

**TENTATIVE AGENDA & MEETING NOTICE
BOARD OF COUNTY COMMISSIONERS**

**TUESDAY, DECEMBER 6, 2011
8:00 A.M.**

**WATAUGA COUNTY ADMINISTRATION BUILDING
COMMISSIONERS' BOARD ROOM**

TIME	#	TOPIC	PRESENTER	PAGE
8:00	1	CALL REGULAR MEETING TO ORDER		
	2	APPROVAL OF MINUTES: November 15, 2011, Regular Meeting		1
8:05	3	BOARD ORGANIZATIONAL MATTERS A. Election of Officers B. Staff Appointments C. Fidelity Bonds D. Commissioner Appointments to Boards & Commissions E. Regular Meeting Schedule		7
8:10	4	APPROVAL OF THE DECEMBER 6, 2011 AGENDA		15
8:15	5	TOWN OF BOONE RAW WATER LINE & INTAKE PROJECT EASEMENT REQUEST	MR. JOSH ELLER	17
8:20	6	CRIMINAL JUSTICE PARTNERSHIP PROGRAM AGREEMENT	MR. MIKE VANNOY	27
8:25	7	ROAD MAINTENANCE REQUEST FROM TOP O BOONE	MR. DAVID TURLINGTON	33
8:30	8	TOURISM DEVELOPMENT MATTERS A. Proposed Consultant Contract for Completing the South Fork Greenway Plan B. Request for Withdrawal of Clean Water Management Trust Fund Grant Application	MR. ERIC WOOLRIDGE	41 45
8:35	9	PROPOSED GRANTS FOR ROCKY KNOB PARK THROUGH BOONE AREA CYCLISTS	MR. PAUL STAHLSCHMIDT	47
8:40	10	LANDFILL GAS TO ENERGY PROJECT MATTERS A. Proposed Interconnection Agreement with BREMCO B. Proposed Power Purchase Agreement with Duke Energy C. Proposed Amendments to Filing with the NC Utilities Commission D. Proposed Dates for a Ribbon Cutting Ceremony for the Gas to Energy Project	MS. LISA DOTY	49 133 153 157
8:45	11	REQUEST TO ACCEPT ADDITIONAL ALLOCATION OF HOME AND COMMUNITY CARE BLOCK GRANT FUNDS	MS. ANGIE BOITNOTTE	159
8:50	12	DOT SECONDARY ROAD ADDITION REQUEST	MR. JOE FURMAN	163

TIME	#	TOPIC	PRESENTER	PAGE
8:55	13	TAX MATTERS A. Monthly Collections Report B. Refunds and Releases	MR. KELVIN BYRD	167
9:00	14	FINANCE MATTERS A. Presentation of Smoky Mountain Center's Quarterly Financial Report B. Proposed Contract for Inmate Catastrophic Insurance C. Proposed Resolution to Adopt 125 Cafeteria Plan	MS. MARGARET PIERCE	169 175 179
9:05	15	MISCELLANEOUS ADMINISTRATIVE MATTERS A. Proposed Resolution In Support of the Completion of a Feasibility Study for the Proposed NC International Terminal at Southport B. Boards & Commissions C. Announcements	MR. DERON GEOUQUE	213 223 233
9:10	16	PUBLIC COMMENT		236
10:10	17	ADJOURN		

AGENDA ITEM 2:

APPROVAL OF THE MINUTES

November 15, 2011, Regular Meeting

DRAFT**MINUTES****WATAUGA COUNTY BOARD OF COMMISSIONERS
TUESDAY, NOVEMBER 15, 2011**

The Watauga County Board of Commissioners held a regular meeting on Tuesday, November 15, 2011, at 5:00 P.M. in the Commissioners' Board Room of the Watauga County Administration Building, Boone, North Carolina.

PRESENT: Nathan A. Miller, Chairman
David Blust, Vice-Chairman *[arrived at 5:05 P.M.]*
Jim Deal, Commissioner
Tim Futrelle, Commissioner
Vince Gable, Commissioner
Austin Eggers, County Attorney
Deron Geouque, County Manager
Anita J. Fogle, Clerk to the Board

Chairman Miller called the meeting to order at 5:04 P.M.

Chairman Miller recognized Boy Scout Troop 109's attendance of the meeting.

Commissioner Deal opened the meeting with a prayer and Commissioner Gable led the Pledge of Allegiance.

APPROVAL OF MINUTES

Chairman Miller called for additions and/or corrections to the November 1, 2011, regular and closed session minutes.

Commissioner Gable, seconded by Vice-Chairman Blust, moved to approve the November 1, 2011, regular meeting minutes as presented.

VOTE: Aye-5
Nay-0

Commissioner Gable, seconded by Vice-Chairman Blust, moved to approve the November 1, 2011, closed session minutes as presented.

VOTE: Aye-5
Nay-0

APPROVAL OF AGENDA

Chairman Miller called for additions and/or corrections to the November 15, 2011, agenda.

County Manager Geouque requested to add a request for release of funds from New River Service Authority.

Commissioner Deal, seconded by Commissioner Futrelle, moved to approve the November 15, 2011, agenda as amended.

VOTE: Aye-5
Nay-0

TAX MATTERS***A. Monthly Collections Report***

Tax Administrator Kelvin Byrd presented the Tax Collections Report for the month of October 2011. This report was presented for information only and, therefore, no action was required.

B. Refunds and Releases

Mr. Byrd presented the following Refunds and Releases for October 2011 for Board approval:

TO BE TYPED IN MINUTE BOOK

Commissioner Deal, seconded by Vice-Chairman Blust, moved to approve the Refunds and Releases Report for October 2011, as presented.

VOTE: Aye-5
Nay-0

EMERGENCY MANAGEMENT GRANT AWARD REQUEST

Mr. Steve Sudderth, Fire Marshal and Emergency Management Coordinator, stated that a Homeland Security training grant in the amount of \$1,856.44 had been awarded to Watauga County. If accepted, the grant would be used to provide training for first responders by funding instructors for a search and rescue class and level 300 and 400 Incident Command Classes. No County match was required for this grant. Commissioner Gable emphasized the importance of this training.

Commissioner Gable, seconded by Commissioner Deal, moved to accept the Homeland Security training grant in the amount of \$1,856.44 with no local match as presented by Mr. Sudderth.

VOTE: Aye-5
Nay-0

BUDGET AMENDMENTS

Ms. Margaret Pierce, Finance Director, reviewed the following budget amendments:

Account #	Description	Debit	Credit
103839-389000	Rents		\$37,916
103839-389000	Miscellaneous Revenue		\$45,144
104199-469301	New River Service Authority	\$83,060	

The amendment recognized rental income increase in conjunction with the Daymark lease. The funds were appropriated under General Administration to offset potential additional expenditures associated with the New River Service Authority. The rental lease was approved at the November 1, 2011, regular Board meeting.

Account #	Description	Debit	Credit
103300-349909	NC Lottery Funds		\$74,000
105911-470001	Carpet/Tiles, GV, HP, VC, Pkwy Elem. Schools	\$36,000	
105911-470002	Restroom Renovations at Parkway Elementary School	\$6,000	
105911-470003	Sidewalk Replacement at Blowing Rock Elem. School	\$2,000	
105911-470005	Cafeteria Upgrades to all Elementary Schools	\$30,000	

The amendment recognized the award of NC Lottery funds to the Watauga County Board of Education. Applications for the funds were approved at the October 4, 2011, regular Board meeting. Notification of NC Department of Public Instruction approval of the specified projects was received October 28, 2011.

Account #	Description	Debit	Credit
143531-323000	Admin Cost Reimbursement from State		\$47,964
145410-440002	Low Income Energy Assistance Program	\$47,964	

The amendment recognized a new State DSS allocation for funding fuel oil, kerosene, wood, propane, and natural gas expenses for low income clients. This will be a pass through program requiring no County funding with capped State funding. The Program dates were to be from December 1, 2011, to May 31, 2012.

Account #	Description	Debit	Credit
103586-384000	Donations-POA		\$500
105550-429200	Program Supplies	\$500	

The amendment recognized funds from the Exxon Foundation per a grant approved at the July 12, 2011, regular Board meeting. The funds were to be used for program supplies for seniors at the Western Watauga Community Center.

Vice-Chairman Blust, seconded by Commissioner Deal, moved to approve the budget amendments as presented.

VOTE: Aye-5
Nay-0

MISCELLANEOUS ADMINISTRATIVE MATTERS

A. Discussion on Consolidated Dispatch

Commissioner Gable proposed that the County move the consolidated dispatch effort forward by working toward the development of a stand-alone Emergency Communications Department which would be housed at the location where the Sheriff's Office Dispatch Center was currently located; however, the Department would be headed by a Director who would report to the County Manager. Commissioner Gable also proposed an Advisory Committee be established that included members from the various entities receiving dispatch services through the centralized location. To make this move, Commissioner Gable recommended starting the process by developing a budget for such a Department.

After discussion regarding the possibilities of a stand-alone County Department to provide County-wide consolidated emergency dispatching, the Board, by consensus, directed the County Manager to research current operational stand-alone consolidated dispatch programs in NC; compile the data received regarding operations, management, and fiscal issues; and report back to the Board at a future meeting.

B. New River Service Authority Request for Release of Funds

County Manager Geouque stated that the New River Service Authority (NRSA) had requested the release of an additional \$38,864 to meet continued ongoing expenses. He stated that this was the balance of the maximum NRSA loan amount approved at the October 13, 2011. The County Manager stated that this allocation would exhaust Watauga County funds available for loan as approved at the October 13, 2011, special meeting in the amount of \$477,600.

Chairman Miller, who served as a member of the NRSA, stated that the additional funding would help with numerous expenses.

Commissioner Deal, seconded by Vice-Chairman Blust, moved to authorize the loan to New River Service Authority in the amount of \$38,864, with funds to be allocated from the County's Fund Balance; the loan to be secured by the Future Advance Deed of Trust and Promissory Note as approved at the October 13, 2011, special meeting; and to be contingent upon the other four counties of the NRSA authorizing and contributing their pro-rata share.

VOTE: Aye-5
Nay-0

C. Boards & Commissions

County Manager Geouque stated that the term of Jamey Hodges, at-large member of the Watauga County Planning Board, was to expire in December 2011. Mr. Hodges was willing to continue to serve if so reappointed. The Watauga County Planning Board consisted of seven (7) members with each Commissioner appointing a member residing and representing their voting district and two (2) additional appointments being made as at-large members who serve four-year terms.

County Manager Geouque stated that the terms of Recreation Commission members representing the Hardin Park, Parkway, Green Valley, and Valle Crucis elementary school districts were set to expire in December 2011. Parks and Recreation Director, Stephen Poulos, had requested recommendations for appointments to fill these positions and received the following: Principal Mary Smalling nominated Brittany Bolick for appointment as the representative for the Hardin Park School district; Principal Tamara Stamey nominated Gene Swift for reappointment as the representative for the Parkway School district; and Principal Martha Clark nominated Caroline Carney for appointment as the representative for the Blowing Rock School district. A nomination had not yet been received for the Green Valley School district representative.

The County Manager stated that all the above were first readings and, therefore, action for appointments was not required at this time.

D. Announcements

County Manager Geouque announced that the Project on Aging's Annual Christmas Craft Sale would be held from 9:00 A.M. until 3:00 P.M. on both Wednesday, November 16, and Thursday, November 17, at the Lois E. Harrill Senior Center. The crafts available for sale were handmade by local seniors.

County Manager Geouque announced that the Annual County Christmas Luncheon was scheduled for Tuesday, December 13, 2011, from 12:00 to 2:00 P.M. at the Dan'l Boone Inn.

County Manager Geouque announced that the Board of Commissioners would hold both regular meetings as scheduled in December (Tues., Dec. 6 @ 8:00 A.M. & Tues., Dec. 20 @ 5:00 P.M.); however, the first regular meeting in January would be cancelled due to the holiday schedule. Therefore, the only regularly scheduled meeting of the Board of Commissioners in January would be held on the 17th at 5:00 P.M.

PUBLIC COMMENT

There was no public comment.

ADJOURN

Commissioner Gable, seconded by Commissioner Deal, moved to adjourn the meeting at 5:31 P.M.

Nathan A. Miller, Chairman

ATTEST:

Anita J. Fogle, Clerk to the Board

AGENDA ITEM 3:

BOARD ORGANIZATIONAL MATTERS

A. Election of Officers

B. Staff Appointments

C. Fidelity Bonds

D. Commissioner Appointments to Boards & Commissions

E. Regular Meeting Schedule



WATAUGA COUNTY

OFFICE OF THE
COUNTY MANAGER

Administration Building, Suite 205 – 814 West King Street – Boone, NC 28607 – (828) 265-8000
TDD 1-800-735-2962 – Voice 1-800-735-8262 – FAX (828) 264-3230

MEMORANDUM

TO: WATAUGA COUNTY BOARD OF COMMISSIONERS

FROM: Deron Geouque, County Manager

SUBJECT: AGENDA ITEMS FOR DECEMBER 6, 2011

DATE: November 30, 2011

Per North Carolina General Statute 153A-39, each December the Board must elect a Chairman and Vice-Chairman. In addition to the election of a Chairman and Vice-Chairman, the Board deals with various organizational matters at this time.

BOARD ORGANIZATIONAL MATTERS

A. Election of Officers

Since there is no chairman at this point in time, it has been customary for the County Manager to conduct the election; however, this can be handled by a commissioner if that is the desire of the Board. Nominations are taken from the floor, and the election is by simple majority of the Board members. Following the election of officers, the new Chairman assumes his duties and presides over the meeting. It is appropriate at this time for the commissioners to change the seating arrangements if they so desire, or this could be done at a later meeting.

B. Staff Appointments

It has been local practice for the Board to take action on the following staff appointments who serve at the pleasure of the Board. These include County Manager, Deron Geouque; Clerk to the Board, Anita Fogle; Substitute Clerks to the Board, Angie Ritter and Monica Harrison; and County Attorney (the appointment of the attorney can be done by individual name or firm name whichever is appropriate). The Substitute Clerks to the Board have historically been the Human Resource Coordinator and the County Manager's Office Administrative Assistant. Also, a separate Department of Social Services Attorney may be appointed or the appointed County Attorney may serve at the discretion of the Board.

Board action is requested.

C. Fidelity Bonds

Board action is needed to set these specific name fidelity bonds for the positions as shown in the packet. Ms. Margaret Pierce will be present for discussion.

D. Commissioner Appointments to Boards & Commissions

Included in the packet is a list of Boards & Commissions on which the commissioners themselves have served in the past. Some of these are legal requirements that the commissioners serve, and some are at the request of the agencies. The majority of these appointments can be made by the Chairman of the Board although several of them do require Board action. Therefore, it has been the practice for the Chairman to submit a list of appointments with Board action to approve the entire list. If there is more than one nomination for a particular appointment, the Board may vote on each nomination separately.

E. Regular Meeting Schedule

The Board's regular meetings are currently scheduled for the 1st Tuesday and the 3rd Tuesday of each month at 8:00 A.M. and 5:00 P.M. respectively. This schedule can continue or may be changed at the pleasure of the Board.

ADOPTION OF AGENDA

Now that the Board has been officially constituted, it is appropriate for the Board to take action to adopt the agenda.

If you have questions or require more information, please do not hesitate to contact me.



WATAUGA COUNTY

FINANCE OFFICE

814 West King St., Room 216 - Boone, NC 28607 - Phone (828) 265-8007 Fax (828) 265-8006

MEMORANDUM

TO: Deron Geouque, County Manager
FROM: Margaret Pierce, Finance Director
SUBJECT: Fidelity Bonds
DATE: December 6, 2011

The following fidelity bonds are in place and require the annual approval of the Watauga County Board of Commissioners. Currently, the County Manager serves as Deputy Finance Director and signs checks and purchase orders in the absence of the Finance Director.

<u>Position</u>	<u>Bond Amount</u>	<u>Statutory Requirement</u>
Finance Director	\$50,000	No less than \$50,000, NCGS 159-29
Deputy Finance Director	\$50,000	Same as above
Tax Collector	\$50,000	Amount considered reasonable by BCC, NCGS 105-349-c
Register of Deeds	\$50,000	At least \$10,000, but no more than \$50,000, NCGS 161-4
Sheriff	\$25,000	Amount considered reasonable by BCC, but no more than \$25,000, NCGS 162-8

Commissioner Appointments to Boards & Commissions

As Appointed December 6, 2010

Board/Commission	Description & Meeting Information	Member
Appalachian District Health Department	The local Board of Health protects and promotes public health and has the authority to adopt rules to that effect. The Board can impose a fee for services rendered at the Health Department. Meets 1st Tuesday of every other month @ 6:30 PM usually at a to-be-determined restaurant in Ashe County	Deal
AppalCART Authority	Sets policy for AppalCART which is the local public transportation system. The Board is the final authority and supervises the director. Meets 3rd Monday of each month @ 4 PM in the AppalCART Board Room	Futrelle
Blue Ridge Resource Conservation & Development Area	Non Profit Corporation that covers the same counties as Region D and are involved in projects that are related to community development and natural resource protection. Meetings are held as called – usually on a Tuesday @ 6 PM in Boone at Golden Corral; however, the Board is currently reviewing their meeting dates so this may change in the near future	Blust
Caldwell Community College & Technical Institute - Watauga Advisory Board	To review issues having to do with the local CCC&TI campus. Meets as announced by CCC&TI on a quarterly basis usually at Dan'l Boone Inn Restaurant	Futrelle
Children's Council/ Child Protection Team	To promote the development of a community-wide approach to child abuse and neglect. Meets 2nd Thursday of each month @ 7:30 AM in the DSS Conference Room. One meeting per quarter designated as the Child Fatality Prevention Team Meeting	Futrelle
Committee of 100	A non-profit corporation formed for the purpose of further developing economic development in the County. Holds an Annual Meeting each March	Blust
Criminal Justice Partnership Program (CJPP)	Establishes and oversees community-based programs that address local criminal justice problems. The purpose is to provide a cost-effective program that provides local judges additional sentencing options for offenders. The Board oversees an intensive outpatient treatment program designed to address problems of substance abuse among offenders and related life skill needs. Meets quarterly - usually the last Monday of the first month of each quarter (Jan., Apr., Jul., Oct.) @ 12:30 PM	Gable
Economic Development Commission (EDC)	Works to create jobs and increase incomes in Watauga County through entrepreneurial development, business recruitment and assistance to existing business. Meets 2nd Tuesday of each month @ 1 PM in the Appalachian Enterprise Center Conference Room	Blust
Educational Planning Committee (2 appointees)	Consists of 2 County Commissioners, 2 School Board members, and appropriate staff from both Boards to review educational issues. Meetings are called as needed	Blust & Futrelle

Board/Commission	Description & Meeting Information	Member
EMS Advisory Committee	Acts as advisory board for Emergency Medical Services for the County. Meets 1st Wednesday of February, May, August, & November @ 4:30 PM in the County Manager's Conference Room	Gable
Future Forward	A regional economic development initiative aimed at creating a comprehensive economic development strategy for twelve counties in the Western Piedmont and Mountains of North Carolina located in the 10th and 11th Congressional Districts. Meets quarterly – typically 2nd Tuesday at 10:30 AM, through lunch, with adjournment around 1-1:30 pm.	Blust
High Country Council of Governments Executive Board Rural Transportation Advisory Committee	The Executive Board conducts monthly meetings, which are open to the public, to address opportunities, needs, and problems of importance to the regional community. Meets 3rd Monday of each month @ 7 PM in the High Country COG Board Room. The Rural Transportation Advisory Committee (RPO) works closely with NCDOT and local governments on transportation planning in the region. Meets 3rd Wednesday of February, May, August, & December @ 2 PM in the High Country COG Board Room.	Miller
Juvenile Crime Prevention Council (JCPC)	Assesses the needs of youth in Watauga County, with attention given to the needs of status offenders on a continuing basis. Assists the County by making recommendations for the use of CBA/JJDP funds. Meets 4th Thursday of each month @ 8 AM in the DSS Meeting Room	Futrelle
Library Board	Assists in developing policies for the County Library. Meets 1st Thursday of odd numbered months @ 1:30 PM at the Watauga County Library	Futrelle
Motor Vehicle Valuation Review Committee	Taxpayers may appeal vehicle values to the Committee after their appeal with the Tax Administrator has been reviewed and if no consensus as to value can be reached. Meetings called as needed by the Tax Administrator	Gable
New River Service Authority Board	Authorized to take whatever steps are deemed necessary and proper to immediately preserve all right, title and interest to the assets of NRSA. Members of the Board shall serve until a new service provider is selected by the Board in collaboration with SMC. Meetings are called when needed	Miller
Smoky Mountain Center Board (LME for Mental Health Services)	Responsible for collaborative, comprehensive planning, budgeting, and the implementation, and monitoring of community-based mental health, developmental disabilities, and substance abuse services. The Board appoints an Area Director and establishes policy guidelines for the Area Director to execute the agency in such a way that meets the diverse needs of the community. Meets the 4th Thursday of each month @ 4:30 PM in Asheville	Futrelle
POA Advisory Committee (Home & Community Care Block Grant)	Reviews the County's aging services, recommends funding allocation of Block Grant Funds, and submits a plan with a budget for Board of Commissioners' approval. Meets at least once a year during budget preparation time - as announced	Futrelle

Board/Commission	Description & Meeting Information	Member
Cooperative Extension Advisory Leadership Board	<p>Functions as a valuable partner to Cooperative Extension Service (CES); gives grassroots connections; helps CES stay relevant, responsive and focused; provides communication to key groups; expands resources; assists with designing, implementing and evaluating educational program; builds and nurture relationships with key leaders, citizens and elected officials; markets Extension programs in the community.</p> <p>Meets quarterly @ 11:30 AM with dates to be announced</p>	Gable
Watauga County Fire Commission	<p>Provides organizational oversight of volunteer fire departments for purposes of funding and compliance with State and County requirements. The Commission consists of Fire Chiefs or designees and others pursuant to the County resolution establishing the Commission.</p> <p>Meets 4th Wednesday of each month @ 7 PM at the various fire stations</p>	Gable
Watauga Medical Center Board of Trustees	<p>Governs the affairs of Watauga Medical Center, Inc., and facilities.</p> <p>Meets 4th Thursday of each month @ 5 PM at Watauga Medical Center</p>	Deal
Watauga County Personnel Advisory Committee	<p>Holds hearings under the authority to hear employee grievances and make recommendations to the appointing authority. An employee or the appointing authority may request a hearing. The Committee shall submit recommendations to the County Manager, his designee, or other appointing authority within fifteen (15) working days of the hearing.</p> <p>Meetings called as needed</p>	Miller
Watauga County Recreation Commission	<p>Advisory Board to Watauga County Parks and Recreation which supports recreation programs, public parks, playgrounds, athletic fields, and other recreation facilities owned or controlled by Watauga County.</p> <p>Meets 3rd Wednesday of every other month @ 7 PM</p>	Deal
Social Services Advisory Board	<p>Serves in an advisory capacity for the Department of Social Services.</p> <p>Meets 4th Wednesday of each month @ 1 PM in the Department of Social Service's Small Conference Room</p>	Miller
Watauga Opportunities, Inc.	<p>Provides jobs and training for individuals with disabilities.</p> <p>Meets last Thursday of January, March, May, August, and October @ 4:30 PM at Watauga Opportunities</p>	Blust
Workforce Development Board (WDB)	<p>A volunteer policy board of business and community leaders that develops regional workforce development policy and provides direct oversight of the region's JobLink Career Centers and the Federal Workforce Investment Act.</p> <p>Meets 2nd Thursday of February, April, June, August, October, & December @ 3 PM in High County Council of Governments' Executive Board Room.</p> <p>WDB committees meet the alternating months during the year.</p>	Chairman

Blank Page

AGENDA ITEM 4:

APPROVAL OF THE DECEMBER 6, 2011, AGENDA

Blank Page

AGENDA ITEM 5:

TOWN OF BOONE RAW WATER LINE & INTAKE PROJECT EASEMENT REQUEST

MANAGER'S COMMENTS:

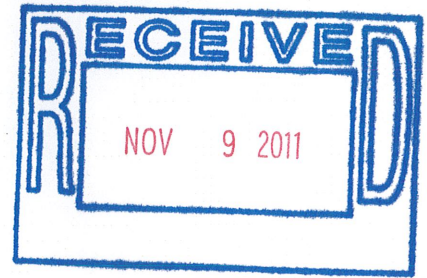
Town of Boone staff will request the Board approve a temporary construction and permanent easement for the Town's raw water line associated with the new intake project. A map has been included outlining the route of the line which will impact the Hannah Building and Watauga High School properties.

Board approval of the easements should be contingent upon County Attorney review.

Board action is requested.



*Town of Boone
Department of Public Utilities*



November 1, 2011

Mr. Deron Geouque
814 West King Street
Boone, NC 28607

Re: Town of Boone Raw Water Line & Intake Project

Dear Sir,

The Town of Boone will soon be constructing a raw water line and intake project in. Perhaps you have already seen a survey crew or other personnel working. As part of this project the Town is requesting an easement from you.

Information from the Town Attorney and Project Engineer about this project and how it will affect your property is enclosed. Our Attorney and project designers are available to you to explain any aspect of the easement.

Hopefully this will be a project that you will welcome. On the other hand, I know that for some property owners construction of a water line will be an intrusion. I regret such intrusion while, at the same time, asking you to be aware that the project will serve the overall community in a positive manner.

Thank you for your cooperation in this matter. If you have any further questions please feel free to contact me at 828-268-6250 or josh.eller@townofboone.net

Sincerely,

Josh Eller
Utilities Service Technician

Cc: Greg Young, Town Manager
Sam Furgiuele, Town Attorney
Rick Miller, Public Utilities Director

TEMPORARY CONSTRUCTION EASEMENT

Prepared by: Samuel F. Furgiuele, Jr., P.O. Box 386, Boone, NC 28607
 Return to: Samuel F. Furgiuele, Jr., P.O. Box 386, Boone, NC 28607

STATE OF NORTH CAROLINA COUNTY OF WATAUGA

THIS DEED OF EASEMENT, made this the _____ day of _____, 201__, by and between **WATAUGA COUNTY**, a body politic of the State of North Carolina, hereinafter referred to as Grantor, and the **TOWN OF BOONE**, a North Carolina Municipal Corporation, hereinafter referred to as Grantee. The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors and assigns, and shall include singular, plural, masculine or feminine, as required by context.

WITNESSETH, that the Grantor, for and in consideration of the sum of Ten Dollars (\$10.00), and other good and valuable consideration paid by the Grantee, the receipt and adequacy of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee, a temporary construction easement, which shall have a duration of forty-eight (48) months from the execution of this easement, over and across the real property of the Grantor for the purposes of situating equipment and materials thereon, installing, inspecting, operating, maintaining, repairing and reconstructing an underground raw water intake line, and such pipes, manholes, fittings, fixtures and other accessories as may be required (hereafter referred to as "the facilities"), together with the full right of access to and egress from said easement.

The location of the easement is on the property now or formerly owned by Watauga County, identified by Watauga County parcel identification number 2910-88-3456-000, and as described in those certain plats recorded in Book 20, Page 78, and Book 20, Page 445 of the Watauga County, North Carolina Registry, as more fully described **in the attached description and/or illustrated in the attached plat labeled "Exhibit A" and incorporated by reference herein and/or referenced in that certain plat prepared by W.K. Dickson, 401 4th Street, SW, Suite 201, Hickory NC 28602, referenced as Project Number _____ and dated _____**. The easement contains a total of 0.509 acres.

IT IS FURTHER UNDERSTOOD AND AGREED BETWEEN THE GRANTOR AND THE GRANTEE:

1. That the Grantor shall at all times, other than while the facilities are under actual construction or repair, have the right to use said easement, provided such use shall in no manner interfere with or be inconsistent with the use thereof by Grantee as provided herein. Prohibited uses of the easement by the Grantor include, but are not limited to, the following: the erection of a shed, building, structure or other permanent obstruction within the easement by the Grantor; the planting of trees within the easement by the Grantor; the placing of fill within the easement except after prior written consent from the Grantee; and the construction of other utility lines, including but not limited to, electric, gas, telephone, cable, or other water lines except after prior written approval by the Grantee. Any utility lines currently existing within the easement area shall either remain where they are, or shall be relocated at the expense of the Grantee.

2. That the Grantee agrees to restore and repair any damage it may cause to the Grantor's property while it is installing or maintaining its facilities.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal, the day and year first above written.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal, the day and year first above written.

This ____ day of _____, 201__.

Watauga County

_____(SEAL)
By: Nathan Miller, Chairman
Board of County Commission

Attest: _____(SEAL)
Clerk, Watauga County

State of North Carolina
County of Watauga

I, a Notary Public of the County and State aforesaid, certify that _____ personally appeared before me this day and acknowledged that he/she is the Clerk for Watauga County, a body politic of the State of North Carolina, and that by authority duly given and as an act of Watauga County, the foregoing instrument was signed in its name by its Chairman, Nathan Miller, and attested by _____ as the County Clerk.

Witness my hand and notarial stamp or seal, this ____ day of _____, 201__.

Notary Public

Printed Name of Notary Public

My Commission Expires: _____

Town of Boone
a North Carolina Municipal Corporation

By: _____ (SEAL)
Loretta Clawson, Mayor

Attested:

Town Clerk

**STATE OF NORTH CAROLINA
COUNTY OF WATAUGA**

I, the undersigned Notary Public, do hereby certify that _____ personally appeared before me this date and acknowledged that she is the Town Clerk for the Town of Boone, a North Carolina municipal corporation, and that by authority duly given and as an act of the municipality, the foregoing instrument was signed in its name by its Mayor, sealed with its corporate seal and attested by herself as its Town Clerk.

Witness my hand and notarial stamp or seal, this the _____ day of _____, 201____.

Notary Public

Printed Name of Notary Public

My Commission Expires: _____

EASEMENT

Prepared by: Samuel F. Furgiuele, Jr., P.O. Box 386, Boone, NC 28607
 Return to: Samuel F. Furgiuele, Jr., P.O. Box 386, Boone, NC 28607

STATE OF NORTH CAROLINA COUNTY OF WATAUGA

THIS DEED OF EASEMENT, made this the _____ day of _____, 201__, by and between **WATAUGA COUNTY**, a body politic of the State of North Carolina, hereinafter referred to as Grantor, and the **TOWN OF BOONE**, a North Carolina Municipal Corporation, hereinafter referred to as Grantee. The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors and assigns, and shall include singular, plural, masculine or feminine, as required by context.

WITNESSETH, that the Grantor, for and in consideration of the sum of Ten Dollars (\$10.00), and other good and valuable consideration paid by the Grantee, the receipt and adequacy of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee, a permanent easement over and across the real property of the Grantor for the purpose of installing, inspecting, operating, maintaining, repairing and reconstructing an underground raw water intake line, and such pipes, manholes, fittings, fixtures and other accessories as from time to time may be required (hereafter referred to as “the facilities”), together with the full right of access to and egress from said easement, along with a temporary construction easement, which shall have a duration of forty-eight (48) months from the execution of this easement, granting Grantee the right to situate equipment and materials thereon, to disturb as needed for the installation and construction of the aforesaid raw water intake line, and for the ingress and egress to, from and across said temporary construction easement as may be needed for said installation and construction.

The locations of the temporary and permanent easements are on the property now or formerly owned by Watauga County, identified by Watauga County parcel identification number 2920-07-8367-000, and as described in those certain instruments recorded in Plat Book 12, Page 260, and Book 153, Page 756 of the Watauga County, North Carolina Registry, as more fully described **in the attached description and/or illustrated in the attached plat labeled “Exhibit A” and incorporated by reference herein and/or referenced in that certain plat prepared by W.K. Dickson, 401 4th Street, SW, Suite 201, Hickory NC 28602, referenced as Project Number _____ and dated _____**. The permanent easement contains a total of 0.026 acres, and the temporary construction easement

contains a total of 0.345 acres.

IT IS FURTHER UNDERSTOOD AND AGREED BETWEEN THE GRANTOR AND THE GRANTEE:

1. That the Grantor shall at all times, other than while the facilities are under actual construction or repair, have the right to use said easement, provided such use shall in no manner interfere with or be inconsistent with the use thereof by Grantee as provided herein. Prohibited uses of the easement by the Grantor include, but are not limited to, the following: the erection of a shed, building, structure or other permanent obstruction within the easement by the Grantor; the planting of trees within the easement by the Grantor; the placing of fill within the easement except after prior written consent from the Grantee; and the construction of other utility lines, including but not limited to, electric, gas, telephone, cable, or other water lines except after prior written approval by the Grantee. Any utility lines currently existing within the easement area shall either remain where they are, or shall be relocated at the expense of the Grantee.

2. That the Grantee agrees to restore and repair any damage it may cause to the Grantor's property while it is installing or maintaining its facilities.

3. The Grantee shall have the right, but not the obligation, to keep the permanent easement clear at all times, and the right to remove from the permanent easement all trees and other obstructions, and to go upon said easement whenever necessary for the purpose of clearing the same and removing therefrom all trees and other obstructions of any kind.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal, the day and year first above written.

This ____ day of _____, 201__.

Watauga County
A North Carolina Body Politic

_____(SEAL)
By: Nathan Miller, Chairman
Board of County Commission

Attest: _____(SEAL)
Clerk, Watauga County

State of North Carolina
County of Watauga

I, a Notary Public of the County and State aforesaid, certify that _____
_____ personally appeared before me this day and
acknowledged that he/she is the Clerk for Watauga County, a body politic of the State of
North Carolina, and that by authority duly given and as an act of Watauga County, the
foregoing instrument was signed in its name by its Chairman, Nathan Miller, and attested by

_____ as the County Clerk.

Witness my hand and notarial stamp or seal, this ____ day of _____, 201__.

Notary Public

Printed Name of Notary Public

My Commission Expires: _____

Town of Boone
a North Carolina Municipal Corporation

By: _____ (SEAL)
Loretta Clawson, Mayor

Attested:

Town Clerk

**STATE OF NORTH CAROLINA
COUNTY OF WATAUGA**

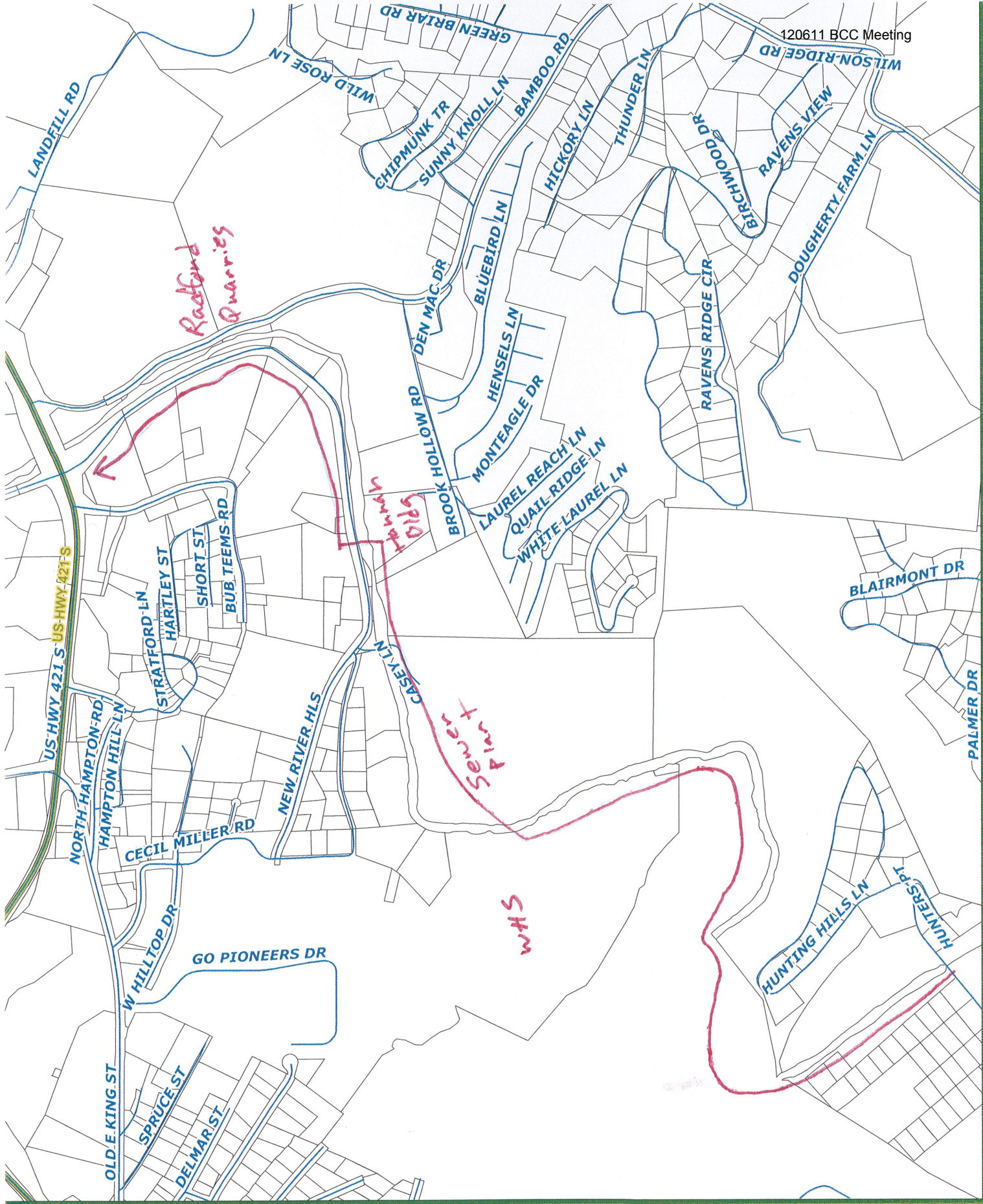
I, the undersigned Notary Public, do hereby certify that _____ personally appeared before me this date and acknowledged that she is the Town Clerk for the Town of Boone, a North Carolina municipal corporation, and that by authority duly given and as an act of the municipality, the foregoing instrument was signed in its name by its Mayor, sealed with its corporate seal and attested by herself as its Town Clerk.

