

CONFIRMED MINUTES

PMPA BOARD MEETING



At the **PMPA Board Meeting** on **Aug 21, 2025** these minutes were **confirmed as presented**.

| | |
|-----------------------|--|
| Name: | Piedmont Municipal Power Agency |
| Date: | Thursday, June 19, 2025 |
| Time: | 10:00 AM to 12:00 PM (EDT) |
| Location: | PMPA Office, 121 Village Drive, Greer, SC 29651 |
| Board Members: | Andy Sevic (Chair), Mike Clary, Mayor Randy Randall, Joey Meadors, Eric Goodwin, David Dorman, Steve Bratton, Mike Richard, Marc Regier, John Young, Keith Wood, Mayor Foster Senn, Jason Taylor, Jimmy Bagley, David Vebaun, Joe Nichols, Lance Davis, Kevin Bronson, Mayor Brian Ramey |
| Attendees: | Joel Ledbetter, JulieAnne London, Mike Frazier, Dennis Cameron, Tracy Quinn, Lynn Price, Will Blanton, Kenny Bradley, Gary Brunault, Rion Foley |
| Apologies: | Blake Stone, Angie Hoover, Brandon Audet, Cindy Frierson, Dedra Howell, Robby Townsend |
| Guests: | Belton Ziegler, Mark White, Andrea Kelley, and Max White |
| Notes: | Virtual Attendees: Kevin Bronson, Gary Brunault, and Andrea Kelley |

1. Call to Order

1.1 Identify Virtual Attendees

1.2 Declaration of Quorum

Chairman Sevic declared that a quorum is present and the Board can conduct business.

1.3 Invocation

Mr. Ledbetter gave the invocation.

2. Administration of Oath of Office to new Board Member

2.1 Oath of Office - Mike Clary, City of Abbeville

Mrs. Quinn, Office Manager/Executive Secretary, who is also a Notary Public, administered the oath of office to Mike Clary, who has been appointed Alternate Director from Abbeville (copy attached).

3. Approval of Minutes

3.1 Confirm Minutes

PMPA Board Meeting May 22, 2025, the minutes were confirmed as presented.

3.2 Vote to Approve Minutes of May 22, 2025 Board Meeting



Vote to Approve Minutes of May 22, 2025 Board Meeting

10 Supported
0 Opposed
0 Abstained

Decision Date: Jun 19, 2025
Mover: David Dorman
Second: Mayor Foster Senn
Outcome: Approved

4. Acceptance of Financial Report

4.1 May 2025



May 2025

10 Supported
0 Opposed
0 Abstained

Decision Date: Jun 19, 2025
Mover: Mayor Randy Randall
Second: Keith Wood
Outcome: Approved

5. Reports

5.1 Finance

Ms. London addressed a question that was posed at the May 2025 meeting as to what impact this year's increase in working capital will have on the proposed rate increased in 2026. Ms. London explained that part of this year's increase in working capital is due to the delay in expenditures for the Laurens Transmission line. In addition, all future rate increases were designed to meet the minimum working capital target in 2028 as set by the Working Capital Policy, and even with this years working capital increase PMPA is still projected to be at the minimum working capital target in 2028. This subject will be discussed more thoroughly at the October planning session.

5.2 Engineering

Mr. Frazier reviewed the standard engineering reports for May that were included in the Board Pack.

Mr. Frazier also reviewed the current status of the Laurens Transmission Line.

5.3 Catawba

Mr. Cameron reviewed the Catawba and McGuire report included in the Board Pack and any updates since that report.

5.4 Management

Mr. Ledbetter discussed the Public Power Reception next week in Washington and stated that representatives from SCAMPS, Santee Cooper, Electricities, and PMPA would be attending.

Mr. Ledbetter also requested the Participants consider providing door prizes for the Power Conference as they have in the past.

Mr. Ledbetter discussed potential topics for the Participant roundtable planned for the Power Conference and stated he would email the Board the topics and potential presenters.

6. Items for Discussion

6.1 Participant's declaration of excess Catawba



Mr. Ledbetter discussed the resolutions received from Greer and R...

Mr. Ledbetter discussed the resolutions received from Greer and Rock Hill declaring all of their Catawba allocation as excess beginning January 1, 2029. Section 11 of the Catawba Project Power Sales Agreement and the Board policy adopted April 2024 address the procedure for the sale of Catawba excess. The Board policy gives Participants that may be interested in the excess 90 days to negotiate a purchase. Six Participants are selling excess capacity from their allocation and can be presumed to not want to purchase excess, and the remaining 2 Participants declared they are not interested in additional Catawba capacity. Mr. Ledbetter stated that it was appropriate to waive the 90 day negotiation period as stated in the Policy.

The resolution from the City of Rock Hill requests "... PMPA to market 100% of the City's share of its Catawba Project Output along with the excess declared by other participants." Mr. Ledbetter stated that the 47.5 MW excess of other Participants had already been marketed and a proposal received, and requested clarification from Rock Hill that they understood a sale of its Catawba excess would be a separate marketing and sale. Rock Hill affirmed and agreed that its sale would be a separate sale.

A motion was made by Mr. Dorman, with a second by Mr. Young to waive the 90-day notice which effectively waives any Participants right to purchase the excess.

Approved unanimously.

10 Supported

0 Opposed

0 Abstained

| | |
|-----------------------|--------------|
| Decision Date: | Jun 19, 2025 |
| Mover: | David Dorman |
| Second: | John Young |
| Outcome: | Approved |

7. Action Item

7.1 Resolution 25-01: Approval of Catawba Project Power Sales Renewal Agreement



Resolution 25-01: Approval of Catawba Project Power Sales Renewal Agreement

Mayor Senn made a motion, with a second by Mayor Randall, to adopt Resolution 25-01. Any changes to the Catawba Project Power Sales Renewal Agreement must be agreed to by both the General Manager and the Chairman. The approved Resolution is attached to these minutes.

7 Supported

0 Opposed

3 Abstentions (Greer, Rock Hill, and Union)

Decision Date: Jun 19, 2025

Mover: Mayor Foster Senn

Seconder: Mayor Randy Randall

Outcome: Approved

8. Executive Session

8.1 Vote to enter into Executive Session



Vote to enter into Executive Session

10 Supported

0 Opposed

0 Abstained

Decision Date: Jun 19, 2025

Mover: John Young

Seconder: David Dorman

Outcome: Approved

8.2 Discussion of Personnel Matters

8.3 Vote to return to Regular Session



Vote to return to Regular Session

10 Supported

0 Opposed

0 Abstained

Decision Date: Jun 19, 2025

Mover: Joe Nichols

Seconder: Jimmy Bagley

Outcome: Approved

9. Participant Discussion

10. Miscellaneous

10.1 Annual Engineering Report

The Annual Engineering Report for 2024 was included in the Board Pack as information. A copy will be emailed to all Board members and alternates.

11. Adjourn

11.1 Adjourn

Next meeting: PMPA Board Meeting - Aug 21, 2025, 10:00 AM

A motion was made by Mr. Dorman, with a second by Mr. Young, to adjourn the meeting.

Motion passed.

Signature: 

Date: August 21, 2025

OATH OF OFFICE

PIEDMONT MUNICIPAL POWER AGENCY BOARD OF DIRECTORS

"I do solemnly swear
or affirm that I am duly qualified,
according to the Code of Laws of the State of South Carolina,
to exercise the duties of a Board member of the Piedmont Municipal Power Agency
and that I will, equally and impartially, to the best of my ability,
exercise the trust reposed in me, and discharge the duties thereof,
and carry into effect, according to the law, the purposes for which I have been appointed.
So help me God."



ATTEST:

Gracy M. Quinn

June 19, 2025

Date



RESOLUTION NO. 9-2025

**A RESOLUTION OF THE CITY OF ABBEVILLE TO APPROVE THE
APPOINTMENT OF MIKE CLARY AS THE ALTERNATE DIRECTOR FOR THE
PIEDMONT MUNICIPAL POWER AGENCY BOARD OF DIRECTORS**

WHEREAS, the City of Abbeville, “the City”, is a “municipality” as defined in S.C. Code Ann.§ 6-23-20(g) (Supp. 2003); and

WHEREAS, the City of Abbeville is a member of Piedmont Municipal Power Agency (“PMPA”) and is entitled to appoint a Director and an alternate Director to PMPA’s Board of Directors by S. C. Code Ann. § 6-23-70 (Supp. 2003) and PMPA’s Bylaws, to serve at the pleasure of the City ;and

WHEREAS, the City desires to appoint Michael Clary, Deputy Administrative Officer, as the alternate Director to PMPA’s Board of Directors, to serve until the City determines otherwise.

BE IT THEREFORE RESOLVED:

THAT Michael Clary be and hereby is duly appointed as the City’s alternate Director to serve on PMPA’s Board of Directors with the full power and authority to act on behalf of the City in the absence of the Director herein appointed with the same rights as such Director;

THAT, the Director and alternate Director shall serve in their described capacities until the City determines otherwise by duly executed Resolution;

THAT the City shall cause a certified copy of the Resolution to be delivered to PMPA in accordance with PMPA’s Bylaws.

RESOLVED AND ADOPTED this 14th day of May 2025.

City of Abbeville, South Carolina

By: Jay Edwards

Its: Mayor

ATTEST:

By: Laura A. Snelling

Its: city clerk

**PIEDMONT MUNICIPAL POWER AGENCY
RESOLUTION 25-01**

**A RESOLUTION MAKING PROVISION FOR THE APPROVAL OF THE FORM OF CATAWBA
PROJECT POWER SALES RENEWAL AGREEMENT IN SUBSTANTIALLY THE FORM
PRESENTED; AND OTHER MATTERS RELATED THERETO.**

WHEREAS, Piedmont Municipal Power Agency ("PMPA") is a public body and body corporate and politic organized and existing under the laws of the State of South Carolina, which provides wholesale electric services to the cities of Abbeville, Clinton, Easley, Gaffney, Greer, Laurens, Newberry, Rock Hill, Union, and Westminster, South Carolina (collectively, the "Participants"); and

WHEREAS, the existing Catawba Project Power Sales Agreement, executed on August 1, 1980, between PMPA and its Participants, terminates on July 31, 2035; and

WHEREAS, PMPA and certain Participants desire to execute an Agreement to extend such Participants access to output of the Catawba Project; and

WHEREAS, the Catawba Project Power Sales Renewal Agreement has been negotiated; now, therefore,

NOW, THEREFORE, BE IT RESOLVED BY PIEDMONT MUNICIPAL POWER AGENCY IN MEETING DULY ASSEMBLED:

The form of Catawba Project Power Sales Renewal Agreement in substantially final form is present at this meeting for review by the Board of Directors. Changes, additions, deletions, or modifications may be made as consistent with the details of the form of Catawba Project Power Sales Renewal Agreement or as recommended by counsel and the staff of Piedmont Municipal Power Agency. The form of Catawba Project Power Sales Renewal Agreement is approved in substantially the form presented with such changes as the Chairman and General Manager shall approve. The Chairman and the General Manager are hereby authorized and directed to take such action as they deem appropriate or as is requested of either of them in connection with the execution of a form of Catawba Project Power Sales Renewal Agreement.

