

WASHINGTON ELECTRIC UTILITIES
Washington, North Carolina

Load Management Rider Number 2
(Schedule LMR-2)

AVAILABILITY

This Rider is available in conjunction with service under the Washington Electric Utilities (WEU) GS2, GS3, and IND Rate Schedules. The availability of credits under this Rider is contingent upon the Customer's load reduction resulting in a corresponding reduction in WEU's billing demand from the North Carolina Eastern Municipal Power Agency (NCEMPA). Under this Rider, WEU will own and maintain equipment agreed upon by the Customer and WEU needed to assist in demand reduction.

METHOD OF DEMAND REDUCTION

Credits are available under this Rider for demand reduction during the monthly system peak. If the customer should elect to use qualified generation, as defined by NCEMPA policy, as an option to reduce demand, it must meet requirements set forth by WEU.

MONTHLY CREDIT

The customer will receive a monthly credit of **\$5.85** per kW for the reduction in demand during the 60-minute interval of the current billing month used by the North Carolina Eastern Municipal Power Agency for wholesale billing purposes which coincides with Carolina Power & Light Company's (CP&L) Monthly System Peak Demand as defined in the Power Coordination Agreement between NCEMPA and CP&L dated July 30, 1981. This monthly credit is applicable when there is no debt service on WEU owned demand reduction facilities at the customer's premises.

DETERMINATION OF DEMAND FOR CREDIT

The following method will be used for the determination of kW demand reduction:

The reduction of kW demand will be determined solely and exclusively by WEU from the customer's average kW demand during the two 60-minute intervals preceding and the two 60-minute intervals following WEU Load Management Period, minus the customer's demand during the 60-minute interval of system peak.

Demand for credit = Average kW Demand (before + after) Load Management Period, minus, the 60-minute demand during system peak.

If in WEU's opinion, the customer has manipulated its kW load preceding or following the Load Management Period to create a calculated kW load reduction while no reductions were achieved, the customer will receive no credit for that month. The WEU retains exclusive right to determine the customer's load reduction and can use any means to document its position if it feels the customer has appearance of manipulating its load to exaggerate the kW load reduction, WEU can terminate the rider contract at any time. The Electric Utility Director with WEU will make the final determination for demand credit.

NOTIFICATION BY WEU

WEU will use diligent efforts to predict each monthly system peak and notify the customer in advance. However, WEU is not able to guarantee an accurate prediction, and that notice will be provided. Notification by WEU will be provided to the customer by direct telephone communications or automated signal, as mutually agreed. The customer will hold WEU harmless in connection with its response to notification.

The customer assumes responsibility for and shall indemnify, defend, and serve WEU harmless against all liability, costs, and expenses for injury, including personal injury, or property damage to customer and its employees on account of the use of this rider on the customer's side of the meter, delivery point, or service point.