Witness my hand and notarial stamp or seal, this the ____ day of _____, 201__.

Notary Public

Printed Name of Notary Public

My Commission Expires: _____



- Legend**
- Schools
 - Communities
 - Roads
 - NC Highways
 - State Routes
 - US Routes
 - 0.2 PCT Actual Change
 - 100' Flood Zone AE
 - Floodway Zone AE
 - Permit Lines
 - County Grid
 - County Border
 - 2000 Census
 - Tax Parcels on Jan 1



Watauga County
 842 West King Street
 Boone, NC 28607
www.wataugacounty.org

Disclaimer:
 This map is prepared for the inventory of real property found within this jurisdiction, and is compiled from recorded public records and data. Users of this map are hereby notified that the aforementioned public information sources should be used for verification of the information obtained on this map. Watauga County assumes no legal responsibility for the information contained on this map.



- Legend**
- Schools
 - Communities
 - Roads
 - NC Highways
 - Barrier Parkway (PS)
 - Base Flood Elevation
 - 0.2 FT Annual Chance
 - 100 Year Flood Zone (FE)
 - Special Flood Hazard Area (SFHA)
 - County Grid
 - County Boundary
 - 2000 Census
 - Tax Parcels on Jan 1



Wake County
849 West King Street
Raleigh, NC 27607
www.wakecounty.org

Disclaimer:
This map was prepared for the inventory of real property found within this jurisdiction, and is compiled from recorded deeds, plats, and other public records and data. The County hereby notifies that the information herein is for informational purposes only. The County assumes no liability for the information contained on this map.

AGENDA ITEM 6:

CRIMINAL JUSTICE PARTNERSHIP PROGRAM AGREEMENT

MANAGER'S COMMENTS:

At the October 18, 2011 meeting, the Board approved a contract with Mr. Mike Vannoy to operate the Criminal Justice Partnership Program utilizing the available existing State grant funds with the understanding that Program equipment was to remain with Mr. Vannoy until such a time that the Program no longer existed and then the equipment would become the property of Watauga County.

Mr. Vannoy has established Vannoy and Associates Counseling Services, LLC, for liability purposes. Therefore, the Board needs to terminate the original contract with Mr. Vannoy to provide CJPP services and enter into a contract in the amount of \$44,419 with Vannoy and Associates Counseling Services, LLC for these services.

No County funds are required as this is a pass through grant. Staff recommends the Board approve the contract with Vannoy and Associates Counseling Services, LLC for CJPP services in the amount of \$44,419.

**STATE OF NORTH CAROLINA
COUNTY OF WATAUGA****AGREEMENT**

This Agreement is entered into by and between Vannoy and Associates Counseling Services, LLC (hereinafter "Contractor") and Watauga County, a North Carolina body politic, (hereinafter "the County").

Whereas, it is mutually agreed that:

1. This contract shall begin November 1st, 2011 and remain in effect until June 30, 2012. It may be modified or terminated at any time upon the consent of both parties or thirty (30) days after one of the contracting parties gives written notice of termination.
2. The Contractor agrees to develop, implement, supervise and house the Watauga County Criminal Justice Partnership Program in coordination with the Advisory Board of the Criminal Justice Partnership Program and the County.
3. The Contractor agrees to serve a maximum of twenty (20) and a minimum of eighteen (18) offenders from November 1, 2011 to June 30, 2012 with a 50% success rate. Success will be defined in terms of attendance of sessions, keeping referral appointments, and reaching 75% of their individual goals as evaluated by the CJPP Counselor and the Probation Officer.
4. In consideration of the Contractor's performance as stated above, the County agrees to contribute the remaining sum of \$44,856.00 for the remainder of fiscal year 2011-2012, according to the subsequent budget as received by the County from the State for this program. As a further part of the consideration, the Contractor agrees to hold Watauga County harmless for any shortfall or reduction of grant funds from the State of North Carolina for this program.

BUDGET

Category	Line Item	Amounts	Subtotals
Personnel Subtotal			\$35,744
	Mike Vannoy, MA-I,CSAC, LPC-A (Program Director)	\$32,344.00	
	Jim Thornton, MA, LPC-S, CCS Supervision 1 Hour Per Week (\$100 per week x 34 Weeks)	\$3,400.00	
Travel & Training Subtotal			\$800
*Operating Subtotal			\$8,312
	Rent 250.00 (Per Month)	\$2,000.00	
	Supplies & Treatment Materials (UDS) 30.00 Per (UDS)	\$4,212.00	
	Vehicle Maintenance	\$500.00	
	Telephone (Fax, Cell, Office, Internet) (200.00 per Month)	\$1,600.00	
Total Remaining Budget			\$44,856.00

***Operating Subtotal**

Estimated total. Vehicle insurance, maintenance, supplies, telephone are based upon previous usage and estimated totals will be updated to actual amounts during the Grant Fiscal Year (2011-2012). UDS Costs include supplies and results submitted from samples and include laboratory sample results.

****Supervision**

One hour per week with Jim Thornton, MA, LPC, LCAS, CCS, Certified Clinical Supervisor, Licensed Professional Counselor, Substance Abuse Services Supervisor. Supervision Costs \$100.00 Per Hour.

NOTE: *This budget is for the remainder of the current fiscal year, beginning November 1st, 2011 through June 30th, 2012.*

Executed this the _____ day of _____, 20____

Vannoy & Associates Counseling Services, LLC.
789 Poplar Grove Road South
Boone, NC 28607

By: _____
Michael J. Vannoy, CJPP Director

Watauga County, NC
814 West King Street, Suite 205
Boone, NC 28607

By: _____
Nathan Miller, Chairman
Watauga County Board of Commissioners

Attest:

Anita Fogle, Clerk to the Board (Seal)

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

Margaret Pierce, Watauga County Finance Director

CJP ADVISORY BOARD MEMBERS

James Atkinson, Watauga County Social Services Director	06/30/14
Kandy West-Taylor, Watauga County Clerks Office	06/30/14
Charles Anderson, NCESC	06/30/14
Dana Crawford, Chief, Town of Boone Police Dept.	06/30/14
Judge Alexander Lyerly	06/30/14
Mike Vannoy, CJPP Director, Vannoy & Associates Counseling Services, LLC	06/30/14
Barbara Zaitzow, Dept. PS/CJ-ASU	06/30/14
Len Hagaman, Watauga County Sheriff	06/30/14
Randy Townsend Probation Officer (Board Chair)	06/30/14
Deron Geouque, Watauga County Manager	06/30/14
Margret Pierce, Watauga County Finance Director	06/30/14
Jennifer Wandler, Watauga County Schools	06/30/14
Mike Phipps, TASC Coordinator	06/14/14

EXECUTIVE COMMITTEE

Randy Townsend, Probation Officer (Board Chair)

Deron Geouque, Watauga County Manager

Barbara Zaitzow, Dept. of PS/CJ – ASU

Mike Vannoy, CJPP Director, Vannoy & Associates Counseling Services, LLC

James Atkinson, Watauga County Social Services Director

Mike Phipps, TASC Coordinator

Len Hagaman, Watauga County Sheriff

Blank Page

AGENDA ITEM 7:

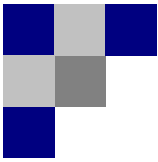
ROAD MAINTENANCE REQUEST FROM TOP O BOONE

MANAGER'S COMMENTS:

Top O' Boone subdivision has requested a one-time donation of \$2,000 for the purchase and installation of an electronic gate. In addition, the subdivision is requesting a \$1,000 annual contribution for road maintenance.

No funds are budgeted for this expense and approval of this request would require an allocation from the administrative contingency fund. The Board may wish to exercise caution as this has the potential to set a precedent for future requests for assistance. In addition, staff understands that the funding being requested of the County is considerably more than what a homeowner is being requested to pay. Mr. Rowe, property owner in Top O' Boone subdivision, will be present to answer any questions.

Board action is requested.



TURLINGTON LAW FIRM
A PROFESSIONAL CORPORATION

DAVID J. TURLINGTON, III, ESQ.

Email: david@turlingtonlaw.com
Office: 828.263.8860
Facsimile: 828.263.8862

890 West King Street/Suite 200
Boone, North Carolina 28607
www.turlingtonlaw.com

Mailing Address:
Post Office Box 140
Boone, North Carolina
28607

December 1, 2011

Deron Geouque
County Manager, Watauga County
211 West King Street
Boone, NC 28607

RE: Top O' Boone subdivision
Top of Boone Road Maintenance Association

Dear Deron:

I hope this letter finds you well. I write on behalf of the Top O' Boone subdivision which is located just off Junaluska Road, up where the fire and cell phone towers are located on the mountain behind the Courthouse. As Watauga County is a property owner in this neighborhood, we certainly wanted to include you in the recent developments in our neighborhood. Several years ago in an effort to keep and maintain the private roadways through our subdivision approximately 50 lot and homeowners came together and formed the Top of Boone Road Maintenance Association. In furtherance of this effort, we have purchased many loads of gravel, performed endless grading and cleaned out ditches and provided culverts to direct runoff in order to keep our roads in year round drivable conditions. We have two small tractors at our disposal that we use almost weekly to drag the roads and keep them not only comfortable in the summer time, but passable in the severe winters we have up on top of Rich Mountain.

We have also unfortunately had several homeowners who have recently encountered break-ins at their residences. In addition, just after the N. C. Highway Patrol and Department of Homeland Security completed the installation of their tower at the very top, it was vandalized.

We are at a point where we are asking for the help and assistance of all the property owners at Top 'O Boone. To continue with our plans to keep the roads maintained, provide snow removal, prevent further trespassing on our private property and provide security for all property owners and for your towers, we must have additional funds.

I have listed below several of the various projects we have to further secure our neighborhood. All of these projects will be of concern to Watauga County as a property owner here. Among all our work, the main project we are in the process of is the

Deron Geouque
County Manager, Watauga County
Page 3 of 3
August 18, 2011

installation of an electronic *security gate*. We believe the security gate will provide the all of the property owners and the tower owners with much needed security.

Securing our area and Security gate project:

Because of the nature of vacation homes, we have had several homes burglarized over the last three years, not to mention the recent vandalism at some of the towers. We feel the next step to protecting your property and ours is to install a security gate. Over the years the college kids have enjoyed coming up and over-looking the college and the Town of Boone. Today, however, they have parties where alcohol is consumed, bonfires built and graffiti written all over the structures located at the Top 0' Boone. Fires are also a huge concern, as is the destruction of equipment. One new tower project sustained over \$11,000 worth of damage done in one evening!

The first part of increasing security was to eliminate access from Junaluska Road from Fire Tower Road. This has been completed and has greatly reduced traffic. However, the college kids will soon discover that they can now only access the tower areas via Indian Springs Road. Therefore we feel the ONLY way to secure our properties is to install a Security Gate at the entrance to the subdivision.

The Gate specifications:

Our plans are install a gate that will cross the entire 20 foot entrance. It will be a cantilevered gate 30 feet across with 10 of those feet being a balance point. It will remain open, initially, from 7:00 AM until 7:00 PM each day. We can adjust those times as needed. Each property owner/homeowner will have an access code, an opener and/or key to open the gate during off hours. This gate will have a code which will be provided to all law enforcement and fire department personnel. There may even be an access that can be activated by siren on the emergency vehicles that will open the gate.

The estimated cost for this gate is \$13,500. We will be asking each tower owner, homeowner and property owner to contribute to this endeavor. We are asking each tower owner to contribute a one-time donation of \$2,000 towards the purchase and installation of the electronic gate.

We know that you have to be able, even in the worst kind of weather, to access your tower. We see and welcome your service trucks in our subdivision, but to keep and maintain all the roads it is going to continue to take a tremendous effort and we need Watauga County as a property owner to be involved. We would like for the county to consider a yearly

Deron Geouque
County Manager, Watauga County
Page 3 of 3
August 18, 2011

donation of \$1,000 to our Top O' Boone Road Maintenance Association. Our private residents each pay \$150.00 annually, but we do ask that the county consider a larger contribution as your property is being utilized for governmental/commercial purposes and not for a private residence. This is equal to the amount we are requesting from all the Tower owners. This will allow us to purchase gravel, repair culverts, clean out side ditches, and purchase and repair equipment in the future.

In the alternative, or in addition to a yearly contribution, we would suggest that perhaps the County could consider providing us with some "in kind" assistance by way of providing equipment and an operator that could help us occasionally in the upkeep and maintenance of the roads, and snow removal in the winter. This in kind contribution would be much like all the other property owners contribute, as we do have owners that plow snow with their personal equipment in the winters, and owners that provide their personal equipment to help with road grading and maintenance.

Watauga County has a very significant investment in their tower at the top of Top O' Boone. We appreciate and value the County as neighbors and property owners. We only want to make it even more secure for you and for us all! If you have questions regarding any aspect of our plans please do not hesitate to contact Dave Rowe, 372 Broken Arrow Trail, Boone, NC or call at 828.355.9437.

Thank you in advance for your kind consideration of our proposal. With best regards, I remain,

Very truly yours,

David J. Turlington III

Cc: Dave Rowe
Top O' Boone Road Maintenance Association

**STATE OF NORTH CAROLINA
COUNTY OF WATAUGA**

ROAD MAINTENANCE ASSOCIATION AGREEMENT

This Agreement by and between the residents of the subdivision known as the Top 'O Boone, who agree as follows.

WITNESSETH:

WHEREAS, that by the creation of the Top 'O Boone Road Maintenance Association, the residents and property owners in the Top 'O Boone subdivision hereby agree as follows:

WHEREAS, any person owning property within the Top 'O Boone shall be entitled to one vote for each lot owned at any meeting of the Road Maintenance Association, and

WHEREAS, there are existing roadways within the private subdivision known as Top 'O Boone which the residents and property owners access for purposes of ingress, egress and regress; and

WHEREAS, there is no existing Road Maintenance Agreement of record governing maintenance and repair of said roadway and no existing Property Owners Association governing same; and

WHEREAS, it is the desire of the residents and property owners of the private subdivision known as the Top 'O Boone to cooperate with one another and work together in order to maintain the roadways within the development in order to ensure the safety, access, egress, and security of all property owners and residents within the subdivision.

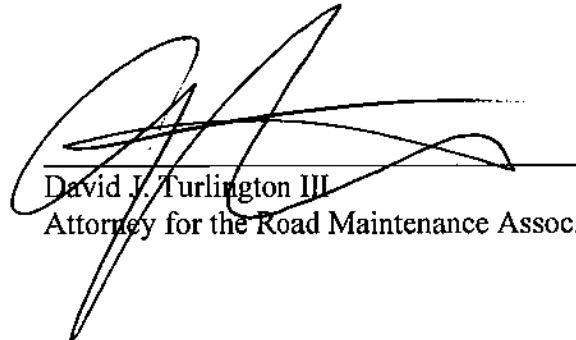
WHEREFORE, the members of the Top 'O Boone Road Maintenance Association agree to maintain and keep in repair said roadways for purposes of ingress, egress and regress to the properties of the private subdivision known as Top 'O Boone. The said roadways shall at all times remain open and unobstructed unless by majority vote of the membership it is determined that a gate or otherwise is needed to ensure the safety and security of our property; and

Top 'O Boone
Road Maintenance Assoc. Agreement
Page 2 of 2

WHEREFORE, there may be, from time to time, an annual fee assessed by the Association to its membership for road maintenance, which fee shall be agreed upon by vote by a majority of the membership; and

WHEREFORE, there may be other matters that are brought before the membership, which shall be voted on at any meeting of the membership. Notice of any membership meeting shall be posted at least 10 days in advance at or near the mailboxes in the subdivision, unless notification by mail is expressly requested and a proper address for the mailing of such notice is provided by the property owner.

This the 6th day of June, 2010.



David J. Turlington III
Attorney for the Road Maintenance Assoc.

TOP - G - BOONE, SUBDIVISION
RICH MOUNTAIN, BOONE, N. C.
"DANIEL BOONE COUNTRY"



Design HUD property, subject to HUD
in and shall be subject to the provisions of the
NATIONAL HOUSING ACT, 42 U.S.C. 1402

7 HOMES COMPLETED

Details, Loans and Bills

NOVEMBER 1, 1975



Jack Richardson Realty, Inc.
Registered Real Estate Broker

4433 N. W. 75th Ave., Miami, Florida 33147 Phone 954-465

264 7757

Blank Page

AGENDA ITEM 8:

TOURISM DEVELOPMENT AUTHORITY MATTERS

A. Proposed Consultant Contract for Completing the South Fork Greenway Plan

MANAGER'S COMMENTS:

Mr. Eric Woolridge, Watauga County TDA, will request the Board enter into a contract with Ms. Teresa Buckwalter to complete the South Fork New River Greenway Plan that was funded through a \$35,000 Clean Water Management Trust Fund grant. Ms. Buckwalter previously worked on the project with Brushy Fork Environmental and has extensive knowledge of this project.

Mr. Woolridge will request the Board adopt the resolution presented to exempt the project from the qualification-based process, and enter into a contract with Ms. Buckwalter, contingent upon County Attorney review. The Watauga County TDA Board has approved the recommendation being presented by Mr. Woolridge.

Board action is requested.

MEMO

To: Watauga County Board of Commissioners
Deron Geouque, County Manager

From: Eric Woolridge, Tourism Planner
Watauga County Tourism Development Authority

Date: November 28, 2011

Re: Final Consultant Contract for Completing South Fork Greenway Plan

TDA staff is currently serving as the project manager for the South Fork New River Greenway Plan, a project being funded through a \$35,000 CWMTF grant. The grant contract, which is with Watauga County, requires that the project be complete by March 31st, 2012. The county entered into a \$20,000 contract with Brushy Fork Environmental in 2010 to begin the task of completing this work. A variety of tasks have been completed with these funds, including: Watauga County Pathways website (www.wataugacountypathways.org), landowner outreach material, multiple site plans, and the facilitation of numerous community meetings, including those with the Todd Preservation Organization and Green Valley Park.

Presently, there is still \$12,000 available to complete this project. Teresa Buckwalter, a former employee of Brushy Fork Environmental, was the lead consultant on this project. She has created the various site plans, helped create the landowner outreach material, and, most importantly, has helped TDA staff establish relationships with stakeholders in the communities of Green Valley and Todd. Rather than hiring a consultant through the “request for qualification” process, we recommend hiring Teresa Buckwalter because of her previous work on this project.

The county attorney has assisted in developing the attached “Resolution to Exempt Greenway Planning Project from Qualifications-based Process.” Also, attached is the scope of work for completing the South Fork Greenway Plan.

Board Action Recommendation: Recommend that the Watauga County Commissioners 1) adopt a resolution to exempt this project from the qualification-based process, and 2) contract with Teresa Buckwalter, ASLA to assist the TDA planner in finalizing the obligations of the CWMTF grant contract and the South Fork New River Greenway Plan. [Note: The Watauga County TDA Board of Directors voted (4-0) to support this recommendation at their November 15, 2011 board meeting]

STATE OF NORTH CAROLINA

DRAFT

COUNTY OF WATAUGA

**RESOLUTION TO EXEMPT GREENWAY PLANNING PROJECT
FROM QUALIFICATIONS-BASED PROCESS**

WHEREAS, the Watauga County is a body politic of the State of North Carolina duly authorized by State law to enter into contracts for the provision of architectural, engineering, and surveying services on behalf of its citizens; and

WHEREAS, N.C. Gen. Stat. § 143-64.32 authorizes units of local government to exempt, in writing, particular projects from the provisions of Article 143 if the unit of local government states the reasons for the exemption and the circumstances attendant thereto; and

WHEREAS, Watauga County recognizes the need for planning services to fulfill obligations of a CWMTF planning grant along the South Fork New River, which project will benefit the citizens of Watauga County; and

WHEREAS, Teresa Buckwalter, ASLA is a landscape architect, whose principal office is in Watauga County, North Carolina with whom Watauga County and the Watauga County TDA has established a successful working relationship on other planning projects and this specific project; and

WHEREAS, Teresa Buckwalter, ASLA is familiar with the geographic area being studied, its people, environment, and location, by virtue of past work for Watauga County on this specific project; and

WHEREAS, contracting with Teresa Buckwalter, ASLA would save Watauga County time and money in that Ms. Buckwalter is believed to be the best possible consultant to complete the remaining obligations of this project; and

NOW THEREFORE, BE IT RESOLVED by the Watauga County Board of Commissioners, that Teresa Buckwalter, ASLA is and shall be the consultant hired by the County of Watauga consistent with the remaining funds allocated by the Clean Water Management Trust Fund awarded to the County of Watauga on August 31, 2010, and a project that must be completed by March 31, 2012;

READ, CONSIDERED, PASSED, AND APPROVED at a regular meeting of the Watauga County Commissioners, Watauga County, North Carolina, at which a quorum was present and which was held on the 6th day of December 2011.

ADOPTED this the 6th day of December, 2011.

Nathan A. Miller, Chairman
Watauga County Board of Commissioners

ATTEST:

Anita J. Fogle
Clerk to the Board

SCOPE OF SERVICES

For the following Project: SOUTH FORK NEW RIVER GREENWAY & BLUEWAY PLAN

1. Finalize Clean Water Management Trust Fund Greenway Plan (40%)

- 1.1 Finalize ideal and alternative greenway routes
- 1.2 Develop maps which identify high priority tracts of land
- 1.3 Develop spreadsheet for landowner contact
- 1.4 Write and layout final plan
- 1.5 Write quarterly reports to Clean Water Management Trust Fund

Deliverables: Digital copy of final South Fork Greenway Plan; final report to Clean Water Management Trust Fund; digital copies of priority maps.

2. Conceptual Site Plan (20%)

Appalachian State University Gilley Field Station Property:

- 2.1 Prepare Base Map
- 2.2 Prepare Conceptual Plan
- 2.3 Present Conceptual Plan to client and task force
- 2.4 Present Conceptual Plan to Appalachian State University Representatives

Castle Ford Paddle Access:

- 2.5 Prepare Base Map
- 2.7 Develop Conceptual Site Plan
- 2.8 Present Conceptual Plan to Client

Deliverables: Digital copy of two (2) additional site plans for inclusion in report

3. PINE RUN Paddle Access Design & Permitting (40%)

- 3.1 Generate Base Map using survey provided by Watauga County
- 3.2 Design Development: finalize elements of design
- 3.3 Develop Grading Plan
- 3.4 Develop Site Details
- 3.5 Apply for US Army Corps of Engineers 404 permit – specific to paddle launch
- 3.6 Apply for FEMA “No Impact” permit administered through Watauga County Planning & Inspections, (an in-depth hydrological analysis, or HEC study is outside the scope of this project.)

Deliverables: Digital copy of final design of paddle access; digital copy of permit application

AGENDA ITEM 8:

TOURISM DEVELOPMENT AUTHORITY MATTERS

B. Request for Withdrawal of Clean Water Management Trust Fund Grant Agreement

MANAGER'S COMMENTS:

Mr. Woolridge will request the Board allow the conservation easement agreement with the Greer family for their farm north of Brookshire Park to expire and inform the Clean Water Management Trust Fund of the County's intent to withdraw their application. The Watauga County TDA, at their November 15, 2011, meeting, voted to not reauthorize funds nor provide the cash match for another grant application cycle.

Board action is required.

MEMO

To: Watauga County Board of Commissioners
Deron Geouque, County Manager

From: Eric Woolridge, Tourism Planner
Watauga County Tourism Development Authority

Date: November 28, 2011

Re: Withdrawal of CWMTF Grant Application

Watauga County, in partnership with the Watauga County TDA, currently has an active grant application with Clean Water Management Trust Fund (CWMTF). This request is related to the acquisition of the 100' conservation easement along the Greer farm north of Brookshire Park. Watauga County received a letter from CWMTF on October 24, 2011 requesting that the county inform the agency as to whether the county intends to resubmit or withdraw the application. The letter and Application Update Form are attached.

As you are aware, this grant requires matching funds from the local government/ applicant. The WCTDA allocated these funds for the current grant. However, at their November 15, 2011 board meeting, the WCTDA board voted to NOT reauthorize these funds and to NOT provide the cash match for another grant application.

WCTDA staff recommends that Watauga County allow the current contract with the Greer family to expire and to inform CWMTF that the county intends to withdraw their application.

AGENDA ITEM 9:

PROPOSED GRANTS FOR ROCKY KNOB PARK THROUGH BOONE AREA CYCLISTS

MANAGER'S COMMENTS:

Mr. Woolridge will make two requests on behalf of Boone Area Cyclists (BAC). The first request seeks an endorsement from the County for BAC to spend \$5,000 to expand the trail network at Rocky Knob Park. The second request is to allow BAC to submit for a \$25,000 grant to supplement TDA funds for the bike skills area at the Rocky Knob Park.

Should the Board approve the requests, staff recommends review and approval by the County Attorney and that TDA staff be responsible for all oversight and compliance of the grant requirements.

Board action is requested.

MEMO

To: Watauga County Board of Commissioners
Deron Geouque, County Manager

From: Paul Stahlschmidt, President
Boone Area Cyclists

Eric Woolridge, Tourism Planner
Watauga County Tourism Development Authority

Date: November 28, 2011

Re: Boone Area Cyclists Grants for Rock Knob Park

Boone Area Cyclists (BAC) serves as the WCTDA's primary community partner in developing Rocky Knob Park. To date, BAC volunteers have provided more 2,500 hours toward the park's expanding trail network. Because BAC is a 501(c)3 organization, the group is also well positioned to provide financial assistance by securing grant funds for the park.

In late spring of 2011, the NC trails program released a second call for new trail projects under the NC Adopt-a-Trail Program. BAC did not submit an application under the first call for projects. WCTDA staff encouraged BAC to quickly submit an application for Rocky Knob Park since there was a rather short deadline for the second call. This fall BAC was informed that they received the \$5,000 Adopt-a-Trail grant. However, before BAC signs a grant contract with the state, BAC requests an endorsement from Watauga County to spend the \$5,000 to expand the trail network at Rocky Knob Park.

BAC is also in discussions with Lowes Foundation about supporting trail construction efforts at Rocky Knob Park. BAC requests approval to submit for a \$25,000 grant to further support trail development efforts at Rocky Knob Park. These funds will be used to supplement TDA funds dedicated for the bike skills area. Should BAC successfully receive a Lowes Foundation grant, TDA staff will closely assist with project implementation.

AGENDA ITEM 10:

LANDFILL GAS TO ENERGY PROJECT MATTERS

A. Proposed Interconnection Agreement with BREMCO

MANAGER'S COMMENTS:

Ms. Lisa Doty will provide an update on the interconnection agreement with BREMCO in reference to the County's Gas to Energy project. The report is for information only; therefore, no action is required.

Watauga County Sanitation
Recycling Office

Memo

To: Deron Geouque

From: Lisa Doty, Recycling Coordinator

CC: JV Potter

Date: November 28, 2011

Re: Power Purchase and Interconnection Agreements and Amended NCUC Filing for
Landfill Gas to Energy Project

Attached are 3 agenda items for the Commissioner's meeting on Dec. 6.

1. **Interconnection Agreement with BREMCO** – this allows us to connect the project to the grid through BREMCO's infrastructure. BREMCO Board has approved this already. I don't think there is action needed by our Board, just FYI that it is completed.
2. **Power Purchase Agreement with Duke.** I have attached a pdf of the agreement and Jason will send you a summary to help explain it. I have two original copies of the agreement that need to be signed and sent back for Duke signatures. I will drop them off to you.
3. The last three documents are **amendments to our filing with the NC Utilities Commission** that update who we are selling power to. Originally we were going to sell to BREMCO and now Duke will be purchasing the power. The cover letter and the docket statement both have signature pages. The docket statement also needs notary signature.

Policy Statement Number: 6-8B-1

Blue Ridge Electric Membership Corporation

INTERCONNECTION PROCEDURES, FORMS, AND AGREEMENT

**Adopted by the Board of Directors
Effective September 22, 2011**

This Interconnection Agreement is based on the Interconnection Agreement developed by the North Carolina Utilities Commission re Docket E-100, Sub 101 and are also intended to satisfy the requirements of the Final Rule of the Rural Utilities Service of the U.S. Department of Agriculture re "Interconnection of Distributed Resources," 74 Fed. Reg. 32406 (July 8, 2009) (codified at 7 C.F.R. Part 1730, Subpart C)

TABLE OF CONTENTS

Section 1.	General Requirements	1
1.1	Applicability	1
1.2	Pre-Request.....	1
1.3	Interconnection Request.....	1
1.4	Modification of the Interconnection Request	2
1.5	Site Control	2
1.6	Queue Position	2
1.7	Interconnection Requests Submitted Prior to the Effective Date of these Procedures	2
Section 2.	25 kW Inverter Process for Interconnecting Certified Inverter-Based Generating Facilities No Larger than 25 kW	3
2.1	Applicability	3
2.2	Interconnection Request.....	3
2.3	Certificate of Completion	3
2.4	Contact Information	3
2.5	Ownership Information.....	4
2.6	UL 1741 Listed.....	4
Section 3.	Fast Track Interconnection Process for Certified Generating Facilities Larger than 25kW and No Larger than 1000 kW / 1 MW	4
3.1	Applicability	4
3.2	Initial Review.....	4
3.3	Screens	4
3.4	Member Options Meeting.....	6
3.5	Supplemental Review	6
Section 4.	Study Process	7
4.1	Applicability	7
4.2	Scoping Meeting	7
4.3	Feasibility Study.....	7
4.4	System Impact Studies.....	8
4.5	Facilities Study	8
Section 5.	Provisions that Apply to All Interconnection Requests	9
5.1	Reasonable Efforts	9
5.2	Disputes	9
5.3	Interconnection Metering.....	10
5.4	Commissioning	10
5.5	Confidentiality.....	10
5.6	Interconnection Agreement	10
5.7	Coordination with Affected Systems	11
5.8	Capacity of the Generating Facility	11
5.9	Interconnection Agreement Non-Transferable.....	11
5.10	Isolating or Disconnecting the Generating Facility	11
5.11	Limitation of Liability	12
5.12	Indemnification.....	12
5.13	Insurance	12
5.14	External Disconnect Switch (EDS)	13

Attachments

Attachment 1 – Glossary of Terms	14
Attachment 2 – Interconnection Request, Certificate of Completion, and Terms and Conditions for Certified Inverter-Based Generating Facilities No Larger than 25 kW	17
Attachment 3 – Interconnection Request.....	25
Attachment 4 – Certification Codes and Standards	33
Attachment 5 – Certification of Generator Equipment Packages	34
Attachment 6 – Feasibility Study Agreement	35
Attachment 7 – System Impact Study Agreement	40
Attachment 8 – Facilities Study Agreement.....	44
Attachment 9 – Interconnection Agreement	

Section 1. General Requirements

1.1 Applicability

- 1.1.1 This Standard contains the requirements for interconnection of Distributed Resources and parallel operation of Generation Facilities with the distribution system of Blue Ridge Electric. These procedures apply to Generating Facilities that are interconnecting to Cooperative Systems.
- 1.1.1.1 A request to interconnect a Distributed Resource that has a certified inverter-based Generating Facility no larger than 25 kW shall be evaluated under the Section 2—25 kW Inverter Interconnection Process. (See Attachments 2, 4 and 5 for certification criteria.)
- 1.1.1.2 A request to interconnect a Distributed Resource that has a certified Generating Facility larger than 25kW and no larger than 1000 kW shall be evaluated under the Section 3—Fast Track Interconnection Process. (See Attachments 3, 4 and 5 for certification criteria.)
- 1.1.1.3 A request to interconnect a Distributed Resource larger than 1000 kW / 1 MW, or a Generating Facility that does not pass the Fast Track Interconnection Process, shall be evaluated under the Section 4—Study Process. The study process shall be subject to the Cooperative's all requirements contract with Duke Energy Carolinas (DEC) and may require special metering and other equipment as required by DEC on a case by case basis as determined by the study process.
- 1.1.2 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of these procedures.
- 1.1.3 This Standard shall not apply to Generating Facilities already interconnected or approved for interconnection as of the effective date of this Standard, unless so agreed to by the Cooperative and the Interconnection Member. However, this Standard shall apply if the Interconnection Member proposes Material Modifications or transfers ownership of the Generating Facility after that date.
- 1.1.4 Prior to submitting its Interconnection Request, the Interconnection Member may ask the Cooperative's contact employee(s) whether the proposed interconnection is subject to these procedures. The Cooperative shall respond within 15 Business Days.
- 1.1.5 Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. The Cooperative is expected to meet basic standards for electric system infrastructure and operational security, including physical, operational, and cyber-security practices.

1.2 Pre-Request

On its Internet website, the Cooperative provides a means to contact an appropriate representative to address informal requests and questions regarding interconnection. The name, telephone number, and e-mail address of a contact employee(s) is provided.

1.3 Interconnection Request

The Interconnection Member shall submit its Interconnection Request (application form) to the Cooperative, together with the non-refundable processing fee or deposit specified in the Interconnection Request. The Interconnection Request shall be date- and time-stamped upon receipt. The original date- and time-stamp applied to the Interconnection Request at the time of

its original submission shall be accepted as the qualifying date- and time-stamp for the purposes of any timetable in these procedures. The Cooperative shall notify the Interconnection Member of receipt within ten Business Days of receiving the Interconnection Request. The Cooperative shall notify the Interconnection Member within twenty-five Business Days of the receipt of Interconnection Request as to whether the Interconnection Request is complete or incomplete. If the Interconnection Request is incomplete, the Cooperative shall provide, along with notice that the Interconnection Request is incomplete, a written list detailing all information that must be provided to complete the Interconnection Request. If the Interconnection Request does not provide sufficient information, the Cooperative may request that the Interconnection Member provide supplemental information. If the Interconnection Member does not provide the necessary information within a reasonable period following such a request, the Interconnection Request will be deemed withdrawn.

1.4 Modification of the Interconnection Request

Material Modification of the Interconnection Request by the Interconnection Member is not permitted nor effective without written agreement of the Cooperative. In that event re-submission of a new Interconnection Request shall be required.

1.5 Site Control

Documentation of site control (as defined below) will not ordinarily be required when submitting an Interconnection Request. However, the Cooperative may request satisfactory evidence of site control before the Cooperative makes a significant investment in Interconnection Facilities or Distribution Upgrades, or if two or more proposed Generating Facilities are competing for capacity on the same circuit. Further, the Cooperative will typically require the Interconnection Member to pay in advance for such investment or to defray the costs of upgrades to, or installation of, facilities necessary for interconnection. The Interconnection Member that can demonstrate site control will have a higher Queue Position than one that is on the same circuit and cannot demonstrate site control within 20 Business Days of such a request. The Interconnection Member must submit documentation of site control to the Cooperative at or before the time of final execution of the Interconnection Agreement. Site control may be demonstrated through:

- 1.5.1 Ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility;
- 1.5.2 An option to purchase or acquire a leasehold site for such purpose; or
- 1.5.3 An exclusivity or other business relationship between the Interconnection Member and the entity having the right to sell, lease, or grant the Interconnection Member the right to possess or occupy a site for such purpose.

1.6 Queue Position

The Cooperative shall assign a Queue Position based upon the order of submission of the Interconnection Request. The Queue Position of each Interconnection Request will be used to determine the cost responsibility for the Upgrades necessary to accommodate the interconnection. At the Cooperative's option, Interconnection Requests may be studied serially or in clusters for the purpose of the System Impact Study, should one be required. (See Section 4.4)

1.7 Interconnection Requests Submitted Prior to the Effective Date of these Procedures

Nothing in this Standard affects an Interconnection Member's Queue Position assigned before the effective date of these procedures. The Parties agree to complete work on any interconnection

study agreement executed prior to the effective date of these procedures in accordance with the terms and conditions of that interconnection study agreement. Any new studies or other additional work will be completed pursuant to this standard.

Section 2. 25 kW Inverter Process for Interconnecting Certified Inverter-Based Generating Facilities No Larger than 25 kW

2.1 Applicability

The 25 kW Inverter Process is available to an Interconnection Member proposing to interconnect its inverter-based Generating Facility with the Cooperative's System if the Generating Facility is no larger than 25 kW and if the Interconnection Member's proposed Generating Facility meets the codes, standards, and certification requirements of Attachments 4 and 5 of these procedures, or the Cooperative has reviewed the design and tested the proposed Generating Facility and is satisfied that it is safe to operate. The Cooperative requires the Interconnection Member to install a manual load-break disconnect switch or safety switch (External Disconnect Switch) as a clear visible indication of switch position between the Cooperative System and the Interconnection Member. (See also Section 5.16 and the Glossary of Terms).

2.2 Interconnection Request

The Interconnection Member shall complete the Interconnection Request for a certified inverter-based Generating Facility no larger than 25 kW (see Attachment 2) and submit it to the Cooperative, together with the non-refundable processing fee specified in the Interconnection Request. The Cooperative shall verify that the Generating Facility can be interconnected safely and reliably as provided in the Fast Track Process (See Section 3.3), and then advise the Interconnection Member accordingly. All the terms and conditions set forth in Section 5 are applicable to all Interconnections Requests, including Generating Facilities no larger than 25 kW.

2.3 Certificate of Completion

2.3.1 After installation of the Generating Facility, the Interconnection Member shall return the Certificate of Completion to the Cooperative. (See Attachment 2). Prior to parallel operation, the Cooperative shall inspect the Generating Facility for compliance with standards, which will typically include a witness test, and may schedule appropriate metering replacement, in its sole discretion.

2.3.2 The Cooperative shall notify the Interconnection Member that interconnection of the Generating Facility is authorized. If the witness test is not satisfactory, the Cooperative has the right to refuse connection of the Generating Facility. The Interconnection Member has no right to operate in parallel with the Cooperative until a witness test has been performed and approved by the Cooperative.

2.3.3 Interconnection and parallel operation of the Generating Facility is subject to the Terms and Conditions stated in Attachment 2 of these procedures.

2.4 Contact Information

The Interconnection Member must provide the contact information for the legal applicant (i.e., the Interconnection Member). If another entity is responsible for interfacing with the Cooperative, that contact information must also be provided on the Interconnection Request.