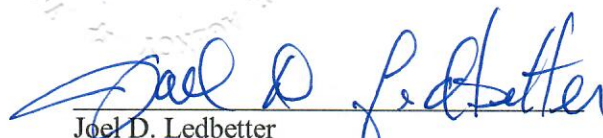
Adopted this 19th day of June, 2025.

PIEDMONT MUNICIPAL POWER AGENCY

ATTEST: (Seal)



Andy Sevic
Chairman



Joel D. Ledbetter
General Manager/Secretary

STATE OF SOUTH CAROLINA

COUNTY OF GREENVILLE

I, the undersigned Secretary of the Board of Directors of Piedmont Municipal Power Agency ("PMPA"), DO HEREBY CERTIFY that the foregoing is a true, correct, and verbatim copy of a Resolution duly adopted by PMPA at a duly called meeting held on June 19, 2025.

WITNESS MY HAND this 19th day of June, 2025.


Secretary, Board of Directors of
Piedmont Municipal Power Agency

BOARD DRAFT FOR APPROVAL 6/19/25

**PIEDMONT MUNICIPAL POWER AGENCY
CATAWBA PROJECT POWER SALES RENEWAL AGREEMENT**

**BY AND BETWEEN
PIEDMONT MUNICIPAL POWER AGENCY
AND
[CITY/TOWN] OF _____**

Dated as of _____, 20__

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**PIEDMONT MUNICIPAL POWER AGENCY
CATAWBA PROJECT POWER SALES RENEWAL AGREEMENT**

THIS PIEDMONT MUNICIPAL POWER AGENCY CATAWBA PROJECT POWER SALES RENEWAL AGREEMENT (this “Agreement”), effective as of August 1, 2035 (the “Effective Date”), is made by and between PIEDMONT MUNICIPAL POWER AGENCY, a public body corporate and politic of the State of South Carolina (“PMPA”), and [City/Town] of _____, a municipality of the State of South Carolina (the “Participant”).

WHEREAS, PMPA is a public body corporate and politic in accordance with the Joint Municipal Electric Power and Energy Act, Chapter 23 of Title 6 of the Code of Laws of South Carolina 1976, as amended (the “Act”), formed as a result of a determination by each of the members of PMPA, including the Participant, that it is in each Participant’s, and its electric customers’, best interest to create and participate in PMPA for the purpose of undertaking the planning, financing, development, acquisition, purchase, construction, reconstruction, improvement, enlargement, ownership, operation, and maintenance of a project or projects to supply electric power and energy for its present and future needs as an alternative or supplemental method of obtaining the benefits and assuming the responsibilities of ownership in a power project; and

WHEREAS, the Participant is a municipality created under the laws of the State of South Carolina, owning for at least ten (10) years a system or facilities for the generation, transmission, or distribution of electric power and energy prior to becoming a member of PMPA, is located within the area generally served by Duke (hereinafter defined), and is authorized by the Act to contract to buy from PMPA power and energy required for its present or future requirements; and

WHEREAS, PMPA is authorized by the Act to acquire from an electric supplier not less than ten percent (10%) of the rated capacity of one or more projects under construction on the date of approval of the Act, or on which construction will commence subsequent to the date of approval of the Act, either individually or jointly with one or more municipalities in any other state, owning electric generation, transmission or distribution facilities, or with any political subdivisions or agencies of any other state and in connection with such acquisition, to study, plan, finance, own, operate, and maintain such project or projects and is authorized to issue its bonds for the purpose of providing funds for any of its corporate purposes, including financing of a project; and

WHEREAS, PMPA now owns, operates, and maintains a twenty-five percent (25%) undivided ownership interest in Unit 2 of the Catawba Nuclear Station (hereinafter defined) (the “Catawba Project”), which was under construction on the date of approval of the Act; and

WHEREAS, PMPA previously determined that the Catawba Project is required to provide for a portion of the present and future needs for power and energy of its members, all of whom are located within the area generally served by Duke, as of the date of issuance of PMPA’s corporate certificate, as required by the Act; and

WHEREAS, PMPA entered into the Project Agreements (hereinafter defined) with respect to the purchase, construction, operation, and fueling of the Catawba Project and interconnection of the Catawba Project with Duke’s system, including reliability exchange provisions, copies of which were furnished to the Participant; and

WHEREAS, PMPA and the Participant entered into that certain Catawba Project Power Sales Agreement dated August [1], 1980 (the “Original 1980 Contract”), whereby PMPA agreed to sell, and the

Participant agreed to purchase, the Participant's Catawba Share (hereinafter defined) of the Catawba Project Output (hereinafter defined); and

WHEREAS, the Act has been amended since the date of the Original 1980 Contract to provide for a "renewal or extension" of the term of contracts for the sale of power between a municipality and the joint action agency to which it is a member "upon such terms and conditions as the joint agency and the member municipality may agree"; and

WHEREAS, PMPA and the Participant desire to renew the Original 1980 Contract and to revise certain terms of the Original 1980 Contract to reflect current facts and circumstances, among other things, as set forth in this Agreement, which Agreement renews the Original 1980 Contract and revises certain terms and conditions included in the Original 1980 Contract; and

WHEREAS, this Agreement will become effective on the Effective Date at the expiration of the term of the existing Original 1980 Contract;

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto mutually agree as follows:

SECTION 1. Definitions. Defined terms set forth in the recitals are incorporated herein by reference. Unless the context shall clearly indicate some other meaning or may otherwise require, the terms defined in this Section shall, for all purposes of this agreement and of any agreement or other instrument amendatory hereof or supplemental hereto, have the meanings herein specified, with the following definitions to be equally applicable to both the singular and plural forms of any terms herein defined, unless otherwise specifically provided herein. Terms not defined herein shall have the meanings assigned thereto in the Project Agreements.

"Additional Project" shall have the same meaning ascribed to such term in the Bond Resolution, as the definition of "Additional Project" in the Bond Resolution may change from time to time.

"Annual Catawba Budget" means the budget described in Section 5 that is developed by PMPA each year for the Catawba Project.

"Billing Statement" means the written statement prepared monthly by PMPA and delivered to the Participant pursuant to Section 5(b) which shows the amounts to be paid each month to PMPA by the Participant as the Participant's Catawba Share of the Monthly Catawba Project Power Costs.

"Bond Resolution" means the resolution adopted by the Board of Directors of PMPA on August 14, 1980, as amended and restated on December 6, 1984, entitled "A RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF ELECTRIC REVENUE BONDS OF PIEDMONT MUNICIPAL POWER AGENCY TO FINANCE THE ACQUISITION AND CONSTRUCTION OF PROJECTS, INCLUDING AN OWNERSHIP INTEREST IN A NUCLEAR FUELED GENERATING PLANT TO BE KNOWN AS CATAWBA NUCLEAR STATION UNIT 2, AND FOR OTHER PURPOSES RELATED THERETO; PRESCRIBING THE FORM OF ELECTRIC REVENUE BONDS ISSUED HEREUNDER; COVENANTING AS TO THE REVENUES AND THE FIXING, ESTABLISHMENT AND COLLECTION OF RATES, TOLLS, RENTS AND CHARGES FOR THE CAPABILITY OF THE PROJECTS AND THE POWER AND ENERGY DERIVED DIRECTLY AND INDIRECTLY THEREFROM; PLEDGING SUCH REVENUES AND OTHER FUNDS TO THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS; PROVIDING FOR THE ISSUANCE OF ADDITIONAL PARITY BONDS; AND MAKING OTHER COVENANTS AND AGREEMENTS IN

CONNECTION WITH THE FOREGOING”, as the same may be amended, supplemented, restated or replaced, pursuant to which the Bonds are to be issued.

“Bonds” mean the bonds issued from time to time pursuant to and under authority of the Bond Resolution which (a) PMPA has allocated on the basis of the application of the proceeds thereof (i) to pay Costs of Acquisition and Construction of the Catawba Project and (ii) for the purposes authorized by Section 14 or (b) PMPA has reallocated in accordance with Section 5(g) hereof to (i) or (ii) of (a) hereof on the basis of the application under the Bond Resolution of funds attributable to the Catawba Project or an Additional Project to the purchase or redemption of bonds attributable to another Project.

“Catawba Nuclear Station” means the nuclear fueled generation facilities consisting of two individual generating units, Unit 1 and Unit 2, and attendant support facilities, located near Lake Wylie in York County, South Carolina, as more particularly described in the Sales Agreement and defined therein as the “Catawba Nuclear Station.”

“Catawba Project Output” means the amounts of electric power and energy, if any, to which PMPA is entitled at any particular time pursuant to the Project Agreements.

“Catawba Project Power Sales Renewal Agreements” means this Agreement and each other agreement between PMPA and a Participant relating to the sale of Catawba Project Output beginning on or after August 1, 2035.

“Combined Utility System” means the Electric System of the Participant and all other systems, functions, services, enterprises and undertakings with which the Electric System has, prior to the date of execution of the this Agreement by the Participant, been combined under the laws of South Carolina for purposes of financing.

“Consulting Engineer” means the consulting engineer or engineering firm or corporation appointed pursuant to Section 15 hereof.

“Contract Year” means the 12-month period commencing 12:01 A.M. local time on January 1 of each year during the term of this Agreement and ending midnight local time on the December 31 next following (or such other 12-month period as PMPA shall determine); provided, however, that the first Contract Year shall commence at 12:01 A.M. local time on August 1, 2035 and the last Contract Year shall end at midnight local time on the date of expiration of this Agreement, as provided in Section 2 hereof.

