

United States  
Department of Energy  
Southeastern Power Administration

Wholesale Power Rate Schedule CP&L-1-B

Availability:

This rate schedule shall be available to public bodies and cooperatives (any one of whom is hereinafter called the Customer) in North Carolina and South Carolina to whom power may be transmitted and scheduled pursuant to contracts between the Government and Carolina Power & Light Company (hereinafter called the Company) and the Customer. This rate schedule is applicable to customers receiving power from the Government on an arrangement where the Company schedules the power and provides the Customer a credit on their bill for Government power. Nothing in this rate schedule shall preclude modifications to the aforementioned contracts to allow an eligible customer to elect service under another rate schedule.

Applicability:

This rate schedule shall be applicable to the sale at wholesale of power and accompanying energy generated at the John H. Kerr and Philpott Projects and sold under appropriate contracts between the Government and the Customer.

Character of Service:

The electric capacity and energy supplied hereunder will be delivered at the delivery points of the Customer on the Company's transmission and distribution system.

Monthly Rate:

The initial base monthly rate for capacity, energy, and generation services provided under this rate schedule for the period specified shall be:

Initial Base Capacity Charge:

\$3.65 Per kilowatt of total contract demand per month.

Initial Base Energy Charge:

14.63 Mills per kilowatt-hour.

The Base Capacity Charge and the Base Energy Charge will be subject to annual adjustment on April 1 of each year based on transfers to plant in service for the preceding Fiscal Year that are not included in the proposed repayment study. The adjustment will be for each increase of \$1,000,000 to plant in service an increase of \$0.013 per kilowatt per month added to the capacity charge and 0.052 mills per kilowatt-hour added to the energy charge.

The rates are based on a repayment study that projects that the Kerr-Philpott System will produce the following net revenue available for repayment by fiscal year:

|         |              |
|---------|--------------|
| FY 2010 | \$ 578,000   |
| FY 2011 | \$ 2,030,000 |
| FY 2012 | \$ 1,032,000 |
| FY 2013 | \$ 825,000   |
| FY 2014 | \$ 863,000   |
| FY 2015 | \$ 908,000   |

The rates include a true-up of the capacity and energy rates based on the variance of the actual net revenue available for repayment from the planned net revenue available for repayment in the table above. For every \$100,000 under-recovery of the planned net revenue available for repayment, Southeastern will increase the base capacity charge by \$0.02 per kilowatt per month, up to a maximum of \$0.75 per kilowatt per month, and increase the base energy charge by 0.10 mills per kilowatt-hour, up to a maximum of 3.0 mills per kilowatt per hour, to be implemented April 1 of the next fiscal year. For every \$100,000 of over-recovery of the planned net revenue available for repayment, Southeastern will reduce the base capacity charge by \$0.02 per kilowatt per month, up to a maximum of \$0.75 per kilowatt per month, and reduce the base energy charge by 0.10 mills per kilowatt-hour, up to a maximum of 3.0 mills per kilowatt per hour, to be implemented April 1 of the next fiscal year. Southeastern will give written notice to the customers of the amount of the true-up to the capacity and energy rates by February 1 of the next fiscal year.

Additional rates for transmission and ancillary services provided under this rate schedule shall be the rates charged Southeastern Power Administration by the Company. Future adjustments to these rates will become effective upon acceptance for filing by the Federal Energy Regulatory Commission (FERC) of the Company's rate.

Transmission:

\$1.1453 Per kilowatt of total contract demand per month as of December 2009, is presented for illustrative purposes.

The initial transmission charge will be the Customer's ratable share of the transmission and distribution charges paid by the Government. The rate is subject to periodic adjustment and will be computed in accordance with the terms of the Government-Company contract.

Proceedings before FERC involving the Company's Open Access Transmission Tariff (OATT) or the distribution charge may result in the separation of charges currently included in the transmission rate. In this event, the Government may charge the Customer for any and all separate transmission and distribution charges paid by the Government in behalf of the Customer. These charges could be recovered through a capacity charge or an energy charge, as determined by the Government.

Tandem Transmission Charge:

\$2.14            Per kilowatt of total contract demand per month, as an estimated cost as of December 2009.

The tandem transmission charge will recover the cost of transmitting power from a project to the border of another transmitting system. This rate will be a formulary rate based on the cost to the Government for transmission of power from the Philpott project to the border of the Virginia Electric and Power Company System and the cost to the Government for transmission of power from the John H. Kerr Project to the border of the Carolina Power & Light System. These charges could be recovered through a capacity charge or an energy charge, as determined by the Government.

Transmission and Ancillary Services:

The charges for transmission and ancillary services shall be governed by and subject to refund based upon the terms of the Government-Company contract.

Contract Demand:

The contract demand is the amount of capacity in kilowatts stated in the contract which the Government is obligated to supply and the Customer is entitled to receive.

Energy to be Furnished by the Government:

The Government will sell to the Customer and the Customer will purchase from the Government energy each billing month equivalent to a percentage specified by contract of the energy made available to the Company (less applicable losses). The Customer's contract demand and accompanying energy will be allocated proportionately to its individual delivery points served from the Company's system. The applicable energy loss factor for transmission, in accordance with the Government-Company contract, is six (6) per cent. This loss factor will be governed by the terms of the Government-Company contract.

Billing Month:

The billing month for power sold under this schedule shall end at 12:00 midnight on the last day of each calendar month.