2.5 Ownership Information

The Interconnection Member shall provide the legal name(s) of the owner(s) of the Generating Facility.

2.6 UL 1741 Listed

The Underwriters' Laboratories (UL) 1741 standard (Inverters, Converters, Controllers and Interconnection System Equipment for Use With Distributed Energy Resources) addresses the electrical interconnection design of various forms of generating equipment. Many manufacturers submit their equipment to a nationally recognized testing laboratory that verifies compliance with UL 1741. This "listing" is then marked on the equipment and supporting documentation. The Interconnection Member's inverter and other interconnection protection system devices must be tested and listed for compliance with the latest published edition of Underwriters Laboratories, Inc. (UL) 1741 and the equipment must be marked "Utility-Interactive" ensuring that the utility side of the inverter meets strict regulatory and safety requirements. Utility-Interactive inverters are designed to export AC current only when they are actually connected to the grid and only when the grid is within specific voltage and frequency ranges. Utility-Interactive inverters are designed to shut down automatically upon loss of utility supply, for safety reasons a representative of the Cooperative will test this feature prior to approving the system for interconnection. Utility-Interactive inverters do not provide backup power during utility outages.

Section 3. Fast Track Process for Interconnecting Certified Generating Facilities Larger than 25 kW and No Larger than 1000 kW / 1 MW

3.1 Applicability

The Fast Track Process is available to an Interconnection Member proposing to interconnect its Generating Facility with the Cooperative's System if the Generating Facility is larger than 25 kW and no larger than 1000 kW / 1 MW and if the Interconnection Member's proposed Generating Facility meets the codes, standards, and certification requirements of Attachments 4 and 5 of these procedures, or the Cooperative has reviewed the design and tested the proposed Generating Facility and is satisfied that it is safe to operate.

3.2 Initial Review

After the Cooperative notifies the Interconnection Member it has received a complete Interconnection Request, the Cooperative will perform an initial review using the screens described below in Section 3.3.

3.3 Screens

- 3.3.1 The proposed Generating Facility's Point of Interconnection must be located in the defined territory of the Cooperative's Distribution System.
- 3.3.2 For interconnection of a proposed Generating Facility to a radial distribution circuit, the aggregated generation on the circuit, including the proposed Generating Facility, shall not exceed 15% of the line section annual peak load as most recently measured at the substation. A line section is that portion of a Cooperative's System connected to a Member bounded by automatic sectionalizing devices or the end of the distribution line.
- 3.3.3 The proposed Generating Facility, in aggregation with other generation on the distribution circuit, shall not contribute more than 10% to the distribution circuit's

maximum fault current at the point on the high voltage (primary) level nearest the proposed point of interconnection that results in a change of ownership of energy.

- 3.3.4 The proposed Generating Facility, in aggregate with other generation on the distribution circuit, shall not cause any distribution protective devices and equipment (including, but not limited to, substation breakers, fuse cutouts, and line reclosers), or Interconnection Member equipment on the system to exceed 87.5% of the short circuit interrupting capability; nor shall the interconnection be proposed for a circuit that already exceeds 87.5% of the short circuit interrupting capability.
- 3.3.5 The proposed Generating Facility's Point of Interconnection when connecting to a primary distribution line must be a three-phase, four wire type line that is effectively grounded three phase or single phase, line to neutral. This screen includes a review of the type of electrical service provided to the Interconnection Member, including line configuration and the transformer connection to limit the potential for creating over-voltages on the Cooperative's System due to a loss of ground during the operating time of any anti-islanding function.
- 3.3.6 If the Generating Facility system is integrated with energy storage, the inverter must be certified so as to rule out any risk of back feeding.
- 3.3.7 If the proposed Generating Facility is to be interconnected on single-phase shared secondary, the aggregate generation capacity on the shared secondary, including the proposed Generating Facility, shall not exceed 25 kW.
- 3.3.8 If the proposed Generating Facility is single-phase and is to be interconnected on a center tap neutral of a 240 volt service, its addition shall not create an imbalance between the two sides of the 240 volt service of more than 20% of the nameplate rating of the service transformer.
- 3.3.9 The Generating Facility, in aggregate with other generation interconnected to the transmission side of a substation transformer feeding the circuit where the Generating Facility proposes to interconnect, shall not exceed 10 MW in an area where there are known, or posted, transient stability limitations to generating units located in the general electrical vicinity (e.g., three or four transmission busses from the point of interconnection).
- 3.3.10 No construction of facilities by the Cooperative on its own System shall be required to accommodate the Generating Facility.
- 3.3.11 If the proposed interconnection passes the screens, the Interconnection Request shall be approved and the Cooperative will provide the Interconnection Member an executable Interconnection Agreement after the determination, as described further in Section 5.6.
- 3.3.12 If the proposed interconnection fails the screens, but the Cooperative determines that the Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards, the Cooperative may provide the Interconnection Member an executable Interconnection Agreement to be completed in accordance with the timeline provided in Section 5.6.
- 3.3.13 If the proposed interconnection fails the screens, but the Cooperative does not or cannot determine from the initial review that the Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards unless the Interconnection Member is willing to consider minor modifications or further study, the Cooperative may provide the Interconnection Member with the opportunity to attend a Member options meeting.

3.4 Member Options Meeting

If the Cooperative determines the Interconnection Request cannot be approved without minor modifications at minimal cost; or a supplemental study or other additional studies or actions; or at significant cost to address safety, reliability, or power quality problems, after the determination, the Cooperative will notify the Interconnection Member of its conclusion and offer to convene a Member options meeting to review possible Interconnection Member facility modifications or the screen analysis and related results, to determine what further steps are needed to permit the Generating Facility to be connected safely and reliably. At the time of notification of the Cooperative's determination, or at the Member options meeting, the Cooperative may:

- 3.4.1 Offer to perform facility modifications or minor modifications to the Cooperative's System (e.g., changing meters, fuses, relay settings) and provide a non-binding good faith estimate of the limited cost to make such modifications to the Cooperative's System; or
- 3.4.2 Offer to perform a supplemental review if the Cooperative concludes that the supplemental review might determine that the Generating Facility could continue to qualify for interconnection pursuant to the Fast Track Process, and provide a non-binding good faith estimate of the costs of such review; or
- 3.4.3 Offer to continue evaluating the Interconnection Request under the Section 4 Study Process.

3.5 Supplemental Review

If the Interconnection Member agrees to a supplemental review, the Interconnection Member shall agree in writing within 15 Business Days of the offer, and submit a deposit for the estimated costs. The Interconnection Member shall be responsible for the Cooperative's actual costs for conducting the supplemental review. The Interconnection Member must pay any review costs that exceed the deposit within 20 Business Days of receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced costs, the Cooperative will return such excess without interest.

- 3.5.1 Following receipt of the deposit for a supplemental review, the Cooperative will determine if the Generating Facility can be interconnected safely and reliably.
 - 3.5.1.1 If so, the Cooperative shall forward an executable Interconnection Agreement to the Interconnection Member.
 - 3.5.1.2 If so, and Interconnection Member facility modifications are required to allow the Generating Facility to be interconnected consistent with safety, reliability, and power quality standards under these procedures, the Cooperative will forward an executable Interconnection Agreement to the Interconnection Member after confirmation that the Interconnection Member has agreed to make the necessary modifications at the Interconnection Member's cost.
 - 3.5.1.3 If so, and minor modifications to the Cooperative's System are required to allow the Generating Facility to be interconnected consistent with safety, reliability, and power quality standards under these procedures, the Cooperative shall forward an executable Interconnection Agreement to the Interconnection Member that requires the Interconnection Member to pay the costs of such System modifications prior to interconnection.

- 3.5.1.4 If not, the Interconnection Request will continue to be evaluated under the Section 4 Study Process, provided the Interconnection Member indicates it wants to proceed and submits the required deposit within 15 Business Days.

Section 4. Study Process

4.1 Applicability

The Study Process shall be used by an Interconnection Member proposing to interconnect its Generating Facility with the Cooperative's System if the Generating Facility is larger than 1000 kW / 1 MW, is not certified, or is certified but did not pass the Fast Track Process or the 25 kW Inverter Process. All Generating Facilities larger than 1000 kW MUST use the Study Process.

4.2 Scoping Meeting

- 4.2.1 A scoping meeting will be held as soon as practicable after the Interconnection Request is deemed complete, or as otherwise mutually agreed to by the Parties. The Cooperative and the Interconnection Member will bring to the meeting personnel, including system engineers and other resources as may be reasonably required to accomplish the purpose of the meeting. The scoping meeting may be omitted by mutual agreement.
- 4.2.2 The purpose of the scoping meeting is to discuss the Interconnection Request and review existing studies relevant to the Interconnection Request. The Parties shall further discuss whether the Cooperative should perform a Feasibility Study or proceed directly to a System Impact Study, a Facilities Study, or an Interconnection Agreement.
- 4.2.3 If the Parties agree that a Feasibility Study should be performed, the Cooperative will provide the Interconnection Member a Feasibility Study Agreement (Attachment 6), including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.
- 4.2.4 If the Parties agree not to perform a Feasibility Study, but to proceed directly to a System Impact Study or Facilities Study, the Cooperative will provide the Interconnection Member either a System Impact Study Agreement (Attachment 7) or a Facilities Study Agreement (Attachment 8), as appropriate, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.
- 4.2.5 If the Parties agree not to perform a Feasibility Study, but to proceed directly to an Interconnection Agreement, the Cooperative shall provide the Interconnection Member an executable Interconnection Agreement to be completed in accordance with the timeline provided in Section 5.6.

4.3 Feasibility Study

- 4.3.1 The Feasibility Study shall identify any potential adverse system impacts that would result from the interconnection of the Generating Facility.
- 4.3.2 In order to remain in consideration for interconnection, the Interconnection Member must return the executed Feasibility Study Agreement within 15 Business Days.
- 4.3.3 A deposit of the lesser of 50% of the good faith estimated Feasibility Study costs or earnest money of \$1,000 may be required from the Interconnection Member.
- 4.3.4 The scope of and cost responsibilities for the Feasibility Study are described in the Feasibility Study Agreement.

- 4.3.5 If the Feasibility Study shows no potential for adverse system impacts, the Cooperative will send the Interconnection Member a Facilities Study Agreement, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study. If a Facilities Study is not required, the Cooperative shall send the Interconnection Member an executable Interconnection Agreement to be completed in accordance with the timeline provided in Section 5.6.
- 4.3.6 If the Feasibility Study shows the potential for adverse system impacts, the review process shall proceed to the appropriate System Impact Studies.

4.4 System Impact Studies

- 4.4.1 The System Impact Studies shall identify and detail the electric system impacts that would result if the proposed Generating Facility were interconnected without project modifications or electric system modifications, focusing on the adverse system impacts identified in the Feasibility Study, or to study potential impacts, including, but not limited to, those identified in the scoping meeting. The System Impact Studies shall evaluate the impact of the proposed interconnection on the reliability of the electric system.
- 4.4.2 If potential adverse Distribution System impacts are identified in the scoping meeting or shown in the Feasibility Study, a Distribution System Impact Study must be performed. The Cooperative will send the Interconnection Member a Distribution System Impact Study Agreement after transmittal of the Feasibility Study or the scoping meeting if no Feasibility Study is to be performed, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.
- 4.4.3 If potential adverse Transmission System impacts are identified in the scoping meeting or shown in the Feasibility Study or Distribution System Impact Study, a Transmission System Impact Study must be performed. The Cooperative will send the Interconnection Member a Transmission System Impact Study Agreement after transmittal of the Feasibility Study or Distribution System Impact Study or the scoping meeting if no Feasibility Study or Distribution System Impact Study is to be performed, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.
- 4.4.4 In order to remain under consideration for interconnection, the Interconnection Member must return an executed System Impact Study Agreement within 30 Business Days.
- 4.4.5 A deposit of 100% of the good faith estimated cost of a Distribution System Impact Study and 50% of the good faith estimated cost of a Transmission System Impact Study will be required from the Interconnection Member.
- 4.4.6 The scope of and cost responsibilities for a System Impact Study are described in the System Impact Study Agreement.
- 4.4.7 If the System Impact Studies show no potential for adverse system impacts, the Cooperative will send the Interconnection Member a Facilities Study Agreement, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study. If no additional facilities are required, the Cooperative will send the Interconnection Member an executable Interconnection Agreement.

4.5 Facilities Study

- 4.5.1 The Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of Feasibility Study and/or System Impact Studies and to allow the Generating Facility to be interconnected and operated safely and reliably.

- 4.5.2 The Cooperative shall design any required Interconnection Facilities and/or Upgrades under the Facilities Study Agreement. The Cooperative may contract with consultants to perform activities required under the Facilities Study Agreement. The Interconnection Member and the Cooperative may agree to allow the Interconnection Member to separately arrange for the design of some of the Interconnection Facilities. In such cases, facilities design will be reviewed and/or modified prior to acceptance by the Cooperative, under the provisions of the Facilities Study Agreement. If the Parties agree to separately arrange for design and construction, and provided security and confidentiality requirements can be met, the Cooperative will make sufficient information available to the Interconnection Member in accordance with confidentiality and critical infrastructure requirements to permit the Interconnection Member to obtain an independent design and cost estimate for any necessary facilities.
- 4.5.3 In order to remain under consideration for interconnection, or, as appropriate, in the Cooperative's interconnection queue, the Interconnection Member must return the executed Facilities Study Agreement or a request for an extension of time within 30 Business Days.
- 4.5.4 A deposit of the good faith estimated costs for the Facilities Study may be required from the Interconnection Member.
- 4.5.5 The scope of and cost responsibilities for the Facilities Study are described in the Facilities Study Agreement.
- 4.5.6 Upon completion of the Facilities Study, and with the agreement of the Interconnection Member to pay for Interconnection Facilities and Upgrades identified in the Facilities Study, the Cooperative shall provide the Interconnection Member an executable Interconnection Agreement to be completed in accordance with the timeline provided in Section 5.6.

Section 5. Provisions that Apply to All Interconnection Requests

5.1 Reasonable Efforts

The Cooperative will make reasonable efforts to accomplish the steps described in these procedures as soon as practicable, unless the Cooperative and the Interconnection Member agree to a different schedule, bearing in mind that such steps will be delayed, in the Cooperative's sole discretion, when necessary or appropriate to ensure uninterrupted performance of the Cooperative's operational requirements.

5.2 Disputes

- 5.2.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this section.
- 5.2.2 In the event of a dispute, either Party shall provide the other Party with a written notice of dispute. Such notice shall describe in detail the nature of the dispute.
- 5.2.3 As soon as practicable following issuance of the notice of dispute, the Parties shall schedule a meeting of senior personnel to discuss, in good faith, potential resolution of the underlying dispute.
- 5.2.4 If this meeting does not result in settlement of the dispute, the matter shall then be referred to mediation before a mediator mutually acceptable to the Parties, preferably with industry-specific experience. The mediation shall be conducted in the offices of the Cooperative. If the Parties cannot agree on a particular mediator, then they shall

request that the mediator be selected by the Superior Court in Caldwell County, the county in which the Cooperative is located.

- 5.2.5 If mediation fails to resolve the dispute, each Party is then free to pursue its legal remedies, if any.

5.3 Interconnection Metering

Any metering necessitated by the use of the Generating Facility shall be installed at the Interconnection Member's expense in accordance with all applicable regulatory requirements and the Cooperative's specifications. Issues as to meter ownership may be addressed in the particular Interconnection Agreement.

5.4 Commissioning

Commissioning tests of the Interconnection Member's installed equipment shall be performed pursuant to applicable codes and standards. The Cooperative must be given at least five Business Days written notice, or as otherwise mutually agreed to by the Parties, of the tests and may be present to witness the commissioning tests.

5.5 Confidentiality

- 5.5.1 Confidential information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential."

- 5.5.2 Confidential information does not include information previously in the public domain, required to be publicly submitted or divulged by governmental authorities, or necessary to be divulged in an action to enforce these procedures. Each Party receiving Confidential information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under these procedures, or to fulfill legal or regulatory requirements.

- 5.5.2.1 Each Party shall employ at least the same standard of care to protect Confidential information obtained from the other Party as it employs to protect its own Confidential information.

- 5.5.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

- 5.5.3 If information is requested by the Commission from one of the Parties that is otherwise required to be maintained in confidence pursuant to these procedures, the Party shall provide the requested information to the Commission within the time provided for in the request for information. In providing the information to the Commission, the Party may request that the information be treated as confidential and non-public in accordance with North Carolina law and that the information be withheld from public disclosure.

5.6 Interconnection Agreement

After receiving an Interconnection Agreement from the Cooperative, the Interconnection Member shall have 30 Business Days, or another mutually agreeable timeframe which has been reduced to writing and signed by both Parties, to sign and return the Interconnection Agreement (Policy

Statement Number: 6-8B-2). If the Interconnection Member does not sign the Interconnection Agreement within such timeline, the Interconnection Request shall be deemed withdrawn. The Cooperative may waive the withdrawal if no other Interconnection Requests are pending for Generating Facilities that propose to interconnect to the same circuit on the Cooperative's System. After the Parties sign the Interconnection Agreement, the interconnection of the Generating Facility shall proceed under the provisions of the Interconnection Agreement.

5.7 Coordination with Affected Systems

The Cooperative will typically coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System operators and, if possible, include those results (if available) in its applicable studies within a reasonable timeframe. The Cooperative will endeavor to include such Affected System operators in all meetings held with the Interconnection Member. The Interconnection Member will cooperate with the Cooperative in all matters related to the conduct of studies and the determination of modifications to Affected Systems.

5.8 Capacity of the Generating Facility

5.8.1 If the Interconnection Request is for an increase in capacity for an existing Generating Facility, the Interconnection Request shall be evaluated on the basis of the new total capacity of the Generating Facility.

5.8.2 If the Interconnection Request is for a Generating Facility that includes multiple energy production devices at a site for which the Interconnection Member seeks a single Point of Interconnection, the Interconnection Request shall be evaluated on the basis of the aggregate capacity of the multiple devices, unless otherwise agreed to by the Cooperative and the Interconnection Member.

5.8.3 The Interconnection Request shall be evaluated using the maximum rated capacity of the Generating Facility, unless otherwise agreed to by the Cooperative and the Interconnection Member.

5.9 Interconnection Agreement Non-Transferable

5.9.1 The Interconnection Agreement is non-transferable. The Interconnection Member shall notify the purchaser of the Generating Facility that a new Interconnection Request must be submitted to the Cooperative within 20 Business Days of the transfer of ownership or the Cooperative's Interconnection Facilities shall be removed or disabled and the Generating Facility disconnected from the Cooperative's System.

5.9.2 The technical requirements in the Interconnection Agreement shall be grandfathered for subsequent owners as long as (1) the Generating Facility's maximum rated capacity has not been changed; (2) the Generating Facility has not been modified so as to change its electrical characteristics; and (3) the interconnection system has not been modified.

5.10 Isolating or Disconnecting the Generating Facility

5.10.1 The Cooperative may isolate the Interconnection Member's premises and/or Generating Facility from the Cooperative's System when necessary in order to construct, install, repair, replace, remove, investigate or inspect any of the Cooperative's equipment or part of Cooperative's System; or if the Cooperative determines that isolation of the Interconnection Member's premises and/or Generating Facility from the Cooperative's System is necessary, in the Cooperative's sole discretion, because of emergencies, forced outages, force majeure or compliance with prudent electrical practices.

- 5.10.2 When feasible, the Cooperative will typically give the Interconnection Member reasonable notice of the isolation of the Interconnection Member's premises and/or Generating Facility from the Cooperative's System.
- 5.10.3 Notwithstanding any other provision of this Standard, if at any time the Cooperative determines that the continued operation of the Generating Facility may endanger either (1) the Cooperative's personnel or other persons or property or (2) the integrity or safety of the Cooperative's System, or otherwise cause unacceptable power quality problems for other electric consumers, the Cooperative shall have the right to isolate the Interconnection Member's premises and/or Generating Facility from the Cooperative's System without prior notice.
- 5.10.4 The Cooperative may disconnect from the Cooperative's System, without prior notice, any Generating Facility determined to be malfunctioning, or not in compliance with this Standard. The Interconnection Member must provide proof of compliance with this Standard before the Generating Facility will be reconnected.

5.11 Limitation of Liability

The Cooperative's liability to the Interconnection Member for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission hereunder, shall be limited to the amount of direct damage actually incurred. In no event shall the Cooperative be liable to the Interconnection Member for any indirect, special, incidental, consequential, or punitive damages of any kind. Under no circumstances will the Cooperative be liable or responsible for lost profits, business interruption damages or costs, or damages associated with Interconnection Member's inability to sell the electricity from the Generating Facility.

5.12 Indemnification

The Interconnection Member shall at all times indemnify, defend and save the Cooperative harmless from any and all damages, losses, claims, including claims and actions relating to injury or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney's fees, and all other obligations by or to third parties, arising out of or resulting from the Interconnection Member's (or its agents or representatives) action or inaction of its obligations hereunder.

5.13 Insurance

The Interconnection Member shall obtain and retain, for as long as the Generating Facility is interconnected with the Cooperative's System, liability insurance which protects the Interconnection Member from claims for bodily injury and/or property damage. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. This insurance shall be primary for all purposes. The Interconnection Member shall provide certificates evidencing this coverage as required by the Cooperative. Such insurance shall be obtained from an insurance provider authorized to do business in North Carolina and acceptable to the Cooperative. The Cooperative reserves the right to refuse to establish or continue the interconnection of the Generating Facility with the Cooperative's System, if such insurance is not in effect.

- 5.13.1 For an Interconnection Member that is a residential Member of the Cooperative proposing to interconnect a Generating Facility no larger than 25 kW, the required

coverage shall be a standard homeowner's insurance policy with liability coverage in the amount of at least \$100,000 per occurrence.

- 5.13.2 For an Interconnection Member that is a non-residential Member of the Cooperative proposing to interconnect a Generating Facility no larger than 1000 kW, the required coverage shall be comprehensive general liability insurance with coverage in the amount of at least \$300,000 per occurrence.
- 5.13.3 For an Interconnection Member that is a non-residential Member of the Cooperative proposing to interconnect a Generating Facility larger than 1000 kW, the required coverage shall be comprehensive general liability insurance with coverage in the amount of at least \$1,000,000 per occurrence, said amount to be determined by the Cooperative based upon the size and operating characteristics of the Generating Facility and other relevant considerations.
- 5.13.4 An Interconnection Member of sufficient credit-worthiness may propose to provide this insurance via a self-insurance program if it has a self-insurance program established in accordance with commercially acceptable risk management practices.

5.14 External Disconnect Switch (EDS)

In order to comply with the Final Rule of the Rural Utilities Service regarding the Interconnection of Distributed Resources (IDR) as codified at 7 C.F.R. Part 1730, Subpart C, the Cooperative requires that the Interconnection Facilities shall include a lockable disconnect and visible open EDS that is readily accessible to and operable by authorized Cooperative personnel at all times. The EDS is a manual load break disconnect switch or safety switch with a clear visible indication of switch position between the Cooperative System and the Interconnection Member. The switch must have pad lock provisions for locking in the open position. The switch must be visible to, and accessible to, Cooperative personnel. The switch must be in close proximity to, and on the Interconnection Member's side of the point of electrical interconnection with, the Cooperative's System. The switch must be labeled "Generator Disconnect Switch." The switch may isolate the Interconnection Member and its associated load from the Cooperative 's System or disconnect only the Generator from the Cooperative 's System and shall be accessible to the Cooperative at all times. The Cooperative, in its sole discretion, determines if the switch is suitable.

Attachment 1

Glossary of Terms

25 kW Inverter Interconnection Process – The procedure for evaluating a request for Interconnection of Distributed Resources (IDR) for a certified inverter-based Generating Facility no larger than 25 kW. The application process uses an all-in-one document that includes a simplified request for Interconnection for Distributed Resources, simplified procedures, and a brief set of Terms and Conditions.

Affected System – An electric system other than the Cooperative's System that may be affected by the proposed interconnection. The owner of an Affected System might be a Party to the Interconnection Agreement or other study agreements needed to interconnect the Generating Facility.

Applicable Laws and Regulations – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Business Day – Monday through Friday, excluding state holidays.

Commission – The North Carolina Utilities Commission. It should be noted that the Commission does not have regulatory authority over Cooperatives regarding Interconnection Agreements, Procedures and Forms. The Cooperative is governed by its Board of Directors, which approves Cooperative policies, service rules, regulations, procedures, and rates. As a borrower from the Rural Utilities Service (RUS) of the U.S. Department of Agriculture, the Cooperative is required to follow RUS rules and regulations and this Agreement meets the Final Rule of the "Interconnection of Distributed Resources" *74 Fed. Reg. 32406* (July 8, 2009) (Codified at 7 C.F.R. Part 1730, Subpart C).

Cooperative – The entity that owns, controls, or operates facilities used for providing electric service in its designated service area that the Interconnection Member is located.

Default – The failure of a breaching Party to cure its breach under the Interconnection Agreement.

Distributed Resources – Sources of electric power that are not directly connected to a bulk power transmission systems, having an installed capacity of not more than 10 MVA / 10 MW, connected to the Cooperative's electric power distribution system through a point of common coupling. Distributed resources include both generators of electricity and electric storage technologies.

Distribution System – The Cooperative's facilities and equipment used to transmit electricity to ultimate usage points such as homes and businesses from nearby generators or from interchanges with higher voltage transmission networks owned by so-called investor-owned utilities ("IOUs" like Duke Energy Carolinas-DEC), which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades – The additions, modifications, and upgrades to the Cooperative's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the service necessary to allow the Generating Facility to operate in parallel with the Cooperative and to inject electricity onto the Cooperative's System. Distribution Upgrades do not include Interconnection Facilities.

Duke Energy Carolinas (DEC) – The Investor Owned Utility that the Cooperative is interconnected with to receive electricity under an all-requirements contract that provides wholesale electricity to the cooperative.

External Disconnect Switch (EDS) – In order to comply with the Final Rule of the Rural Utilities Service regarding the Interconnection of Distributed Resources (IDR) as codified at 7 C.F.R. Part 1730, Subpart C, the Cooperative requires that the Interconnection Facilities shall include a lockable disconnect and visible open EDS that is readily accessible to and operable by authorized Cooperative personnel at all

times. The EDS is a manual load break disconnect switch or safety switch with a clear visible indication of switch position between the Cooperative System and the Interconnection Member. The switch must have pad lock provisions for locking in the open position. The switch must be visible to, and accessible to Cooperative personnel. The switch must be in close proximity to, and on the Interconnection Member's side of the point of electrical interconnection with the Cooperative's System. The switch must be labeled "Generator Disconnect Switch." The switch may isolate the Interconnection Member and its associated load from the Cooperative 's System or disconnect only the Generator from the Cooperative 's System and shall be accessible to the Cooperative at all times. The Cooperative, in its sole discretion, determines if the switch is suitable.

Fast Track Process – The procedure for evaluating an Interconnection Request for a certified Generating Facility greater than 25kW but no larger than 1000kW / 1MW that includes the Section 3 screens, member options meeting, and optional supplemental review.

Generating Facility – The Interconnection Member's Distributed Resource device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Member's Interconnection Facilities. Also see Distributed Resources.

Governmental Authority – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Member, the Cooperative, or any affiliate thereof.

Interconnection Member – Any entity, including the Cooperative, that proposes to interconnect its Generating Facility with the Cooperative's System.

Interconnection Facilities – The Cooperative's Interconnection Facilities and the Interconnection Member's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Distributed Resource Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Cooperative's System. Interconnection Facilities are sole use facilities and shall not include Upgrades.

Interconnection Request – The Interconnection Member's request (referring to documented application forms), in accordance with the interconnection procedures, to interconnect a new Distributed Resource Generating Facility, or to increase the capacity of, or make a Material Modification to, an existing Generating Facility that is interconnected with the Cooperative's System.

Material Modification – A modification to machine data or equipment configuration or to the interconnection site of the Generating Facility that has a material impact on the cost, timing or design of any Interconnection Facilities or Upgrades.

Network Upgrades – Additions, modifications, and upgrades to the Cooperative's Transmission System required to accommodate the interconnection of the Generating Facility to the Cooperative's System. Network Upgrades do not include Distribution Upgrades. Upgrades of this sort may be required for Generating Systems greater than 1000kW / 1MW but less than 10 MVA / 10 MW.

Operating Requirements – Any operating and technical requirements that may be applicable due to Regional Reliability Organization, Independent System Operator, control area, or the Cooperative's requirements, including those set forth in the Interconnection Agreement.

Party or Parties – The Cooperative, Interconnection Member, and possibly the owner of an Affected System, or any combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Cooperative's System.

Prudent Utility Practice (PUP) – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. PUP is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region and the utility industry.

Queue Position – The order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Cooperative and a demonstration of site control, if requested.

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under the Interconnection Agreement, efforts that are timely and consistent with Prudent Utility Practices and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Renewable Energy Certificates (RECs) – Also known as Renewable Energy Credits or Green Tags, are tradable, non-tangible energy commodities that represent proof that 1 megawatt-hour (MWH) of electricity was generated from an eligible renewable energy resource. In North Carolina, the Commission has established a Renewable Energy Tracking System (NC RETS) to register and certify RECs produced from renewable energy projects providing one REC for every 1,000 kWh of electricity it produces and delivers to electric systems. These RECs are sold and traded separate from commodity electricity and the consumer/owner of the REC receives only a certificate. NC Green Power is an independent, non-profit organization that purchases RECs from small producers in the state.

Standard – The interconnection procedures, forms and agreements approved by the Cooperative for interconnection of Generating Facilities to the Cooperative's System in its service area.

Study Process – The procedure for evaluating an Interconnection Request that includes the Section 4 scoping meeting, feasibility study, system impact study, and facilities study.

System – The facilities owned, controlled or operated by the Cooperative that are used to provide electric service in its service area.

Transmission System – The transmission facilities owned, controlled or operated by the Cooperative that are used to transmit electricity in its service area. The Cooperative's Transmission System is interconnected with the Transmission System of Duke Energy Carolinas (DEC).

Upgrades – The required additions and modifications to the Cooperative's System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

Attachment 2**Interconnection Request For Interconnecting a Certified Inverter-Based
Generating Facility No Larger than 25 kW**

The 25 kW Inverter Process is available only for inverter-based Generating Facilities no larger than 25 kW that meet the codes, standards, and certification requirements of Attachments 4 and 5 of these Interconnection Procedures. This Interconnection Request is considered complete when it provides all applicable and correct information required below. Additional information to evaluate the Interconnection Request may be required.

Processing Fee

A non-refundable processing fee of \$50 must accompany this Interconnection Request.

If the Interconnection Request is submitted solely due to a transfer of ownership of the Generating Facility, the fee is \$50.

Interconnection Member

Name (Full legal name of the Interconnection Member, whether an entity or an individual):

Contact Person: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Night): _____

Telephone (Cell): _____ Fax: _____

E-Mail Address: _____

Contact (if different from Interconnection Member)

Name: _____

Mailing Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Night): _____

Telephone (Cell): _____ Fax: _____

E-Mail Address: _____

Owner(s) of the Generating Facility: _____

Generating Facility Information

Facility Location Address(if different from above): _____

Account Number if applicable: _____

Inverter Manufacturer: _____ Model _____

Is the equipment UL 1741 Listed? Yes No

If Yes, attach manufacturer's cut-sheet/specifications showing UL 1741 listing for model.

Nameplate Rating: _____ (kW) _____ (kVA) _____ (AC Volts)

Single Phase _____ Three Phase _____

System Design Capacity: _____ (kW) _____ (kVA)

Prime Mover: Photovoltaic Reciprocating Engine Fuel Cell Micro Turbine

Other _____

Energy Source: Solar Wind Hydro Diesel Natural Gas Fuel Oil

Other (describe) _____

Is the equipment identified and listed as "Utility Interactive" when operated in conjunction with a voltage inverter that is UL 1741 Listed? Yes No

Estimated Installation Date: _____ Estimated In-Service Date: _____

List components of the Generating Facility equipment package that are currently certified:

Equipment Type	Certifying Entity
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____

Interconnection Member Signature

I hereby certify that, to the best of my knowledge, the information provided in this Interconnection Request is true. I agree to abide by the Terms and Conditions for Interconnecting a Certified Inverter-Based Generating Facility No Larger than 25 kW and return the Certificate of Completion when the Generating Facility has been installed.

Signed: _____

Title: _____ Date: _____

.....

Contingent Approval to Interconnect the Generating Facility (For Cooperative use only)

Interconnection of the Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting a Certified Inverter-Based Generating Facility No Larger than 25 kW and return of the Certificate of Completion.

Cooperative Representative Signature: _____

Title: _____ Date: _____

Interconnection Request ID number: _____

Cooperative waives inspection/witness test? Yes No

**Certificate of Completion For Interconnecting a Certified Inverter-Based
Generating Facility No Larger than 25 kW**

Is the Generating Facility owner-installed? Yes No

Interconnection Member

Name: _____

Contact Person: _____

Address: _____

Location of the Generating Facility (if different from above): _____

City: _____ State: ____ _ Zip: _____

Telephone (Day): _____ (Evening): _____

Telephone (Cell): _____ Fax: _____

E-Mail Address: _____

Electrician

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Evening): _____

Telephone (Cell) _____ Fax: _____

E-Mail Address: _____

License Number: _____

Date Approval to Install Generating Facility granted by the Cooperative: _____

Interconnection Request ID Number: _____

Inspection:

The Generating Facility has been installed and inspected in compliance with the local building/electrical code of _____

Signed (Local electrical wiring inspector, or attach signed electrical inspection):

Print Name: _____

Date: _____

As a condition of interconnection, you are required to send/fax a copy of this form along with a copy of the signed electrical permit to the Cooperative (Information Below):

Name: _ Brian Crutchfield or Rand Smith _____

Company: _ Blue Ridge Electric Membership Corporation

Address: __ 1216 Blowing Rock Blvd., NE or P.O. BOX 112,

City: Lenoir State: NC Zip: 28645-0112 Fax: (828) 758-2699

E-mail: bcrutchfield@blueridgeemc.com or rsmith@blueridgeemc.com

.....
Approval to Energize the Generating Facility (For Cooperative use only)

Energizing the Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting a Certified Inverter-Based Generating Facility No Larger than 25 kW.

Cooperative Representative Signature: _____

Title: _____ Date: _____

Terms and Conditions For Interconnecting a Certified Inverter-Based Generating Facility No Larger than 25 kW

These "Terms and Conditions" are to be used as general guidance and in no way replace or alter the contract terms set forth in the Interconnection Agreement.

1.0 Construction of the Facility

The Interconnection Member (Member) may proceed to construct (including operational testing not to exceed two hours) the Generating Facility when the Cooperative approves the Interconnection Request and returns it to the Member.

2.0 Interconnection and Operation

The Member may interconnect the Generating Facility with the Cooperative's System and operate in parallel with the Cooperative's System once all of the following have occurred:

- 2.1 Upon completing construction, the Member will cause the Generating Facility to be inspected or otherwise certified by the appropriate local electrical inspector with jurisdiction, and
- 2.2 The Member returns the Certificate of Completion to the Cooperative, and
- 2.3 The Cooperative has either:
 - 2.3.1 Completed its inspection of the Generating Facility to ensure that all equipment has been appropriately installed and that all electrical connections have been made in accordance with applicable codes. All inspections must be conducted by the Cooperative, at its own expense, at a mutually acceptable date and time after receipt of the Certificate of Completion. The Cooperative will provide a written statement that the Generating Facility has passed inspection or notify the Member of what steps it must take to pass inspection as soon as practicable after the inspection takes place; or
 - 2.3.2 Waived, in writing, the right to inspect the Generating Facility.
- 2.4 The Cooperative has the right to disconnect the Generating Facility in the event of improper installation or failure to return the Certificate of Completion.
- 2.5 Revenue quality metering equipment must be installed and tested in accordance with applicable American National Standards Institute (ANSI) standards and all applicable regulatory requirements.

3.0 Safe Operations and Maintenance

The Member shall be fully responsible to operate, maintain, and repair the Generating Facility as required to ensure that it complies at all times with the interconnection standards to which it has been certified.

4.0 Access

The Cooperative shall have access to the External Disconnect Switch and metering equipment of the Generating Facility at all times.

5.0 Disconnection

The Cooperative may temporarily disconnect the Generating Facility upon the following conditions:

- 5.1 For scheduled outages upon reasonable notice.
- 5.2 For unscheduled outages or emergency conditions.
- 5.3 If the Generating Facility does not operate in a manner consistent with these Terms and Conditions.

6.0 Indemnification

The Member shall at all times indemnify, defend, and save the Cooperative harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Member's (or that of its agents or representatives) action or inactions of its obligations hereunder.

7.0 Insurance

All insurance policies must be maintained with insurers authorized to do business in North Carolina, and acceptable to the Cooperative. The Parties agree to the following insurance requirements:

- 7.1 If the Member is a residential Member of the Cooperative, the required coverage shall be a standard homeowner's insurance policy with liability coverage in the amount of at least \$100,000 per occurrence.
- 7.2 If the Member is a non-residential Member of the Cooperative, the required coverage shall be comprehensive general liability insurance with coverage in the amount of at least \$300,000 per occurrence.
- 7.3 The Member may provide this insurance via a self-insurance program if it has a self-insurance program established in accordance with commercially acceptable risk management practices.

8.0 Limitation of Liability

The Cooperative's liability to the Member for any loss, cost, claim, injury, or expense, including reasonable attorney's fees, relating to or arising from any act or omission hereunder, shall be limited to the amount of direct damage actually incurred. In no event shall the Cooperative be liable to the Member for any indirect, special, incidental, consequential, or punitive damages of any kind. Under no circumstances will the Cooperative be liable or responsible for lost profits, business interruption damages or costs, or damages associated with Member's inability to sell the electricity from the Generating Facility.

9.0 Termination

The agreement to interconnect and operate in parallel may be terminated under the following conditions:

9.1 By the Member

By providing written notice to the Cooperative and physically and permanently disconnecting the Generating Facility.