“Costs of Acquisition and Construction of the Catawba Project” mean, to the extent permitted by the Act and not included in Monthly Catawba Project Power Costs, all costs of studying, planning, engineering, acquiring, constructing, financing, and placing in operation the Catawba Project, and giving effect to the arrangements provided for under the Project Agreements (after taking into account credits with respect thereto), whether heretofore or hereafter paid or incurred by PMPA, and shall include, but shall not be limited to, funds required for:

- (1) all costs required to be borne by PMPA under the Sales Agreement and, where applicable, the Operating Agreement, plus Exchange Payments;
- (2) working capital and special reserves in such amounts as may be reasonably deemed necessary by PMPA and/or required by the Project Agreements;
- (3) interest accruing in whole or in part on Bonds prior to and during acquisition and construction and for such period of time thereafter as PMPA may reasonably determine;

(4) the deposit or deposits from the proceeds of Bonds in any fund or account established pursuant to the Bond Resolution to meet the Reserve Account Requirement (as defined in the Bond Resolution);

(5) the deposit or deposits from the proceeds of Bonds in any fund or account established pursuant to the Bond Resolution as reserves for renewals, replacements, and contingencies with respect to the Catawba Project, and for retirement from service, decommissioning, or termination of the Catawba Project;

(6) all federal, state, and local taxes and payments in lieu of taxes legally required to be paid in connection with the acquisition and construction of the Catawba Project, to the extent applicable;

(7) the payment of the principal of and premium, if any, and interest on notes or other evidences of indebtedness issued in anticipation of the issuance of Bonds for the payment of the Costs of Acquisition and Construction of the Catawba Project;

(8) the costs and expenses incurred in connection with the issuance and sale of Bonds for the Catawba Project, including bond discounts and fees and expenses of trustees and paying agents with respect to such Bonds;

(9) reimbursements of amounts advanced with respect to the Catawba Project by the Participants;

(10) all costs and expenses relating to injury and damage claims arising out of the acquisition and construction of the Catawba Project, including deferred premiums and the cost of maintaining any guarantee of payment thereof required pursuant to the Atomic Energy Act of 1954, as amended from time to time, or any successor statute;

(11) survey, investigation, and development costs; engineering fees; contractors' fees; costs of obtaining permits, licenses, and approvals; costs of labor, materials, equipment, lands, rights-of-way, franchises, easements and other interests in land, repairs, betterments, utility services and supplies; payments to other public agencies; training and testing costs; insurance premiums; legal and financing costs; and administrative and general costs incurred with respect to the Catawba Project; and

(12) all costs incurred or associated with the salvage, discontinuance, decommissioning, and disposition or sale of properties required to be paid by PMPA in accordance with the Project Agreements.

“Duke” means Duke Energy Carolinas, LLC, a North Carolina limited liability company, formerly known as Duke Power, a Division of Duke Energy Corporation, formerly known as Duke Energy Company, a North Carolina corporation, with offices in Charlotte, North Carolina or any successors and assigns pursuant to a reorganization or restructure.

“Electric System” means all properties and assets, real and personal and tangible and intangible, of the Participant now or hereafter existing, used or pertaining to the generation, transmission, transformation, distribution and sale of electric power and energy, including all additions, extensions, expansions, improvements and betterments thereto and equipments thereof; provided, however, that to the extent the Participant jointly owns an asset or property, only the Participant’s interest in such asset or property shall be considered to be part of its Electric System.

"Exchange Payments" means the payments made pursuant to the exchange payment provisions of Article 14 of the Interconnection Agreement and Article 8 of the Joint Ownership Support Agreement that is effected by an adjustment to each statement provided to PMPA by Duke pursuant to the Operating Agreement in consideration of (1) Duke providing the exchanges of capability and output from the Catawba Project for capability and output from Unit 1 of the Catawba Nuclear Station pursuant to Section 5.1 of the Interconnection Agreement and Article 6 of the Joint Ownership Support Agreement, (2) PMPA's agreement pursuant to Article 18 of the Sales Agreement to permit Duke to utilize the spent fuel storage associated with the Catawba Project, and (3) Duke's provision of services for supporting facilities for the Catawba Project.

"Extra Energy" means the energy that PMPA, pursuant to Section 3.3 and Exhibit 2 of the Joint Ownership Support Agreement, receives to compensate for the normal variations between (1) the amount of energy PMPA schedules on an hourly basis from Catawba Nuclear Station and McGuire Nuclear Station and (2) the quantity of energy to which PMPA is entitled under the Project Agreements.

"Interconnection Agreement" means the agreement dated as of August 1, 1980, between PMPA and Duke known as the "Catawba Nuclear Station Interconnection Agreement," which, though terminated as of January 1, 2006, includes provisions that, by the terms of such agreement, survive its termination, namely: (1) Section 5.1 (Catawba Reliability Exchange); (2) Article 14 (Exchange Payment); and (3) Sections 22.1 through 22.3 (Liability; Responsibility on Either Side of Delivery Point; and Consequential Damages), including the indemnification provisions thereof, except with respect to actions of Duke occurring after termination or cancellation; all as now set forth in Articles 6, 8 and 13, respectively, of the Joint Ownership Support Agreement.

"Joint Ownership Support Agreement" means the agreement dated June 7, 2005, between PMPA and Duke, known as the "Catawba Nuclear Station Joint Ownership Support Agreement," establishing certain joint ownership rights and responsibilities and containing surviving provisions of the Interconnection Agreement, including as to the exchanges of power between Unit 1 and Unit 2 of the Catawba Nuclear Station, as the same may be modified, amended, or supplemented from time to time.

"McGuire Nuclear Station" means the nuclear fueled generation facilities consisting of two individual generating units, Unit 1 and Unit 2, and attendant support facilities located in Mecklenburg County, North Carolina and owned by Duke.

"McGuire Reliability Exchange Agreement" means the agreement dated June 7, 2005 between PMPA and Duke, providing for, among other things, an exchange of power between the Catawba Nuclear Station units and the McGuire Nuclear Station units owned by Duke, as the same may be modified, amended, or supplemented from time to time.

"Monthly Catawba Project Power Costs" mean, to the extent not included in the Costs of Acquisition and Construction of the Catawba Project, all of PMPA's costs that are paid or incurred by PMPA during each month of each Contract Year that are directly necessary to and resulting exclusively from the ownership, operation, maintenance, termination, retirement from service, and decommissioning of, and necessary repairs, renewals, replacements, additions, improvements, betterments, and modifications to the Catawba Project, reduced by all of PMPA's Catawba Project related revenues received from non-Participants, and giving effect to the arrangements provided for under the Project Agreements (after taking into account credits with respect thereto), and the providing of reserves for such purposes, including, but not limited to, the following cost and revenue items:

- (1) the amount which may be required by PMPA during such month to pay costs pursuant to the Operating Agreement, net of Exchange Payments, plus the payments to Duke

required pursuant to Section 10.1 of the Joint Ownership Support Agreement, plus Reliability Exchange Payments, plus the payments for Replacement Energy as offset by the credits for Extra Energy pursuant to the Joint Ownership Support Agreement;

(2) the amount (calculated without reference to any acceleration for default under the Bond Resolution) which PMPA is required under the Bond Resolution to pay or deposit during such month from the Revenue Fund into the Bond Fund established by the Bond Resolution for the payment of the principal of and premium, if any, and interest on the Bonds and for reserves with respect to such Bonds;

(3) the amount required under the Bond Resolution with respect to the Catawba Project or the Bonds to be paid or deposited during such month into any fund or account established by the Bond Resolution, other than funds and accounts referred to in clause (2) above;

(4) to the extent funds are not otherwise available, the payment of the principal of and premium, if any, and interest on notes or other evidences of indebtedness issued in anticipation of the issuance of Bonds;

(5) all costs incurred or associated with the salvage, discontinuance, decommissioning, and disposition or sale of properties required to be paid by PMPA in accordance with the Project Agreements, including, but not limited to, all of PMPA's accrued costs and liabilities resulting from PMPA's ownership, acquisition, construction, operation (including cost of fuel), maintenance, and renewals and replacements of the Catawba Project;

(6) all costs and expenses relating to injury and damage claims required to be paid by PMPA pursuant to the Project Agreements, including deferred premiums and the cost of maintaining any guarantee of payment thereof required pursuant to the Atomic Energy Act of 1954, as amended from time to time, or any successor statute; provided, however, that in no event shall Monthly Catawba Project Power Costs include any public liability of PMPA for a nuclear incident in excess of that provided under the Atomic Energy Act of 1954, as amended from time to time, or any successor statute;

(7) any other costs incurred by PMPA during such month relating to the Bonds, the Catawba Project, or the Project Agreements (including, but not limited to, operation, maintenance, and repair costs; working capital established pursuant to duly established PMPA policies or decisions, as may be amended or revised from time to time, and reserves deemed necessary for the Catawba Project by PMPA; and the properly allocable portion of administrative and general expenses, applicable taxes, insurance, and overhead allocated based on generally accepted accounting principles) not included in the costs hereinbefore specified, and the share of all costs allocable to the Catawba Project incurred or associated with the winding up of the business and affairs of PMPA; and

(8) credits for revenue received during such month relating to the Bonds, the Catawba Project, or the Project Agreements (including, but not limited to, from unrestricted interest income from reserve accounts established under the Bond Resolution).

In no event, however, shall Monthly Catawba Project Power Costs include any costs directly attributable and assignable to one or more Participants (including, but not limited to, (i) costs incurred by PMPA in connection with the remarketing of all or any part of the Participant's Catawba Share of Catawba Project Output pursuant to Section 11 of this Agreement, (ii) costs incurred in connection with the provision of supplemental power supply; or (iii) except with respect to the costs discussed in (7) above that are allocated

based on generally accepted accounting principles, costs incurred in connection with any services not related to the Catawba Nuclear Station). In the event that such costs are directly attributable and assignable to more than one Participant, such costs shall be assignable to the relevant Participants based on load-ratio share, Participant's Catawba Share, Remarketed Catawba Capacity and Energy, or other appropriate method, as applicable.

"Operating Agreement" means the agreement dated as of August 1, 1980, between PMPA and Duke known as the "Catawba Nuclear Station Operating and Fuel Agreement", providing for the operation, maintenance and fueling of the Catawba Nuclear Station, the making of renewals, capital additions and replacements therefor and the decommissioning thereof, as amended by amendments dated September 1, 1991, July 30, 1998, July 11, 2011, and January 1, 2021, and as the same may be modified, amended or supplemented from time to time.

"Participants" mean those entities, including Participant, that have executed an agreement in substantially similar form to this Agreement for the sale of Catawba Project Output beginning on August 1, 2035.

"Participant's Catawba Share" means, as to each Participant, the percentage, as may be adjusted as provided in Sections 6 and 12 of the Catawba Project Power Sales Renewal Agreements, set forth in the Exhibit A appended to each such agreement.

"Parties" mean, collectively, PMPA and Participant; and "Party" means PMPA and Participant, individually, as appropriate.

"Projects" shall have the meaning ascribed to such term in the Bond Resolution.

"Project Agreements" mean, collectively, the Sales Agreement, the Operating Agreement, the Interconnection Agreement, the Joint Ownership Support Agreement, and the McGuire Reliability Exchange Agreement.

"Rating Agency" means any of Standard & Poor's Rating Group (a division of McGraw-Hill, Inc.) or its successor; Moody's Investor Services, Inc. or its successor; or Fitch Ratings, Ltd., or its successor.

"Reliability Exchanges" mean (1) the exchanges of capability and output from the Catawba Project for capability and output from Unit 1 of the Catawba Nuclear Station pursuant to Section 5.1 of the Interconnection Agreement and Article 6 of the Joint Ownership Support Agreement and (2) the exchanges of capability and output from the Catawba Nuclear Station units for capability and output from the McGuire Nuclear Station pursuant to the McGuire Reliability Exchange Agreement.

"Reliability Exchange Payments" means the costs incurred pursuant to the exchange payment provisions of Sections 4.2(C) and 6.2(B) of the McGuire Reliability Exchange Agreement, less payments received from Duke for Duke's Exchange Entitlement to Catawba Output pursuant to Section 7.2(B) of the McGuire Reliability Exchange Agreement in consideration for Reliability Exchanges.

