rate alternatives have an initial base annual revenue requirement of \$63,500,000, including transmission and non-power revenue. The initial base annual revenue requirement from the sale of capacity and energy is \$50,235,000. The initial base revenue requirements will

be subject to annual true-up adjustment described below.

Rate Scenario 1-Revised Interim Operating Plan

The final marketing policy for the Cumberland System was published in the *Federal Register* August 5, 1993 (58 FR 41762). The marketing policy for the Cumberland System of Projects provides peaking capacity, along with 1500 hours of energy annually with each kilowatt of capacity, to customers outside the TVA transmission system. Due to restrictions on the operation of the Center Hill Project imposed by the U. S. Army Corps of Engineers (Corps) as a precaution to prevent failure of the dam, Southeastern is not able to provide the full allocation of peaking capacity to these customers. Southeastern implemented a Revised Interim Operating Plan for the Cumberland System to provide these customers with a reduced amount of energy and a reduced amount of capacity. The rates under this Scenario 1 will remain in effect for the duration of the Revised Interim Operating Plan. The initial base rates for capacity and energy will be subject to annual true-up adjustment described below.

Monthly Rate:

The initial monthly base rate for capacity and energy sold under this rate schedule shall be:

Initial Base Demand charge:

\$2.165 per kilowatt per month

Initial Base Energy Charge:

12.35 mills per kilowatt-hour

True-up Adjustment:

The Base Capacity Charge and Base Energy Charge will be subject to annual adjustment on April 1 of each year based on transfers of specific power investment to plant-in-service for the preceding Fiscal Year. Under this scenario the adjustment will be for each increase of \$1,000,000 to specific power plant-in-service an increase of \$0.001 per kilowatt per month added to the base capacity charge and 0.02 mills per kilowatt-hour added to the base energy rate.

Southeastern will give written notice to the Customers of the amount of the true-up by February 1 of each year.

TVA Transmission Charge:

The Customer will pay a ratable percent listed below of the credit the

Administrator of Southeastern Power Administration (Administrator) provides to the TVA as consideration for delivering capacity and energy for the account of the Administrator to points of delivery of customers outside the TVA System or interconnection points of delivery with other electric systems for the benefit of customers outside the TVA System, as agreed by contract between the Administrator and TVA.

French Broad EMC	1.713%
Haywood EMC	0.501%
Town of Waynesville	0.355%

Duke Energy Progress Transmission Charge:

The Customer will pay a ratable percent listed below of the charge for transmission service furnished by Duke Energy Progress, Western Division.

French Broad EMC	66.667%
Haywood EMC	19.512%
Town of Waynesville	13.821%

Rate Scenario 2-Modified Revised Interim Operating Plan

This rate alternative will be implemented if a portion of the Cumberland Capacity can be scheduled, though not all the capacity in the published marketing policy can be scheduled. The initial base annual revenue requirement under this alternative is \$63,500,000, including transmission and non-power revenue, the same as the annual revenue requirement in Scenarios 1 and 3. The annual revenue requirement from the sale of capacity and energy is \$50,235,000. This Rate Scenario 2 will receive revenues from capacity that can be scheduled and the remainder from energy, at charges that will be determined at the time. Under Scenario 2, the cost of the TVA transmission credit will be passed to customers outside the TVA System. This rate alternative will be in effect if Southeastern chooses to modify the Revised Interim Operating Plan.

The annual revenue requirement and rates under this scenario 2 will be subject to annual adjustment on April 1 of each year based on transfers of specific power investment to plant-in-service for the preceding Fiscal Year. Under this scenario 2, the adjustment is an increase of \$53,000 per year to the annual revenue requirement for each increase of \$1,000,000 to specific power plant-in-service. Southeastern will give written notice to the Customers of the amount of the true-up by February 1 of each year.

Rate Scenario 3-Original Cumberland Marketing Policy

The third rate alternative will go into effect once the Corps lifts all restrictions on the operation of the Center Hill Dam and Southeastern returns to operations that support the published marketing policy. The initial base rates for capacity, energy, and additional energy will be subject to annual true-up adjustment described below.

Monthly Rate:

The initial monthly base rate for capacity and energy sold under this rate schedule shall be:

Initial Base Demand charge (includes 1500 hours of energy annually at the TVA Border):

\$3.546 per kilowatt/month of total contract demand

Initial Base Energy Charge:

None

Initial Base Additional Energy Charge:

11.612 mills per kilowatt-hour

True-up Adjustment:

The base demand charge and base additional energy charge under this scenario will be subject to annual adjustment on April 1 of each year based on transfers to specific power plant-in-service. Under this scenario 3, the adjustment is for each increase of \$1,000,000 to specific power plant-in-service an increase of \$ 0.003 per kilowatt per month added to the base Capacity rate and an increase of 0.012 mills per kilowatt-hour added to the additional energy rate.

Southeastern will give written notice to the Customers of the amount of the true-up by February 1 of each year.

Transmission Charge:

Monthly TVA Transmission Charge divided by 545,000, and adjusted for Duke Energy Progress delivery. The adjustment under the current contract is 14,000/12,300, or 13.821 percent.

CP&L Transmission Charge:

\$1.546 per kilowatt/month of total contract demand (As of February 2015 and provided for illustrative purposes.)

The Duke Energy Progress transmission rate is subject to annual adjustment on April 1 of each year and will be computed subject to the formula in Appendix A attached to the Government – Duke Energy Progress contract.

Energy to be Furnished by the Government:

The Government will sell to the Customers and the Customers will purchase from the Government energy each billing month equivalent to a percentage specified by contract of the energy made available to Duke Energy Progress (less applicable losses). The Customer's contract demand and accompanying energy allocation will be divided pro rata among its individual delivery points served from the Duke Energy Progress, Western Division transmission system.

October 1, 2015