9.2 By the Cooperative

If the Generating Facility fails to operate for any consecutive 12-month period or the Member fails to remedy a violation of these Terms and Conditions.

9.3 Permanent Disconnection

In the event this Agreement is terminated, the Cooperative shall have the right to disconnect its facilities or direct the Member to disconnect its Generating Facility.

9.4 Survival Rights

This Agreement shall continue in effect after termination to the extent necessary to allow or require either Party to fulfill rights or obligations that arose under the Agreement.

10.0 Assignment/Transfer of Ownership of the Facility

10.1 This Agreement shall not survive the transfer of ownership of the Generating Facility to a new owner.

10.2 The new owner must complete and submit a new Interconnection Request agreeing to abide by these Terms and Conditions for interconnection and parallel operations within 20 Business Days of the transfer of ownership.

10.3 The Cooperative will ordinarily not study or inspect the Generating Facility unless the new owner's Interconnection Request indicates that a Material Modification has occurred or is proposed.

Attachment 3**Interconnection Request For Interconnecting a
Generating Facility Larger than 25 kW****Blue Ridge Electric Membership Corporation****Designated Contact Person(s): Brian Crutchfield or Rand Smith****Address: P.O. Box 112 Lenoir, NC 28645-0112****Telephone Number: (828) 758-2383 (800) 451-5474****Fax: (828) 758-2699****E-Mail Address: bcrutchfield@blueridgeemc.com or rsmith@blueridgeemc.com**

An Interconnection Request is considered complete when it provides all applicable and correct information required below. Additional information to evaluate the Interconnection Request may be required.

Preamble and Instructions

A Blue Ridge Electric Member who requests an interconnection with Blue Ridge Electric must submit this Interconnection Request by hand delivery, mail, e-mail, or fax to Blue Ridge Electric.

Request for: Fast Track Process Study Process

(All Generating Facilities larger than 1000 kW / 1 MW must use the Study Process.)

Processing Fee or Deposit**Fast Track Process – Non-Refundable Processing Fees**

- If the Generating Facility is 25 kW or smaller, the fee is \$50.
- If the Generating Facility is larger than 25 kW but not larger than 1000 kW / 1MW, the fee is \$50.

Study Process – Deposit

If the Interconnection Request is submitted under the Study Process, whether a new submission or an Interconnection Request that did not pass the Fast Track Process, the Interconnection Member shall submit to the Cooperative a deposit not to exceed \$1,000 towards study costs. The minimum fee to participate in the Study Process is \$500.

Change in Ownership – Non-Refundable Processing Fee

If the Interconnection Request is submitted solely due to a transfer of ownership of the Generating Facility, the fee is \$50.

Interconnection Member Information

Legal Name of the Interconnection Member (or, if an individual, individual's name)

Interconnection Member

Name: County of Watauga

Contact Person: Deron Geouque

Address: 814 King Street , Suite 205.

Location of the Generating Facility (if different from above): 336 Landfill Road, Boone, NC 28607

City: Boone State: NC Zip: 28607

Telephone (Day): 828-265-8000 (Evening): _____

Telephone (Cell): _____ Fax: 828-264-3230

E-Mail Address: deron.geouque@watgov.org

Alternative Contact Information (if different from the Interconnection Member)

Contact Name Lisa Doty

Title: Recycling Manager

Address: 336 Landfill Road, Boone, NC 28607

Telephone (Day): 828-265-4852 (Evening): 828-773-7675

Fax: 828-264-1702 E-Mail Address: lisa.doty@watgov.org

- Application is for:
- New Generating Facility
 - Capacity Addition to Existing Generating Facility
 - Transfer of Ownership of Existing Generating Facility

If capacity addition to existing Generating Facility, please describe:

NA

Will the Generating Facility be used for any of the following?

Net Metering?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Net Billing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
To Supply Power to the Interconnection Member?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
To Supply Power to the Cooperative?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
To Supply Power to Others?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(If yes to Supply Power to Others, discuss with the Cooperative whether the interconnection is covered by the NC Interconnection Standard.)

For installations at locations with existing electric service to which the proposed Generating Facility will interconnect, provide: 167818
(Existing Account Number*)

Contact Name: Deidre Earp

Title: Finance Accounting Tech

Address: 814 West King Street, Room 216, Boone, NC 28607

Telephone (Day): 828-265-8007 (Evening): _____

Fax: 828-265-8006 E-Mail Address: diedre.earp@watgov.org

Requested Point of Interconnection: pole # 02 17 09 243

Interconnection Member's Requested In-Service Date: November 2011

Generating Facility Information

Data apply only to the Generating Facility, not the Interconnection Facilities.

Energy Source: Solar Wind Hydro Hydro(Type e.g. Run-of-River) _____
 Diesel Natural Gas Fuel Oil Other (state type) landfill gas

Prime Mover: Fuel Cell Reciprocating Engine Gas Turbine Steam Turbine
 Micro turbine PV Wind Turbine Other _____

Type of Generator: Synchronous Induction Inverter

Generator Nameplate Rating: 93 x 2 kW (Typical) Generator Nameplate: KVA 116 kVAR

Interconnection Member or Member-Site Load: 135 kW (if none, so state)

Typical Reactive Load (if known): NA

Maximum Physical Export Capability Requested: 200 kW

Will the Generating Facility also have installed storage? Yes___ No X

List components of the Generating Facility equipment package that are currently certified:

Equipment Type	Certifying Entity
1. <u>Information provided to Ralph Seamon</u>	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____

Is the prime mover compatible with the certified protective relay package? Yes No

Generator (or solar collector)

Manufacturer, Model Name, & Number: Baldor GLC 100, Stamford UCI 274D1

Version Number: Taylor Power Systems TG 100

Nameplate Output Power Rating in kW: (Summer) 65 (Winter) 65

Nameplate Output Power Rating in kVA: (Summer) 81 (Winter) 81

Individual Generator Power Factor

Rated Power Factor: Leading: _____ Lagging: .08

Total Number of Generators to be interconnected pursuant to this Interconnection Request:

Number: 2 Elevation: 3,300 ft.

Single phase _____ Three phase X

Inverter Manufacturer, Model Name, & Number (if used): NA

List of adjustable set points for the protective equipment or software:

Generating Facility Characteristic Data (for inverter-based machines)Max design fault contribution current: 420 Instantaneous X or RMS? _____Harmonics Characteristics: <1.8% _____

Start-up requirements: _____

Generating Facility Characteristic Data (for rotating machines)RPM Frequency: 1800

(*) Neutral Grounding Resistor (if applicable): _____

Synchronous Generators:Direct Axis Synchronous Reactance, X_d : 2.32 P.U.Direct Axis Transient Reactance, X'_d : 0.19 P.U.Direct Axis Subtransient Reactance, X''_d : 0.13 P.U.Negative Sequence Reactance, X_2 : 0.16 P.U.Zero Sequence Reactance, X_0 : 0.09 P.U.KVA Base: 81Field Volts: 0 – 120 VDCField Amperes: 6 AMP maxInduction Generators:

Motoring Power (kW): _____

 $I_2^2 t$ or K (Heating Time Constant): _____Rotor Resistance, R_r : _____Stator Resistance, R_s : _____Stator Reactance, X_s : _____Rotor Reactance, X_r : _____Magnetizing Reactance, X_m : _____Short Circuit Reactance, X_d'' : _____

Exciting Current: _____

Temperature Rise: _____

Frame Size: _____

Design Letter: _____

Reactive Power Required In Vars (No Load): _____

Reactive Power Required In Vars (Full Load): _____

Total Rotating Inertia, H: _____ Per Unit on kVA Base

Note: Please contact the Cooperative prior to submitting the Interconnection Request to determine if the specified information above is required. The rotating machine generator data will always be required. Rotating machines of any size will require the study phase which will require the generator data.

Excitation and Governor System Data for Synchronous Generators Only

Provide appropriate IEEE model block diagram of excitation system, governor system and power system stabilizer (PSS) in accordance with the regional reliability council criteria. A PSS may be determined to be required by applicable studies. A copy of the manufacturer's block diagram may not be substituted.

Interconnection Facilities Information

Will a transformer be used between the generator and the point of common coupling? Yes No

Will the transformer be provided by the Interconnection Member? Yes No

Transformer provided by BREMCO

Transformer Data (if applicable, for Interconnection Member-owned transformer):

Is the transformer: Single phase Three phase Size: _____ kVA

Transformer Impedance: _____ % on _____ kVA Base

If Three Phase:

Transformer Primary: _____ Volts _____ Delta _____ Wye _____ Wye Grounded

Transformer Secondary: _____ Volts _____ Delta _____ Wye _____ Wye Grounded

Transformer Tertiary: _____ Volts _____ Delta _____ Wye _____ Wye Grounded

Transformer Fuse Data (if applicable, for Interconnection Member-owned fuse):

(Attach copy of fuse manufacturer's Minimum Melt and Total Clearing Time-Current Curves)

Manufacturer: _____ Type: _____ Size: _____ Speed: _____

Interconnecting Circuit Breaker (if applicable):

Manufacturer: _____ Type: _____

Load Rating (Amps): _____ Interrupting Rating (Amps): _____ Trip Speed (Cycles): _____

Interconnection Protective Relays (if applicable):

If Microprocessor-Controlled:

List of Functions and Adjustable Setpoints for the protective equipment or software:

	Setpoint Function	Minimum	Maximum
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____

If Discrete Components:

(Enclose Copy of any Proposed Time-Overcurrent Coordination Curves)

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Current Transformer Data (if applicable):

(Enclose Copy of Manufacturer's Excitation and Ratio Correction Curves)

Manufacturer: provided by BREMCO # 02-17-09-244 _____

Type: _____ Accuracy Class: _____ Proposed Ratio Connection: _____

Manufacturer: _____

Type: _____ Accuracy Class: _____ Proposed Ratio Connection: _____

Potential Transformer Data (if applicable):

Manufacturer: _____

Type: _____ Accuracy Class: _____ Proposed Ratio Connection: _____

Manufacturer: _____

Type: _____ Accuracy Class: _____ Proposed Ratio Connection: _____

General Information

Enclose copy of site electrical one-line diagram showing the configuration of all Generating Facility equipment, current and potential circuits, and protection and control schemes. This one-line diagram must be signed and stamped by a licensed Professional Engineer if the Generating Facility is larger than 50 kW.

See attached "Short Circuit and Protective Coordination Study"Is One-Line Diagram Enclosed? Yes No

Enclose copy of any site documentation that indicates the precise physical location of the proposed Generating Facility (e.g., USGS topographic map or other diagram or documentation).

Proposed location of protective interface equipment on property (include address if different from the Interconnection Member's address):

512 Landfill Road (behind Maintenance Shop) _____

Attachment 4

Certification Codes and Standards

ANSI C84.1-1995 Electric Power Systems and Equipment – Voltage Ratings (60 Hertz)

IEEE 1547, Standard for Interconnecting Distributed Resources with Electric Power Systems (including use of IEEE 1547.1 testing protocols to establish conformity)

IEEE Std 100-2000, IEEE Standard Dictionary of Electrical and Electronic Terms

IEEE Std 519-1992, IEEE Recommended Practices and Requirements for Harmonic Control in Electrical Power Systems

IEEE Std C37.108-1989 (R2002), IEEE Guide for the Protection of Network Transformers

IEEE Std C37.90.1-1989 (R1994), IEEE Standard Surge Withstand Capability (SWC) Tests for Protective Relays and Relay Systems

IEEE Std C37.90.2 (1995), IEEE Standard Withstand Capability of Relay Systems to Radiated Electromagnetic Interference from Transceivers

IEEE Std C57.12.44-2000, IEEE Standard Requirements for Secondary Network Protectors

IEEE Std C62.41.2-2002, IEEE Recommended Practice on Characterization of Surges in Low Voltage (1000V and Less) AC Power Circuits

IEEE Std C62.45-1992 (R2002), IEEE Recommended Practice on Surge Testing for Equipment Connected to Low-Voltage (1000V and Less) AC Power Circuits

NEMA MG 1-1998, Motors and Small Resources, Revision 3

NEMA MG 1-2003 (Rev 2004), Motors and Generators, Revision 1

NFPA 70 (2002), National Electrical Code

UL 1741, Inverters, Converters, Controllers and Interconnection System Equipment for Use With Distributed Energy Resources

These references include and incorporate by reference any updates or additions to the listed standards and these standards (or “families” of standards) shall apply to any future applications.

Attachment 5**Certification of Generator Equipment Packages**

- 1.0 Generating Facility equipment proposed for use separately or packaged with other equipment in an interconnection system shall be considered certified for interconnected operation if (1) it has been tested in accordance with industry standards for continuous utility interactive operation in compliance with the appropriate codes and standards referenced below by any Nationally Recognized Testing Laboratory (NRTL) recognized by the United States Occupational Safety and Health Administration to test and certify interconnection equipment pursuant to the relevant codes and standards listed in Attachment 4 of the Interconnection Procedures, (2) it has been labeled and is publicly listed by such NRTL at the time of the Interconnection Request, and (3) such NRTL makes readily available for verification all test standards and procedures it utilized in performing such equipment certification, and, with consumer approval, the test data itself. The NRTL may make such information available on its website and by encouraging such information to be included in the manufacturer's literature accompanying the equipment.
- 2.0 The Interconnection Member must verify that the intended use of the equipment falls within the use or uses for which the equipment was tested, labeled, and listed by the NRTL.
- 3.0 Certified equipment shall not require further type-test review, testing, or additional equipment to meet the requirements of this interconnection procedure; however, nothing herein shall preclude the need for an on-site commissioning test by the Parties to the interconnection nor follow-up production testing by the NRTL.
- 4.0 If the certified equipment package includes only interface components (switchgear, inverters, or other interface devices), then an Interconnection Member must show that the generator or other electric source being utilized with the equipment package is compatible with the equipment package and is consistent with the testing and listing specified for this type of interconnection equipment.
- 5.0 Provided the generator or electric source, when combined with the equipment package, is within the range of capabilities for which it was tested by the NRTL, and does not violate the interface components' labeling and listing performed by the NRTL, no further design review, testing or additional equipment on the Interconnection Member's side of the point of common coupling shall be required to meet the requirements of the Interconnection Procedures.
- 6.0 An equipment package does not include equipment provided by the Cooperative.

Attachment 6**Feasibility Study Agreement**

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of _____ 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Member,") and Blue Ridge Electric Membership Corporation, a Cooperative existing under the laws of the State of North Carolina, ("Cooperative"). The Interconnection Member and the Cooperative each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Member is proposing to develop a Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request completed by the Interconnection Member on _____; and

WHEREAS, the Interconnection Member desires to interconnect the Generating Facility with the Cooperative's System; and

WHEREAS, the Interconnection Member has requested the Cooperative to perform a feasibility study to assess the feasibility of interconnecting the proposed Generating Facility with the Cooperative's System, and of any Affected Systems;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the Glossary of Terms (Attachment 1).
- 2.0 The Interconnection Member elects and the Cooperative will cause to be performed an interconnection feasibility study consistent with the Interconnection Procedures and the RUS Final Rule of 7 C.F.R. Part 1730, Subpart C
- 3.0 The scope of the feasibility study shall be subject to the assumptions set forth in Appendix A to this Agreement.
- 4.0 The feasibility study shall be based on the technical information provided by the Interconnection Member in the Interconnection Request, as may be modified as the result of the scoping meeting. The Cooperative reserves the right to request additional technical information from the Interconnection Member as may reasonably become necessary consistent with Prudent Utility Practice during the course of the feasibility study. If the Interconnection Member modifies its Interconnection Request, the time to complete the feasibility study may be extended.
- 5.0 In performing the study, the Cooperative shall rely, to the extent reasonably practicable, on existing studies of recent vintage. The Interconnection Member shall not be charged for such existing studies; however, the Interconnection Member shall be responsible for charges associated with any new study or modifications to existing studies that are reasonably necessary to perform the feasibility study.

- 6.0 The feasibility study report shall provide the following analyses for the purpose of identifying any potential adverse system impacts that would result from the interconnection of the Generating Facility as proposed:
- 6.1 Initial identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection;
 - 6.2 Initial identification of any thermal overload or voltage limit violations resulting from the interconnection;
 - 6.3 Initial review of grounding requirements and electric system protection; and
 - 6.4 Description and non-binding estimated cost of facilities required to interconnect the proposed Generating Facility and to address the identified short circuit and power flow issues.
- 7.0 The feasibility study shall model the impact of the Generating Facility regardless of purpose in order to avoid the further expense and interruption of operation for reexamination of feasibility and impacts if the Interconnection Member later changes the purpose for which the Generating Facility is being installed.
- 8.0 The study shall include the feasibility of any interconnection at a proposed project site where there could be multiple potential Points of Interconnection, as requested by the Interconnection Member and at the Interconnection Member's cost.
- 9.0 A deposit of the lesser of 50 percent of good faith estimated feasibility study costs or earnest money of \$1,000 may be required from the Interconnection Member.
- 10.0 Once the feasibility study is completed, a feasibility study report shall be prepared and transmitted to the Interconnection Member. Barring unusual circumstances, the feasibility study will typically be completed and the feasibility study report transmitted within 30 Business Days of the Interconnection Member's agreement to conduct a feasibility study.
- 11.0 Any study fees will be based on the Cooperative's actual costs and will be invoiced to the Interconnection Member after the study is completed and delivered.
- 12.0 The Interconnection Member must pay any study costs that exceed the deposit without interest within 30 calendar days of receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the Cooperative shall refund such excess within 30 calendar days of the invoice without interest.
- 13.0 Governing Law, Regulatory Authority, and Rules
- The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the State of North Carolina, without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations.
- 14.0 Amendment
- The Parties may amend this Agreement by a written instrument duly executed by both Parties.
- 15.0 No Third-Party Beneficiaries
- This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

16.0 Waiver

16.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

16.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Member shall not constitute a waiver of the Interconnection Member's legal rights to obtain an interconnection from the Cooperative. Any waiver of this Agreement shall, if requested, be provided in writing.

17.0 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

18.0 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

19.0 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

20.0 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

20.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Cooperative be liable for the actions or inactions of the Interconnection Member or its subcontractors with respect to obligations of the Interconnection Member under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

20.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

21.0 Reservation of Rights

Nothing in this Agreement shall limit the rights of the Parties except to the extent that the Parties otherwise agree as provided herein.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

Blue Ridge Electric Membership Corporation

Signed _____

Signed _____

Name (Printed):

Name (Printed):

Title _____

Title _____

Date _____

Date _____

Attachment 7**System Impact Study Agreement**

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of _____ 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Member,") and Blue Ridge Electric Membership Corporation, a Cooperative existing under the laws of the State of North Carolina, ("Cooperative"). The Interconnection Member and the Cooperative each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Member is proposing to develop a Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request completed by the Interconnection Member on _____; and

WHEREAS, the Interconnection Member desires to interconnect the Generating Facility with the Cooperative's System; and

WHEREAS, the Cooperative has completed a feasibility study and provided the results of said study to the Interconnection Member (this recital to be omitted if the Parties have agreed to forego the feasibility study); and

WHEREAS, the Interconnection Member has requested the Cooperative to perform a system impact study to assess the impact of interconnecting the Generating Facility with the Cooperative's System, and of any Affected Systems;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the Glossary of Terms (Attachment 1).
- 2.0 The Interconnection Member elects and the Cooperative shall cause to be performed a system impact study consistent with the Interconnection Procedures.
- 3.0 The scope of the system impact study shall be subject to the assumptions set forth in Appendix A to this Agreement.
- 4.0 A system impact study will be based upon the results of the feasibility study and the technical information provided by Interconnection Member in the Interconnection Request. The Cooperative reserves the right to request additional technical information from the Interconnection Member as may reasonably become necessary consistent with Prudent Utility Practices during the course of the system impact study. If the Interconnection Member modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the system impact study may be extended.
- 5.0 A system impact study shall consist of a short circuit analysis, a stability analysis, a power flow analysis, voltage drop and flicker studies, protection and set point coordination studies, and grounding reviews, as necessary. A system impact study shall state the assumptions upon which it is based, state the results of the analyses, and provide the requirement or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems

identified in those analyses and implement the interconnection. A system impact study shall provide a list of facilities that are required as a result of the Interconnection Request and non-binding good faith estimates of cost, responsibility and time to construct.

- 6.0 A distribution system impact study shall incorporate a distribution load flow study, an analysis of equipment interrupting ratings, protection coordination study, voltage drop and flicker studies, protection and set point coordination studies, grounding reviews, and the impact on electric system operation, as necessary.
- 7.0 Affected Systems may participate in the preparation of a system impact study, with a division of costs among such entities as they may agree. All Affected Systems shall be afforded an opportunity to review and comment upon a system impact study that covers potential adverse system impacts on their electric systems.
- 8.0 If the Cooperative uses a queuing procedure for sorting or prioritizing projects and their associated cost responsibilities for any required Network Upgrades, the system impact study shall consider all generating facilities (and with respect to paragraph 8.3 below, any identified Upgrades associated with such higher queued interconnection) that, on the date the system impact study is commenced:
- 8.1. Are directly interconnected with the Cooperative's electric system; or
 - 8.2. Are interconnected with Affected Systems and may have an impact on the proposed interconnection; and
 - 8.3. Have a pending higher queued Interconnection Request to interconnect with the Cooperative's electric system.
- 9.0 A distribution system impact study, if required, shall be completed and the results transmitted to the Interconnection Member within a reasonable period after this Agreement is signed by the Parties. A transmission system impact study, if required, shall be completed and the results transmitted to the Interconnection Member, also within a reasonable period after this Agreement is signed by the Parties, unless the study involves Affected Systems per 7.0.
- 10.0 A deposit of the equivalent of the good faith estimated cost of a distribution system impact study and one-half of the good faith estimated cost of a transmission system impact study may be required from the Interconnection Member.
- 11.0 Any study fees shall be based on the Cooperative's actual costs and will be invoiced to the Interconnection Member after the study is completed and delivered.
- 12.0 The Interconnection Member must pay any study costs that exceed the deposit without interest within 30 calendar days of receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the Cooperative shall refund such excess within 30 calendar days of the invoice without interest.
- 13.0 Governing Law, Regulatory Authority, and Rules
The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the State of North Carolina, without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations.
- 14.0 Amendment
The Parties may amend this Agreement by a written instrument duly executed by both Parties.

15.0 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

16.0 Waiver

16.1. The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

16.2. Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Member shall not constitute a waiver of the Interconnection Member's legal rights to obtain an interconnection from the Cooperative. Any waiver of this Agreement shall, if requested, be provided in writing.

17.0 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

18.0 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

19.0 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

20.0 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

20.1. The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Utility be liable for the actions or inactions of the Interconnection Member or its subcontractors with respect to obligations of the Interconnection Member under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally

binding upon, and shall be construed as having application to, any subcontractor of such Party

20.2. The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

21.0 Reservation of Rights

Nothing in this Agreement shall limit the rights of the Parties except to the extent that the Parties otherwise agree as provided herein.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

Blue Ridge Electric Membership Corporation

Signed

Signed

Name (Printed):

Name (Printed):

Title

Title

Attachment 8**Facilities Study Agreement**

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of _____ 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Member,") and Blue Ridge _____ Electric Membership Corporation, a Cooperative existing under the laws of the State of North Carolina, ("Cooperative"). The Interconnection Member and the Cooperative each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Member is proposing to develop a Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request completed by the Interconnection Member on _____; and

WHEREAS, the Interconnection Member desires to interconnect the Generating Facility with the Cooperative's System; and

WHEREAS, the Cooperative has completed a system impact study and provided the results of said study to the Interconnection Member (this recital to be omitted if the Parties have agreed to forego the feasibility study); and

WHEREAS, the Interconnection Member has requested the Cooperative to perform a facilities study to specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the system impact study and/or relevant studies in accordance with Prudent Utility Practices to physically and electrically connect the Generating Facility with the Cooperative's System;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the Glossary of Terms (Attachment 1).
- 2.0 The Interconnection Member elects and the Cooperative shall cause to be performed a facilities study consistent with the Interconnection Procedures.
- 3.0 The scope of the system impact study shall be subject to the assumptions set forth in Appendix A to this Agreement.
- 4.0 The facilities study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the system impact studies. The facilities study shall also identify (1) the electrical switching configuration of the equipment, including, without limitation, transformer, switchgear, meters, and other station equipment, (2) the nature and estimated cost of the Cooperative's Interconnection Facilities and Upgrades necessary to accomplish the interconnection, and (3) an estimate of the time required to complete the construction and installation of such facilities.
- 5.0 The Cooperative may propose to group facilities required for more than one Interconnection Member in order to minimize facilities costs through economies of scale, but any Interconnection Member may require the installation of facilities required for its own Generating Facility if it is willing to pay the costs of those facilities.

- 6.0 A deposit of the good faith estimated facilities study costs may be required from the Interconnection Member.
- 7.0 In cases where Upgrades are required, the facilities study will be completed within a reasonable period of the receipt of this Agreement, but will typically require additional time beyond that required if no Upgrades were necessary.
- 8.0 Once the facilities study is completed, a facilities study report will be prepared and transmitted to the Interconnection Member.
- 9.0 Any study fees shall be based on the Cooperative's actual costs and will be invoiced to the Interconnection Member after the study is completed and delivered.
- 10.0 The Interconnection Member must pay any study costs that exceed the deposit without interest within 30 calendar days of receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the Cooperative shall refund such excess within 30 calendar days of the invoice without interest.
- 11.0 Governing Law, Regulatory Authority, and Rules
The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the State of North Carolina, without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations.
- 12.0 Amendment
The Parties may amend this Agreement by a written instrument duly executed by both Parties.
- 13.0 No Third-Party Beneficiaries
This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.
- 14.0 Waiver
- 14.1. The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.
- 14.2. Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Member shall not constitute a waiver of the Interconnection Member's legal rights to obtain an interconnection from the Cooperative. Any waiver of this Agreement shall, if requested, be provided in writing.
- 15.0 Multiple Counterparts
This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.
- 16.0 No Partnership
This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

17.0 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

18.0 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

18.1. The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Cooperative be liable for the actions or inactions of the Interconnection Member or its subcontractors with respect to obligations of the Interconnection Member under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

20.2. The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

21.0 Reservation of Rights

Nothing in this Agreement shall limit the rights of the Parties except to the extent that the Parties otherwise agree as provided herein.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

Blue Ridge Electric Membership Corporation

Signed _____

Signed _____

Name (Printed): _____

Name (Printed): _____

Title _____

Title _____

**Facilities Study Agreement
Appendix A**

Data to Be Provided by the Interconnection Customer with the Facilities Study Agreement

Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, circuits, etc.

On the one-line diagram, indicate the generation capacity attached at each metering location. (Maximum load on CT/PT)

On the one-line diagram, indicate the location of auxiliary power. (Minimum load on CT/PT) Amps

One set of metering is required for each generation connection to the new ring bus or existing Utility station. Number of generation connections: _____

Will an alternate source of auxiliary power be available during CT/PT maintenance? Yes No

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? Yes No

(Please indicate on the one-line diagram).

What type of control system or PLC will be located at the Generating Facility?

What protocol does the control system or PLC use?

Please provide a 7.5-minute quadrangle map of the site. Indicate the plant, station, distribution line, and property lines.

Physical dimensions of the proposed interconnection station:

Bus length from generation to interconnection station:

Line length from interconnection station to Cooperative's System.

Tower number observed in the field (Tagged on tower base)*:

Number of third party easements required for lines*:

* To be completed in coordination with Cooperative.

Is the Generating Facility located in Cooperative's service area?

Yes No If No, please provide name of local provider:

Please provide the following proposed schedule dates:

Begin Construction Date: _____

Generator step-up transformers
receive back feed power Date: _____

Generation Testing Date: _____

Commercial Operation Date: _____

Policy Statement Number: 6-8B-2

**Blue Ridge Electric
Membership Corporation**

INTERCONNECTION AGREEMENT

Adopted by the Board of Directors

Effective September 22, 2011

This Interconnection Agreement is based on the Interconnection Agreement developed by the North Carolina Utilities Commission re Docket E-100, Sub 101 and meets the requirements of the Final Rule of the Rural Utilities Service of the U.S. Department of Agriculture re "Interconnection of Distributed Resources," 74 Fed. Reg. 32406 (July 8, 2009) (codified at 7 C.F.R. Part 1730, Subpart C)

TABLE OF CONTENTS

		Page No.
Article 1.	Scope and Limitations of Agreement	1
1.1	Applicability	1
1.2	Purpose	2
1.3	No Agreement to Purchase or Deliver Power or RECs	2
1.4	Limitations	2
1.5	Responsibilities of the Parties	2
1.6	Parallel Operation Obligations	3
1.7	Metering	3
1.8	Reactive Power	3
1.9	Capitalized Terms	3
Article 2.	Inspection, Testing, Authorization, and Right of Access	3
2.1	Equipment Testing and Inspection	3
2.2	Authorization Required Prior to Parallel Operation	4
2.3	Right of Access	4
Article 3.	Effective Date, Term, Termination, and Disconnection	4
3.1	Effective Date	4
3.2	Term of Agreement	4
3.3	Termination	5
3.4	Temporary Disconnection	5
Article 4.	Cost Responsibility for Interconnection Facilities and Distribution Upgrades	7
4.1	Interconnection Facilities	7
4.2	Distribution Upgrades	7
4.3	Facilities Charge	7
Article 5.	Billing, Payment, Milestones, and Financial Security	7
5.1	Billing and Payment Procedures and Final Accounting	7
5.2	Financial Security Arrangements	8
Article 6.	Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default	8
6.1	Assignment	8
6.2	Limitation of Liability	9
6.3	Indemnity	9
6.4	Consequential Damages	10
6.5	Force Majeure	10
6.6	Default	10
Article 7.	Insurance	11
Article 8.	External Disconnect Switch	11
Article 9.	Confidentiality	12

Article 10. Disputes	13
10.1 Applicable Provisions	13
10.2 Written Notice	13
10.3 Good Faith Negotiations	13
10.4 Meeting of Senior Personnel	13
10.5 Mediation	13
10.6 Legal Options	13
10.7 Scope	13
10.8 Consent to Jurisdiction; Waiver of Jury Trial	13
10.9 Complex Business Agreement	14
Article 11. Taxes	14
Article 12. Miscellaneous	14
12.1 Governing Law, Regulatory Authority, and Rules	14
12.2 Amendment	14
12.3 No Third-Party Beneficiaries	14
12.4 Waiver	15
12.5 Entire Agreement	15
12.6 Multiple Counterparts	15
12.7 No Partnership	15
12.8 Severability	15
12.9 Security Arrangements	15
12.10 Environmental Releases	16
12.11 Subcontractors	16
12.12 Reservation of Rights	16
Article 13. Notices	16
13.1 General	16
13.2 Billing and Payment	17
13.3 Alternative Forms of Notice	18
13.4 Designated Operating Representative	18
13.5 Changes to the Notice Information	19
Appendix 1 Glossary of Terms	20
Appendix 2 Description and Costs of the Generating Facility, Interconnection Facilities, and Metering Equipment	23
Appendix 3 One-line Diagram Depicting the Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades	24
Appendix 4 Cooperative's Description of its Upgrades and Best Estimate of Upgrade Costs	25
Appendix 5 Additional Operating Requirements of the Interconnection Member to Support the Operational Needs of the Cooperative and Other Affected Systems	26

This Interconnection Agreement ("Agreement") is made and entered into this ____ day of _____, 20__, by Blue Ridge Electric Membership Corporation ("Cooperative"), and _____ ("Interconnection Member") each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties."

Cooperative Information

Cooperative: Blue Ridge Electric Membership Corporation
 Attention: Brian Crutchfield or Rand Smith
 Address: PO Box 112
 City: Lenoir NC 28645
 Phone: 828-758-2383 Fax: 828-758-2699

Interconnection Member Information

Interconnection Member: _____
 Attention: _____
 Address: _____

 City: _____ State: _____ Zip: _____
 Phone (work/home): _____ Phone (cell): _____
 Fax: _____ Email Address: _____
 Blue Ridge Electric Account Number: _____
 Interconnection Request ID No: _____

In consideration of the mutual covenants set forth herein, the Parties agree as follows:

Article 1: Scope and Limitations of Agreement

1.1 Applicability

This Agreement shall be used for all requests for interconnection of Distributed Resources submitted to the Cooperative. System requests up to 25 kW must follow the 25 kW Inverter Process for simplified interconnection in Section 2 of the Interconnection Procedures (Policy Statement Number: 6-8B-1). System requests larger than 25kW and up to 1000kW / 1MW must follow the fast track process in Section 3 of the Interconnection Procedures. A request to interconnect a Distributed Resource larger than 1000kW/1MW, as well as a smaller Generating Facility that does not pass the Fast Track Process, shall be evaluated under the Section 4 Study Process. The study process shall be subject to the Cooperative's all requirements contract with Duke Energy Carolinas (DEC) and may require special metering and other equipment as required by DEC on a case by case basis as determined by the study process.

1.2 Purpose

This Agreement governs the terms and conditions under which the Interconnection Member's Generating Facility will interconnect with, and operate in parallel with, the Cooperative's System.

1.3 No Agreement to Purchase or Deliver Power or RECs

This Agreement does not constitute an agreement to purchase or deliver the Interconnection Member's power or Renewable Energy Certificates (RECs). The purchase or delivery of power and RECs that might result from the operation of the Generating Facility, and other services that the Interconnection Member may require will be covered under separate agreements, if any. The Interconnection Member will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with the applicable utility or entity desiring to purchase, retain, or obtain the power or RECs.

1.4 Limitations

Nothing in this Agreement is intended to affect any other agreement between the Cooperative and the Interconnection Member.

1.5 Responsibilities of the Parties

1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Prudent Utility Practices (PUP).

1.5.2 The Interconnection Member shall construct, interconnect, operate and maintain its Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, and with Prudent Utility Practices (PUP).

1.5.3 The Cooperative shall construct, operate, and maintain its System and Interconnection Facilities in accordance with this Agreement, and with Prudent Utility Practices (PUP).

1.5.4 The Interconnection Member agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriters' Laboratories, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Member agrees to design, install, maintain, and operate its Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the System or equipment of the Cooperative and any Affected Systems.

1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Appendices to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. The Cooperative and the Interconnection Member, as appropriate, shall provide Interconnection Facilities that adequately protect the Cooperative's System, personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Appendices to this Agreement.

1.5.6 The Cooperative shall coordinate with all Affected Systems to support the interconnection.

1.6 Parallel Operation Obligations

Once the Generating Facility has been authorized to commence parallel operation, the Interconnection Member shall abide by all rules and procedures pertaining to the parallel operation of the Generating Facility in the applicable control area, including, but not limited to: 1) any rules and procedures concerning the operation of generation set forth in the applicable rate or by the applicable system operator(s) for the Cooperative's system and: 2) the Operating Requirements (if any) set forth in Appendix 5 of this Agreement.

1.7 Metering

The Interconnection Member shall be responsible for the Cooperative's reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Appendices 2 and 3 of this Agreement. The Interconnection Member's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements.

1.8 Reactive Power

The Interconnection Member shall design its Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless the Cooperative has established different requirements that apply to all similarly situated generators in the control area on a comparable basis. The requirements of this paragraph shall not apply to wind generators.

1.9 Capitalized Terms

Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Appendix 1.

Article 2. Inspection, Testing, Authorization, and Right of Access

2.1 Equipment Testing and Inspection

2.1.1 The Interconnection Member shall test and inspect its Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Member shall notify the Cooperative of such activities in writing, with the notice actually received by the Cooperative, no fewer than five Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day, unless otherwise agreed to by the Parties. The Cooperative may, at its own expense, send qualified personnel to the Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Member shall provide the Cooperative a written test report when such testing and inspection is completed.

2.1.2 The Cooperative shall provide the Interconnection Member written acknowledgment that it has received the Interconnection Member's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the Cooperative of the safety, durability, suitability, or reliability of the Generating Facility or any associated control, protective, or safety

devices owned or controlled by the Interconnection Member or the quality of power produced by the Generating Facility.

2.2 Authorization Required Prior to Parallel Operation

2.2.1 The Cooperative shall use Reasonable Efforts to list applicable parallel operation requirements in Appendix 5 of this Agreement. Additionally, the Cooperative shall notify the Interconnection Member of any changes to these requirements as soon as they are known. The Cooperative shall make Reasonable Efforts to cooperate with the Interconnection Member in meeting requirements necessary for the Interconnection Member to commence parallel operations by the in-service date.

2.2.2 The Interconnection Member shall not operate its Generating Facility in parallel with the Cooperative's System without prior written authorization of the Cooperative. The Cooperative will provide such authorization once the Cooperative receives notification that the Interconnection Member has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

2.3.1 Upon reasonable notice, the Cooperative may send a qualified person to the premises of the Interconnection Facilities at or immediately before the time the Generating Facility first produces energy to inspect the interconnection, and observe the commissioning of the Generating Facility (including any required testing), startup, and operation for a period of up to three Business Days after initial start-up of the unit. In addition, the Interconnection Member shall notify the Cooperative in writing, with the notice actually received by the Cooperative, at least five Business Days prior to conducting any on-site verification testing of the Generating Facility.

2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the Cooperative shall have access to the Interconnection Facilities for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its members.

2.3.3 Each Party shall be responsible for its own costs associated with following this Article.

Article 3. Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

This Agreement shall become effective upon execution by the Parties.

3.2 Term of Agreement

This Agreement shall become effective on the date this Agreement is executed and shall remain in effect for a period of ten years from the effective date or such other longer period as the Interconnection Member may request and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with Article 3.3 of this Agreement.

3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination.

3.3.1 The Interconnection Member may terminate this Agreement at any time by giving the Cooperative 20 Business Days written notice and physically and permanently disconnecting the Generating Facility from the Cooperative's System.

3.3.2 Either Party may terminate this Agreement after Default pursuant to Article 6.6.

3.3.3 Upon termination of this Agreement, the Generating Facility will be disconnected from the Cooperative's System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this Agreement or such non-terminating Party otherwise is responsible for these costs under this Agreement.

3.3.4 The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination, including payments prescribed in the applicable rate.