"Remarketed Catawba Capacity and Energy" means the capacity and energy from a Participant's Catawba Share of Catawba Project Output that a Participant determines in its sole discretion may be remarketed at Participant's sole election by Participant (or by PMPA if Participant so elects) in accordance with this Agreement.

"Replacement Energy" means the energy that PMPA, pursuant to Section 3.3 and Exhibit 2 of the Joint Ownership Support Agreement, purchases to compensate for the normal variations between (1) the

amount of energy PMPA schedules on an hourly basis from Catawba Nuclear Station and McGuire Nuclear Station and (2) the quantity of energy to which PMPA is entitled under the Project Agreements.

“Revenues” mean all income, rents, receipts, rates, fees, charges and other moneys derived by the Participant from the ownership or operation of its Electric System, including, without limiting the generality of the foregoing, (1) all income, rents, receipts, rates, fees, charges or other moneys derived from the sale, furnishing and supplying of the electric power and energy and other services, facilities and commodities sold, furnished or supplied through the facilities of the Electric System, (2) the earnings on and income derived from the investment of such income, rents, rates, fees, charges or other moneys to the extent that the use of such earnings and income is limited by or pursuant to law to the Electric System and (3) the proceeds derived by the Participant directly or indirectly from the sale, lease or other disposition of a part of the Electric System as permitted by clauses (i) and (ii) of paragraph (d) of Section 6, but the term “Revenues” shall not include customers’ deposits or any other deposits subject to refund until such deposits have become the property of the Participant.

“Sales Agreement” means the agreement dated as of August 1, 1980, between PMPA and Duke known as the “Purchase, Construction, and Ownership Agreement Relating to Twenty-Five Percent of Unit 2 of the Catawba Nuclear Station”, providing for the construction, initial fueling, and placing into commercial operation of the Catawba Nuclear Station and for the sale to PMPA of a twenty-five percent (25%) undivided ownership interest in Unit 2 of the Catawba Nuclear Station, as amended by amendment dated October 22, 1982, and as the same may be modified, amended, or supplemented from time to time.

“Surplus Output” means the energy from a Participant's Catawba Share of Catawba Project Output that, after giving effect to any sale of Remarketed Catawba Capacity and Energy, is excess to such Participant's energy requirements in any given hour.

“Usual Utility Practice” means, at a particular time, any of the practices, methods and acts which, in the exercise of reasonable judgment in the light of the facts (including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry prior thereto) known at the time the decision was made, would have been expected to accomplish the desired result at a reasonable cost consistent with reliability and safety. Usual Utility Practice is not intended to be limited to the optimum practice, method or act, to the exclusion of all others, but rather to be a number of possible practices, methods or acts. In evaluating whether any matter conforms to Usual Utility Practice as used in this Agreement, the Parties hereto shall take into account (1) the fact that PMPA and each Participant is a public body corporate and politic organized under the laws of the State of South Carolina, with the statutory duties and responsibilities thereof, (2) the objectives to integrate the Catawba Project Output with the other resources of the Participants, including such resources and electric capacity and energy purchased under contract, to achieve optimum utilization of the resources and achieve efficient and economical operation of each system, and (3) the Project Agreements.

SECTION 2. Term of Agreement. (a) The Original 1980 Agreement is renewed for a period of fifty (50) years, commencing on the Effective Date, with revised terms as indicated herein.

(b) Notwithstanding anything in this Agreement to the contrary, the following shall be conditions precedent to the Parties’ respective rights and obligations set forth in this Agreement:

(i) By [INSERT DATE], the Participant will provide the necessary resolution or ordinance that authorizes the Participant to execute the Agreement.

(ii) By [INSERT DATE], the Participant will provide PMPA an opinion of counsel containing the opinions included in Exhibit C attached hereto relating to the Agreement subject to standard assumptions and qualifications.

(c) This Agreement shall terminate in advance of its expiration as provided below.

(i) This Agreement shall terminate if and when all of the following conditions are met: (1) the entire Catawba Nuclear Station (both Unit 1 and Unit 2) has ceased operations and is retired from service; (2) the principal of and premium, if any, and interest on all of the Bonds have been paid in full or funds are set aside for the payment or retirement thereof in accordance with the Bond Resolution; (3) all other obligations and liabilities hereunder have been paid or provided for; and (4) all obligations and liabilities of PMPA under the Project Agreements have been performed and paid or provided for.

(ii) This Agreement shall also be subject to termination under the circumstances described in Section 12(b) below.

(d) Notwithstanding the expiration of any stated term of this Agreement with respect to the Participant's obligation to purchase Participant's Catawba Share of Catawba Project Output from PMPA and PMPA's obligation to sell Participant's Catawba Share of Catawba Project Output to the Participant, the Parties' obligations with respect to the retirement and decommissioning of the Catawba Nuclear Station and winding up the business and affairs of PMPA shall survive the expiration or earlier termination of this Agreement. Subject to Section 6(d), neither assignment, termination, nor expiration of this Agreement shall affect any rights acquired or liability or obligation incurred hereunder up to the date of the assignment, termination, or expiration, including, but not limited to, the Participant's Catawba Share of the final cost of decommissioning the Catawba Project as discussed in Section 5(h).

SECTION 3. Financing, Operation and Maintenance of the Catawba Project. PMPA, in good faith and in accordance with the provisions of the Project Agreements, shall use its best efforts in accordance with Usual Utility Practice: (i) to undertake, or cause to be undertaken, or continue to undertake, the financing, construction, acquisition, operation, and maintenance of the Catawba Project; (ii) to obtain, or cause to be obtained, Federal, state, and local permits, licenses, and other rights and regulatory approvals necessary for the financing, operation, and maintenance of the Catawba Project; (iii) to issue and sell Bonds to finance the Costs of Acquisition and Construction of the Catawba Project, and to finance the costs referred to in Section 14 hereof, not otherwise provided for, which are permitted by the terms of the Bond Resolution provided that in each such case Bonds may then be legally issued and sold; and (iv) to enforce its rights under the Project Agreements for the benefit of the Participants as elected by the PMPA Board of Directors in its sole discretion.

SECTION 4. Sale and Purchase of Participant's Share of Catawba Project Output. (a) PMPA hereby sells, and Participant hereby purchases, its Participant's Catawba Share of Catawba Project Output.

(b) It is expressly understood and agreed that PMPA does not hereby contract to furnish the Participant with uninterrupted supplies of electric power and shall not be liable to Participant for injuries and damages resulting from interruptions in power supply, specifically including without limitation, damages related to the supply of electricity for pumping water for extinguishing fires.

SECTION 5. Annual Catawba Budget and Billing Statements; Payments by the Participant. (a) Prior to each Contract Year, PMPA shall deliver via electronic means to the Participant an Annual Catawba Budget for such Contract Year. The Annual Catawba Budget will include (i) PMPA's estimated Monthly Catawba Project Power Costs, (ii) PMPA's projection of monthly Catawba Project Output,

(iii) Participant's Catawba Share of (i) and (ii), and (iv) PMPA's projection of revenues, if any, from sales of Remarketed Catawba Capacity and Energy and Surplus Output that would be credited to the applicable Participant(s). During each Contract Year, PMPA shall periodically review the Annual Catawba Budget for such Contract Year. In the event such review indicates that the Annual Catawba Budget does not or will not substantially correspond with actual receipts and expenditures, or if at any time during such Contract Year there are or are expected to be extraordinary receipts, credits, or costs substantially affecting the Annual Catawba Budget, PMPA shall revise and deliver via electronic means to the Participant an amended Annual Catawba Budget, which shall supersede the Annual Catawba Budget or amended Annual Catawba Budget theretofore provided as the basis for the Annual Catawba Budget for the remainder of such Contract Year.

(b) On or before the fifteenth (15th) day of each month of each Contract Year (beginning with the first full month of the first Contract Year) or such other date that PMPA shall establish from time to time, PMPA shall prepare, date, and on such date provide via electronic means to the Participant a Billing Statement in similar form and substance to that shown in Exhibit B. The Billing Statement shall include (i) the amount payable by the Participant as the Participant's Catawba Share of Monthly Catawba Project Power Costs for the preceding month; (ii) the amount, if any, to be credited against Monthly Catawba Project Power Costs pursuant to paragraph (g) of this Section; and (iii) any amounts payable by or credited to the Participant pursuant to this Agreement and not payable or credited pursuant to clauses (i) and (ii) of this paragraph; including but not limited to amounts related to the Participant's sales of Remarketed Catawba Capacity and Energy and Surplus Output pursuant to Section 11.

(c) The amounts shown in the Billing Statement to be paid to PMPA by the Participant shall be due and payable ten (10) calendar days after the date of the Billing Statement and any amounts due and not paid by the Participant within ten (10) calendar days after the date of the Billing Statement shall accrue a late penalty charge from the due date until paid computed at the rate of one percent (1%) per month. Remittances shall be made via electronic funds transfer (EFT), such as by wire or through an Automated Clearing House (ACH).

(d) In each Contract Year, the Participant shall pay to PMPA, for the Participant's Catawba Share of Catawba Project Output, the Participant's Catawba Share of the Monthly Catawba Project Power Costs for such Contract Year. Such payments shall be made to PMPA under this Agreement whether the Catawba Project is operable or operating notwithstanding the suspension, interruption, interference, reduction or curtailment of Catawba Project Output, or the power and energy contracted for, in whole or in part, for any reason whatsoever. Such payments under this Agreement shall not be subject to any reduction by offset or otherwise and shall not be conditioned upon the performance or nonperformance by PMPA or any other Participant under this or any other agreement or instrument, the remedy for any nonperformance being limited to mandamus, specific performance or other legal or equitable remedy.

(e) In the event of any dispute as to any portion of any Billing Statement, the Participant shall nevertheless pay the full amount of the disputed charges when due and shall give written notice of the dispute to PMPA not later than the end of the Contract Year in which such payment is due, but in any event the Participant shall have sixty (60) days to so give such notice. Such notice shall identify the disputed bill, state the amount in dispute and set forth a full statement of the grounds on which such dispute is based. No adjustment shall be considered or made for disputed charges unless notice is given as aforesaid. PMPA shall give consideration to such dispute and shall advise the Participant with regard to its position relative thereto within thirty (30) days following receipt of such written notice. Upon final determination (whether by agreement, arbitration, adjudication, or otherwise) of the correct amount, there shall be made an appropriate adjustment to the Billing Statement next submitted to the Participant after such determination.

(f) After each Contract Year, within 30 days of receipt of the PMPA audit provided for in Section 8 hereof, PMPA shall inform the Participant of any adjustment of or credit to Monthly Catawba Project Power Costs and the Participant's Catawba Share thereof described in paragraph (g) of this Section 5 or under the Bond Resolution for all of the months of such Contract Year or any prior Contract Year. If the Monthly Catawba Project Power Costs and the Participant's Catawba Share thereof did not reflect such adjustment or credit when the Participant had been billed during the Contract Year, PMPA shall reflect such adjustment or credit in the Participant's next Billing Statement.