3.3.5 The provisions of this Article shall survive termination or expiration of this Agreement.

3.4 Temporary Disconnection

Temporary disconnection shall continue only for so long as reasonably necessary under Prudent Utility Practices.

3.4.1 Emergency Conditions

"Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of the Cooperative, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the Cooperative's System, the Cooperative's Interconnection Facilities or the systems of others to which the Cooperative's System is directly connected; or (3) that, in the case of the Interconnection Member, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or the Interconnection Member's Interconnection Facilities; or (4) that in the judgment of the Cooperative, the continued connection is likely to create a safety issue or impair or disrupt service to the Cooperative's members. Under Emergency Conditions, the Cooperative may immediately suspend interconnection service and temporarily disconnect the Generating Facility. The Cooperative shall notify the Interconnection Member promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Member's operation of the Generating Facility. The Interconnection Member shall notify the Cooperative promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Cooperative's System or any Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage

or deficiency, the expected effect on the operation of both Parties' facilities and operations, its anticipated duration, and the necessary corrective action.

3.4.2 Routine Maintenance, Construction, and Repair

The Cooperative may interrupt interconnection service or curtail the output of the Generating Facility and temporarily disconnect the Generating Facility from the Cooperative's System when necessary for routine maintenance, construction, and repairs on the Cooperative's System. The Cooperative shall provide the Interconnection Member or any Affected System operating Generating Systems larger than 1000 kW with five Business Days notice prior to such interruption when possible. The Cooperative shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Member.

3.4.3 Forced Outages

During any forced outage, the Cooperative may suspend interconnection service to effect immediate repairs on the Cooperative's System or any Affected System. The Cooperative shall use Reasonable Efforts to provide the Interconnection Member with prior notice. If prior notice is not given, the Cooperative shall, upon request, provide the Interconnection Member written documentation after the fact explaining the circumstances of the disconnection.

3.4.4 Adverse Operating Effects

The Cooperative shall notify the Interconnection Member as soon as practicable if, based on Prudent Utility Practice, operation of the Generating Facility may cause disruption or deterioration of service to other members served from the same electric system, or if operating the Generating Facility could cause damage to the Cooperative's System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Member upon request. If, after notice, the Interconnection Member fails to remedy the adverse operating effect within a reasonable time, the Cooperative may disconnect the Generating Facility. The Cooperative shall provide the Interconnection Member with five Business Day notice of such disconnection, unless the provisions of Article 3.4.1 (Emergency Conditions) apply.

3.4.5 Modification of the Generating Facility

The Interconnection Member must receive written authorization from the Cooperative before making any change to the Generating Facility that may have a material impact on the safety or reliability of the Cooperative's System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Prudent Utility Practice. If the Interconnection Member makes such modification without the Cooperative's prior written authorization, the latter shall have the right to temporarily disconnect the Generating Facility.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Generating Facility, Interconnection Facilities, and the Cooperative's System to their normal operating state as soon as reasonably practicable following a temporary or emergency disconnection.

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

4.1.1 The Interconnection Member shall pay for the cost of the Interconnection Facilities itemized in Appendix 2 of this Agreement. The Cooperative shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. The Interconnection Member is responsible for all such costs, even if such costs exceed the provided best estimate of cost. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of the Interconnection Member, such other entities, and the Cooperative.

4.1.2 The Interconnection Member shall be responsible for its share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Cooperative's Interconnection Facilities.

4.2 Distribution Upgrades

The Cooperative shall design, procure, construct, install, and own the Distribution Upgrades, both distribution and transmission, described in Appendix 4 of this Agreement. If the Cooperative and the Interconnection Member agree, the Interconnection Member may construct Distribution Upgrades that are located on land owned by the Interconnection Member. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to and paid by the Interconnection Member.

4.3 Facilities Charge

Additionally, a monthly facilities charge for on-going overhead and maintenance will be charged with the appropriate rate set by the Cooperative's board of directors.

Article 5. Billing, Payment, Milestones, and Financial Security

5.1 Billing and Payment Procedures and Final Accounting

5.1.1 The Cooperative shall bill the Interconnection Member for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement or as otherwise agreed to in writing by the Parties. The Interconnection Member shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to in writing by the Parties.

5.1.2 Within three months of completing the construction and installation of the Cooperative's Interconnection Facilities and/or Upgrades described in the Appendices to this Agreement, the Cooperative shall provide the Interconnection Member with a final accounting report of any difference between (1) the Interconnection Member's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Member's previous aggregate payments to the Cooperative for such facilities or Upgrades. If the Interconnection Member's cost responsibility exceeds its previous aggregate payments, the Cooperative shall invoice the Interconnection Member for the amount due and the Interconnection Member shall make full payment to the Cooperative within 30 calendar days. If the Interconnection Member's previous

aggregate payments exceed its cost responsibility under this Agreement, the Cooperative shall refund to the Interconnection Member an amount equal to the difference within 30 calendar days of the final accounting report.

- 5.1.3 If the Interconnection Member elects the payment procedures in Articles 5.1.1 and 5.1.2, the Cooperative may also bill the Interconnection Member periodically for the costs associated with operating, maintaining, repairing and replacing the Cooperative's Interconnection Facilities, as set forth in Appendix 2 of this Agreement.
- 5.1.4 The Interconnection Member may, with the prior approval of the Cooperative, elect to be billed the costs in Articles 5.1.1 and 5.1.2 and for ongoing operations, maintenance, repair and replacement of the Cooperative's Interconnection Facilities under a Cooperative rate schedule, rider or service regulation providing for extra facilities charges, as set forth in Appendix 2 of this Agreement, such monthly charges to continue throughout the entire life of the interconnection.

5.2 Financial Security Arrangements

At least 20 Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the Cooperative's Interconnection Facilities and Upgrades, the Interconnection Member shall provide the Cooperative, at the Interconnection Member's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the Cooperative and is consistent with the Uniform Commercial Code of North Carolina. Such security for payment shall be in an amount, as determined by the Cooperative, sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of the Cooperative's Interconnection Facilities and Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to the Cooperative under this Agreement during its term. The Cooperative shall determine to its reasonable satisfaction, the sufficiency of any such form of security, including applicable terms and conditions. In addition:

- 5.2.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the Cooperative, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Member, up to an agreed-to maximum amount.
- 5.2.2 The letter of credit or surety bond must be issued by a financial institution or insurer reasonably acceptable to the Cooperative and must specify a reasonable expiration date.
- 5.2.3 The Cooperative may, but is not required to, waive the security requirements if its credit policies show that the financial risks involved are de minimus, or if the Cooperative's policies allow the acceptance of an alternative showing of creditworthiness from the Interconnection Member.

Article 6. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default

6.1 Assignment

- 6.1.1 This Agreement shall not survive the transfer of ownership of the Generating Facility to a new owner. The new owner must complete a new Interconnection Request and submit it to the Cooperative within 20 Business Days of the transfer of ownership or the

Cooperative's Interconnection Facilities shall be removed or disabled and the Generating Facility disconnected from the Cooperative's System. The Cooperative shall not study or inspect the Generating Facility unless the new owner's Interconnection Request indicates that a Material Modification has occurred or is proposed, or the Cooperative has reasonable concerns regarding the safe operation by the new owner.

6.1.2 The Interconnection Member shall have the right to assign this Agreement, without the consent of the Cooperative, for collateral security purposes to aid in providing financing for the Generating Facility, provided that the Interconnection Member will promptly notify the Cooperative of any such assignment. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof.

6.1.3 Any attempted assignment that violates this Article is void and ineffective.

6.2 Limitation of Liability

Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, incidental, consequential, or punitive damages of any kind, except as authorized by this Agreement.

6.3 Indemnity

6.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in Article 6.2.

6.3.2 The Parties shall at all times indemnify, defend, and save the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inaction of its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

6.3.3 If an indemnified Party is entitled to indemnification under this Article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this Article, to assume the defense of such claim, such indemnified Party may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

6.3.4 If an indemnifying Party is obligated to indemnify and hold any indemnified Party harmless under this Article, the amount owing to the indemnified Party shall be the amount of such indemnified Party's actual loss, net of any insurance or other recovery.

6.3.5 Promptly after receipt by an indemnified Party of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this Article may apply, the indemnified Party shall notify the indemnifying Party of such fact. Any failure of or delay in such notification shall

not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

6.4 Consequential Damages

Other than as expressly provided for in this Agreement, neither Party shall be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

6.5 Force Majeure

6.5.1 As used in this Article, a Force Majeure Event shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure Event does not include an act of negligence or intentional wrongdoing.

6.5.2 If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Force Majeure Event (Affected Party) shall promptly notify the other Party, either in writing or via the telephone, of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Party informed on a continuing basis of developments relating to the Force Majeure Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

6.6 Default

6.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event as defined in this Agreement or the result of an act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in Article 6.6.2, the defaulting Party shall have 60 calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

6.6.2 If a Default is not cured as provided in this Article, or if a Default is not capable of being cured within the period provided for herein, or repeat Defaults have occurred, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time, and be relieved of any further obligation hereunder and, whether or not that Party

terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

Article 7. Insurance

- 7.1 The Interconnection Member shall obtain and retain, for as long as the Generating Facility is interconnected with the Cooperative's System, liability insurance which protects the Interconnection Member from claims for bodily injury and/or property damage. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. This insurance shall be primary for all purposes. The Interconnection Member shall provide, at least annually (and more frequently if requested) certificates evidencing this coverage as required by the Cooperative. The insurance company shall also be required to provide advance notice to the Cooperative of any lapse in payment or other default by the Interconnection Member which may result in lapse in insurance coverage. Such insurance shall be obtained from an insurance provider authorized to do business in North Carolina, and acceptable to the Cooperative. The Cooperative reserves the right to refuse to establish or continue the interconnection of the Generating Facility with the Cooperative's System, if such insurance is not in effect.
- 7.1.1 For an Interconnection Member that is a residential member of the Cooperative proposing to interconnect a Generating Facility no larger than 25 kW, the required coverage shall be a standard homeowner's insurance policy with liability coverage in the amount of at least \$100,000 per occurrence.
- 7.1.2 For an Interconnection Member that is a non-residential member of the Cooperative proposing to interconnect a Generating Facility no larger than 1000 kW, the required coverage shall be comprehensive general liability insurance with coverage in the amount of at least \$300,000 per occurrence.
- 7.1.3 For an Interconnection Member that is a non-residential Member of the Cooperative proposing to interconnect a Generating Facility larger than 1000 kW, the required coverage shall be comprehensive general liability insurance with coverage in the amount of at least \$1,000,000 per occurrence, said amount to be determined by the Cooperative based upon the size and operating characteristics of the Generating Facility and other relevant considerations.
- 7.1.4 An Interconnection Member of sufficient credit-worthiness may propose to provide this insurance via a self-insurance program if it has a self-insurance program established in accordance with commercially acceptable risk management practices, and such a proposal shall not be unreasonably rejected.
- 7.2 The Parties further agree to notify each other in writing whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

Article 8. External Disconnect Switch (EDS)

In order to comply with the Final Rule of the Rural Utilities Service regarding the Interconnection of Distributed Resources (IDR) as codified at 7 C.F.R. Part 1730, Subpart C, the Cooperative

requires that the Interconnection Facilities shall include a lockable disconnect and visible open EDS that is readily accessible to and operable by authorized Cooperative personnel at all times. The EDS is a manual load break disconnect switch or safety switch with a clear visible indication of switch position between the Cooperative System and the Interconnection Member. The switch must have pad lock provisions for locking in the open position. The switch must be visible to, and accessible to, Cooperative personnel. The switch must be in close proximity to, and on the Interconnection Member's side of the point of electrical interconnection with, the Cooperative's System. The switch must be labeled "Generator Disconnect Switch." The switch may isolate the Interconnection Member and its associated load from the Cooperative 's System or disconnect only the Generator from the Cooperative 's System and shall be accessible to the Cooperative at all times. The Cooperative, in its sole discretion, determines if the switch is suitable.

Article 9. Confidentiality

- 9.1 Confidential information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Member shall be deemed Confidential information regardless of whether it is clearly marked or otherwise designated as such.
- 9.2 Confidential information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party (unless giving of notice is prohibited by law) and after exhausting any opportunity to oppose such publication, production, or release), or necessary to be divulged in an action to enforce this Agreement. After notice, the Party to whom the Confidential information originally belonged, shall bear all costs and expenses and be solely responsible for undertaking action, if any, to try to prevent publication, production or release. Each Party receiving Confidential information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.
- 9.1.1 Each Party shall employ at least the same standard of care to protect Confidential information obtained from the other Party as it employs to protect its own Confidential information.
- 9.1.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.
- 9.3 If information is requested by the North Carolina Utilities Commission from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to the Commission within the timeline provided for in the request for information. In providing the information to the Commission, the Party may request that the information be treated as confidential and non-public in accordance with North Carolina law and that the information be withheld from public disclosure.

Article 10. Disputes

10.1 Applicable Provisions

The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this Article.

10.2 Written Notice

In the event of a dispute, either Party shall provide the other Party with a written notice of dispute. Such notice shall describe in detail the nature of the dispute.

10.3 Good Faith Negotiations

Each Party agrees to conduct all negotiations in good faith and to resolve the dispute as quickly as possible.

10.4 Meeting of Senior Personnel

As soon as practicable following issuance of the notice of dispute, the Parties shall schedule a meeting of senior personnel to discuss, in good faith, potential resolution of the underlying dispute.

10.5 Mediation

If this meeting does not result in settlement of the dispute, the matter may then be mediated before a mediator mutually acceptable to the Parties, preferably with industry-specific experience. If mediation is agreed upon, the mediation shall be conducted in the offices of the Cooperative. If the Parties cannot agree on a particular mediator, then they shall request that the mediator be selected by the Superior Court in Caldwell County, the county in which the Cooperative is located.

10.6 Legal Options

If mediation fails to resolve the dispute, each Party is then free to pursue its legal remedies, if any.

10.7 Scope

Nothing in sub-paragraphs 10.1 through 10.6 of this Article prohibits or limits the Cooperative from simultaneously implementing a temporary disconnect or either Party from proceeding with the filing of judicial action.

10.8 Consent to Jurisdiction; Waiver of Jury Trial

The Parties agree that any dispute through negotiation shall be tried and litigated exclusively in the Superior Court Division of the General Court of Justice located in Caldwell County, North Carolina (the "Caldwell County Superior Court") or, if federal jurisdiction exists, in the United States District Court for the Western District of North Carolina, Statesville Division, if federal jurisdiction exists. The Parties intend that the aforementioned choice of venue is to be mandatory and not permissive in nature, thereby precluding the possibility of any litigation between the Parties in connection with or arising out of this Agreement in any court other than specified in this Article. Each Party consents to and subjects itself to the exclusive personal

jurisdiction of the Caldwell County Superior Court for any dispute arising out of or in connection with this Agreement, unless the dispute invokes federal jurisdiction, and in that case, shall consent to the exclusive personal jurisdiction of the United States District Court for the Western District of North Carolina, Statesville Division. Each Party agrees that such jurisdiction and venue for trial are reasonable under the circumstances. Each Party expressly waives the right to a jury trial as to any issues arising out of any such dispute.

10.9 Complex Business Agreement.

The Parties acknowledge that the subject matter of this Agreement constitutes a complex business arrangement between a North Carolina electric membership corporation and an individual or entity owning and or operating an interconnected Distributed Resource. The Agreement encompasses specialized areas of knowledge including, but not limited to, the transmission of electric energy and the delivery thereof. As such, the Parties agree in the event of state court litigation, that both shall request designation of any dispute for resolution by a special superior court judge under Rule 2.1 or 2.2 of the North Carolina Superior Court Rules of Practice and will waive venue for hearing pretrial motions for the case to be designated under Rule 2.1 or 2.2.

Article 11. Taxes

- 11.1 The Parties agree to follow all applicable tax laws and regulations, consistent with North Carolina and federal policy and revenue requirements.
- 11.2 Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect the Cooperative's tax exempt status.

Article 12. Miscellaneous

12.1 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the State of North Carolina, without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

12.2 Amendment

The Parties may amend this Agreement by a written instrument duly executed by both Parties.

12.3 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

12.4 Waiver

12.4.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

12.4.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, or duty under of this Agreement. Termination or default of this Agreement for any reason by Interconnection Member shall not constitute a waiver of the Interconnection Member's legal rights to obtain an interconnection from the Cooperative. Any waiver of this Agreement shall, if requested and agreed to, be provided in writing.

12.5 Entire Agreement

This Agreement, including all Appendices, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

12.6 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

12.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

12.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

12.9 Security Arrangements

Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. Both the Cooperative and Interconnection Member are expected to meet basic standards for electric system infrastructure and operational security, including physical, operational, and cyber-security practices per Prudent Utility Practice (PUP).

12.10 Environmental Releases

Each Party shall notify the other Party, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party copies of any publicly available reports filed with any Governmental Authorities addressing such events.

12.11 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

12.11.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Cooperative be liable for the actions or inactions of the Interconnection Member or its subcontractors with respect to obligations of the Interconnection Member under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

12.11.2 The obligations under this Article will not be limited in any way by any limitation of subcontractor's insurance.

12.12 Reservation of Rights

Nothing in this Agreement shall limit the rights of the Parties except to the extent that the Parties otherwise agree as provided herein. It is noted that the Cooperative is not obligated to comply with the provisions of NCUC Docket E-100, Sub 101, as is the case with Investor Owned Utilities like Duke Energy Carolinas. Although the Cooperative has chosen to follow generally the format of the North Carolina Interconnection Agreement (with modifications since Blue Ridge Electric is an electric cooperative and not an investor-owned utility), it is noted that the Cooperative's obligations are in accordance with the Final Rule of the Rural Utilities Service of the U.S. Department of Agriculture re "Interconnection of Distributed Resources," *74 Fed. Reg. 32406* (July 8, 2009) (Codified at 7 C.F.R. Part 1730, Subpart C).

Article 13. Notices

13.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement (Notice) shall be deemed properly given if delivered in person, delivered by recognized national courier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Member:

Interconnection Member: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone (work/home): _____ Phone (cell): _____

Fax: _____

Email: _____

If to the Cooperative:

Cooperative: Blue Ridge Electric Membership Corporation

Attention: Brian Crutchfield or Rand Smith

Address: PO Box 112

City: Lenoir NC 28645

Phone: 828-758-2383 Fax: 828-758-2699

E-mail: bcutchfield@blueridgeemc.com or rsmith@blueridgeemc.com

13.2 Billing and Payment

Billings and payments shall be sent to the addresses set out below:

If to the Interconnection Member:

Interconnection Member: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

If to the Cooperative:

Cooperative: Blue Ridge Electric Membership Corporation

Attention: Brian Crutchfield or Rand Smith

Address: PO Box 112

City: Lenoir NC 28645

13.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by either Party to the other and not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Member:

Interconnection Member: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone (work/home): _____ Phone (cell): _____

Fax: _____

E-Mail Address: _____

If to the Cooperative:

Cooperative: Blue Ridge Electric Membership Corporation

Attention: Brian Crutchfield or Rand Smith

Address: PO Box 112

City: Lenoir NC 28645

Phone: 828-758-2383 Fax: 828-758-2699

E-Mail Address: bcutchfield@blueridgeemc.com or rsmith@blueridgeemc.com

13.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Member's Operating Representative:

Interconnection Member: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

E-Mail Address: _____

Cooperative's Operating Representative:

Cooperative: Blue Ridge Electric Membership Corporation
Attention: Brian Crutchfield or Rand Smith
Address: PO Box 112
City: Lenoir NC 28645
Phone: 828-758-2383 Fax: 828-758-2699
E-mail: bcrutchfield@blueridgeemc.com or rsmith@blueridgeemc.com

13.5 Changes to the Notice Information

Either Party may change this information by giving five Business Days written notice prior to the effective date of the change.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

For the Cooperative:

Name: _____

Title: _____

Date: _____

For the Interconnection Member:

Name: _____

Title: _____

Date: _____

Interconnection Agreement Appendix 1

Glossary of Terms

25 kW Inverter Process – The procedure for evaluating a request for Interconnection of Distributed Resources (IDR) for a certified inverter-based Generating Facility no larger than 25 kW. The application process uses an all-in-one document that includes a simplified request for Interconnection for Distributed Resources, simplified procedures, and a brief set of Terms and Conditions.

Affected System – An electric system other than the Cooperative's System that may be affected by the proposed interconnection. The owner of an Affected System might be a Party to the Interconnection Agreement or other study agreements needed to interconnect the Generating Facility.

Applicable Laws and Regulations – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Business Day – Monday through Friday, excluding state holidays.

Commission – The North Carolina Utilities Commission. It should be noted that the Commission does not have regulatory authority over Cooperatives regarding Interconnection Agreements, Procedures and Forms. The Cooperative is governed by its Board of Directors who approves Cooperative policies, service rules, regulations, procedures, and rates. As a borrower from the Rural Utilities Service (RUS) of the U.S. Department of Agriculture, the Cooperative is required to follow RUS rules and regulations and this Agreement meets the Final Rule of the "Interconnection of Distributed Resources" *74 Fed. Reg. 32406* (July 8, 2009) (Codified at 7 C.F.R. Part 1730, Subpart C).

Cooperative – The entity that owns, controls, or operates facilities used for providing electric service in its designated service area that the Interconnection Member is located.

Default – The failure of a breaching Party to cure its breach under the Interconnection Agreement.

Distributed Resources – Sources of electric power that are not directly connected to a bulk power transmission systems, having an installed capacity of not more than 10 MVA / 10 MW, connected to the Cooperative's electric power distribution system through a point of common coupling. Distributed resources include both generators of electricity and electric storage technologies.

Distribution System – The Cooperative's facilities and equipment used to transmit electricity to ultimate usage points such as homes and businesses from nearby generators or from interchanges with higher voltage transmission networks (Duke Energy Carolinas-DEC) which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades – The additions, modifications, and upgrades to the Cooperative's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the service necessary to allow the Generating Facility to operate in parallel with the Cooperative and to inject electricity onto the Cooperative's System. Distribution Upgrades do not include Interconnection Facilities.

Duke Energy Carolinas (DEC) – The Investor Owned Utility that the Cooperative is interconnected with to receive electricity under an all-requirements contract that provides wholesale electricity to the cooperative.

External Disconnect Switch (EDS) – In order to comply with the Final Rule of the Rural Utilities Service regarding the Interconnection of Distributed Resources (IDR) as codified at 7 C.F.R. Part 1730, Subpart C, the Cooperative requires that the Interconnection Facilities shall include a lockable disconnect and visible open EDS that is readily accessible to and operable by authorized Cooperative personnel at all

times. The EDS is a manual load break disconnect switch or safety switch with a clear visible indication of switch position between the Cooperative System and the Interconnection Member. The switch must have pad lock provisions for locking in the open position. The switch must be visible to, and accessible to Cooperative personnel. The switch must be in close proximity to, and on the Interconnection Customer's side of the point of electrical interconnection with the Cooperative's System. The switch must be labeled "Generator Disconnect Switch." The switch may isolate the Interconnection Customer and its associated load from the Cooperative 's System or disconnect only the Generator from the Cooperative 's System and shall be accessible to the Cooperative at all times. The Cooperative, in its sole discretion, determines if the switch is suitable and necessary.

Fast Track Process – The procedure for evaluating an Interconnection Request for a certified Generating Facility greater than 25kW but no larger than 1000kW / 1MW that includes the Section 3 screens, member options meeting, and optional supplemental review.

Generating Facility – The Interconnection Member's Distributed Resource device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Member's Interconnection Facilities. Also see Distributed Resources.

Governmental Authority – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Member, the Cooperative, or any affiliate thereof.

Interconnection Member – Any entity, including the Cooperative, that proposes to interconnect its Generating Facility with the Cooperative's System.

Interconnection Facilities – The Cooperative's Interconnection Facilities and the Interconnection Member's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Distributed Resource Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Cooperative's System. Interconnection Facilities are sole use facilities and shall not include Upgrades.

Interconnection Request – The Interconnection Member's request, in accordance with the interconnection procedures, to interconnect a new Distributed Resource Generating Facility, or to increase the capacity of, or make a Material Modification to, an existing Generating Facility that is interconnected with the Cooperative's System.

Material Modification – A modification to machine data or equipment configuration or to the interconnection site of the Generating Facility that has a material impact on the cost, timing or design of any Interconnection Facilities or Upgrades.

Network Upgrades – Additions, modifications, and upgrades to the Cooperative's facilities required to accommodate the interconnection of the Generating Facility to the Cooperative's System. Network Upgrades do not include Distribution Upgrades. Upgrades of this sort may be required for Generating Systems greater than 1000kW / 1MW but less than 10 MVA / 10 MW.

Operating Requirements – Any operating and technical requirements that may be applicable due to Regional Reliability Organization, Independent System Operator, control area, or the Cooperative's requirements, including those set forth in the Interconnection Agreement.

Party or Parties – The Cooperative, Interconnection Member, and possibly the owner of an Affected System, or any combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Cooperative's System.

Prudent Utility Practice (PUP) – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. PUP is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region and the utility industry.

Queue Position – The order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Cooperative and a demonstration of site control, if requested.

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under the Interconnection Agreement, efforts that are timely and consistent with Prudent Utility Practices and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Renewable Energy Certificates (RECs) – Also known as Renewable Energy Credits or Green Tags, are tradable, non-tangible energy commodities that represent proof that 1 megawatt-hour (MWH) of electricity was generated from an eligible renewable energy resource. In North Carolina the Utilities Commission has established a Renewable Energy Tracking System (NC RETS) to register and certify RECs produced from renewable energy projects providing one REC for every 1,000 kWh of electricity it produces and delivers to electric systems. These RECs are sold and traded separate from commodity electricity and the consumer/owner of the REC receives only a certificate. NC Green Power is an independent, non-profit organization that purchases RECs from small producers in the state.

Standard – The interconnection procedures, forms and agreements approved by the Cooperative for interconnection of Generating Facilities to the Cooperative's System in its service area.

Study Process – The procedure for evaluating an Interconnection Request that includes the Section 4 scoping meeting, feasibility study, system impact study, and facilities study.

System – The facilities owned, controlled or operated by the Cooperative that are used to provide electric service in its service area.

Transmission System – The transmission facilities owned, controlled or operated by the Cooperative that are used to transmit electricity in its service area. The Cooperative's Transmission System is interconnected with the Transmission System of Duke Energy Carolinas (DEC).

Upgrades – The required additions and modifications to the Cooperative's System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

**Interconnection Agreement
Appendix 2**

**Description and Costs of the Generating Facility,
Interconnection Facilities, and Metering Equipment**

Equipment, including the Generating Facility, Interconnection Facilities, and metering equipment shall be identified as being owned by the Interconnection Member, the Cooperative, or, if applicable, a third party. The Cooperative will provide a best estimate cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment.

**Interconnection Agreement
Appendix 3**

**One-line Diagram Depicting the Generating Facility,
Interconnection Facilities, Metering Equipment, and Upgrades**

**Interconnection Agreement
Appendix 4**

Cooperative's Description of its Upgrades and Best Estimate of Upgrade Costs

The Cooperative will describe Upgrades and provide a best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades.

**Interconnection Agreement
Appendix 5**

**Additional Operating Requirements of the Interconnection Member to Support the
Operational Needs of the Cooperative and Other Affected Systems**

The Cooperative may also provide requirements that must be met by the Interconnection Member prior to initiating parallel operation with the Cooperative's System.

Blank Page

AGENDA ITEM 10:

LANDFILL GAS TO ENERGY PROJECT MATTERS

B. Proposed Power Purchase Agreement with Duke Energy

MANAGER'S COMMENTS:

Ms. Doty will present the proposed power purchase agreement with Duke Energy for the excess power generated from the landfill gas project. Duke Energy will purchase the excess power at 5.5263 c/kWh. The projected annual gain to the County is \$72,220 per year, including savings of \$30,000 and sales of about \$42,220 per year. The power purchase agreement will require the baler to be operated during off-peak hours, the need for procedures to be adopted in the event of the system shut-down, and reserve accounts to be established to account for planned and unplanned system maintenance costs.

The agreement has been forwarded to the County Attorney for review. Staff recommends the Board approve the agreement as presented.

Board action is requested.

SUMMARY REPORT: POWER PURCHASE AGREEMENT BETWEEN WATAUGA COUNTY & DUKE ENERGY CORPORATION

PREPARED FOR THE WATAUGA COUNTY BOARD OF COMMISSIONERS BY JASON W. HOYLE, ENERGY CENTER, APPALACHIAN STATE UNIVERSITY; PRESENTED ON DECEMBER 6, 2011.

SUMMARY

- Duke Energy will purchase excess power from the landfill project at a fixed price averaging 5.5263 ¢/kWh, and including sales of green power, the County will receive about 6.63 ¢/kWh sold to the grid;
- Projected annual gain to the County is \$72,220 per year, including savings of about \$30,000 and sales of about \$42,220 per year;
- Operation of the Baler equipment should be scheduled for off-peak hours, procedures should be adopted in the event of system shut-down, and reserve accounts should be implemented to account for planned and unplanned system maintenance costs;
- County should apply for the REPI before Dec. 31, 2011 and each year thereafter.

PPA CONTRACT TERMS SUMMARY

Before the Commission is a Power Purchase Agreement (PPA) contract¹ between Watauga County and Duke Energy under which Duke Energy will purchase the energy and capacity made available by the County from the County's landfill gas-fueled electricity generation project. The basic terms of the contract are:

- The County will receive a fixed price for the duration of the 5-year contract term;
- The purchase price is specified in Duke Energy Rate Schedule PP-N, Option B, Transmission Interconnection, 5-year fixed rate;
- Contract renews automatically for additional 5-year terms at the then-current avoided cost rates unless terminated;
- The project will be interconnected with and its output metered by Blue Ridge Electric; no facilities charge will be paid to Duke, although an \$8.17/month (\$98.04/year) Administrative Fee may apply;
- The contract does not require a guarantee of continuous service, and instead has a burden of "reasonable diligence" to provide satisfactory service and correct the cause of any interruptions; and,

¹ Standard Form Contract – Schedule PP-H(NC)/PP-N(NC), Rev. Nov. 1, 2008; Contract Number 2011-51; Contract Date Nov. 16, 2011

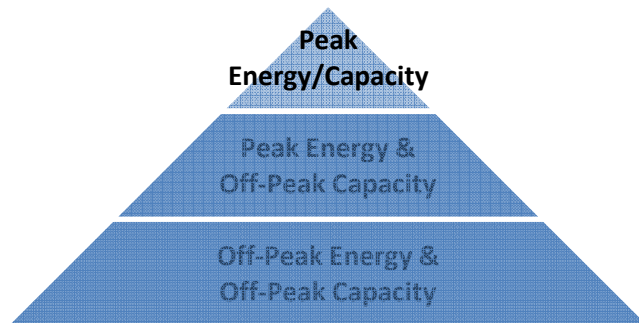
- The County agrees to provide an average of 95kW of capacity during on-peak hours through the term of the contract, called the “Capacity Commitment.”

POWER SALES PRICE

Duke Energy Rate Schedule PP-N(NC) is the company’s standard offer for the purchase of power at the avoided cost rate, prepared and made available to all Qualifying Facilities and Small Power Producers as required by the Federal Energy Regulatory Commission and the N.C. Utilities Commission. This standard offer identifies the price Duke Energy will pay for energy and capacity from eligible projects delivered during either on- or off-peak energy hours in either on- or off-peak capacity months for contract terms lengths of “as available” (nominally a 2-year term), 5-years, 10-years, or 15-years.

PRICE PER KWH

The price paid by Duke for each kilowatt-hour (kWh) under all contract terms lengths varies by the time of day and the month of year. The County will receive the highest price for power delivered during the on-peak energy hours of on-peak capacity months. The second-highest price is paid for power delivered during on-peak energy hours in off-peak capacity months, and the third-highest price is received for kWh delivered during off-peak energy hours regardless of month because no capacity payments are made during these hours. The higher the peak-hour price, then the fewer hours per year which fall into that peak hour definition.



ng, by number of

OPTION A VS. OPTION B

Duke’s standard offer provides two options, or two definitions of peak-hour pricing rates and hours. The distribution of hours in a year for each option is shown in the chart below, with about half the hours in a year classified as off-peak energy hours under Option A and nearly 80% under Option B.



For a 24-hour, 7-day generation project under a 5-year contract term such as the County's, revenue is more evenly distributed throughout the year under Option A with prices ranging from 3.98 ¢/kWh for 52% of the time to 7.95 ¢/kWh for nearly 32% of the time, while under Option B the project will earn 15.16 ¢/kWh for 8% of the time and 4.30 ¢/kWh for 78% of the time.

Price, Revenue, Hours by Peak Classification						
	Opt. A			Opt. B		

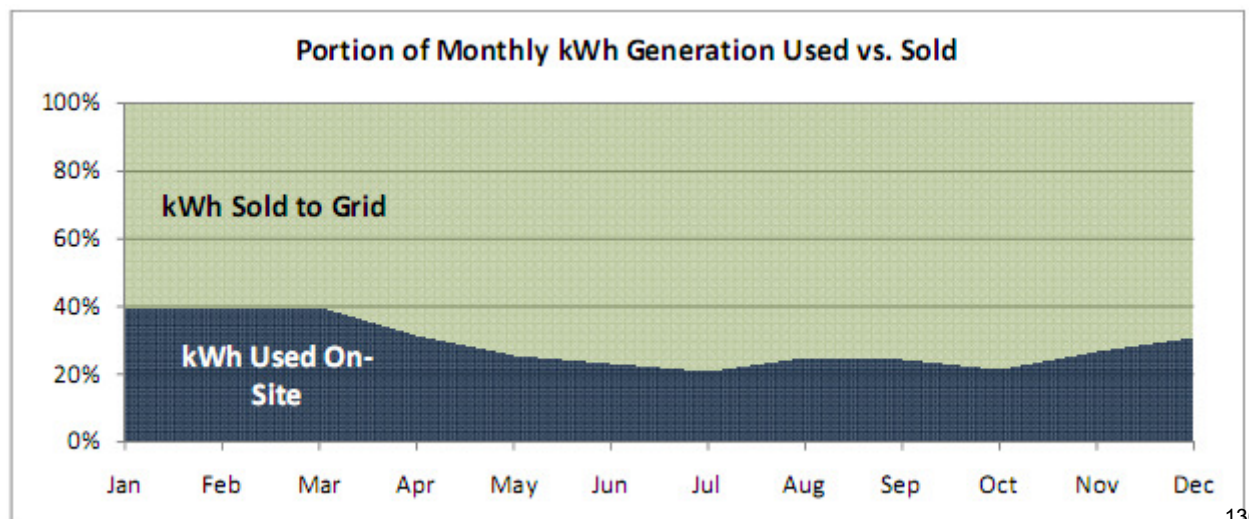
Figure 2 - Peak Classification of Hours per Year by Option

	¢/kWh	% of hours	% of Revenue/year	¢/kWh	% of hours	% of Revenue/year
PeakEnergy/PeakCapacity	7.95	31.7%	45.7%	15.16	8.0%	21.8%
PeakEnergy/Off-Peak Capacity	5.72	15.9%	16.5%	6.91	13.9%	17.3%
Off-Peak Energy	3.98	52.4%	37.8%	4.30	78.2%	60.8%

ADVANTAGE OF OPTION B

Because the average annual per-kWh price is approximately the same between Option A and Option B for a 24 x 7 baseload generator like a landfill gas project, Option A would typically be selected to avoid concentrating 22% of annual revenue during only 8% of the time. However, the County's project is not typical because 1) only electricity not used on-site will be made available for sale, and 2) the greatest amount of power is most likely to be made available during peak hours in summer months.

During the hours from 1 PM to 9 PM (Mon.-Fri.) from June 1 through Sept. 30 Option B pays 15.16 ¢/kWh. These peak capacity months correspond to months when the landfill facility has the least on-site consumption of electricity, as shown in the chart below. During the rest of the year (Oct. 1 – May 31), on-peak energy hours shift from the afternoon to the morning, from 6 AM to 1 PM. To maximize the value of the power sold to Duke, electricity consumption during on-peak energy hours must be minimized – which means that the Baler should be scheduled to operate during off-peak energy hours (morning during the Summer, and afternoon during the Winter), and that waste heat from the generators should be used to its maximum extent.



An additional consideration in the selection of Option B is the possibility that the volume of landfill gas will, at some future point, constrain the amount of electricity that can be generated. Since landfill gas generation rates are higher during the Summer, the eventual decline in electricity generation capability will be less constraining in the Summer than in the Winter.

FINANCIAL RESULTS

On average, the County will receive a payment of 5.5263 ¢/kWh, or about \$2,935 per month from sales to Duke Energy. Including sales to NC Green Power, the County will receive about 6.63 ¢/kWh totaling an estimated \$42,220 per year, or more than \$3,500 per month.

In addition to this revenue, the County will save approximately \$30,000 per year in electricity bills at the landfill, bringing the total net change in cash flow from the project to an increase of \$72,220 per year, or nearly \$6,020 per month. The electricity portion of the project alone is projected to

Figure 3 - Portion of Electricity Consumed at the Landfill Facility, by month

have a 10-year net present value (NPV) of nearly \$380,000 at a 3% discount rate, an internal rate of return of 30%, and a payback period of 3.1 years.

KEY FACTORS & CONSIDERATIONS

- Maximize peak power sales by scheduling Baler to operate during off-peak hours (morning during Summer months and afternoon during Winter months);
- Minimize heating load by using waste heat from generators to heat buildings and water;
- County may claim to both produce green power for sale and the use of green power at the landfill as long as sales to NC Green Power only include electricity delivered to the grid;
- Apply for the Renewable Energy Production Incentive before Dec. 31, 2011 (see http://apps1.eere.energy.gov/rep/rep/application_process.cfm);
- Develop procedures to follow in the event of a power generation/landfill gas system failure; and, consider creating and funding reserve accounts to ensure adequate funds for planned and unplanned system maintenance.