(g) To the extent not credited or to be credited against the Costs of Acquisition and Construction of the Catawba Project and to the extent not reflected as an offset to any charge made by Duke to PMPA for costs included in Monthly Catawba Project Power Costs, all receipts, revenues, and other moneys received by or credited to PMPA under the Project Agreements and from insurance proceeds, condemnation awards, and damages in connection with the construction or operation or maintenance of the Catawba Project collected from contractors, subcontractors, or others and proceeds from the sale or other disposition of assets (including surplus property), all related to the Catawba Project, shall, unless the Bond Resolution or the Project Agreements make contrary provision, be credited against Monthly Catawba Project Power Costs. Additionally, credits or adjustments as between Projects shall be made by PMPA to monthly project power costs of such Projects, including Monthly Catawba Project Power Costs, in order to reflect the application and use of the "Revenues" (as that term is used in the Bond Resolution) under the Bond Resolution with respect to such Projects. In the event that PMPA wishes to apply any funds allocable to the Catawba Project, which by the terms of the Bond Resolution are to be applied to the purchase or retirement of Bonds issued thereunder or may be applied to the payment of the acquisition or construction of an Additional Project, to the purchase or retirement of bonds other than Bonds or to the acquisition or construction of an Additional Project other than the Catawba Project then in such event PMPA shall give the Participant written notice thereof setting forth the amount of such funds, their intended application and the proposed method of reallocating the Bonds to such other Project. If PMPA does not receive written objection to such plan within fifteen (15) days after the mailing thereof it may proceed with the use of the funds to defray the costs of the Additional Project. If any Participant objects PMPA shall apply such funds solely to the purchase or retirement of Bonds or to pay Costs of Acquisition and Construction of the Catawba Project in accordance with the Bond Resolution. This procedure shall also be followed in the event PMPA wishes to apply funds allocable to an Additional Project to the purchase or retirement of Bonds or to the payment of Costs of Acquisition and Construction of the Catawba Project where such application will result in the reallocation of bonds under the Bond Resolution as Bonds for purposes of this Agreement.

(h) At the earliest reasonable time after the costs associated with decommissioning the last Catawba Unit, whether Unit 1 or Unit 2, and back-end services (as defined in or as may be set forth in Section 19.1(A) of the Operating Agreement) are paid or provision for payment of such costs is made, and all assets related to the Catawba Project (*i.e.*, materials, parts, supplies or other facilities therefrom) are sold, PMPA shall prepare, date, and on such date provide via electronic means to the Participant a final accounting statement showing the remaining obligations and liabilities for which PMPA is responsible with respect to the Bonds and the Catawba Project under the Bond Resolution and the Project Agreements and the costs to PMPA of discharging and satisfying the same. The final accounting statement shall credit to the Participants, and deduct from any amount otherwise chargeable to them, all proceeds or compensation received by PMPA from the sale of the assets related to the Catawba Project (*i.e.*, materials, parts, supplies or other facilities therefrom). If the final accounting statement shows that such obligations and liabilities exceed such credits after application by PMPA of all other funds available for such purpose, the Participant shall pay PMPA a sum determined by multiplying the amount shown to be due in such accounting statement by the Participant's Catawba Share. If the final accounting statement shows that such obligations and liabilities are less than such credits after application by PMPA of all other funds available for such purpose, PMPA shall pay the Participant a sum determined by multiplying the amount of the excess credit by the Participant's Catawba Share, unless otherwise directed by the Participant with respect to the application

thereof. The final accounting statement shall be mailed, and amounts due thereunder shall be paid, in the same manner and under the same terms and conditions as is provided herein with respect to Billing Statements.

SECTION 6. Source of Payments by the Participants; Certain Obligations of Participants.

(a) The obligations of the Participant to make the payments under Section 5 shall be an operating expense of its Electric System and be payable solely from Revenues. The Participant shall not be required to make any payments to PMPA under this Agreement except from Revenues.

(b) The Participant covenants and agrees that it will fix, charge, and collect rents, rates, fees and charges for electric power and energy and other services, facilities, and commodities sold, furnished or supplied through the facilities of its Electric System at least sufficient to provide Revenues adequate to meet its obligations under this Agreement, and to pay, together with any other funds or moneys available therefor, any and all other amounts payable from or constituting a charge or lien upon the Revenues, including, but not limited to, the principal of and interest on any bonds, notes or other evidences of indebtedness heretofore or hereafter issued which are secured in any manner by a pledge of the Revenues.

(c) The Participant covenants and agrees that in accordance with Usual Utility Practice it (i) shall at all times operate the properties of its Electric System and the business in connection therewith in an efficient manner and at reasonable cost; (ii) shall maintain its Electric System in good repair, working order, and condition; and (iii) shall from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments, equippings, and furnishings to its Electric System so that at all times the business carried on in connection therewith shall be properly and advantageously conducted.

(d) The Participant further covenants and agrees that it shall not (i) abandon, sell, mortgage, lease, or otherwise dispose of or encumber its Electric System or any part thereof; or (ii) assign or transfer its Participant's Catawba Share of Catawba Project Output and the rights, liabilities, and obligations associated therewith except as permitted by the following provisions of paragraph (d) and (e) of this Section 6:

(i) The Participant may, in the ordinary course of the business of operating and maintaining its Electric System, abandon, scrap, trade-in, sell, or otherwise dispose of any property or equipment if (A) the property or equipment is taken out of service and immediately replaced with items of equal or greater value or (B) the Participant determines that (i) such property or equipment is surplus, obsolete, or otherwise not required for the operation and maintenance of its Electric System and (ii) the original cost of all property and equipment disposed of pursuant to this clause (i) in any fiscal year of the Participant is less than the greater of \$5,000 or two percent (2%) of the gross plant investment of the Electric System as reported on the books for the Electric System as of the end of the most recent fiscal year of the Participant for which such figure is available.

(ii) The Participant may abandon, sell, lease, mortgage, or otherwise dispose of or encumber any property and equipment if the Participant determines, with the written concurrence of PMPA, that, taking into account past and current operating results of its Electric System and any replacements or intended replacements for such property and equipment to be disposed of, the proposed action will not have a materially adverse effect on the Revenues or the operations of its Electric System.

(iii) The Participant may abandon, sell, mortgage, lease, or otherwise dispose of or encumber its Electric System or assign or transfer some or all of its Participant's Catawba Share of Catawba Project Output and rights, liabilities, and obligations associated therewith but only if (A) the Participant has assigned and transferred this Agreement and all interests herein (including

Catawba Project Output) to one or more other Participants who have, notwithstanding the provisions of Section 2(d), assumed all of the transferor Participant's duties, liabilities, and obligations incurred hereunder prior to the date of the assignment or transfer, in which case the transferor Participant shall be relieved from all such duties, liabilities, and obligations, and (B) there shall have been filed with PMPA and all Participants an opinion of the Consulting Engineer, or other nationally recognized engineering firm, to the effect that the Participant's Catawba Share of Catawba Project Output so assigned and transferred to each Participant can be reasonably utilized by such Participant to meet the power and energy requirements of the customers of its Electric System or that, to the extent then permitted by law, there is a market for any surplus power and energy at reasonable rates in comparison to alternative power and energy sources anticipated to be available for a reasonable time thereafter.

(iv) The Participant may merge or consolidate its Electric System with, or such Electric System may be merged or consolidated into, the Electric System(s) or Combined Utility System or Systems of one or more other Participants.

(v) In the event of a disposition or encumbrance permitted by clause (iii) or a merger or consolidation permitted by clause (iv) of this paragraph (d), the Participant shall provide to PMPA a counsel's opinion satisfactory in form and substance to counsel to PMPA that, (i) in the event of such a disposition or encumbrance, the transferee Participant has assumed and become liable for the duties and obligations of the transferor Participant to the extent of the transferor Participant's Catawba Share obtained and has agreed to assume the obligations of paragraphs (b) and (c) of this Section or (ii) in the event of such a merger or consolidation, that following such merger or consolidation the Electric System surviving such merger or consolidation shall remain, or shall have become subject to this Agreement and liable for the duties and obligations of the Participant hereunder, to the same extent that such Electric System had been so subject prior to such merger or consolidation.

(e) The Participant covenants and agrees not to issue, after the effective date of the Original 1980 Contract, any bonds, notes, or other evidences of indebtedness payable from the Revenues on a parity with or superior to the payment of its obligations under this Agreement for any purpose or combination of purposes other than to fund the cost of additions, replacements, or improvements to its Electric System or its Combined Utility System or to refund outstanding obligations issued solely for the purpose of funding the cost of additions, replacements, or improvements to its Electric System or its Combined Utility System. The Participant covenants and agrees not to issue bonds, notes, or other evidences of indebtedness, or enter into any contract or agreement to take or to take or pay for power and energy, other than a power sales agreement with PMPA, payable from the Revenues on a parity with or superior to the payment of its obligations under this Agreement unless an independent consulting engineer or engineering firm or corporation having a national and favorable reputation for special skill, knowledge, and experience in analyzing the operations of utility systems shall render and file with PMPA a written opinion that the facilities for the financing of which the bonds, notes, or other evidences of indebtedness are being issued or with respect to which such agreement is being entered into are (or were when the Participant committed itself to them by contract or financing) reasonably expected to properly and advantageously contribute to the conduct of the business of its Electric System or Combined Utility System in an efficient and economical manner consistent with Usual Utility Practice and will not impair the ability of the Participant to raise Revenues sufficient to meet its obligations under Section 6(b) hereof. Except as permitted in Section (d)(iv) above, the Participant further covenants and agrees not to combine with its Electric System or Combined Utility System, as the case may be, any additional system, function, service, enterprise, or undertaking.

(f) The Participant shall take no action the effect of which would be to prevent, hinder or delay PMPA from the timely fulfillment of its obligations under this Agreement, the Project Agreements, the

Bond Resolution, the Bonds and other securities or evidences of indebtedness issued to provide the amounts due and payable by PMPA under the Sales Agreement, any agreements between PMPA and Duke or between PMPA and any Participant relating to Distribution Delivery Station (as defined in the Joint Ownership Support Agreement) or any other agreement between PMPA and any Participant.

SECTION 7. Dispatch; Metering; Deliveries. The Catawba Project Output will be dispatched, metered, and delivered in accordance with the Joint Ownership Support Agreement at the point in the Catawba Nuclear Station switchyard where the Catawba Project interconnects with the facilities of Duke, as specified and defined in the Joint Ownership Support Agreement.

SECTION 8. Records; Accounts; Reports; Audits. PMPA shall keep accurate records and accounts relating to the Catawba Project and Catawba Project Output, separate and distinct from its other records and accounts and shall also keep accurate records and accounts relating to each Additional Project, other than an Additional Project described in Section 14 hereof, which may, for purposes of this Agreement, be treated as part of the Catawba Project. Such records and accounts shall contain information supporting the allocation and application of "Revenues" (as that term is used in the Bond Resolution) under the Bond Resolution with respect to the Projects so as to be able to accurately distinguish Monthly Catawba Project Power Costs and supporting the allocation of PMPA's indirect costs associated with the Catawba Project and Catawba Project Output. Such records and accounts shall be audited annually by a firm of independent certified public accountants, experienced in electric utility accounting and of national reputation, to be retained by PMPA. Such records and accounts and such annual audit, including all written comments and recommendations of such accountants, shall be made available for inspection by the Participant at any reasonable time at the principal office of PMPA.

The Participant shall keep accurate records and accounts for its Electric System, separate and distinct from its other records and accounts. Such records and accounts shall be audited annually by a certified public accountant or a firm of certified public accountants who have no personal interest, direct or indirect, in the fiscal affairs of the municipal government or any of its officers which audit may be part of the annual audit of the accounts of the Participant. Such records and accounts shall be made available for inspection by PMPA at any reasonable time, and a copy of such annual audit, including all written comments and recommendations of such accountants, shall be furnished to PMPA not later than one hundred twenty (120) days after the close of the Participant's fiscal year.

SECTION 9. Information to be Made Available. (a) Subject to the provisions of the Project Agreements and the By-Laws of PMPA, there shall be available for inspection at any reasonable time by the Participant the following:

- (i) drawings, plans, specifications, and terms of contracts relating to the acquisition, construction, and operation of the Catawba Project;
- (ii) agreements and data relating to the financing of the Catawba Project;
- (iii) operating and financial records and reports relating to the Catawba Project; and
- (iv) policies of insurance carried pursuant to Section 10 hereof.

(b) Subject to the provisions of the Project Agreements, the Participant's representatives shall at all times be given reasonable access to the Catawba Project.

(c) The Participant shall, upon request, furnish to PMPA all such information, certificates, engineering reports, feasibility reports, financial statements, opinions of counsel, and other documents as

shall be reasonably necessary in connection with the financing of the Catawba Project. The reasonable costs of producing or obtaining the same shall be a part of the Costs of Acquisition and Construction of the Catawba Project reimbursable to the Participant.

SECTION 10. Insurance. Subject to the provisions of the Project Agreements and the Bond Resolution, PMPA shall maintain, or cause to be maintained, in force, as part of the Costs of Acquisition and Construction of the Catawba Project or Monthly Catawba Project Power Costs, as appropriate, insurance with responsible insurers with policies payable to PMPA, against risk of direct physical loss, damage, or destruction of the Catawba Project, at least to the extent that similar insurance is usually carried by utilities constructing and operating electric generation and related facilities of the nature of the electric generation and related facilities of the Catawba Project, including liability insurance and employers' liability, all to the extent available at reasonable cost but in no case less than will satisfy all applicable regulatory requirements and conform to Usual Utility Practice.

SECTION 11. Sale of Remarketed Catawba Capacity and Energy and Sale of Surplus Output.
(a) Subject to the provisions of Section 14(b), the Participant may elect to enter into a contract with a purchaser for the sale of Remarketed Catawba Capacity and Energy or have PMPA identify a purchaser that agrees to take, or to take or pay for, Remarketed Catawba Capacity and Energy. Subject to the operation of Section 14(b), the Participant shall be entitled to remarket some or all of its Participant's Catawba Share of Catawba Project Output on terms (including, without limitation, product firmness, price, and duration) that Participant determines in its sole discretion.

If the Participant elects to have PMPA identify a purchaser of the Participant's Remarketed Catawba Capacity and Energy, PMPA shall use commercially reasonable efforts to dispose of all or part of such power in accordance with the Act. The process by which PMPA shall administer any such sale shall be pursuant to guidelines adopted by the PMPA Board of Directors that shall set forth the terms and conditions of sales including, but not limited to, the product firmness (e.g., unit-contingent power), the term (duration of sale), and the pricing structure.

If Remarketed Catawba Capacity and Energy is sold pursuant to this Section 11, the Participant's Catawba Share shall not be reduced, and the Participant shall remain liable to PMPA to pay the full amount of its Participant's Catawba Share of Monthly Catawba Project Power Costs as if such sale had not been made. Notwithstanding the prior sentence, such liability for the Participant's Catawba Share of Monthly Catawba Project Power Costs for that month shall be discharged to the extent that PMPA shall receive payment therefor from the purchaser and, to the extent such payment exceeds the liability for the Participant's Catawba Share of Monthly Catawba Project Power Costs, the Participant shall be credited for such amounts pursuant to Section 5(b).

Regardless of whether the Participant elects to enter into a contract with a purchaser directly or alternatively elects to have PMPA find a suitable purchaser, the costs PMPA incurs in complying with its obligations in this Section 11 or Section 14(b) shall be directly attributable and assignable to the Participant and appear as a charge in the Billing Statement produced by PMPA and delivered to Participant pursuant to Section 5(b).

Any sale of Remarketed Catawba Capacity and Energy by either PMPA or the Participant pursuant to this Section 11 will not affect the voting rights of the Participant as set forth in the Act or the bylaws of PMPA.

(b) If, in any given hour, after giving effect to any sale of Remarketed Catawba Capacity and Energy, the Participant has Surplus Output, PMPA shall use commercially reasonable efforts to sell any such energy in the wholesale market. Revenues received for such sales of Surplus Output, after considering

any transaction costs (e.g., marketing and transmission costs), shall be credited on the Billing Statement produced by PMPA and delivered to Participant pursuant to Section 5(b). In the event that more than one Participant determines that it has Surplus Output, PMPA may combine and market Surplus Output collectively to the extent that the characteristics of the Surplus Output are comparably configured and reasonably support doing so. Each Participant shall participate in the resulting revenue and expenses pro rata in proportion to the amount of comparably configured Surplus Output that is sold.

SECTION 12. Obligations in the Event of Default. (a) Upon failure of the Participant to make any payment in full when due under this Agreement or to perform any other obligation herein, PMPA shall make demand upon the Participant, and if said failure is not cured within fifteen (15) days from the date of such demand it shall constitute a default at the expiration of such period. Notice of such demand shall be provided to the other Participants by PMPA.

(b) If the Participant shall fail to pay any amounts due to PMPA under this Agreement or to perform any other obligation hereunder which failure constitutes a default under this Agreement, PMPA may, and, if such default shall have caused an “Event of Default” (as defined in the Operating Agreement) with respect to PMPA to have occurred and be continuing for a period of one (1) year, at the request of Duke, shall terminate the provisions of this Agreement insofar as the same entitle the Participant to its Participant’s Catawba Share of Catawba Project Output. Except for such termination, the obligations of the Participant under this Agreement shall continue in full force and effect. For purposes of applying the other provisions of this Section, such a termination shall be considered to be a default under this Agreement.

(c) Upon the failure of the Participant to make any payment which failure constitutes a default under this Agreement, or upon termination as provided in paragraph (b) of this Section, PMPA shall use commercially reasonable efforts to sell and transfer all or a portion of the Participant’s Catawba Share of Catawba Project Output for all or a portion of the remainder of the term of this Agreement in accordance with the Act. The other Participants shall have the first right to accept each such disposal pro rata among those exercising such right if all or any portion of the Participant’s Catawba Share of Catawba Project Output is transferred pursuant to this paragraph, the Participant’s Catawba Share shall not be reduced, and the Participant shall remain liable to PMPA to pay the full amount of its Participant’s Catawba Share of Monthly Catawba Project Power Costs as if such sale had not been made, except that such liability shall be discharged to the extent that PMPA shall receive payment from the purchaser or purchasers thereof.

(d) Upon the failure of any other Participant to make any payment which failure constitutes a default under this Agreement, or upon termination as provided in paragraph (b) of this Section, and except as transfers are made pursuant to paragraph (c) of this Section, the Participant’s Catawba Share of each nondefaulting Participant shall be automatically increased for the remaining term of this Agreement pro rata with that of the other nondefaulting Participants and the defaulting Participant’s(s’) Catawba Share(s) shall be reduced correspondingly; provided, however, that no such reduction shall reduce the defaulting Participant’s(s’) obligations under paragraph (e) of this Section, and provided further, however, that the sum of such increases for any nondefaulting Participant pursuant to this paragraph shall not exceed, without consent of the nondefaulting Participant, an accumulated maximum of twenty-five percent (25%) of the nondefaulting Participant’s Catawba Share prior to any such increases.

(e) If the Participant shall fail or refuse to pay any amounts due to PMPA hereunder, the fact that other Participants have assumed the obligation to make such payments shall not relieve the defaulting Participant of its liability for such payments, and any Participants assuming such obligation, either individually or as a member of a group, shall have a right of recovery from the defaulting Participant. PMPA or any Participants as their interests may appear, jointly or severally, may commence such suits, actions or proceedings, at law or in equity, including suits for specific performance, as may be necessary or appropriate to enforce the obligations of this Agreement against the defaulting Participant.

(f) In the event of any default by PMPA under any covenant, agreement or obligation of this Agreement, the Participant may, upon fifteen (15) days written notice to PMPA, bring any suit, action or proceeding, in law or in equity, including mandamus, injunction and action for specific performance, as may be necessary or appropriate to enforce any covenant, agreement or obligation of this Agreement against PMPA.

(g) No remedy conferred upon or reserved to the Parties hereto is intended to be exclusive of any other remedy or remedies available hereunder or now or hereafter existing at law, in equity, by statute or otherwise, but each and every such remedy shall be cumulative and shall be in addition to every other such remedy. The pursuit by either Party of any specific remedy shall not be deemed to be an election of that remedy to the exclusion of any other or others, whether provided hereunder or by law, equity or statute.

(h) Any waiver at any time by either Party to this Agreement of its rights with respect to any default of the other Party hereto, or with respect to any other matter arising in connection with this Agreement, shall not be considered a waiver with respect to any subsequent default, right or matter.

SECTION 13. Rights of Duke Hereunder. In addition to the rights described in paragraph (b) of Section 12, Duke shall have the right, as a third party beneficiary, to maintain suit to enforce this Agreement whenever any "Event of Default" by PMPA as defined in the Operating Agreement shall have occurred and shall not have been fully cured and in such enforcement Duke shall have the same rights as PMPA to enforce this Agreement. It is recognized that the exercise of any of such rights by Duke shall not affect any rights of Duke against PMPA whether arising under the Project Agreements, at law, in equity, provided by statute, or otherwise.