DUKE ENERGY CORPORATION
P.O. Box 100611 BCC Meeting
Charlotte, NC 28201-1006

Mailing Address:
526 South Church Street
Charlotte, NC 28202-1802

November 16, 2011

E-mail: steve.smith@duke-energy.com

Lisa Doty
336 Landfill Road
Boone, NC 28607

SUBJECT: Purchased Power Agreements

I have enclosed two copies of a Purchased Power Agreement between Duke Energy Carolinas, LLC and your qualifying landfill gas generation facility. The Initial Delivery Date in this agreement has been left blank at this time, and will be inserted once the interconnection facilities and facility are fully operational.

Please sign and return both copies of the enclosed agreement to me at the address listed below as soon as possible. I will then have the agreement signed by the appropriate Duke Energy official, insert the Initial Delivery Date once it is determined, and return a completed executed original to you for your records.

Please note the *North Carolina Interconnection Procedures, Forms, and Agreements* (Interconnection Standard) requires customer generators to maintain liability insurance coverage with an insurer authorized to do business in North Carolina for as long as the generation system is interconnected with the Company's system. Your non-residential installation requires a comprehensive general liability insurance policy with liability coverage in the amount of at least \$300,000 per occurrence. This insurance shall be primary for all purposes. Please continue to provide Duke Energy Carolinas with an insurance certificate as your policy renews.

This purchased power account will be billed on a monthly basis. Purchased power billing statements are normally produced during the last business week of the month and mailed on or before the end of the month. Payments due you as an electric supplier will follow within seven to ten days of your billing statement.

Please be sure to include your tax identification number on the signature page of the purchased power agreement for the account setup. If you have any questions regarding the enclosed documents, please call me at 704-382-9618 or contact me at the e-mail address listed above.

Sincerely,

Steve W. Smith, PE
Renewable Energy Director

Duke Energy Corporation
Mail Code: EC04C
PO Box 1006
Charlotte, NC 28201

Enclosures

PURCHASED POWER AGREEMENT

between

DUKE ENERGY CAROLINAS, LLC

and

WATAUGA COUNTY

“Watauga County Landfill Gas to Energy Facility”

Contract Number: 2011-51

Contract Date: November 16, 2011

Initial Delivery Date: _____

- 1 1.4 (a) The Nameplate Capacity of the Supplier's generating facilities, as defined in the attached
2 Schedule PP-N(NC) is 186 kilowatts, consisting of (2) KSD 8.2 liter GM landfill gas-fired
3 Gensets.
4
- 5 (b) The Supplier shall deliver to the Company throughout the term of the Agreement
6 approximately 95 kilowatts during On-Peak Periods as its "Capacity Commitment" as defined
7 in Paragraph 1.4(c) below.
8
- 9 (c) The "Capacity Commitment" shall be the average capacity in kilowatts the Supplier
10 commits to deliver to the Company during On-Peak Periods through the term of the
11 Agreement taking into account scheduled and forced outages, fuel availability, steam
12 requirements and any other conditions which might impact the average capacity during On-
13 Peak Hours.
14
- 15 (d) The maximum amount of electric power to be delivered by Supplier to the Company
16 under this Agreement shall be 180 kilowatts.
17
- 18 1.5 The Company will install and own such meter(s) as shall be necessary to measure and record
19 the electrical energy and demand(s) delivered and received in accordance with the terms and
20 conditions of this Agreement, such meter(s) to be located: At the delivery point, provided by
21 Blue Ridge Electric Cooperative.
22
- 23 1.6 Supplier shall provide to the Company, on a monthly basis within ten (10) days of the meter
24 reading date and in form to be mutually agreed upon by the Parties, information on the
25 Facility's fuel costs (coal, oil natural gas, supplemental firing, etc.), if any, for the power
26 delivered to the Company during the preceding month's billing period.
27
- 28 1.7 Supplier shall operate its Facility in compliance with all applicable operating guidelines
29 established by the North American Electric Reliability Council ("NERC") and the
30 Southeastern Electric Reliability Council ("SERC") or any successor thereto.
31
- 32 1.8 In the event the Company determines, based on calculations, studies, analyses, monitoring,
33 measurement or observation, that the output of the Facility will cause or is causing the
34 Company to be unable to provide proper voltage levels to its customers, the Supplier shall be
35 required to comply with a voltage schedule and/or reactive power output schedule as
36 prescribed by the Company. In the event such schedules are required by the Company, the
37 POWER FACTOR CORRECTION paragraph of Schedule PP-N(NC) attached hereto shall
38 not apply to service under this Agreement. If the Supplier fails to comply with such
39 schedule(s), the Company shall have the right to discontinue service and suspend purchases
40 until the Supplier is in compliance.
41
- 42 2. Rate Schedule and Service Regulations. The sale, delivery, and use of electric power
43 hereunder, and all services of whatever type to be rendered or performed in connection
44 therewith, shall in all respects be subject to and in accordance with all the terms and
45 conditions of the Company's Rate Schedule PP-N, Electricity No. 4, North Carolina Tenth
46 Revised Leaf No. 91, Option B, Transmission Interconnection, 5-Year Fixed Rate,

1 (“Rate Schedule”) and its Service Regulations, both of which are now on file with the North
2 Carolina Utilities Commission (“Commission”), and are hereby incorporated by reference and
3 made a part hereof as though fully set forth herein. Said Rate Schedule and Service
4 Regulations are subject to change, revision, alteration or substitution, either in whole or in
5 part, upon order of said Commission or any other regulatory authority having jurisdiction, and
6 any such change, revision, alteration or substitution shall immediately be made a part hereof
7 as though fully written herein, and shall nullify any prior provision in conflict therewith.
8

9 3. Initial Delivery Date.

10
11 3.1 The Initial Delivery Date shall be the first date upon which energy is generated by the Facility
12 and delivered to the Company, and such energy is metered by the Company. The Initial
13 Delivery Date under this Agreement is _____, 20____.

14
15 3.2 Subject to the provisions of Paragraph 3.4 hereof, if the Initial Delivery Date does not occur
16 within thirty (30) months from the date of execution of this Agreement, then the Company
17 may at any time thereafter terminate this Agreement immediately upon written notice to
18 Supplier.
19

20 3.3 The initial delivery of electric power is dependent upon the Company securing from the
21 manufacturers all necessary apparatus, equipment and material for the delivery of said power,
22 and the Company shall not be required to receive said power until it shall have secured and
23 installed such equipment, apparatus and material.
24

25 3.4 If either Party shall be delayed or prevented from delivering or receiving electric power on the
26 Initial Delivery Date by reason of an event or condition of force majeure as defined in
27 Paragraph 7 hereof, then the Initial Delivery Date and the beginning of Supplier’s obligation
28 to pay Interconnection Facilities Charges pursuant to Paragraph 5.3 hereof shall be extended
29 for a period proportionate to such delay or prevention.
30

31 4. Term. The term of this Agreement shall be 5 years beginning with the Initial Delivery Date,
32 continuing thereafter until terminated by either Party upon giving at least sixty (60) days’
33 prior written notice of such termination. The Company shall have the right of termination
34 provided in the attached Rate Schedule. In the event of early termination of this agreement,
35 the Supplier shall be required to pay the Company for costs due to such early termination.
36

37 5. Interconnection Facilities Charge.

38
39 5.1 (a) In accordance with the provisions of the attached Rate Schedule, the Company will
40 furnish, install, own and maintain Interconnection Facilities, including protective devices,
41 metering equipment, etc. to permit parallel operation of the Supplier’s facilities with the
42 Company’s system. The Interconnection Facilities Charge, calculated in accordance with the
43 Extra Facilities Provisions of the Company’s Service Regulations, to be paid by the Supplier
44 each month shall be \$ 0, which is 1.7% of the installed cost of said Interconnection Facilities,
45 which amount is \$ 0. Metering shall be provided by Blue Ridge Electric Cooperative under an
46 interconnection agreement between the Supplier and Blue Ridge Electric Cooperative.

1
2 (b) The costs and charges set forth above shall be determined no later than twelve (12)
3 months prior to the installation of the Interconnection Facilities to reflect then current costs,
4 conditions, and service requirements.

5
6 5.2 The monthly charge for the Interconnection Facilities to be provided under this Agreement is
7 subject to the rates, Service Regulations and conditions of the Company as the same are now
8 on file with the Commission and may be changed or modified from time to time upon
9 approval by the Commission. Any such changes or modifications, including those which may
10 result in increased charges for the Interconnection Facilities to be provided by the Company,
11 shall be made a part of this Agreement to the same effect as if fully set forth herein.
12

13 5.3 The Company shall furnish and install the Interconnection Facilities no later than the date
14 requested by Supplier for such installation. Supplier's obligation to pay the Interconnection
15 Facilities charges shall begin on the date that such Interconnection Facilities become
16 operational, except as provided in Paragraph 3.4 hereof, and such charges shall apply at all
17 times thereafter during the term of this Agreement, whether or not Supplier is actually
18 supplying electric power to the Company.
19

20 5.4 The Interconnection Facilities under this agreement are only applicable for systems that
21 comply with the *North Carolina Interconnection Procedures, Forms, And Agreements For*
22 *State-Jurisdictional Generator Interconnections* (Interconnection Standard), which include
23 requirements for compliance with the following:
24

25 1. The Institute of Electrical and Electronics Engineers (IEEE) P929 – “Recommended
26 Practice for Utility Interface of Photovoltaic Systems” (latest edition); and IEEE 1547
27 “Standard for Interconnecting Distributed Resources with Electric Power Systems”, latest
28 published edition.
29

30 2. Underwriters Laboratories (UL) 1741 – “Standard for Static Inverters and Charge
31 Controllers for use in Photovoltaic Power Systems.” (latest edition)
32

33 3. NFPA70 – National Electrical Code (NEC), and all applicable local codes (latest
34 editions) In order to ensure protection of the Company's system, the Company reserves
35 the right, at its discretion, to inspect the Customer's generating system at any time upon
36 reasonable notice to the Customer in an effort to ensure compliance with the
37 Interconnection Standard. The Company reserves the right to disconnect electric service
38 to any premises if the Company determines that the generating system is not in
39 compliance with the Interconnection Standard and is being operated in parallel with the
40 Company's system.
41

42 The Customer must submit an *Interconnection Request* which must be accepted by the
43 Company. The Customer shall be responsible for providing suitable control and protective
44 devices on its equipment to assure no disturbance to other customers of the Company or to
45 the Company itself, and to protect the Customer's facilities and the Company's facilities
46 from all loss or damage which could result from operation in parallel with the Company's

1 system. The Customer shall be responsible for any costs incurred by the Company pursuant
2 to the Interconnection Standard. The Company reserves the right to require additional
3 interconnection facilities, furnished, installed, owned and maintained by the Company, at
4 the Customer's expense, if the Customer's generating system, despite compliance with the
5 Interconnection Standard, causes safety, reliability or power quality problems.
6

7 The Customer shall obtain and retain, for as long as the generating facility is interconnected
8 with the Company's system, a comprehensive general liability insurance policy with
9 liability coverage in the amount of at least \$300,000 per occurrence which protects the
10 Customer from claims for bodily injury and / or property damage. This insurance shall be
11 primary for all purposes. The Customer shall provide certificates evidencing this coverage
12 as required by the Company. The Company reserves the right to refuse to establish, or
13 continue the interconnection of the Customer's generating system with the Company's
14 system, if such insurance is not in effect.
15

- 16 6. Service Interruptions. The Parties do not guarantee continuous service. They shall use
17 reasonable diligence at all times to provide satisfactory service, and to remove the cause or
18 causes in the event of failure, interruption, reduction or suspension of service, but neither
19 Party shall be liable for any loss or damage resulting from such failure, interruption, reduction
20 or suspension of service, nor shall same be a default hereunder, when due to any of the
21 following:
22

23 (a) An emergency action due to an adverse condition or disturbance on the system of the
24 Company, or on any other system directly or indirectly interconnected with it, which requires
25 automatic or manual interruption of the supply of electricity to some customers or areas in
26 order to limit the extent or damage of the adverse condition or disturbance, or to prevent
27 damage to generating or transmission facilities, or to expedite restoration of service, or to
28 effect a reduction in service to compensate for an emergency condition on an interconnected
29 system.
30

31 (b) An event or condition of force majeure as defined in Paragraph 7 hereof.
32

33 (c) Making necessary adjustments to, changes in, or repairs on Company lines, substations,
34 and facilities, and in cases where, in its opinion, the continuance of service from Supplier's
35 premises would endanger persons or property.
36

- 37 7. Force Majeure.
38

39 (a) Circumstances beyond the reasonable control of a Party which solely cause that Party to
40 experience delay or failure in delivering or receiving electricity or in providing continuous
41 service hereunder, including: acts of God; unusually severe weather conditions; earthquake;
42 strikes or other labor difficulties; war; riots; fire; requirements, actions or failures to act on the
43 part of governmental authorities (including the adoption or change in any rule or regulation or
44 environmental constraints lawfully imposed by federal, state or local government bodies), but
45 only if such requirements, actions or failures to act prevent or delay performance; or
46 transportation delays or accidents shall be deemed to be "events or conditions of force

1 majeure". Events or conditions of force majeure do not include such circumstances which
2 merely affect the cost of operating the Facility.
3

4 (b) Neither Party shall be responsible nor liable for any delay or failure in its performance
5 hereunder due solely to events or conditions of force majeure, provided that:
6

7 (i) The affected Party gives the other Party written notice describing the particulars of
8 the event or condition of force majeure, such notice to be provided within forty-eight (48)
9 hours of the determination by the affected Party that an event or condition of force
10 majeure has occurred, but in no event later than thirty (30) days from the date of the
11 occurrence of the event or condition of force majeure;
12

13 (ii) The delay or failure of performance is of no longer duration and of no greater scope
14 than is required by the event or condition of force majeure, provided that in no event shall
15 such delay or failure of performance extend beyond a period of twelve (12) months;
16

17 (iii) The affected Party uses its best efforts to remedy its inability to perform;
18

19 (iv) When the affected Party is able to resume performance of its obligations under this
20 Agreement, that Party shall give the other Party prompt written notice to that effect; and,
21

22 (v) The event or condition of force majeure was not caused by or connected with any
23 negligent or intentional acts, errors, or omissions, or failure to comply with any law, rule,
24 regulation, order or ordinance, or any breach or default of this Agreement.
25

26 8. Offset For Charges Due to Company. The Company reserves the right to set off against any
27 amounts due from the Company to Supplier, any amounts which are due from Supplier to the
28 Company, including, but not limited to, unpaid charges for Interconnection Facilities or past
29 due balances on any accounts Supplier has with the Company for other services.
30

31 9. Records. In addition to the regular meter readings to be taken once each month for billing
32 purposes, the Company may require additional meter readings, records, transfer of
33 information, etc. as may be agreed upon by the Parties. The Company reserves the right to
34 provide to the Commission or the FERC or any other regulatory body, upon request,
35 information pertaining to this Agreement, including but not limited to: records of the
36 Facility's generation output and the Company's purchases thereof (including copies of
37 monthly statements of power purchases and data from load recorders and telemetering
38 installed at the Facility); copies of this Agreement; and information regarding the
39 Interconnection Facilities, as set forth in Paragraph 5 hereof. The Company will not provide
40 any information developed solely by Supplier and designated by Supplier in writing to be
41 "proprietary" unless required to do so by order of the Commission or the FERC or any other
42 regulatory body or court, in which event, the Company will notify Supplier prior to supplying
43 the proprietary information.
44

- 1 10. Waiver. The failure of either Party to enforce or insist upon compliance with any of the terms
2 or conditions of this Agreement shall not constitute a waiver or relinquishment of any such
3 terms or conditions, but the same shall be and remain at all times in full force and effect.
4
- 5 11. Assignment. The rights and obligations accruing to the Supplier under this Agreement may
6 be assigned to another person, partnership, or corporation, subject to the Company's prior
7 approval of the assignment of said person, firm, or corporation, which approval shall not be
8 unreasonably or arbitrarily withheld. However, before such rights and obligations are
9 assigned, the assignee must first obtain necessary approval from all regulatory bodies
10 including, but not limited to, the Commission.
11
- 12 12. Notification of Assignment, Transfer or Sale. In the event of an assignment of the rights and
13 obligations accruing to the Supplier under this Agreement pursuant to Paragraph 11 hereof, or
14 in the event of any contemplated sale, transfer or assignment of the Facility or the Certificate
15 of Public Convenience and Necessity, the Supplier shall, in addition to obtaining the
16 approvals required by Paragraph 13 hereof, advise the Company and the Commission of any
17 plans for such an assignment, sale or transfer, or of any accompanying significant changes in
18 the information required by Commission Rules R8-64 and R8-65, all as more fully set forth in
19 Commission Rules R8-64 and R8-65, as amended, which are incorporated by reference
20 herein.
21
- 22 13. Regulatory Approval. This entire Agreement is contingent upon the Supplier's obtaining
23 required approval from all regulatory bodies including, but not limited to, a Certificate of
24 Public Convenience and Necessity or its equivalent from the Commission. The Parties hereto
25 agree that performance under this Agreement shall not commence unless and until such
26 approvals are obtained. If at any time during the term of this Agreement any of such required
27 approvals expire, are withdrawn, are revoked or for any reason become invalid, the Company
28 shall allow the Supplier a reasonable period to cure the problem before giving notice of
29 termination of this Agreement.

(Continued on page 12)

**SCHEDULE PP-N (NC)
 NON-HYDROELECTRIC QUALIFYING FACILITIES
 PURCHASED POWER**

AVAILABILITY (North Carolina only)

Available only to establishments located in the Company’s North Carolina service territory which have non-hydroelectric qualifying facilities fueled by trash or methane derived from landfills, hog waste, poultry waste, solar, wind, and non-animal forms of biomass contracting to sell generating capacity and energy not in excess of five (5) megawatts, or other non-hydroelectric generating facilities contracting to sell generating capacity and energy not in excess of three (3) megawatts, which are interconnected directly with the Company’s system and which are qualifying facilities as defined by the Federal Energy Regulatory Commission pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978.

The Fixed Long-Term Rates on this Schedule are available only to Customers under contract with the Company on or before November 1, 2012 for delivery of power beginning on or before the earlier of thirty (30) months from the date of execution of the contract or May 1, 2015.

Notwithstanding the above, all qualifying facilities have the option to sell energy to the Company on an “as available” basis and receive energy credits only calculated using the Variable Rates identified in this Schedule for the delivered energy.

This Schedule is not applicable to a qualifying facility owned by a Customer, or affiliate or partner of a Customer, who sells power to the Company from another facility within one-half mile.

Service necessary for the delivery of the Customer’s Net Power into the Company’s system under this Schedule shall be furnished solely to the individual contracting Customer in a single enterprise, located entirely on a single, contiguous premise. Service hereunder shall be restricted to the Net Capacity of the Customer’s generating facilities which may be operated in parallel with the Company’s system. Service necessary to supply the Customer’s total load requirements other than Auxiliary Load, and service necessary to supply the Customer’s Auxiliary Load when the Customer’s generating facilities are not operating, shall be billed on the applicable schedule(s) of the Company. Net Power delivered to the Company under this Schedule shall not offset or be substituted for power contracted for or which may be contracted for under any other schedule of the Company, except at the option of the Company under special terms and conditions expressed in writing in the contract with the Customer.

The obligations of the Company in regard to service under this Schedule are dependent upon its securing and retaining all necessary rights-of-way, privileges, franchises and permits for such service and the Company shall not be liable to any customer or applicant for power in the event it is delayed in, or is prevented from purchasing power by its failure to secure and retain such rights-of-way, rights, privileges, franchises and permits.

TYPE OF SERVICE

Company will furnish 60 Hertz service through one metering point, at one delivery point, at one of the following approximate voltages, where available, upon mutual agreement:

- Single-phase, 120/240 volts; or
- 3-phase, 3-wire, 240, 480, 4160, 12470, or 24940 volts; or
- 3-phase voltages other than the foregoing, but only at the Company’s option, and provided that the size of the Customer’s contract warrants a substation solely to serve that Customer, and further provided that the Customer furnish suitable outdoor space on the premises to accommodate a ground-type transformer installation, or substation, or a transformer vault built in accordance with the Company’s specifications.

The type of service under this Schedule shall be determined by the Company. Prospective customers shall ascertain the available voltage by written inquiry of the Company before purchasing equipment.

RATE * (One of the following two Rate options shall apply):

Option A

Administrative Charge	\$ 8.17 per month
Facilities Charge (if applicable – See Interconnection Facilities Charge)	\$ 8.03 per month

Interconnected to Distribution System:

	<u>Variable Rate</u>	<u>Fixed Long-Term Rate (a)</u>		
		<u>5 Years</u>	<u>10 Years (b)</u>	<u>15 Years (b)</u>
I. Capacity Credit				
a. All On-Peak Energy per On-Peak Month per kWh:	2.76 ¢	2.85 ¢	2.99 ¢	3.12 ¢
b. All On-Peak Energy per Off-Peak Month per kWh:	0.55 ¢	0.56 ¢	0.59 ¢	0.62 ¢

North Carolina Tenth Revised Leaf No. 91
 Effective for service on and after August 26, 2011
 NCUC Docket No. E-100, Sub 127, Order dated July 27, 2011

SCHEDULE PP-N (NC)
 NON-HYDROELECTRIC QUALIFYING FACILITIES
 PURCHASED POWER

	<u>Variable Rate</u>	<u>5 Years</u>	<u>10 Years (b)</u>	<u>15 Years (b)</u>
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	5.11 ¢	5.30 ¢	6.11 ¢	6.50 ¢
b. All Off-Peak Energy per Month per kWh:	3.98 ¢	4.07 ¢	4.46 ¢	4.67 ¢

Interconnected to Transmission System:

	<u>Variable Rate</u>	<u>Fixed Long-Term Rate (a)</u>		
		<u>5 Years</u>	<u>10 Years (b)</u>	<u>15 Years (b)</u>
I. Capacity Credit				
a. All On-Peak Energy per On-Peak Month per kWh:	2.69 ¢	2.78 ¢	2.92 ¢	3.04 ¢
b. All On-Peak Energy per Off-Peak Month per kWh:	0.53 ¢	0.55 ¢	0.58 ¢	0.60 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.98 ¢	5.17 ¢	5.95 ¢	6.33 ¢
b. All Off-Peak Energy per Month per kWh:	3.89 ¢	3.98 ¢	4.36 ¢	4.56 ¢

Option B

Administrative Charge	\$ 8.17 per month
Facilities Charge (if applicable – See Interconnection Facilities Charge)	\$ 8.03 per month

Interconnected to Distribution System:

	<u>Variable Rate</u>	<u>Fixed Long-Term Rate (a)</u>		
		<u>5 Years</u>	<u>10 Years (b)</u>	<u>15 Years (b)</u>
I. Capacity Credit				
a. All On-Peak Energy per Summer Month per kWh:	9.70 ¢	10.01 ¢	10.51 ¢	10.97 ¢
b. All On-Peak Energy per Non-Summer Month per kWh:	1.50 ¢	1.55 ¢	1.63 ¢	1.70 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	5.37 ¢	5.54 ¢	6.36 ¢	6.78 ¢
b. All Off-Peak Energy per Month per kWh:	4.29 ¢	4.40 ¢	4.94 ¢	5.20 ¢

Interconnected to Transmission System:

	<u>Variable Rate</u>	<u>Fixed Long-Term Rate (a)</u>		
		<u>5 Years</u>	<u>10 Years (b)</u>	<u>15 Years (b)</u>
I. Capacity Credit				
a. All On-Peak Energy per Summer Month per kWh:	9.45 ¢	9.76 ¢	10.25 ¢	10.70 ¢
b. All On-Peak Energy per Non-Summer Month per kWh:	1.46 ¢	1.51 ¢	1.58 ¢	1.66 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	5.24 ¢	5.40 ¢	6.20 ¢	6.61 ¢
b. All Off-Peak Energy per Month per kWh:	4.19 ¢	4.30 ¢	4.83 ¢	5.08 ¢

Notes: (a) The 10-Year and 15-Year Fixed Long-Term Rates are applicable only to those qualifying facilities which are non-hydroelectric qualifying facilities fueled by trash or methane derived from landfills, hog waste, poultry waste, solar, wind, and non-animal forms of biomass contracting to sell capacity and energy not in excess of five (5) megawatts.

(b) Contracts for the 10-Year and 15-Year Fixed Long-Term Rates are subject to a provision making the contract renewable for subsequent term(s) at the option of the Company on substantially the same terms and provisions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration the Company's then avoided cost rates and other relevant factors, or (2) set by arbitration.

* Unless otherwise specified in the Company's contract with the Customer, payment of credits under this Schedule do not convey to the Company the right to renewable energy credits (RECs) associated with the energy delivered to the Company by the Customer.

**SCHEDULE PP-N (NC)
NON-HYDROELECTRIC QUALIFYING FACILITIES
PURCHASED POWER**

DEFINITIONS

Nameplate Capacity: The term "Nameplate Capacity" shall mean the maximum continuous electrical output capability of the generator(s) at any time at a power factor of ninety percent (90%).

Net Capacity: The term "Net Capacity" shall mean the Nameplate Capacity of the Customer's generating facilities, less the portion of that capacity needed to serve the generating facilities' Auxiliary Load.

Auxiliary Load: The term "Auxiliary Load" shall mean power used to operate auxiliary equipment in the facility necessary for power generation (such as pumps, blowers, fuel preparation machinery, and exciters).

Net Power: The term "Net Power" shall mean the total amount of electric power produced by the Customer's generating facilities less the portion of that power used to supply the generating facilities' Auxiliary Load.

Month: The term "Month" as used in this Schedule means the period intervening between meter readings for the purposes of monthly billing, such readings being taken once per month.

For Option A Rates, the On-Peak Months shall be the billing Months of June through September and December through March. The Off-Peak Months shall be the billing Months of April, May, October and November.

For Option B Rates, the Summer Months are the period from June 1 through September 30. The Non-Summer Months are the period from October 1 through May 31.

DETERMINATION OF ON-PEAK AND OFF-PEAK ENERGY

On-Peak Energy shall be energy, in kilowatt-hours, which is supplied to the Company during On-Peak Period Hours. Off-Peak Energy shall be energy, in kilowatt-hours, which is supplied to the Company during the Off-Peak Period Hours.

For Option A Rates, the On-Peak Period Hours shall be those hours, Monday through Friday, beginning at 7 A.M. and ending at 11 P.M. The Off-Peak Period Hours shall be all other weekday hours and all Saturday and Sunday hours.

For Option B Rates, the On-Peak Period Hours shall be those hours, Monday through Friday, beginning at 1 P.M. and ending at 9 P.M. during Summer Months, and beginning at 6 A.M. and ending at 1 P.M. during Non-Summer Months. The Off-Peak Period Hours shall be all other weekday hours and all Saturday and Sunday hours. All hours for the following holidays shall be considered as Off-Peak: New Year's Day, Memorial Day, Good Friday, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, and Christmas Day.

SAFETY, INTERCONNECTION AND INSPECTION REQUIREMENTS

This Schedule is only applicable for installed generation systems and equipment that comply with the provisions outlined in the North Carolina Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Generator Interconnections (hereinafter "Interconnection Procedures") as approved by the North Carolina Utilities Commission.

The Customer must submit an Interconnection Request, which must be accepted by the Company, pay an application fee, comply with the liability insurance requirements of the Interconnection Procedures and enter into a specific contract providing for interconnection to the Company's system.

In order to ensure protection of the Company's system, the Company reserves the right, at its discretion, to inspect the Customer's generation system and equipment at any time upon reasonable notice to the Customer in an effort to ensure compliance with the Interconnection Procedures. The Company reserves the right to disconnect electric service to the premises if the Company determines that the Customer's generation system and equipment is not in compliance with the Interconnection Procedures and is being operated in parallel with the Company's system.

INTERCONNECTION FACILITIES CHARGE

The Customer shall be responsible for providing suitable control and protective devices on his equipment to assure no disturbance to other customers of the Company or to the Company itself, and to protect the Customer's facilities from all loss or damage which could result from operation with the Company's system.

**SCHEDULE PP-N (NC)
NON-HYDROELECTRIC QUALIFYING FACILITIES
PURCHASED POWER**

The Company will furnish, install, own, and maintain interconnection facilities as necessary for service under this Schedule including: suitable control and protective devices installed on Company equipment to allow operation of the Customer's generating facilities; metering facilities equipped to prevent reverse registration for the measurement of service under this Schedule; and any other modifications to its system required to serve the Customer under this Schedule as determined by the Company.

All such facilities shall be subject to a monthly charge under the Extra Facilities provisions of the Company's Service Regulations provided, however, that the minimum Extra Facilities charge shall not apply. The Company reserves the right to install at any time facilities necessary for the appropriate measurement of service under this Schedule and to adjust the Interconnection Facilities Charge accordingly, solely at the option of the Company.

When the installed generating system complies with the North Carolina Interconnection Procedures and no additional interconnection facilities are required, the Facilities Charge shown in the Rate above will be applied to cover the cost of the Company's metering and installation.

DETERMINATION OF CAPACITY CREDITS

Capacity Credits will be based on the energy, in kilowatt-hours, which is supplied to the Company during the On-Peak Period Hours of the Month and will be applied to the Customer's bill in the appropriate Month.

Capacity Credits are available only to qualifying facilities classified as "new capacity" in accordance with the Federal Energy Regulatory Commission's Order No. 69 in Docket No. RM79-55 and in accordance with the North Carolina Utilities Commission's Order dated September 21, 1981 in Docket No. E-100, Sub 41.

POWER FACTOR CORRECTION

When the average Monthly power factor of the power supplied by the Customer to the Company is less than 90 percent or greater than 97 percent, the Company may correct the energy, in kilowatt-hours, as appropriate. The Company reserves the right to install facilities necessary for the measurement of power factor and to adjust the Interconnection Facilities Charge accordingly, solely at the option of the Company.

PAYMENTS

Credit billings to the Customer shall be payable to the Customer within fifteen (15) days of the date of the bill.

Bills under this Schedule are due and payable on the date of the bill at the office of the Company. Bills are past due and delinquent on the fifteenth day after the date of the bill. If any bill is not so paid, the Company has the right to suspend service. In addition, all bills not paid by the twenty-fifth day after the date of the bill shall be subject to a one percent (1%) late payment charge on the unpaid amount. This late payment charge shall be rendered on the following month's bill and it shall become part of and be due and payable with the bill on which it is rendered.

CONTRACT PERIOD

Each Customer shall enter into a contract which shall specify the amount of capacity committed for delivery throughout the term of the contract and shall specify one of the following as the initial term and associated rate: variable rate for five (5) years or fixed long-term rate for five (5), ten (10) or fifteen (15) years. Following the initial term, the Variable Rate as from time to time amended by the North Carolina Utilities Commission shall apply to all power purchased by the Company until superseded by a new contract.

The Company reserves the right to terminate the Customer's contract under this Schedule at any time upon written notice to the Customer in the event that the Customer violates any of the terms or conditions of this Schedule or operates its generating facilities in a manner which is detrimental to the Company or any of its Customers or fails to deliver energy to the Company for six (6) consecutive Months. In the event of early termination of a contract under this Schedule, the Customer will be required to pay the Company for costs due to such early termination.

IN WITNESS WHEREOF, on the day and year first above written, the Parties hereto have caused their official names to be hereunto subscribed by their respective Presidents, Vice Presidents or Authorized Representatives. Executed in Duplicate.

DUKE ENERGY CAROLINAS, LLC

By _____
Managing Director

WATAUGA COUNTY

By _____

Print _____

Tax Id Number _____

Blank Page

AGENDA ITEM 10:**LANDFILL GAS TO ENERGY PROJECT MATTERS*****C. Proposed Amendments to Filing with the NC Utilities Commission*****MANAGER'S COMMENTS:**

Ms. Doty will provide an update on the County's filing with the North Carolina Utilities Commission on the purchaser of the excess power generated at the landfill project. The County was initially selling the excess power to BREMCO; however Duke, BREMCO's wholesale provider, is now purchasing the excess power. In addition, the Board needs to authorize the County Manager to send a letter informing the US Department of Energy of the County's intent to apply for the Renewable Energy Production Incentive Program.

Board action is requested to change the purchaser of excess power from BREMCO to Duke Energy, contingent upon County Attorney review; and authorize the County Manager to send a letter expressing the County's intent to apply for the Renewable Energy Production Incentive Program.

Board action is required.



County of Watauga

Administration Building, Suite 205 • 814 West King Street • Boone, North Carolina 28607

BOARD OF COMMISSIONERS

Nathan A. Miller, Chairman
David Blust, Vice-Chairman
Jim Deal
Tim Futrelle
Vince Gable

Telephone 828-265-8000
TDD 1-800-735-2962
Voice 1-800-735-8262

COUNTY MANAGER
Deron T. Geouque

COUNTY ATTORNEY
Stacy C. Eggers, IV

December 6, 2011

DRAFT

Chief Clerk
North Carolina Utilities Commission
4325 Mail Services Center
Raleigh, NC 27699-4325

To Whom It May Concern:

This filing is an amendment to Docket SP-658, the report of Proposed Construction of an Electric Generating Facility according to NCUC Rule R8-65. This amended application is for a 200 kW landfill gas to energy project and includes the original and 16 copies of the application. A copy of this application also has been provided to Duke Energy Corporation and Blue Ridge Electric Membership Corporation.

Sincerely,

Nathan A. Miller, Chairman
Watauga County Board of Commissioners

CC: Brian Crutchfield, Blue Ridge Electric Membership Corporation
Steve Smith, Duke Energy Corporation

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. SP-658

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

VERIFICATION

In the matter of the amended Report of Proposed Construction of an Electric Generating Facility by Watauga County for the landfill gas to energy project at the Watauga County Sanitation Department.

I, Nathan A. Miller, Chairman of the Watauga County Board of Commissioners, verify that the contents of the Report of Proposed Construction by Watauga County filed in this docket are true to the best of my knowledge. I am duly authorized to act on behalf of Watauga County.

Nathan A. Miller, Chairman

Sworn to and subscribed before me,
This is the _____ day of _____, 2010.

Notary Public

My Commission expires: _____

Blank Page

AGENDA ITEM 10:

LANDFILL GAS TO ENERGY PROJECT MATTERS

D. Proposed Dates for Ribbon Cutting Ceremony for the Gas to Energy Project

Ms. Doty will request the Board provide a date for the ribbon cutting celebrating the new Gas to Energy project coming online. The proposed dates are Thursday, December 15, 2011, 2:00 PM or later; Friday, December 16, 2011, anytime; or Monday, December 19, 2011, 1:00 PM or later.

Staff seeks direction from the Board.

From: Lisa.Doty
Sent: Thursday, December 01, 2011 9:01 AM
To: Anita.Fogle; Deron.Geouque
Cc: JV Potter; Donna.Watson
Subject: Potential Dates for Ribbon Cutting for LFG project

Anita, we are looking at the following dates for ribbon cutting for the Landfill Gas to Energy Project. Deron asked to please add this to the Commissioners' packets so they can be looking at what dates work best for them.

Thursday, Dec. 15 – 2:00 p.m. or later
Friday, Dec. 16 – Anytime
Monday, Dec. 19 – 1:00 p.m. or later

Thank you!

AGENDA ITEM 11:

REQUEST TO ACCEPT ADDITIONAL ALLOCATION OF HOME AND COMMUNITY CARE BLOCK GRANT FUNDING

MANAGER'S COMMENTS:

Ms. Angie Boitnotte, Director of the Project on Aging, will report that an additional \$9,932 is available to Watauga County from the Home and Community Care Block Grant (H&CCBG) Funds in fiscal year 2012. The additional amount requires \$1,103 in local match which is present in the Project on Aging's current budget. The funds will be expended as outlined in the attached memo.

Board approval is requested.



Watauga County Project on Aging

132 Poplar Grove Connector, Suite A • Boone, North Carolina 28607

Website: www.wataugacounty.org/aging angie.boitnotte@watgov.org

Telephone 828-265-8090 Fax 828-264-2060 TTY 1-800-735-2962 Voice 1-800-735-8262 or 711

MEMORANDUM

TO: Deron Geouque, County Manager

FROM: Angie Boitnotte, Director

DATE: November 28, 2011

SUBJ: Request for Board of County Commissioners' Consideration: Additional Allocation of HCCBG funds and FY 2012 HCCBG Budget Revision

The High Country Area Agency on Aging received notification of the actual FY 2012 HCCBG allocation. The Home and Community Care Block Grant allocation for FY 2012 is \$258,039, which is an increase of \$9,932 over the forecasted amounts used during budget preparation. The current allocation requires \$28,670 in local match, an increase of \$1,103, which is present in the agency's budget. The increase will be allocated as follows:

HCCBG Service	Amount	Change
In-Home Aide I	\$94,494	\$2,483
In-Home Aide II	\$32,483	\$2,483
Congregate Meals	\$46,080	\$2,483
Home Delivered Meals	\$84,982	\$2,483

Additionally, the state allocations for the following services were also adjusted based on the actual FY 2012 allocation and resulted in a decrease of \$13 in local match:

Service	Amount	Change
Part D Health Promotion	\$1,790	- \$99
Medication Management	\$652	-\$10
Family Caregiver Support (Respite II)	\$4,001	\$0

Upon approval, these funds will become part of the Project on Aging FY 2012 budget. I plan to be present for discussion or questions.

NAME AND ADDRESS
COMMUNITY SERVICE PROVIDER
 Watauga County Project on Aging
 132 Poplar Grove Connector, Suite A
 Boone, NC 28607

Non - Home and Community Care Block Grant for Older Adults
DOA-732 (Rev. 3/11)
 County: Watauga
July 1, 2011 through June 30, 2012
REVISION # 1 , DATE: 11/28/11

County Funding Plan

Provider Services Summary

Services	Ser. Del. (Check One)	A			B	C	D	E	F	G	H	I
		Direct Purch.	Access	Non-Block Grant Funding								
		In-Home	Other	Total	Required Local Match	Net* Serv Cost	NSIP Subsidy	Total Funding	Projected NonHCCBG Units	Projected Reimburse. Rate	Projected NonHCCBG Clients	Projected Total Units
Part D Funds												
Health Promotion	X		1,790		199	1,989	0	1,989	NA	NA	62	NA
Medication Mgt.	X		652		72	724	0	724	NA	NA	50	NA
Family Caregiver												
Respite II	X		4,001		0	4,001	0	4,001	227	17.6256	6	270
Total			0	6,443	271	6,714	0	6,714	227		118	270

*Adult Day Care & Adult Day Health Care Net Service Cost

Daily Care	ADC	ADHC										
Transportation												
Administrative												
Net Ser. Cost Total												

Certification of required minimum local match availability.