SECTION 14. Issuance of Bonds for Renewals, Etc., and for Refunding; Tax Covenants. (a) In addition to the issuance of Bonds to pay the Costs of Acquisition and Construction of the Catawba Project as provided in Section 3 hereof, PMPA may issue Bonds in accordance with the provisions of the Bond Resolution at any time and from time to time in the event funds are required to provide for:

(i) renewals, extraordinary repairs, replacements, modifications, capital additions and betterments for the Catawba Project (a) which are required by any governmental agency or authority with authority to issue or make and enforce an order or decision requiring the same or (b) which in the opinion of the Consulting Engineer are necessary or desirable to achieve design capability, to improve operating reliability, to reduce unit power costs or for safety, public health or environmental purposes;

(ii) acquisition of fuel for the Catawba Project, including land, rights, leases, options, working capital, equipment, structures, facilities, advances or prepayments and reserves therefor, including any fuel costs which PMPA is responsible for under the Project Agreements;

(iii) retirement from service, decommissioning or termination of the Catawba Project;

(iv) renewals, extraordinary repairs, replacements, modifications, capital additions and betterments to, and retirement from service, decommissioning or termination of, the Catawba Project for which PMPA is responsible under the Project Agreements including, but not limited to, working capital related to any of the foregoing and any costs incurred as Exchange Payments; provided, however, that PMPA shall not voluntarily consent to any such renewal, extraordinary repair, replacement, modification, capital addition or betterment (a) unless the same are required by any governmental agency or authority with authority to issue or make and enforce an order or decision requiring the same or (b) unless in the opinion of the Consulting Engineer the same are

necessary or desirable to achieve design capability, to improve operating reliability, to reduce unit power costs or for safety, public health or environmental purposes;

(v) refunding any Bonds;

(vi) the deposit or deposits required to be made under the Bond Resolution from the proceeds of Bonds into any fund or account established pursuant to the Bond Resolution; and

(vii) refunding any note or other evidence of indebtedness issued in anticipation of the issuance of Bonds the proceeds of which have been or are to be applied to one or more of the purposes specified in clauses (i) through (vi) of this Section.

Bonds shall be issued for the purposes specified in clauses (i) through (iv) of this Section only to the extent that PMPA is not reimbursed for the payment of the costs set forth in such clauses from the proceeds of insurance or funds for such payment are not available to PMPA for the Catawba Project from any funds set aside in any fund or account established under the Bond Resolution.

(b) The Participant acknowledges that certain uses of Catawba Project Output acquired hereunder may cause any Bond (i) to become a “private activity bond” under Section 103 of the Internal Revenue Code of 1986, as amended or (ii) which at the time of issuance thereof was not subject to treatment as an “industrial development bond”, as defined in subsection (b)(2) of Section 103 of the Internal Revenue Code of 1954, as amended to be subject to treatment under subsection (b)(1) of said Section 103 as an obligation not described in subsection (a)(1) of said Section 103 (both, collectively “Taxable Private Business Use Bonds”). To the extent that Section 103 allows a certain amount of sales of Catawba Project Output to a counterparty without the Bonds becoming Taxable Private Business Use Bonds, the amount of Catawba Project Output that may be sold without causing any Bond to become a Taxable Private Business Use Bond will be defined as “Total Aggregate Allowed Use” for purposes of Section 14(b) and (c). PMPA shall retain an advisor experienced in the calculation of private activity limitations under Section 103 to prepare and update annually an analysis of the amount of Total Aggregate Allowed Use, and the advisor shall report such findings to the Participants. The Participant, at least 90 days prior to the sale of any Remarketed Catawba Capacity and Energy, shall notify PMPA of its intent to enter into such a contract, which notice shall describe such contract in reasonable detail, including such information as the identity of the counterparty, take or pay feature, the duration of the contract, and the quantity of Remarketed Catawba Capacity and Energy to be sold, as shall be required to assess whether the sale would result in the Bonds becoming Taxable Private Business Use Bonds. As soon after receipt of such notice as is practicable but no later than 60 days after receiving such notice, PMPA shall advise the Participant in writing as to whether in its opinion the entering into of such contract would result in the Participant causing any Bond to become a Taxable Private Business Use Bond. Notwithstanding the timeline identified in the prior sentence, if the Participant identifies the counterparty as an investor-owned utility and the duration of the contract as the remainder of the term of this Agreement, PMPA shall provide such advice in writing within 30 days after receiving notice. Subject to the provisions of Section 14(c) below, the Participant shall be responsible for, and indemnify PMPA from, all remediation, costs, and expenses that result from the Participant proceeding with a sale (a) after notice of the conditions that would cause any Bond to become a Taxable Private Business Use Bond; (b) if PMPA’s failure to provide such notice is the result of inaccurate information provided by the Participant, or (c) if changes in the purchaser’s status or customers during the course of the sale results in any Bond becoming a Taxable Private Business Use Bond.

(c) At the same time that PMPA advises the Participant whether the proposed sale would cause any Bond to become a Taxable Private Business Use Bond, PMPA shall simultaneously provide to Participant an estimate of the remediation, costs, and expenses to PMPA, if any, attributable to the Participant’s proposed sale. Such estimate will take into account other Participants’ then-existing sales of

Remarketed Catawba Capacity and Energy. If, after receiving the advice from PMPA, the Participant enters into such contract, throughout the term of this Agreement, the Participant shall be responsible for, and indemnify PMPA from, all remediation, costs, and expenses that would result from the Participant's sale of Remarketed Catawba Capacity and Energy to the full extent described below, regardless of the estimate of such costs earlier provided.

The Participant will remain responsible to PMPA for remediation, costs, and expenses as described in this Section 14 throughout the term of this Agreement for the sale of Remarketed Catawba Capacity and Energy but shall only be responsible for such costs in the event that (i) the Participant is selling Remarketed Catawba Capacity and Energy in excess of its Participant's Catawba Share of Total Aggregate Allowed Use and (ii) the total sales of Remarketed Catawba Capacity and Energy by PMPA and the Participants, including the sale by the Participant, exceed the Total Aggregate Allowed Use at any point during the term of this Agreement for the sale of Remarketed Catawba Capacity and Energy. For the avoidance of doubt, pursuant to the prior sentence, the Participant may be responsible for a share of remediation, costs, and expenses incurred by PMPA resulting from sales of Remarketed Catawba Capacity and Energy by PMPA and other Participants that are made subsequent to the Participant's execution of a contract for the sale of Remarketed Catawba Capacity and Energy and will remain responsible throughout the duration of this Agreement. Accordingly, because the Participant's cost responsibility may be triggered by events subsequent to its execution of a contract for the sale of Remarketed Catawba Capacity and Energy, its cost responsibility is without regard to the estimate of such costs earlier provided and will necessarily take into account sales of Remarketed Catawba Capacity and Energy by PMPA and the other Participants that were effected after the estimate provided by PMPA. The Participants will share cost responsibility for PMPA's remediation, costs, and expenses in proportion to the amount of their sales of Remarketed Catawba Capacity and Energy in excess of their Participant's Catawba Share of Total Aggregate Allowed Use. If PMPA, on behalf of a Participant, makes sales of the Participant's Remarketed Catawba Capacity and Energy in excess of the Participant's Catawba Share of Total Aggregate Allowed Use during the term of this Agreement, the Participant's cost responsibility for PMPA's remediation, costs, and expenses will be calculated as if the Participant had executed a contract directly with the third-party purchaser. Remediation, costs, and expenses shall appear as a charge in the Billing Statement produced by PMPA and delivered to Participant pursuant to Section 5(b).

SECTION 15. Consulting Engineer. (a) PMPA will retain on a continuous basis, as Consulting Engineer, an independent consulting engineer or engineering firm or corporation having a national and favorable reputation for special skill, knowledge, and experience in analyzing the operations of electric utility systems, preparing rate analyses, forecasting the loads and revenues of electric utility systems, and marketing of power and energy therefrom (which Consulting Engineer shall be the consulting engineer appointed and retained by PMPA under the Bond Resolution) to advise PMPA upon request and render opinions to PMPA upon request on matters relating to electric power generation, transmission, power supply, electric utility operations, rates and charges, electric utility economics and financing, and budgets. PMPA shall cause the Consulting Engineer to prepare within one hundred sixty (160) days following the close of each Contract Year an annual engineering report with respect to the Catawba Project and Catawba Project Output as affected by the Project Agreements for the immediately preceding Contract Year, which report shall contain a copy of the annual audit and shall include, to the extent then applicable:

- (i) a report on the operations of PMPA with respect to the Catawba Project and Catawba Project Output as affected by the Project Agreements;
- (ii) a report on the management of the Catawba Project;
- (iii) a report on the sufficiency of rates and charges for services relating to the Catawba Project; and

(iv) conclusions as to changes in operation of the Catawba Project and the making of repairs, renewals, replacements, extensions, betterments and improvements to the Catawba Project.

If, in the performance of its duties, the Consulting Engineer becomes aware of the fact that PMPA in any material way shall have failed to perform or comply with the covenants and agreements contained in the Bond Resolution, or PMPA or any other party in any material way shall have failed to perform or comply with the covenants and agreements contained in the Project Agreements or the Catawba Project Power Sales Renewal Agreements, such report shall specify the details of such failure. In the making of such report, the Consulting Engineer may rely, unless the Consulting Engineer has reason to believe that any of the reports or findings is not accurate, upon the audit report of the independent certified public accountants to PMPA, reports of Duke with respect to the Catawba Project and the Catawba Nuclear Station and the reports and findings of qualified independent consultants to PMPA having special skill, knowledge and experience with respect to the matters relied upon.

(b) PMPA shall cause a copy of said engineering report to be furnished to the Participant.

(c) A report containing the information required in subsection (a) of this Section may be combined with or prepared as a part of the Consulting Engineer's Report required by Section 7.9 of the Bond Resolution.

SECTION 16. Modification of and Consistency in Agreements. (a) This Agreement shall not be subject to termination by any party under any circumstances, whether based upon the default of any other party under this Agreement, or any other instrument, or otherwise, except as specifically provided in this Agreement.

(b) This Agreement shall not be amended, modified or otherwise changed, or rescinded, by agreement of the Parties (i) in any manner that will have a material adverse effect on the security afforded by the provisions of this Agreement for the payment of the principal of and premium, if any, and interest on the Bonds as they respectively become payable, so long as any of the Bonds are Outstanding and unpaid or funds are not set aside for the payment or retirement thereof in accordance with the Bond Resolution; or (ii) in any manner that would limit or reduce the obligation of the Participant to make payments pursuant to paragraph (d) of Section 5 hereof.

(c) This Agreement shall be substantially identical to the Catawba Project Power Sales Renewal Agreements executed by other Participants. If any other Catawba Project Power Sales Renewal Agreement is amended or replaced so that it contains terms and conditions different from those contained in this Agreement, those terms shall not be incorporated into this Agreement unless PMPA and the Participant agree to amend this Agreement to include similar terms and conditions.

SECTION 17. Continuance and Enforcement of Agreement. (a) Except as provided in paragraph (b) of Section 12, PMPA shall continue this Agreement in full force and effect and shall enforce this Agreement in accordance with its terms to the extent permitted by law.

(b) The failure of a Party to enforce at any time any of the provisions of this Agreement or to require at any time performance by the other Party of any of the provisions hereof shall in no way be construed to be a waiver of such provisions, nor in any way to affect the validity of this Agreement or any part hereof, or the right of such Party thereafter to enforce each and every such provision.