Required local match will be expended simultaneously with Non-Block Grant Funding

Authorized Signature, Title
 Community Service Provider

Signature, County Finance Officer Date

Signature, Chairman, Board of Commissioners Date

AGENDA ITEM 12:

DOT SECONDARY ROAD ADDITION REQUEST

MANAGER'S COMMENTS:

Mr. Joe Furman will present a proposed resolution requesting an addition to the State Maintained Secondary Road System by extending Silverleaf Road 488 feet. Board action is required to adopt the enclosed resolution and forward it to the Department of Transportation for consideration of adding this road to the state maintained secondary roads system. Mr. Furman will be available for questions.

From: Joe Furman
Sent: Monday, November 28, 2011 4:44 PM
To: Anita.Fogle
Subject: FW: Proposed Extension of SR 1420 (Silverleaf Road)
Attachments: SR-2 (W-606) Silverleaf Road.doc; Proposed Extension of SR 1420 (Silver Leaf Road) (Marked Map).pdf

Anita,

The Commissioners are requested to approve on December 6th the attached resolution supporting the addition of a segment of Silverleaf Road to the State-maintained system. The resolution is necessary for NCDOT to proceed. I have been informed that the segment meets the State's requirements for addition. Thanks.

Joe

Joseph A. Furman, AICP
Director, Watauga County Planning & Inspections and Economic Development
331 Queen Street, Suite A
Boone, NC 28607
(828) 265-8043
(828) 265-8080 (fax)
joe.furman@watgov.org

From: Greer, Brandon S [<mailto:bgreer@ncdot.gov>]
Sent: Monday, November 14, 2011 8:34 AM
To: Joe Furman
Subject: Proposed Extension of SR 1420 (Silverleaf Road)

Joe:

We received a petition for the proposed extension of SR 1420 (Silverleaf Road). The petitioned distance is 488-ft., which takes the roadway to the gated entrance on Silverleaf Road. I have attached the SR-2 form, along with a marked map of the area. Please let me know if you need any additional information.

Brandon S. Greer
Transportation Technician
P.O. Box 1460
Boone, NC 28607
(828) 265-5380 (P)
(828) 265-5414 (F)

**North Carolina Department of Transportation
Division of Highways
Request for Addition to State Maintained Secondary Road System**

North Carolina

County: Watauga

Road Description: Extension of 488-ft. of SR 1420 (Silverleaf Road)

WHEREAS, the attached petition has been filed with the Board of County Commissioners of the County of Watauga requesting that the above described road, the location of which has been indicated in red on the attached map, be added to the Secondary Road System, and

WHEREAS, the Board of County Commissioners is of the opinion that the above described road should be added to the Secondary Road System, if the road meets minimum standards and criteria established by the Division of Highways of the Department of Transportation for the addition of roads to the System.

NOW, THEREFORE, be it resolved by the Board of County Commissioners of the County of Watauga that the Division of Highways is hereby requested to review the above described road, and to take over the road for maintenance if it meets established standards and criteria.

CERTIFICATE

The foregoing resolution was duly adopted by the Board of Commissioners of the County of _____ at a meeting on the _____ day of _____, 20__.

WITNESS my hand and official seal this the _____ day of _____, 20__.

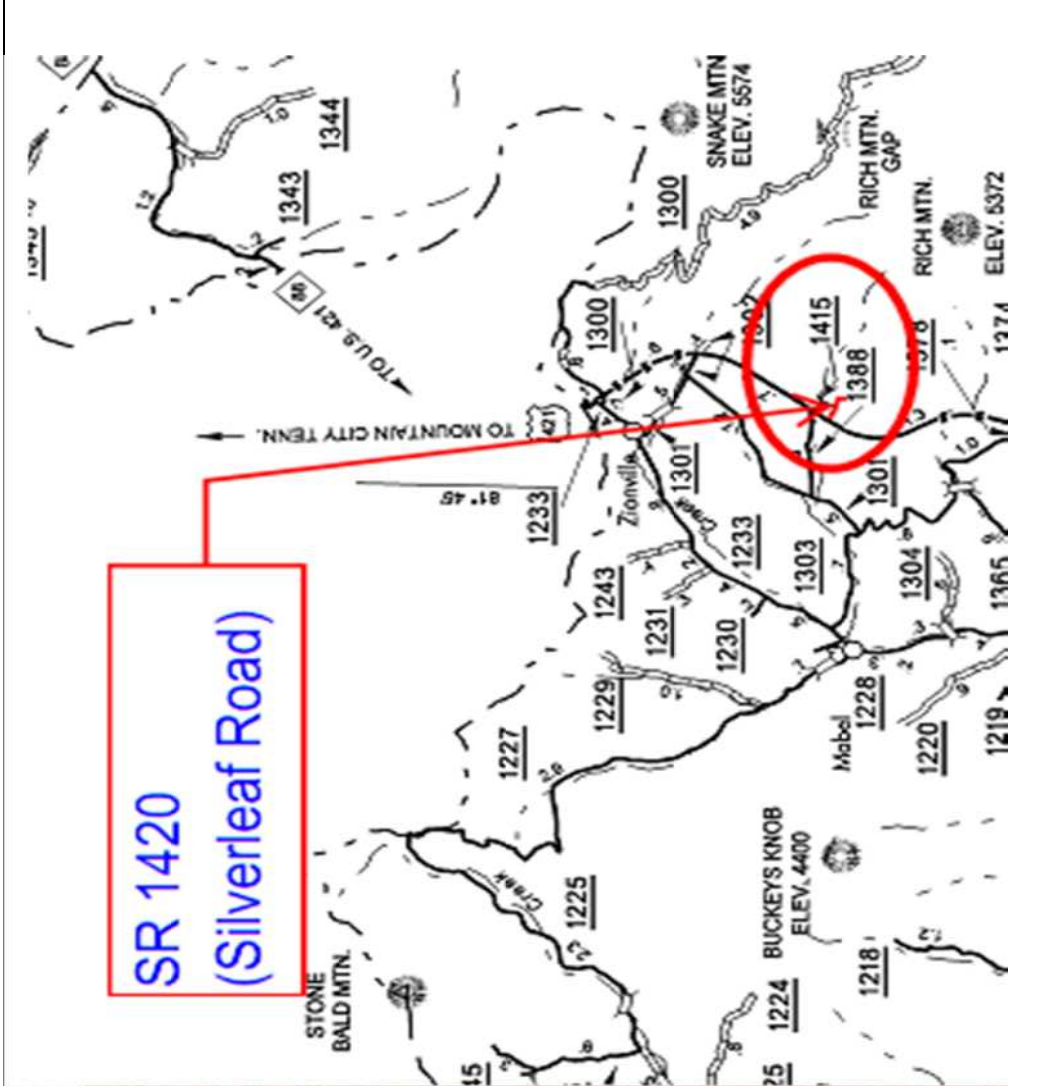
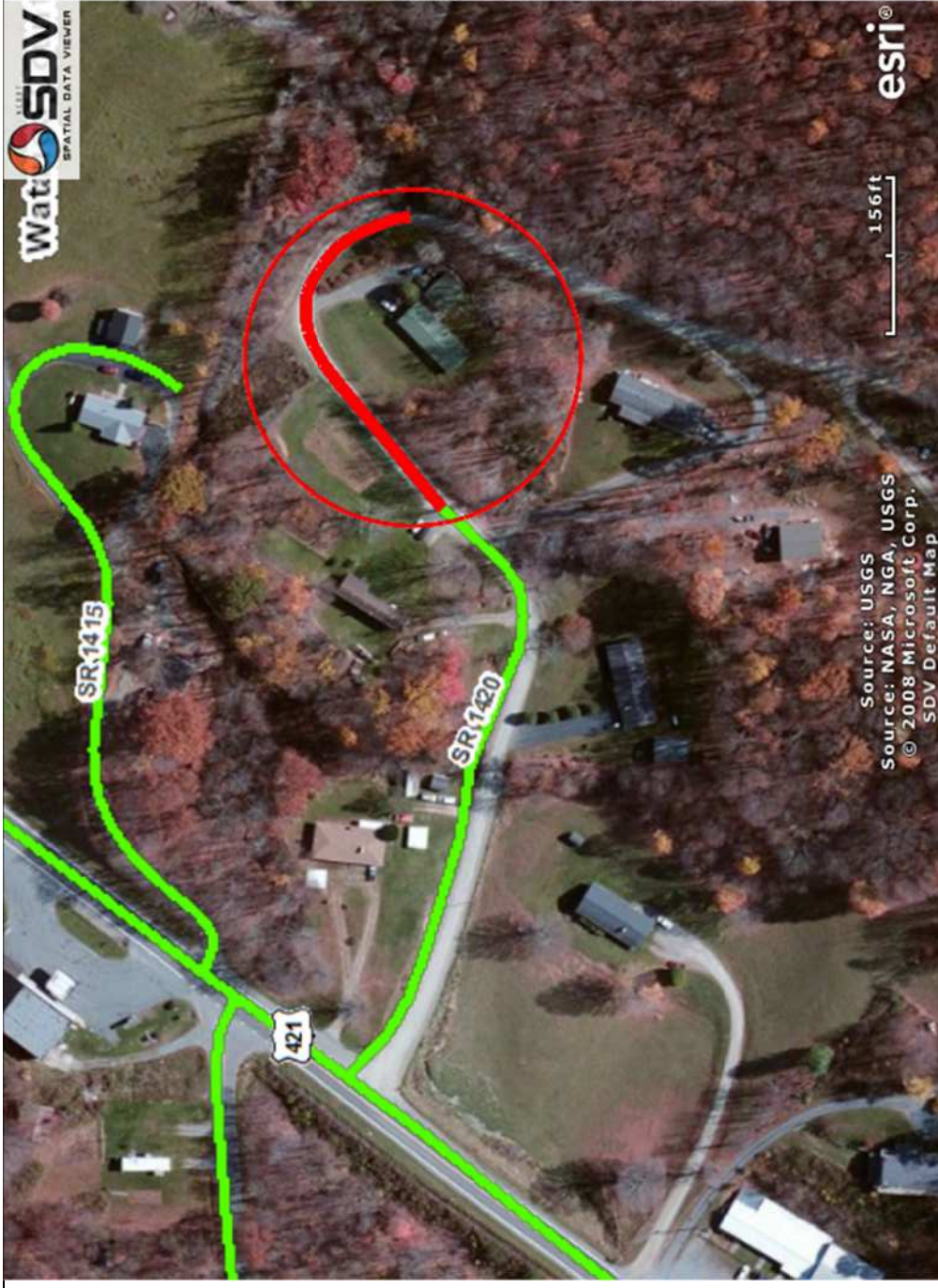
Official Seal

Clerk, Board of Commissioners
County: _____

PLEASE NOTE:

Forward direct with request to the Division Engineer, Division of Highways

Proposed Road Addition Extension of SR 1420 (Silverleaf Road) – Watauga County Extend Roadway 488-ft.



AGENDA ITEM 13:

TAX MATTERS

A. Monthly Collections Report

MANAGER'S COMMENTS:

Tax Administrator Kelvin Byrd will present the monthly collections report and be available for questions and discussion.

The report is for information only; therefore, no action is required.

AGENDA ITEM 13:

TAX MATTERS

B. Refunds and Releases

MANAGER'S COMMENTS:

Mr. Byrd will present the Refunds and Releases Report. Board action is required to accept the Refunds and Releases Report.

Blank Page

AGENDA ITEM 14:

FINANCE MATTERS

A. Presentation of Smoky Mountain Center's Quarterly Financial Report

MANAGER'S COMMENTS:

Ms. Margaret Pierce, Finance Director, will present the Smoky Mountain Center Quarterly Report as required by State Statute.

No action is required.



WATAUGA COUNTY FINANCE OFFICE

814 West King St., Room 216 - Boone, NC 28607 - Phone (828) 265-8007 Fax (828) 265-8006

MEMORANDUM

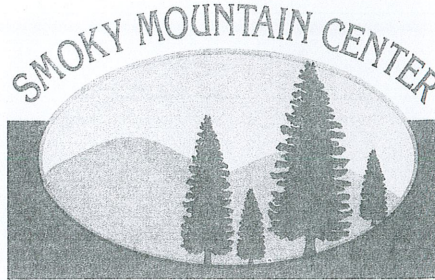
TO: Deron Geouque, County Manager
FROM: Margaret Pierce, Finance Director *mp*
SUBJECT: Smoky Mountain Center Quarterly Financial Report
DATE: November 15, 2011

Attached is a copy of the fiscal monitoring report (FMR) from Smoky Mountain Center for the quarter ended September 30, 2010. This FMR was received on November 15, 2011 and is provided by Smoky Mountain Center to comply with the G.S. 122C-117(c).

excerpt from G.S. 122C-117(c)

(c) Within 30 days of the end of each quarter of the fiscal year, the area director and finance officer of the area authority shall provide the quarterly report of the area authority to the county finance officer. The county finance officer shall provide the quarterly report to the board of county commissioners at the next regularly scheduled meeting of the board. The clerk of the board of commissioners shall notify the area director and the county finance officer if the quarterly report required by this subsection has not been submitted within the required period of time. This information shall be presented in a format prescribed by the county. At least twice a year, this information shall be presented in person and shall be read into the minutes of the meeting at which it is presented. In addition, the area director or finance officer of the area authority shall provide to the board of county commissioners ad hoc reports as requested by the board of county commissioners.

Smoky Mountain Center
44 Bonnie Lane
Sylva, NC 28779



Area Administrative Office
828-586-5501
www.smokymountaincenter.org

"Meeting community needs... one person at a time."

November 11, 2011

Dear County Finance Officer:

Enclosed you will find Smoky Mountain Center's fiscal monitoring report (FMR) for the quarter ended September 30, 2011.

To remind all Finance Officers: S.L. 2006-142 amended G.S. 122C-117(c) to require the Area Director and Area Authority Finance Officer to submit quarterly finance reports to the County Finance Officer, instead of submitting to each member of each board of County Commissioners participating in the Area Authority. The County Finance Officer is then to submit the report to the Board of County Commissioners at its next regularly scheduled meeting.

This FMR is the financial report intended to be provided to comply with the general statutes.

If you have any questions regarding the enclosed reports, please e-mail Lisa Slusher, Finance Officer, at: lisa@smokymountaincenter.com; or Sherri Hayes, Accounting Manager, at: sherri@smokymountaincenter.com.

Sincerely,

A handwritten signature in cursive script that reads "Sherri L. Hayes".

Sherri L. Hayes, BS
Accounting Manager
Smoky Mountain Center

Enclosure

Division of Mental Health, Developmental Disabilities & Substance Abuse Services
 Quarterly Fiscal Monitoring Report

SMOKY MOUNTAIN CENTER

For the period ending:

of month in the fiscal year=====> 3
 (July = 1, August = 2, . . . , June = 12)

1. REPORT OF BUDGET VS. ACTUAL

ITEM	Basis of Accounting:		(1)	(2)	(3)	(4)	(5)	(6)
	Cash	Accrual						
	X							
	PRIOR YEAR		CURRENT YEAR					
	2010-2011		BUDGET	ACTUAL	BUDGET	ACTUAL	BALANCE	ANNUALIZED
	BUDGET	ACTUAL		YR-TO-DATE		YR-TO-DATE	(Col. 3-4)	PERCENTAGE **
REVENUE								
Client Fees	312	12,361	-	-	-	-	-	#DIV/0!
Medicaid - "Regular Fee-for-Service"	8,511,964	8,110,371	6,720,000	1,770,195	4,949,805	105.37%		105.37%
Medicaid - CAP/MRDD	600,000	540,283	540,000	138,632	401,368	102.69%		102.69%
Medicare	15,000	18,226	-	54	(54)	#DIV/0!		#DIV/0!
Insurance	2,500	15,239	-	(889)	889	#DIV/0!		#DIV/0!
Other Local	639,160	636,853	569,861	396,564	173,297	278.36%		278.36%
Appropriation of Fund Balance *	550,000	-	5,178,620	-	5,178,620	0.00%		0.00%
Total Local Funds	10,318,936	9,333,333	13,008,481	2,304,556	10,703,925	70.86%		70.86%
County Appropriations (by county):								
ALEXANDER County	37,825	37,825	37,825	7,456	30,369	78.85%		78.85%
ALLEGHANY County	115,483	115,483	115,483	28,871	86,612	100.00%		100.00%
ASHE County	189,566	189,566	189,566	47,392	142,175	100.00%		100.00%
AVERY County	92,400	92,400	92,400	23,100	69,300	100.00%		100.00%
CALDWELL County	104,138	104,138	104,138	26,034	78,104	100.00%		100.00%
CHEROKEE County	75,000	75,000	75,000	18,750	56,250	100.00%		100.00%
CLAY County	10,000	10,000	10,000	2,500	7,500	100.00%		100.00%
HAYWOOD County	100,000	100,000	100,000	-	100,000	0.00%		0.00%
JACKSON County	123,081	123,081	123,081	30,770	92,311	100.00%		100.00%
MACON County	106,623	106,623	106,623	26,656	79,967	100.00%		100.00%
MCDOWELL County	67,856	67,856	67,856	16,964	50,892	100.00%		100.00%
SWAIN County	25,000	25,000	25,000	-	25,000	0.00%		0.00%
GRAHAM County	6,000	6,000	6,000	-	6,000	0.00%		0.00%
WATAUGA County	221,194	221,194	221,194	55,299	165,896	100.00%		100.00%
WILKES County	259,200	259,200	259,200	64,800	194,400	100.00%		100.00%
Total County Funds	1,533,366	1,533,366	1,533,366	348,591	1,184,775	90.93%		90.93%
Service Management Funds	7,242,715	7,242,715	7,122,715	1,780,679	5,342,036	100.00%		100.00%
Service Delivery Funds	30,279,877	29,521,781	27,028,822	7,027,200	20,001,622	104.00%		104.00%
All Other State/Federal Funds	1,793	1,793	1,793	-	1,793	0.00%		0.00%
Total State and Federal Funds	37,524,385	36,766,289	34,153,330	8,807,879	25,345,451	103.16%		103.16%
TOTAL REVENUE	49,376,687	47,632,988	48,695,177	11,461,026	37,234,151	94.15%		94.15%
EXPENDITURES:								
Service Management	7,242,715	7,106,297	7,122,715	1,701,285	5,421,430	95.54%		95.54%
Directly Provided Services	1,183,444	1,083,701	1,036,998	221,603	815,395	85.48%		85.48%
Provider Payments	38,585,933	35,947,603	36,730,303	8,290,084	28,440,219	90.28%		90.28%
All Other	2,364,594	2,289,419	3,805,161	239,239	3,565,922	25.15%		25.15%
TOTAL EXPENDITURES	49,376,686	46,427,020	48,695,177	10,452,211	38,242,966	85.86%		85.86%
CHANGE IN CASH BALANCE		1,205,968		1,008,815				
Beginning Unrestricted Fund Balance		3,806,910		5,022,536				
Current Estimated Unrestricted Fund Balance and percent of budgeted expenditures	10.17%	5,022,536	12.74%	6,201,866				

* "Appropriation of Fund Balance" represents the Area Program Fund Balance that has been incorporated as part of the Approved Budget. Actual Yr-To-Date should reflect Fund Balance utilized to date and an explanation needs to be provided for the specific uses of fund.
 ** annualized Revenue percentage less than 90% and Expenditure percentages greater than 110% must be explained on the attachment and submitted with the Fiscal Monitoring Report

2. CURRENT CASH POSITION:	(1)	(2)	(3)	(4)	(5)	Receivables net of Allowance for Uncollectible Receivables
	30 DAYS	60 DAYS	90 DAYS	OVER 90 DAYS	TOTAL	
Accounts Payable (Accrual Method)	314,010		600,748	1,055	\$ 915,813	
Account Receivable (Accrual Method)	2,390,667	2,919,573		61,342	\$ 5,371,830	\$ 5,371,830

Current Cash in Bank 16,261,434

3. SERVICE EXCEPTIONS: (Provided Based on System Capability)

Services authorized but not billed 623,422

* We certify (a) this report to contain accurate and complete information, (b) explanations are provided for any expenditure item with an annualized expenditure rate greater than 110% and for any revenue item with an annualized receipt rate of less than 90%, and (c) a copy of this report has been provided to each county manager in the catchment area*.

Area Director  date 11/5/11
 Area Finance Officer  date 10/27/11
 Area Board Chair  date 10-27-11

CC: County Manager for each county within the catchment area.

Division of Mental Health, Developmental Disabilities & Substance Abuse Services
Quarterly Fiscal Monitoring Report - Explanation of Revenue and Expenditure Variances

SMOKY MOUNTAIN CENTER

Local Management Entity

for the period ending:

September 30, 2011

ITEM	Explanation		
Prior Year Presentation is Pre-liminary subject to audit			
Revenues:			
Alexander County Revenue - 78.85%	County is behind on their current year payment.		
Haywood County Revenue - 0%	County is behind on their current year payment.		
Swain County Revenue - 0%	County is behind on their current year payment.		
Graham County Revenue - 0%	County is behind on their current year payment.		
Other State/Federal Funds - 0%	Expenditure has not occurred that would generate FSR for reimbursement		
<u>Fund Balance Appropriations:</u>		5,178,620.00	
Medicaid Waiver Readiness (659)	Appropriated	2,770,000.00	Prepare to apply for Medicaid Waiver
	Used	121,230.00	
Legal Fees (633)	Appropriated	100,000.00	Legal fees and associated costs related
	Used	11,407.00	to Evergreen Foundation.
State Services	Appropriated	2,308,620	Appropriated funds will be utilized after
	Used		- state service dollars are exhausted.
Expenditures:			
Fund Balance:			

Blank Page

AGENDA ITEM 14:

FINANCE MATTERS

B. Proposed Contract for Inmate Catastrophic Insurance

MANAGER'S COMMENTS:

Ms. Pierce will request the Board approve the renewal of the contract with Insurance Management Consultants, Inc. for catastrophic insurance for medical claims related to inmate care. The renewal increase is \$752 for a total of \$32,729 annually.

Adequate funds in the jail budget are available to cover the renewal increase and staff recommends the Board approve the contract as presented.



WATAUGA COUNTY FINANCE OFFICE

814 West King St., Room 216 - Boone, NC 28607 - Phone (828) 265-8007 Fax (828) 265-8006

MEMORANDUM

TO: Deron Geouque, County Manager
FROM: Margaret Pierce, Finance Director
SUBJECT: Inmate Catastrophic Insurance Contract
DATE: November 28, 2010

Attached please find information on the renewal contract from Insurance Management Consultants, Inc for the insurance policy for large medical claims incurred on behalf of inmates in the County's care. The renewal amount is \$32,729 with the \$10,000 deductible and includes increased daily average maximums. This is an increase of \$752 from last year's premium and funds are available in the current jail budget for this contract. I recommend acceptance of the contract terms.

Board approval is requested for the contract.

CATASTROPHIC INMATE MEDICAL REIMBURSEMENT INSURANCE

Name of Insured: Watauga County (NC)
 Date: November 16, 2011
 Term of Contract: 1 Year, December 1, 2011 – December 1, 2012
 Insurance Carrier: United HealthCare-OptumHealth (Unimerica Insurance Company)
 Coverage: Off-Site Inpatient Hospital Services and Outpatient Surgical and attending Physician Services

The maximum eligible expense allowable shall be limited to the lesser of the amount paid or up to an "Average Daily Maximum" (ADM) per admission of \$20,000 ADM for the first three days and \$12,000 ADM thereafter.

<u>COVERAGE BASIS</u>	<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>
Limit of Coverage Per Inmate:	\$250,000	\$250,000	\$250,000
Specific Deductible Per Inmate:	\$10,000	\$15,000	\$20,000
Current Inmate Population:	87	87	87
Rate Per Inmate, Per Month:	\$31.35	\$29.15	\$27.10
Total Estimated Annual Premium	\$32,729	\$30,433	\$28,292

OPTIONAL** COVERAGE BUY BACK:

Additional Annual Premiums

	<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>
Aids/HIV and Pregnancy	Included	Included	Included

EXCLUSIONS OR LIMITATIONS:

- All charges incurred as a result of AIDS / HIV illnesses**
- All charges in connection with rehab treatment of substance abuse
- All charges in connection with pregnancy **
- All charges in connection with rehab treatment of mental or nervous disorders
- All charges in connection with security or guarding any inmate for any reason
- Charges which are incurred after the inmate has been released from custody
- All charges for which government authorities are not legally obligated to pay
- Charges paid outside the terms of the Plan Document
- Charges which are not inpatient medical

ASSUMPTIONS AND CONDITIONS:

- This quote is an estimate based on data provided and subject to a completed application
- Eligible claims are those occurring in 12 months and paid in 18 months
- Large claim updates may be required
- The Company reserves the right to audit the inmate count
- This quotation contains general information and is not a contract or binder of insurance
- This proposal directly reflects administration over-ride 5%
- This proposal directly reflects commission of 17% (IMCI Commission 10%)
- A.M. Best Rating: A XV
- Quotes valid for 30 days


 Insurance
 Management
 Consultants,
 Inc.

Blank Page

AGENDA ITEM 14:

FINANCE MATTERS

C. Proposed Resolution to Adopt 125 Cafeteria Plan

MANAGER'S COMMENTS:

As part of the County's change in health insurance plans, specifically the Health Savings Account (HSA), the County needs to adopt a 125 Cafeteria Plan per IRS regulations. The Section 125 Cafeteria Plan will provide the County flexibility and allow for pre-tax payroll deductions such as health savings accounts.

The County Attorney has already reviewed the document and staff would request the Board approve the plan as presented.



WATAUGA COUNTY

FINANCE OFFICE

814 West King St., Room 216 - Boone, NC 28607 - Phone (828) 265-8007 Fax (828) 265-8006

MEMORANDUM

TO: Deron Geouque, County Manager
FROM: Margaret Pierce, Finance Director
SUBJECT: IRS Section 125 Cafeteria Plan
DATE: November 30, 2011

Attached please find a draft IRS Section 125 Cafeteria Plan prepared by the County Attorney and a resolution. This will allow the County to meet the requirements of the IRS for pre tax payroll deductions for items such as the health savings account.

Board approval of the Plan and resolution are requested.

Watauga County

Health Benefits Cafeteria Plan

Adopted: _____

**ADOPTION AGREEMENT
SECTION 125 CAFETERIA PLAN**

I. Basic Plan Information.

- A. The name of the adopting Employer is: Watauga County
- B. The name of the Plan shall be the Watauga County Health Benefits Cafeteria Plan (hereinafter referred to as the "Plan").
- C. The Effective Date of the Plan shall be January 1, 2012. In the event that the accompanying Plan document is an amended and restated version of the Plan previously adopted by the Employer, the amended and restated Plan document shall be effective as of the date set forth on the cover page of the Plan document.

The Plan Year of the Plan is the period beginning on the Effective Date and ending on the next following June 30 and each 12 consecutive month period beginning July 1 thereafter.

- D. The Employer's Federal "Employer Identification Number" is 56-6001816.

II. Participating Employers.

The definition of "Employer" under the Plan includes Watauga County, its agencies, departments, and subdivisions.

III. Participant Eligibility.

The default election under the Plan is that all Employees shall become Eligible Employees upon meeting the eligibility requirements set forth on **Schedule A**.

IV. Employer Contributions.

The Employer may elect to make periodic contributions toward the monthly cost of coverage in accordance with **Schedule B** as attached.

V. Medical Care Coverage Options.

The medical care coverage options available to Participants under the Plan are any and all policies of medical insurance that have been granted the seal of approval by the North Carolina Department of Insurance. Any medical care coverage option that subsequently loses the North Carolina Department of Insurance's seal of approval will continue to be a medical care coverage option under the Plan, but only to the extent that Participants enrolled in such

medical care coverage option on the date the seal of approval is lost remain enrolled in that medical care coverage option without interruption.

Such medical care coverage options are available to Participants on a voluntary basis, without endorsement by the Employer and are not intended to be part of the Employer's benefit program.

VI. Employer's Execution of Adoption Agreement

Having made the elections described in this Adoption Agreement, the Employer hereby adopts the Plan (consisting of this Adoption Agreement, including Schedules, and the attached Section 125 Cafeteria Plan document), which Plan is hereby executed in its name and on its behalf by the duly authorized Watauga County Board of Commissioners as the Employer.

FOR THE EMPLOYER

Signature: _____
Name: Nathan A. Miller
Title: Chairman, Watauga County Board of Commissioners
Date: _____

WITNESS SIGNATURE

Signature: _____
Date: _____

**SCHEDULE A - ELIGIBILITY REQUIREMENTS UNDER THE PLAN; OTHER
CLASSES OF EMPLOYEES EXCLUDED FROM THE DEFINITION OF
ELIGIBLE
EMPLOYEE UNDER THE PLAN**

Those employees described as Regular Employees of Watauga County as set forth in the Watauga County employee handbook, and waiting period contained therein, so long as said waiting period does not exceed two months.

**SCHEDULE B - FORMULA FOR EMPLOYER CONTRIBUTIONS
UNDER THE PLAN**

The Employee contribution amount per Participant shall be either a percentage of monthly costs or a flat dollar amount as set during each budget cycle of the Watauga County Board of County Commissioners. If the Watauga County Commissioners Employer contribution varies by class of Employees, the Employer assumes full responsibility for its Employer contribution design.

In no event shall the existence of any Employer contributions for monthly premium costs, as indicated above, be construed to require the Employer to pay or otherwise be liable for any deductible, coinsurance, copayment or other cost-sharing amounts related to the applicable medical care coverage option elected by the Participant.

Section 125 Cafeteria Plan

Table of Contents

ARTICLE

Article I. Introduction

- 1.1. Establishment: Purpose of Plan8
 1.2. Cafeteria plan status.....8

Article 2. Definitions

- 2.2. "Code"8
 2.3. "Coverage Period"9
 2.4. "Effective Date"9
 2.5. "Eligible Employee"9
 2.6. "Employee"9
 2.7. "Employer"9
 2.8. "Independent Contractor"9
 2.9. "Key Employee"9
 2.10. "Multiemployer Health Benefit Plan"10
 2.11. "Optional Benefit Coverages"10
 2.12. "Participant"10
 2.13. "Participating Employer"10
 2.14. "Plan"10
 2.15. "Plan year"10
 2.16. "Seasonal Employee"10
 2.17. "Temporary Employee"10

Article 3. Participation

- 3.1. Commencement of participation10
 3.2. Cessation of participation11
 3.3. Reinstatement of former Participant11

Article 4. Optional Benefit Coverages

- 4.1. Coverage options11
 4.2. Description of Optional Benefit Coverages.....12
 4.3. Election of Optional Benefit Coverages
 in Lieu of Cash12
 4.4. Election procedure.....13
 4.5. New Participants.....13
 4.6. Failure to make election.....14

Table of Contents (con't)

ARTICLE

4.7. Revocation or change of election by the Participant during the Coverage Period.....	14
4.8 Consistency Rules.....	19
4.9. Changes by Administrator	20
4.10. Adjustment of Compensation Reductions.....	20
4.11. Automatic termination of election.....	20
4.12. Maximum elective contributions.....	21
4.13. Cessation of required contributions.....	21
4.14. Elections Via Other Media.....	21
4.15. Coordination with FMLA.....	21
4.16. Special Rule for Certain Covered Individuals	22
Article 5. Administration of Plan	
5.1. Plan Administrator	22
5.2. Examination of records	23
5.3. Reliance on tables, etc.....	24
5.4. Nondiscriminatory exercise of authority.....	24
Article 6. Amendment and Termination of Plan	
6.1. Amendment of Plan.....	24
6.2. Termination of Plan.....	25
Article 7. Miscellaneous Provisions	
7.1. Information to be furnished	25
7.2. Limitation of rights.....	25
7.3. Employment Not Guaranteed	25
7.4. Governing law.....	25

Section 125 Cafeteria Plan

Article I. Introduction.

1.1. Establishment: Purpose of Plan. Watauga County adopts the Plan consisting of this Plan document, the Adoption Agreement, the attached Schedules, and amendments thereto. The name of the Plan shall be the Watauga County Health Benefits Cafeteria Plan. The purpose of this Plan is to provide Participants with a choice between regular cash compensation and Optional Benefit Coverages.

1.2. Cafeteria plan status. This Plan is intended to qualify as a "cafeteria plan" under Section 125 of the Internal Revenue Code of 1986, as amended, and is to be interpreted in a manner consistent with the requirements of Section 125. To the extent required, this Plan is also intended to be maintained as required by, and in accordance with, North Carolina law as amended from time to time.

Article 2. Definitions.

Wherever used in this Plan, the singular includes the plural and the following terms have the following meanings, unless a different meaning is clearly required by the context.

2.1. "Administrator" means Watauga County or such other person or committee as may be appointed from time to time by the Employer to supervise the administration of the Plan.

2.2. "Code" means the Internal Revenue Code of 1986, as amended from time to time. Reference to any section or subsection of the Code includes

reference to any regulations thereunder and any comparable or succeeding provisions of any legislation which amends, supplements or replaces such section or subsection.

2.3 . "Coverage Period" means the Plan Year.

2.4. "Effective Date" means the date set forth in Section I.C. of the Adoption Agreement.

2.5. "Eligible Employee" means an Employee who meets the eligibility requirements described in Section III of the Adoption Agreement. An individual who does not meet the eligibility requirements in the Adoption Agreement shall not be eligible to participate in the Plan under any circumstances.

2.6. "Employee" means any individual who is employed by the Employer, Watauga County, North Carolina, whether or not the individual is a North Carolina resident. Employee includes, by way of example and not by way of limitation, full-time Employees, part-time Employees, Temporary Employees, and Seasonal Employees. Employee shall not include an Independent Contractor or an individual who is self -employed in accordance with Code section 401 c).

2.7. "Employer" means Watauga County and any successor that assumes the obligations of the Employer under the Plan.

2.8. "Independent Contractor" means an individual that provides services not deemed to be employment.

2.9. "Key Employee" means any person who is a key employee, as defined in section 416(i)(I) of the Code, with respect to the Employer.

2.10. "Optional Benefit Coverages" means the medical care coverage option(s) available to a Participant as set forth in the Adoption Agreement.

2. 11. "Participant" means any individual who participates in the Plan in accordance with Article 3.

2.12. "Participating Employer" means any subsidiary or affiliated organization or entity and any successor(s) of any of them which, with the approval of the Employer and subject to such conditions as the Employer may impose, adopts the Plan.

2.13. "Plan" means Watauga County.

2.14. "Plan Year" means the period set forth in Section I.E of the Adoption Agreement.

2.15. "Seasonal Employee" means an Employee who is a seasonal employee.

2.16. "Temporary Employee" means an individual that works for an Employer on either a full or part time basis; whose employment is explicitly temporary in nature and does not exceed 12 consecutive weeks during the period from October 1 through September 30.

2.17. "Regular Employee" means an individual who is classified as a Regular Employee by the Watauga County Employee Handbook, and may include part-time and full-time employees.

Article 3. Participation.

3.1. Commencement of Participation. Each Eligible Employee will become a Participant in this Plan on the date he or she becomes an Eligible Employee,

subject to his or her completion of any applicable waiting period set forth on the attached Adoption Agreement. Participation in this Plan means only that the Participant is entitled to contribute toward his or her share of the cost of Optional Benefit Coverages on a pre-tax basis. The date participation in this Plan commences does not necessarily correspond with the effective date of any Optional Benefit Coverage elected by the Participant. Each Participant may elect Optional Benefit Coverages in accordance with, and subject to, the procedures set forth in Article 4 and such other procedures as may be established by the Administrator from time to time.

3.2. Cessation of Participation. A Participant shall cease to be a Participant as of the earlier of (a) the date on which the Plan terminates or (b) the date on which he or she ceases to be an Eligible Employee.

3.3. Reinstatement of Former Participant. A former Participant who meets the requirements for an Eligible Employee will become a Participant again if and when he or she becomes an Eligible Employee, subject to the completion of any applicable waiting period.

Article 4. *Optional Benefit Coverages.*

4.1. Coverage options. Each Participant may choose under this Plan to receive his or her full compensation in cash or to have all or a portion of such compensation applied by the Employer toward the cost of the Optional Benefit Coverages elected by the Participant. Notwithstanding anything herein to the contrary, Optional Benefit Coverages shall be limited to those medical care

coverage options (MCCO) identified in Section V of the Adoption Agreement to the extent they are available to the Participant.

4.2. Description of Optional Benefit Coverages. While the election of Optional Benefit Coverages may be made under this Plan, the coverages and benefits elected by Participants will be provided not by this Plan but by the applicable MCCO identified in the Adoption Agreement. The types and amounts of benefits available under each MCCO, the requirements for participating in such MCCO, the effective date of the MCCO coverage and the other terms and conditions of coverage and benefits under such MCCO are as set forth from time to time in the insurance policy forms that constitute (or are incorporated by reference in) the applicable MCCO. The benefit descriptions in such MCCO and in the evidence of coverage corresponding to such MCCO, as in effect from time to time, are hereby incorporated by reference into this Plan.

4.3. Election of Optional Benefit Coverages in Lieu of Cash. A Participant may elect under this Plan, in accordance with the procedures described in Sections 4.4, 4.5, and 4.6 to receive one or more Optional Benefit Coverages to the extent available to the Participant under the Adoption Agreement. If a Participant elects an Optional Benefit Coverage for a Coverage Period, and if the Participant is required to pay all or a share of the cost of such coverage in accordance with Section IV of the Adoption Agreement, such share shall be paid by a reduction in the Participant's regular compensation for the Coverage Period. The balance of the cost of each such coverage, if any, shall be paid by the Employer under this Plan with non-elective Employer contributions. In the

event that the Participant's regular compensation is insufficient in amount to pay the Participant's share of the monthly cost of such Optional Benefit Coverage by compensation reduction, the Employer has no responsibility under this Plan to cover, pay or advance on behalf of the Participant any such shortfall and the Participant shall make immediate arrangements to pay any such shortfall on an after-tax basis in accordance with the procedures specified by the Administrator.