SECTION 18. Relationship to Other Instruments. It is recognized by the Parties hereto that PMPA in the ownership, construction, acquisition, and operation of the Catawba Project must comply with the requirements of the Project Agreements, the Bond Resolution and all licenses, permits, and regulatory

approvals necessary for such ownership, construction, acquisition, and operation, and it is therefore agreed that this Agreement is made subject to the terms and provisions of the Project Agreements; the Bond Resolution; and all such licenses, permits, and regulatory approvals.

SECTION 19. Notices and Computations of Time. Any notice or demand given by the Participant to PMPA under this Agreement shall be deemed properly given if given in writing addressed to the General Manager of PMPA at its principal office designated in writing, as filed with the Participant by PMPA, and provided via any of the following means: (i) hand delivery (including by courier or process server); (ii) nationally recognized mail delivery service, such as UPS, FedEx or U.S. Postal Service, with signature receipt; (iii) electronic delivery, such as e-mail, with acknowledgment of receipt. Any notice, demand, budget, or statement given or rendered by PMPA to the Participant under this Agreement shall be deemed properly given or rendered if given in writing addressed to the person designated in writing filed with PMPA by the Participant, and provided via one of the delivery means as above provided. The designations of the name and address to which any such notice or demand is directed may be changed at any time and from time to time by either Party giving written notice as above provided.

In computing any period of time prescribed or allowed under this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included. The last day of the period so computed is to be included, unless it is a Saturday, a Sunday, or a legal holiday in South Carolina, in which event the period runs until the end of the next day which is not a Saturday, a Sunday, or a legal holiday in South Carolina.

SECTION 20. Applicable Law; Construction. This Agreement is made under and shall be governed by the laws of the State of South Carolina. Headings herein are for convenience only and shall not influence the construction hereof.

SECTION 21. Severability. If any section, paragraph, clause, or provision of this Agreement shall be finally adjudicated by a court of competent jurisdiction to be invalid, the remainder of this Agreement shall be unaffected by such adjudication and all of the remaining provisions of this Agreement shall remain in full force and effect as though such section, paragraph, clause, or provision or any part thereof so adjudicated to be invalid had not been included herein. In the event of any such invalidity, the Parties hereto shall promptly negotiate in good faith valid new provisions to restore the agreement to its original intent and effect.

SECTION 22. Assignment of Agreement. This Agreement shall inure to the benefit of, and shall be binding upon, the respective successors and assigns of the Parties to this Agreement; provided, however, that neither this Agreement nor any interest herein (including Catawba Project Output) shall be assigned or transferred or sold by the Participant without the written consent of PMPA, except as expressly permitted by Sections 6, 11, and 12 hereof, or if in the opinion of counsel to PMPA such assignment or transfer or sale would adversely affect the exemption from Federal income taxation of the interest on the Bonds or would be unlawful or violate any provision of the Project Agreements. Except as expressly provided in Section 6 hereof, no such assignment or transfer or sale shall relieve the Participant of any obligation hereunder.

SECTION 23. Entire Agreement. This Agreement shall constitute the entire understanding among the Parties hereto, superseding any and all previous understandings, oral or written, pertaining to the subject matter contained herein. No Party hereto has relied, or will rely, upon any oral or written representation or oral or written information made or given to such Party by any representative of the other Party or anyone on its behalf.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement by authority of their respective governing bodies duly given, as of the date first set forth above.

PMPA:

PIEDMONT MUNICIPAL POWER AGENCY

By: _____

Its: _____

PARTICIPANT:

[CITY/TOWN] OF _____

By: _____

Its: _____

EXHIBIT A

PARTICIPANT'S CATAWBA SHARE

Participant: _____ .____%

EXHIBIT B

PARTICIPANT BILLING STATEMENT

Participant: _____

Month of _____, 20____

Participant's Catawba Project Power Costs

Reference

- | | | |
|--|---------|----------------------|
| 1. PMPA Catawba Project Power Costs | \$_____ | Page 2 of 3, Line 27 |
| 2. Less: Credits Pursuant to Section 5(g) | \$_____ | |
| 3. PMPA Net Catawba Project Power Costs | \$_____ | Line 1 - Line 2 |
| 4. Participant's Catawba Share | _____% | Exhibit A |
| 5. Participant's Catawba Project Power Costs | \$_____ | Line 3 x Line 4 |

Net Revenue Offsets

- | | | |
|---|---------|--------------------------|
| 6. Remarketed Catawba Capacity and Energy Sales | \$_____ | |
| 7. Surplus Output Sales | \$_____ | |
| 8. Less: PMPA Costs Incidental to Sales | \$_____ | |
| 9. Net Revenue | \$_____ | Line 6 + Line 7 - Line 8 |

Direct Assignment Costs

- | | | |
|---|---------|--|
| 10. Costs Directly Assignable to Participant* | \$_____ | |
|---|---------|--|

Amount Payable

- | | | |
|--------------------------|---------|---------------------------|
| 11. Total Amount Payable | \$_____ | Line 5 – Line 9 + Line 10 |
|--------------------------|---------|---------------------------|

* To the extent the summation of the Participants' Participant's Catawba Shares does not total to 100%, Line 10 will include, in addition to any other costs directly assigned to Participant in the month, a charge to ensure that the costs identified on Page 2 with an asterisk are fully recovered by PMPA. The costs assigned to the Participant will be in proportion to its Participant's Catawba Share relative to all Participants' Participant's Catawba Shares.

EXHIBIT B

(Page 2 of 3)

PARTICIPANT BILLING STATEMENT

Participant: _____

Month of _____, 20____

PMPA Catawba Project Power Costs

Reference

Operating Costs:

- | | |
|------------------------------------|----------|
| 1. Operation & Maintenance | \$ _____ |
| 2. Fuel Amortization | \$ _____ |
| 3. Purchased Power – Duke Exchange | \$ _____ |
| 4. Administrative and General | \$ _____ |
| 5. Tax Equivalent | \$ _____ |
| 6. Other Tax | \$ _____ |
| 7. Total Operating Costs | \$ _____ |

Lines 1 through 6

Non-Operating Costs:

- | | |
|--------------------------|----------|
| 8. Duke Operator Fees | \$ _____ |
| 9. Miscellaneous Expense | \$ _____ |

Required Deposits & Capital Costs:

- | | |
|---|----------|
| 10. Debt Service* | \$ _____ |
| 11. Debt Service Reserve Transfers* | \$ _____ |
| 12. Bond Retirement/Issuances* | \$ _____ |
| 13. Reserve & Contingency* | \$ _____ |
| 14. Decommissioning | \$ _____ |
| 15. Inventory | \$ _____ |
| 16. Reserves-Operating* | \$ _____ |
| 17. Capital Additions | \$ _____ |
| 18. Other Funds* | \$ _____ |
| 19. Total Required Deposits & Capital Costs | \$ _____ |
| 20. Total Catawba Project Power Costs | \$ _____ |

Lines 10 through 18

Line 7 through 9 + Line 19

PMPA Catawba Project Power Cost Offsets

- | | |
|--|----------|
| 21. Sales to Duke – Exchange | \$ _____ |
| 22. Unrestricted Interest Income* | \$ _____ |
| 23. Miscellaneous Other Income* | \$ _____ |
| 24. Reserve & Contingency* | \$ _____ |
| 25. Other Funds on Hand* | \$ _____ |
| 26. Total Catawba Project Power Cost Offsets | \$ _____ |
| 27. PMPA Catawba Project Power Costs | \$ _____ |

Lines 21 through 25

Line 20 minus Line 26

EXHIBIT B
(Page 3 of 3)

PARTICIPANT BILLING STATEMENT

Participant: _____

Month of _____, 20____

Notes to Line Items on Page 2 of 3:

1. Catawba O&M billed under the Operating Agreement with Duke.
2. PMPA's fuel amortization rate multiplied by the fuel burn for the month.
3. Cost of purchases from Duke under the McGuire Reliability Exchange Agreement.
4. Duke allocated indirect operating and maintenance under the Operating Agreement plus PMPA's Catawba-related A&G expense determined based on cost causation and generally accepted industry cost allocation principles.
5. One-twelfth of the annual property tax equivalent (sums in lieu of taxes) on PMPA's Catawba ownership and any annual true-up expenses/credits.
6. Taxes other than income billed under the Operating Agreement.
7. Equal to the sum of lines 1 through 6.
8. Duke operator fees under the Operating Agreement.
9. Miscellaneous other expenses related to Catawba.
10. Debt service on PMPA's outstanding bonds.
11. Debt service reserve releases or deposits relating to PMPA's outstanding bonds.
12. Retirement of PMPA bond principal amounts and/or issuance of bonds.
13. Deposits to PMPA's R&C fund pursuant to its Bond Resolution.
14. Deposits to the decommissioning trust funds established to pay for PMPA's ownership share of the cost of decommissioning Catawba.
15. PMPA's ownership portion of changes to inventory at the Catawba plant billed under the Operating Agreement.
16. Accruals for reserves deemed necessary for the Catawba Project by PMPA including, but not limited to, reserves for the Fuel Account.
17. PMPA's ownership share of the cost of capital additions billed under the Operating Agreement that are not debt-funded.
18. Deposits to other funds related to Catawba.
19. Equal to the sum of lines 10 through 18.
20. Equal to line 7 through line 9 plus line 19.
21. Credits for sales of energy to Duke under the McGuire Reliability Exchange Agreement.
22. Interest income on all unrestricted Catawba-related funds/accounts.
23. Miscellaneous other income related to Catawba.
24. Funds available from PMPA's Reserve and Contingency fund pursuant to its Bond Resolution.
25. Other funds on hand that are available to offset Catawba Project Power Costs.
26. Equal to the sum of lines 21 through 25.
27. Equal to line 20 minus line 26.

EXHIBIT C

OPINIONS TO BE DELIVERED BY PARTICIPANTS TO PMPA RE: CATAWBA PROJECT POWER SALES RENEWAL AGREEMENT

1. The Participant is validly existing as a [body politic and corporate] of the State with the power to enter into the Catawba Project Power Sales Renewal Agreement and to perform the agreements on its part contained therein.

2. The execution, delivery and performance of the Catawba Project Power Sales Renewal Agreement by the Participant has been duly authorized by all necessary action of the Participant.

3. The Catawba Project Power Sales Renewal Agreement has been duly authorized, executed, and delivered by the Participant and constitutes a valid and binding agreement of the Participant, enforceable against the Participant in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

4. No consents or approvals of, and no filings with, any governmental authority are necessary for the execution and delivery of the Catawba Project Power Sales Renewal Agreement by the Participant and the performance by the Participant of its obligations thereunder.

5. The execution and delivery of the Catawba Project Power Sales Renewal Agreement by the Participant and the performance by the Participant of its obligations thereunder do not (a) violate any law applicable to the Participant or (b) violate any court order by which the Participant is bound or (c) constitute a breach or default under any contract or agreement by which the Participant is bound.