4.4. Election Procedure. Prior to the commencement of each Coverage Period, the Administrator shall provide (or make available) a means of election for each Participant and for each other individual who is expected to become a Participant at the beginning of the applicable Coverage Period. The election shall be effective as of the first day of the Coverage Period. Each Participant who desires to elect an Optional Benefit Coverage available for the Coverage Period shall so specify in his or her election. The Participant shall agree to a reduction in his or her compensation equal to the cost of the Optional Benefit Coverages elected by the Participant. Each election must be made on or before such date as the Administrator shall specify.

4.5. New Participants. Before, or as soon as practicable after, an individual becomes a Participant under Section 3.1 or 3.3, the Administrator shall provide the means of election described in Section 4.4 to the individual. If the individual desires one or more Optional Benefit Coverages for the balance of the Coverage Period, the individual shall so specify in his or her election. The Participant shall agree to a reduction in his or her compensation equal to the

cost of the Optional Benefit Coverages elected by the Participant. Each election must be made on or before such date as the Administrator shall specify.

4.6. Failure to Make Election.

(a) A new Participant's failure to make an election under Section 4.4 or 4.5 on or before the due date specified by the Administrator for the Coverage Period in which he or she becomes a Participant shall constitute an election by the Participant to receive his or her full compensation in cash.

(b) An existing Participant's failure to make an election relating to an Optional Benefit Coverage on or before the due date specified by the Administrator for any subsequent Coverage Period shall constitute (1) a re-election of the same coverage, if any, as was in effect just prior to the end of the preceding Coverage Period (to the extent such Optional Benefit Coverage remains available under the Plan), and (2) an agreement to a reduction in the Participant's compensation for the subsequent Coverage Period equal to the cost of such coverage.

4.7. Revocation or Change of Election by the Participant During the Coverage Period.

(a) Any election made under the Plan (including an election made through inaction under Section 4.6) shall be irrevocable by the Participant during the Coverage Period except as otherwise provided in (b) through (k) below.

(b) With respect to an Optional Benefit Coverage, a Participant may revoke an election for the balance of the Coverage Period and, if desired, file a

new election in writing if, under the facts and circumstances, (1) a change in status occurs, and (2) the requested revocation and new election satisfy the consistency requirements in Section 4.8 below. For this purpose, a change in status includes the following events:

(1) Legal marital status. An event that changes a Participant's legal marital status, including marriage, death of spouse, divorce, or legal separation or annulment.

(2) Number of dependents. An event that changes a Participant's number of dependents (as defined in Code Section 152), including birth, death, adoption or placement for adoption.

(3) Employment Status. An event that changes the employment status of the Participant, the Participant's spouse or dependent, including termination or commencement of employment, a commencement or return from an unpaid leave of absence, or as well as any other change in the individual's employment status that results in the individual becoming (or ceasing to be) eligible under a benefit plan of the Employer.

(4) Requirements For Unmarried Dependents. An event that causes a dependent to satisfy or cease to satisfy the requirements for coverage on account of attainment of age, student status, or any similar circumstance.

(5) Residence. A change in the place of residence of the Participant or his or her spouse or dependent.

(6) Other. Such other events that the Administrator determines will permit the revocation of an election (and, if applicable, the filing

of a new election) during a Coverage Period under regulations and rulings of the Internal Revenue Service.

(c) In the case of coverage under a medical plan identified in the Adoption Agreement, a Participant may revoke an election for the balance of the Coverage Period and file a new election that corresponds with the special enrollment rights provided in Code Section 980 I (f) pertaining to HIPAA special enrollment rights, whether or not the change in election is permitted under Section 4.7(b) above.

(d) In the case of a judgment, decree or order resulting from a divorce, legal separation, annulment, or change in legal custody (including a qualified medical child support order) that requires health coverage for a Participant's child or for a foster child who is a dependent of the Participant, a Participant may change his or her election (1) in order to provide coverage for the child under a health coverage identified in the Adoption Agreement if the order so requires, or (2) in order to cancel a health coverage identified in the Adoption

Agreement for the Participant's child if such order requires the Participant's spouse or former spouse or another individual to provide coverage for the child and that coverage is, in fact, provided.

(e) In the case of a medical Optional Benefit Coverage, a Participant may revoke an election in writing for the balance of the Coverage Period and file a new election in writing in order to cancel or reduce such medical Optional Benefit Coverage for the Participant and/or for one or more covered dependents of the Participant to the extent that such individual becomes entitled to

coverage under Part A or Part B of Title XVIII of the Social Security Act (Medicare) or Title XIX of the Social Security Act (Medicaid), other than coverage consisting solely of benefits under Section 1928 of the Social Security Act (the program for distribution of pediatric vaccines). In addition, if the Participant or any eligible dependent who has been entitled to Medicare or Medicaid loses eligibility for such coverage, the Participant may file a new election in writing for the balance of the Coverage Period to commence or increase a medical Optional Benefit Coverage.

(f) In the case of a medical Optional Benefit Coverage, if the Participant's share of the cost of such coverage significantly increases or significantly decreases during the Coverage Period, the Participant may make a corresponding change in election under the Plan for the balance of the Coverage Period, as follows:

(1) for a significant cost increase, Participants electing such coverage for the Coverage Period may revoke their election and either elect a similar Optional Benefit Coverage for the balance of the Coverage Period, or drop such coverage if there is no similar Optional Benefit Coverage; or

(2) for a significant cost decrease, Participants may elect to commence participation in the Optional Benefit Coverage with the significant cost decrease and may make corresponding election changes regarding similar coverage, for the balance of the Coverage Period.

(g) In the case of a medical Optional Benefit Coverage, if the Participant or his or her spouse or dependent experiences a significant

curtailment in coverage during the Coverage Period, the Participant may make a corresponding change in election under the Plan for the balance of the Coverage Period as follows:

(1) for a significant curtailment that is not a loss of coverage, the Participant electing such coverage for the Coverage Period may revoke his or her election and elect a similar medical Optional Benefit Coverage for the balance of the Coverage Period; or

(2) for a significant curtailment that is (or is deemed by the Administrator to be) a loss of coverage, the Participant electing such coverage for the Coverage Period may revoke his or her election and either elect a similar Optional Benefit Coverage for the balance of the Coverage Period, or drop such coverage if there is no similar Optional Benefit Coverage.

(h) If during the Coverage Period a new Optional Benefit Coverage becomes available, or an existing Optional Benefit Coverage is significantly improved, Participants may elect the new or significantly improved coverage, and may make corresponding election changes regarding similar coverage, for the balance of the Coverage Period.

(i) In the event that a Participant's spouse or dependent makes an election change under a plan maintained by his or her employer, the Administrator may permit the Participant to revoke an election under this Plan and make a new election for the balance of the Coverage Period that is on account of and corresponds with the election change made by the Participant's spouse or dependent, if:

(1) the election change made by the Participant's spouse or dependent under his or her employer's plan satisfies the regulations and rulings under Code section 125; or

(2) the period of coverage under the plan maintained by the employer of the Participant's spouse or dependent does not correspond with the Coverage Period of this Plan.

(j) In the event that a Participant, his or her spouse or dependent loses group health coverage sponsored by a governmental or educational institution, the Participant may elect a medical Optional Benefit Coverage for the balance of the Coverage Period for the Participant, his or her spouse or dependent.

(k) Any application for a revocation and new election under this Section 4.7 must be made within the time specified by the Administrator following the date of the actual event and shall be effective at such time as the Administrator shall prescribe, unless otherwise required by law.

4.8. Consistency Rules. A Participant's requested revocation and new election will be consistent with a change in status if the election change is on account of and corresponds with a change in status that affects the eligibility for coverage under a plan of the Employer or under a plan maintained by the employer of the Participant's spouse or dependent. A change in status that affects eligibility under the Employer's plan shall include a change in status that results in the increase or decrease in the number of a Participant's family members or dependents who may benefit from coverage under the plan.

4.9. Changes by Administrator. If the Administrator determines, before or during any Coverage Period, that the Plan may fail to satisfy for such year any nondiscrimination or other requirement imposed by the Code or any limitation on benefits provided to Key Employees, the Administrator shall take such action as the Administrator deems appropriate, under rules uniformly applicable to similarly situated participants, to assure compliance with such requirement or limitation. Such action may include, without limitation, a modification of elections by highly compensated Employees (as defined by the Code for purposes of the nondiscrimination requirement in question) or Key Employees without the consent of such Employees.

4.10. Adjustment of Compensation Reductions. If the cost of an Optional Benefit Coverage provided to a Participant increases or decreases during a Coverage Period, including any increase or decrease due to a change in the Participant's salary, a corresponding change shall be made in the compensation reductions of the Participant in an amount reflecting such increase or decrease, as determined by the Administrator.

4.11. Automatic Termination of Election. Any election made under this Plan (including an election made through inaction under Section 4.6) shall automatically terminate on the date on which the Participant ceases to be a Participant in the Plan, although coverage or benefits may continue if and to the extent provided by such coverage. In the event such a former Participant again becomes a Participant within 30 days of ceasing to be a Participant, the elections previously in effect for the Participant shall be automatically

reinstated for the balance of the Coverage Period, except as otherwise elected by the Participant in accordance with Section 4.7.

4.12. Maximum Elective Contributions. The maximum amount of elective contributions under the Plan for any Participant shall be the total cost to the Participant for the Coverage Period of the most expensive Optional Benefit Coverages that any Participant could elect.

4.13. Cessation of Required Contributions. Nothing in this Plan shall prevent the cessation of coverage or benefits under any Optional Benefit Coverage, in accordance with the terms of such coverage, on account of a Participant's failure to pay the Participant's share of the cost of such coverage or benefits, through compensation reduction or otherwise.

4.14. Elections Via Other Media. The Administrator may, in its discretion, use any telephonic, electronic or other alternative media form that it deems necessary or appropriate for the election of Optional Benefit Coverages under the Plan.

4.15. Coordination with FMLA. Notwithstanding any other provision of this Plan, the Administrator may (a) permit a Participant to revoke (and subsequently reinstate) his or her election of one or more Optional Benefit Coverages under the Plan, and (b) adjust a Participant's compensation reduction as a result of a revocation or reinstatement to the extent the Administrator deems necessary or appropriate to assure the Plan's compliance with the provisions of the Family and Medical Leave Act of 1993 and any regulations pertaining thereto.

4. 16. Special Rule for Certain Covered Individuals. Notwithstanding anything in this Plan to the contrary, the cost of providing Optional Benefit Coverage to an individual as a dependent of the Participant (where the covered individual is not a dependent of the Participant for purposes of Code Section 152, as modified by Code section I 05(b) and IRS Notice 2004-79) shall be paid by the Participant with after-tax contributions. Such costs shall either be deducted by the Employer from the after-tax compensation of the Participant or, to the extent the cost of such Optional Benefit Coverage is paid from compensation reduction or any other form of Employer contribution, shall be treated as taxable compensation received by the Participant and contributed by the Participant on an after-tax basis.

Article 5. *Administration or Plan.*

5. 1. Plan Administrator. The administration of the Plan shall be under the supervision of the Administrator. It shall be a principal duty of the Administrator to see that the Plan is carried out, in accordance with its terms, for the exclusive benefit of persons entitled to participate in the Plan without discrimination among them. The Administrator will have full discretionary power to administer the Plan in all of its details, subject to applicable requirements of law. For this purpose, the Administrator's discretionary powers will include, but will not be limited to, the following discretionary authority, in addition to all other powers provided by this Plan:

(a) To make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of the Plan;

- (b) To interpret the Plan;
- (c) To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan;
- (d) To appoint such agents, counsel, accountants, consultants and other persons as may be required to assist in administering the Plan; and
- (e) To delegate its responsibilities under the Plan and to designate other persons to carry out any of its responsibilities under the Plan, any such delegation or designation to be in writing. Any determination by the Administrator, or its authorized delegate, shall be final and conclusive on all persons, in the absence of clear and convincing evidence that the Administrator or delegate acted arbitrarily and capriciously. Notwithstanding the foregoing, any claim which arises under any Optional Benefit Coverage shall not be subject to review under this Plan, and the Administrator's authority under this Section 5.1 shall not extend to any matter as to which another administrator or entity is empowered to make determinations under such Optional Benefit Coverage.

5.2. Examination of Records. The Administrator will make available to each Participant such of its records under the Plan as pertain to the Participant, for examination at reasonable times during normal business hours; provided, however, that the Administrator shall have no obligation to disclose any records or information which the Administrator, in its sole discretion, determines to be of a privileged or confidential nature.

5.3. Reliance on Tables etc. In administering the Plan, the Administrator will be entitled to the extent permitted by law to rely conclusively on all tables, valuations, certificates, opinions and reports which are furnished by, or in accordance with the instructions of, the administrators of the plans identified in the Adoption Agreement, or by accountants, counselor other experts employed or engaged by the Administrator.

5.4. Nondiscriminatory Exercise of Authority. Whenever, in the administration of the Plan, any discretionary action by the Administrator is required, the Administrator shall exercise its authority in a nondiscriminatory manner so that all persons similarly situated will receive substantially the same treatment.

Article 6. Amendment and Termination of Plan.

6.1. Amendment of Plan. The power to amend the Plan, in whole or in part, shall be vested in the Employer, which shall have the sole discretion to make all amendments to the Plan or any of its provisions. Such amendment shall be effected by a written instrument signed by a duly authorized representative of the Employer or his or her authorized delegate, and delivered to the Administrator. Subject to the foregoing provisions the Schedules in the Adoption Agreement may be amended without the need to execute a new Adoption Agreement. Such amendment shall be made by the Employer in a written certification specifying that the Plan is amended by substituting the amended Schedule.

6.2. Termination of Plan. The Employer has established the Plan with the bona fide intention and expectation that it will be continued indefinitely; however, the Employer will have no obligation whatsoever to maintain the Plan for any given length of time and may discontinue or terminate the Plan at any time, without liability, by a written instrument signed by a duly authorized representative of the Employer, or his or her authorized delegate, and delivered to the Administrator.

Article 7. Miscellaneous Provisions.

7.1. Information to be Furnished. Participants shall provide the Employer and the Administrator with such information and evidence, and shall sign such documents as may reasonably be requested from time to time for the purpose of administration of the Plan.

7.2. Limitation of Rights. Neither the establishment of the Plan nor any amendment thereof, nor the payment of any benefits will be construed as giving to any Participant or other person any legal or equitable right against the Employer or the Administrator, except as provided herein.

7.3. Employment Not Guaranteed. Nothing contained in the Plan nor any action taken hereunder shall be construed as a contract of employment or as giving any Employee any right to be retained in the employ of the Employer.

7.4. Governing Law. Except to the extent federal law applies, this Plan shall be construed, administered and enforced according to the laws of the State of North Carolina.

Watauga County

Resolution to Adopt a Section 125 Cafeteria Plan

WHEREAS, the County of Watauga is authorized to adopt changes in the benefits it offers employees in ways to better serve some those employees as well as its citizens;

NOW, THEREFORE, the Watauga County Board of Commissioners resolves:

1. The adoption and ratification of the Watauga County Health Benefits Cafeteria Plan (the "Plan"), in the form attached hereto as Exhibit A is hereby approved; and
2. The Watauga County Finance Officer be, and hereby is authorized, empowered and directed, in the name and on behalf of the County, to take any and all actions and to execute or cause to be executed such documents, agreements or other instruments as shall be necessary, convenient or desirable to carry out the intent and purposes of the foregoing votes; and
3. The Watauga County Finance Officer be, and hereby is, authorized to take any and all actions necessary, including but not limited to adopting amendments to the Plan, to comply with Section 125 of the Internal Revenue Code of 1986.

This the ____ day of _____, 2011.

 Nathan Miller
 Watauga County Board of Commissioners

ATTEST:

 Anita Fogle, Clerk to the Board

**Employee Waiver /Election Form/
Compensation Reduction Agreement**

WATAUGA COUNTY SECTION 125 CAFETERIA PLAN

This form must be completed when an employee elects to either a) waive all pre-tax benefits or b) enroll in a pre-tax benefit deducted from their compensation for their medical care coverage premium amount.

Employee Name (First, Middle Initial, Last)

Employee Address

Employee Social Security Number Employee Number/ID

Plan Year _____ through _____

Waiver of Pre-Tax Benefits

I elect to waive all pre-tax benefits under the Section 125 Cafeteria Plan:

I understand that if I have enrolled for medical care coverage on a separate benefit enrollment form. I will pay the required contribution with after-tax payroll deductions. I understand that I cannot elect pre-tax benefits except and until as described below and any after-tax medical care coverage is outside the Plan.

Prior to each Plan Year I will be offered the opportunity to make a new benefit election for the coming Plan Year. If I do not complete and return a new enrollment form at that time, I will be treated as having elected to continue this election to waive participation as indicated above.

Election of Pre-Tax Benefits

I understand that an amount equal to the annual contributions for the coverage I have elected, divided by the number of pay periods in the Plan Year, will be deducted on a pre-tax basis from each of my paychecks (unless another

method is prescribed by the Plan Administrator) to pay for the coverage that I elect.

I understand that:

- If my required contributions to pay premiums for the elected benefits are increased or decreased while this agreement remains in effect, my compensation reductions will automatically be adjusted to reflect that increase or decrease.
- The Plan Administrator may reduce or cancel my compensation reduction or otherwise modify this agreement in the event he/she believes it advisable in order to satisfy certain provisions of the Internal Revenue Code.
- The reduction in my cash compensation under this agreement shall be in addition to any reductions under other agreements or benefits programs maintained by my employer.
- Pre-tax contributions are not subject to federal income or Social Security ("FICA") taxes. This could result in a reduction in the Social Security benefits I receive at retirement if I earn less than the annual FICA "taxable wage base."
- Prior to the first day of each Plan Year I will be offered the opportunity to make a new benefit election for the coming Plan Year. If I do not complete and return a new enrollment form at that time, I will be treated as having elected to continue this benefit election for the new Plan Year. In addition, this compensation reduction agreement will continue by its terms in the amount of the required contribution for the benefit option for the new Plan Year.
- This Agreement is subject to the terms of the employer's Section 125 cafeteria plan, as amended for time to time in effect, shall be governed by and construed in accordance with applicable laws, shall take effect as a sealed instrument under applicable laws, and revokes any prior election and compensation reduction agreement relating to such plan.

Employee Signature

Date

Accepted and agreed to by the Employer's Authorized Representative:

By:_____

Date

**Employee Revocation/Change in Status
Certification**

WATAUGA COUNTY SECTION 125 CAFETERIA PLAN

Employee Name (First, Middle Initial, Last)

Employee Address

Employee Social Security Number Employee Number/ID

Plan Year _____ through _____

As a participant in the Watauga County Section 125 Cafeteria Plan, I am entitled to revoke my current benefit election and enter into a new election in the event I incur certain changes in status permitted by the terms of the Plan.

I hereby revoke my election effective:_____.

I understand that any change in my benefit election must be necessitated by and consistent with the change in status as defined in the Plan and certified by me below:

I certify that I have incurred the following change in status:

- Marriage
- Birth of Child, Adoption of Child
- Divorce, Legal Separation or Annulment
- Dependent Attending School
- Moved out of service area for myself, my spouse or dependent
- Death of my spouse and/or dependent

Switching from part-time to full-time (or vice-versa) employment on the part of me or my spouse, or dependent or reduction or increase in hours, strike or lockout

Termination or commencement of employment by my spouse or dependent

Other permissible event: _____

Date that the change in status occurred (MM/DD/YYYY): _____

The Administrator may require you to provide evidence to document the event which requires the change of election.

Employee Signature

Date

Employee Administrator

Date

State of North Carolina

DRAFT

County of Watauga

Resolution to Adopt a 125 Cafeteria Plan

WHEREAS, the County of Watauga is authorized to adopt changes in the benefits it offers employees in ways to better serve some those employees as well as its citizens.

NOW, THEREFORE, the Watauga County Board of Commissioners resolves:

1. The adoption and ratification of Section 125 Cafeteria Plan (the "Plan"), in the form attached hereto as Exhibit A is hereby approved; and
2. The Watauga County Finance Officer be, and hereby is authorized, empowered and directed, in the name and on behalf of the County, to take any and all actions and to execute or cause to be executed such documents, agreements or other instruments as shall be necessary, convenient or desirable to carry out the intent and purposes of the foregoing votes; and
3. The Watauga County Finance Officer be, and hereby is, authorized to take any and all actions necessary, including but not limited to adopting amendments to the Plan, to comply with Section 125 of the Internal Revenue Code of 1986.

ADOPTED this the 6th day of December, 2011.

Nathan A. Miller, Chairman
Watauga County Board of Commissioners

ATTEST:

Anita J. Fogle
Clerk to the Board

Blank Page

AGENDA ITEM 15:**MISCELLANEOUS ADMINISTRATIVE MATTERS*****A. Proposed Engineering Services for Roof Damage at Watauga High School*****MANAGER'S COMMENTS:**

The engineer for the County's insurance company conducted an initial review of the roof damage and recommended areas where the County may wish to have further analysis done to ensure the integrity of the roof. Staff will request the Board approve a contract with Stafford Consulting Engineers for an amount not to exceed \$10,000 unless it is determined that further analysis is warranted on the Watauga High School roof.

As part of the analysis, the County will need to hire LaFave Construction to assist the engineer in his review of the work performed on the Watauga High School roof. LaFave Construction will provide an 80-foot boom and personnel to access the roof in order to evaluate the existing conditions. This may involve removing and reinstalling roof panels.

Time is of the essence, and staff would recommend the Board approve the contract, contingent upon County Attorney review, with Stafford Consulting Engineers not to exceed \$10,000 unless additional scope of services is authorized; and, as part of this request, exempt the County based on N.C.G.S 143-64.32 from the provisions of Article 143 by adopting the attached resolution. In addition, staff requests the Board approve the proposal in the amount of \$4,892 for Lafave Construction to assist Stafford Engineering in their review. Funds are still available in the professional services line for the High School project to cover the expense of these proposals.

Board action is requested.



9115 Harris Corners Parkway, Suite 230, Charlotte, North Carolina 28269
p. 704.597.9000 f. 704.597.5262

November 15, 2011
Proposal No. 111124

Mr. Robert Marsh
Maintenance Director
Watauga County Maintenance Department
969 West King Street
Boone, North Carolina 28607

Subject: Consulting Engineering Services - Roofing
New Watauga High School
Boone, North Carolina

Dear Mr. Marsh:

Stafford Consulting Engineers is pleased to submit our proposal to provide a plan and specification review and an investigation of the installed roof and soffit assemblies at New Watauga High School, Boone, North Carolina. We are presenting this proposal to confirm our understanding for this project, to present a fee proposal to provide these services and to obtain written authorization to provide these services. The following sections outline our understanding of the project and provide a description of the tasks to be performed.

PROJECT INFORMATION

Failure of the roofing and soffit were reported on the west side of New Watauga High School. Watauga County Maintenance Department requested Stafford Consulting Engineers perform a plan and specification review of construction plans and specifications related to the roof and soffits and a comprehensive evaluation of the as-built roofing and soffit assemblies.

ENGINEER SCOPE OF SERVICES

The objective of these services will be as follows:

1. To assist Watauga County Maintenance Department with the review of construction documents related to the roof and soffits of the subject project. Suggestions made by Stafford Consulting Engineers are intended to assist Watauga County Maintenance Department. Any changes that would result, if implemented, should only be implemented by the designer of record. Stafford Consulting Engineers assumes no liability for design or construction of this project or for implementation of suggestions made as a part of these services. Prior to incorporating a suggestion, the project designer should be consulted to ensure the change does not adversely impact other areas of the design.
2. To determine the condition of the roof and soffit assemblies, the probable cause or causes of failures experienced, if any, compliance of the existing roof assemblies with appropriate contract documents, and the corrective actions required to make the existing system effective or to provide an effective system.
 - a. The investigation will consist of an on-site inspection during which openings will be made in the existing roof and soffit assemblies to determine substrate conditions. A report of findings describing the existing conditions will be issued.

Robert Marsh
 Page 2 of 3
 November 15, 2011
 Proposal No. 111124

3. In the event it should become necessary for me or any of our professional staff to give testimony under oath in connection with our findings subsequent to the issuance of the report, such services will be rendered at the below hourly rates times a factor of 1.25 plus reimbursable expenses.

OWNER RESPONSIBILITIES

1. Prior to our undertaking the on-site inspection, it would be most helpful to have copies of any plans, specifications, contractor's submittals or manufacturers' literature or bonds pertaining to the existing roof and soffit systems on the buildings to be examined. Additionally, detailed information as to the extent and nature of any repairs made or remedial work undertaken since original construction would also be helpful to the extent such information is available.
2. It will be necessary to have personnel and materials available during the on-site inspection to make openings in the existing roof and soffit assemblies and repair such openings after observation of substrate conditions. For the purposes of this Proposal, it is understood that arrangements for the necessary labor and materials required to make and repair openings will be made by Watauga County Maintenance Department with a local contractor of your choice. We understand Watauga County Maintenance Department prefers to use the services of LaFave Construction.

COMPENSATION

Our fees for the subject project will be charged in accordance with the following fee schedule, travel time to and from the job site to be included in chargeable time.

Fee Schedule

Office Manager/Regional Manager	\$175.00 per hour
Senior Project Manager	\$160.00 per hour
Project Manager.....	\$125.00 per hour
CAD Operator	\$ 75.00 per hour
Administrative Support.....	\$ 60.00 per hour

Reimbursable Expenses Schedule

Mileage	\$ 0.59 per mile
Meals, lodging, travel expenses.....	Actual Cost+ 15%
Typical out-of-pocket reimbursables	Actual Cost+ 15%
Rental equipment.....	Cost + 15%

Robert Marsh
Page 3 of 3
November 15, 2011
Proposal No. 111124

It will be the responsibility of Watauga County Maintenance Department to arrange for access for our personnel to areas to be examined. We will comply with all safety and security regulations while within New Watauga High School properties and request that our personnel be fully informed regarding those requirements upon their entry onto the site.

APPROVAL

If this Scope of Services meets with your approval, please sign the attached Agreement for Services and return to our office. Stafford Consulting Engineers will not commence work on this project without a signed agreement.

The terms, conditions and limitations stated in the Agreement (and sections of this proposal incorporated therein), shall constitute the exclusive terms and conditions and services to be performed for this project. This proposal is valid only if authorized within 90 days from the proposal date.

We appreciate the opportunity to provide this proposal and look forward to working with you on this project. If you have any questions or comments regarding this proposal or require additional services, please do not hesitate to contact the undersigned.

Respectfully,

Stafford Consulting Engineers



Stuart W. Sutton, PE RRC
Regional Manager

LTH:cco

Attachment: Agreement for Services

AGREEMENT FOR SERVICES

This **AGREEMENT** is between Watauga County Maintenance Department ("Client") and Stafford Consulting Engineers, Inc. ("Consultant") for Services to be provided by Consultant for Client on the New Watauga County High School project ("Project"), as described in the Project Information section of Consultant's Proposal dated November 15, 2011 ("Proposal") unless the Project is otherwise described in Exhibit A to this Agreement (which section or Exhibit is incorporated into this Agreement).

- 1. Scope of Services.** The scope of Consultant's services is described in the Scope of Services section of the Proposal ("Services"), unless Services are otherwise described in Exhibit B to this Agreement (which section or exhibit is incorporated into this Agreement). Portions of the Services may be subcontracted. Consultant's Services do not include the investigation or detection of, nor do recommendations in Consultant's reports address the presence or prevention of biological pollutants (e.g., mold, fungi, bacteria, viruses, or their byproducts) or occupant safety issues, such as vulnerability to natural disasters, terrorism, or violence. If Services include purchase of software, Client will execute a separate software license agreement. Consultant's findings, opinions, and recommendations are based solely upon data and information obtained by and furnished to Consultant at the time of the Services.
- 2. Acceptance/ Termination.** Client agrees that execution of this Agreement is a material element of the consideration Consultant requires to execute the Services, and if Services are initiated by Consultant prior to execution of this Agreement as an accommodation for Client at Client's request, both parties shall consider that commencement of Services constitutes formal acceptance of all terms and conditions of this Agreement. Additional terms and conditions may be added or changed only by written amendment to this Agreement signed by both parties. In the event Client uses a purchase order or other form to administer this Agreement, the use of such form shall be for convenience purposes only and any additional or conflicting terms it contains are stricken. This Agreement shall not be assigned by either party without prior written consent of the other party. Either party may terminate this Agreement or the Services upon written notice to the other. In such case, Consultant shall be paid costs incurred and fees earned to the date of termination plus reasonable costs of closing the project.
- 3. Change Orders.** Client may request changes to the scope of Services by altering or adding to the Services to be performed. If Client so requests, Consultant will return to Client a statement (or supplemental proposal) of the change setting forth an adjustment to the Services and fees for the requested changes. Following Client's review, Client shall provide written acceptance. If Client does not follow these procedures, but instead directs, authorizes, or permits Consultant to perform changed or additional work, the Services are changed accordingly and Consultant will be paid for this work according to the fees stated or its current fee schedule. If project conditions change materially from those observed at the site or described to Consultant at the time of proposal, Consultant is entitled to a change order equitably adjusting its Services and fee.
- 4. Compensation and Terms of Payment.** Client shall pay compensation for the Services performed at the fees stated in the Compensation section of the Proposal unless fees are otherwise stated in Exhibit C to this Agreement (which section or Exhibit is incorporated into this Agreement). If not stated in either, fees will be according to Consultant's current fee schedule. Fee schedules are valid for the calendar year in which they are issued. Consultant may invoice Client at least monthly and payment is due upon receipt of invoice. Client shall notify Consultant in writing, at the address below, within 15 days of the date of the invoice if Client objects to any portion of the charges on the invoice, and shall promptly pay the undisputed portion. Client shall pay a finance fee of 1.5% per month, but not exceeding the maximum rate allowed by law, for all unpaid amounts 30 days or older. Client agrees to pay all collection-related costs that Consultant incurs, including attorney fees. Consultant may suspend Services for lack of timely payment. It is the responsibility of Client to determine whether federal, state, or local prevailing wage requirements apply and to notify Consultant if prevailing wages apply. If it is later determined that prevailing wages apply, and Consultant was not previously notified by Client, Client agrees to pay the prevailing wage from that point forward, as well as a retroactive payment adjustment to bring previously paid amounts in line with prevailing wages. Client also agrees to defend, indemnify, and hold harmless Consultant from any alleged violations made by any governmental agency regulating prevailing wage activity for failing to pay prevailing wages, including the payment of any fines or penalties.
- 5. Third Party Reliance.** This Agreement and the Services provided are for Consultant and Client's sole benefit and exclusive use with no third party beneficiaries intended. Reliance upon the Services and any work product is limited to Client, and is not intended for third parties. For a limited time period not to exceed three months from the date of the report, Consultant will issue additional reports to others agreed upon with Client, however Client understands that such reliance will not be granted until those parties sign and return Consultant's reliance agreement and Consultant receives the agreed-upon reliance fee.
- 6. LIMITATION OF LIABILITY. CLIENT AND CONSULTANT HAVE EVALUATED THE RISKS AND REWARDS ASSOCIATED WITH THIS PROJECT, INCLUDING CONSULTANT'S FEE RELATIVE TO THE RISKS ASSUMED, AND AGREE TO ALLOCATE CERTAIN OF THE ASSOCIATED RISKS. TO THE FULLEST EXTENT PERMITTED BY LAW, THE TOTAL AGGREGATE LIABILITY OF CONSULTANT (AND ITS RELATED CORPORATIONS AND EMPLOYEES) TO CLIENT AND THIRD PARTIES GRANTED RELIANCE IS LIMITED TO THE GREATER OF \$25,000 OR CONSULTANT'S FEE, FOR ANY AND ALL INJURIES, DAMAGES, CLAIMS, LOSSES, OR EXPENSES (INCLUDING ATTORNEY AND EXPERT FEES) ARISING OUT OF CONSULTANT'S SERVICES OR THIS AGREEMENT. UPON WRITTEN REQUEST FROM CLIENT, CONSULTANT MAY NEGOTIATE A HIGHER LIMITATION FOR ADDITIONAL CONSIDERATION. THIS LIMITATION SHALL APPLY REGARDLESS OF AVAILABLE INSURANCE COVERAGE, CAUSE(S) OR THE THEORY OF LIABILITY, INCLUDING NEGLIGENCE, INDEMNITY, OR OTHER RECOVERY. THIS LIMITATION SHALL NOT APPLY TO THE EXTENT THE DAMAGE IS PAID UNDER CONSULTANT'S COMMERCIAL GENERAL LIABILITY POLICY.**
- 7. Indemnity/Statute of Limitations.** Consultant and Client shall indemnify and hold harmless the other and their respective employees from and against legal liability for claims, losses, damages, and expenses to the extent such claims, losses, damages, or expenses are legally determined to be caused by their negligent acts, errors, or omissions. In the event such claims, losses, damages, or expenses are legally determined to be caused by the joint or concurrent negligence of Consultant and Client, they shall be borne by each party in proportion to its own negligence under comparative fault principles. Neither party shall have a duty to defend the other party, and no duty to defend is hereby created by this indemnity provision and such duty is explicitly waived under this Agreement. Causes of action arising out of Consultant's services or this Agreement regardless of cause(s) or the theory of liability, including negligence, indemnity or other recovery shall be deemed to have accrued and the applicable statute of limitations shall commence to run not later than the date of Consultant's substantial completion of services on the project.
- 8. Warranty.** Consultant will perform the Services in a manner consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions in the same locale. **CONSULTANT MAKES NO WARRANTIES OR GUARANTEES, EXPRESS**

OR IMPLIED, RELATING TO CONSULTANT'S SERVICES AND CONSULTANT DISCLAIMS ANY IMPLIED WARRANTIES OR WARRANTIES IMPOSED BY LAW, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

- 9. Insurance.** Consultant represents that it now carries, and will continue to carry: (i) workers' compensation insurance in accordance with the laws of the states having jurisdiction over Consultant's employees who are engaged in the Services, and employer's liability insurance (\$1,000,000); (ii) commercial general liability insurance (\$1,000,000 occ / \$2,000,000 agg); (iii) automobile liability insurance (\$1,000,000 B.I. and P.D. combined single limit); and (iv) professional liability insurance (\$1,000,000 claim / agg). Certificates of insurance will be provided upon request. Client and Consultant shall waive subrogation against the other party on all general liability and property coverage.
- 10. CONSEQUENTIAL DAMAGES. NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR LOSS OF PROFITS OR REVENUE; LOSS OF USE OR OPPORTUNITY; LOSS OF GOOD WILL; COST OF SUBSTITUTE FACILITIES, GOODS, OR SERVICES; COST OF CAPITAL; OR FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, PUNITIVE, OR EXEMPLARY DAMAGES.**
- 11. Dispute Resolution.** Client shall not be entitled to assert a Claim against Consultant based on any theory of professional negligence unless and until Client has obtained the written opinion from a registered, independent, and reputable engineer, architect, or geologist that Consultant has violated the standard of care applicable to Consultant's performance of the Services. Client shall provide this opinion to Consultant and the parties shall endeavor to resolve the dispute within 30 days, after which Client may pursue its remedies at law. This Agreement shall be governed by and construed according to Kansas law.
- 12. Subsurface Explorations.** Subsurface conditions throughout the site may vary from those depicted on logs of discrete borings, test pits, or other exploratory services. Client understands Consultant's layout of boring and test locations is approximate and that Consultant may deviate a reasonable distance from those locations. Consultant will take reasonable precautions to reduce damage to the site when performing Services; however, Client accepts that invasive services such as drilling or sampling may damage or alter the site. Site restoration is not provided unless specifically included in the Services.
- 13. Testing and Observations.** Client understands that testing and observation are discrete sampling procedures, and that such procedures indicate conditions only at the depths, locations, and times the procedures were performed. Consultant will provide test results and opinions based on tests and field observations only for the work tested. Client understands that testing and observation are not continuous or exhaustive, and are conducted to reduce - not eliminate - project risk. Client agrees to the level or amount of testing performed and the associated risk. Client is responsible (even if delegated to contractor) for requesting services, and notifying and scheduling Consultant so Consultant can perform these Services. Consultant is not responsible for damages caused by services not performed due to a failure to request or schedule Consultant's services. Consultant shall not be responsible for the quality and completeness of Client's contractor's work or their adherence to the project documents, and Consultant's performance of testing and observation services shall not relieve Client's contractor in any way from its responsibility for defects discovered in its work, or create a warranty or guarantee. Consultant will not supervise or direct the work performed by Client's contractor or its subcontractors and is not responsible for their means and methods.
- 14. Sample Disposition, Affected Materials, and Indemnity.** Samples are consumed in testing or disposed of upon completion of tests (unless stated otherwise in the Services). Client shall furnish or cause to be furnished to Consultant all documents and information known or available to Client that relate to the identity, location, quantity, nature, or characteristic of any hazardous waste, toxic, radioactive, or contaminated materials ("Affected Materials") at or near the site, and shall immediately transmit new, updated, or revised information as it becomes available. Client agrees that Consultant is not responsible for the disposition of Affected Material unless specifically provided in the Services, and that Client is responsible for directing such disposition. In the event that test samples obtained during the performance of Services (i) contain substances hazardous to health, safety, or the environment, or (ii) equipment used during the Services cannot reasonably be decontaminated, Client shall sign documentation (if necessary) required to ensure the equipment and/or samples are transported and disposed of properly, and agrees to pay Consultant the fair market value of this equipment and reasonable disposal costs. In no event shall Consultant be required to sign a hazardous waste manifest or take title to any Affected Materials. Client shall have the obligation to make all spill or release notifications to appropriate governmental agencies. The Client agrees that Consultant neither created nor contributed to the creation or existence of any Affected Materials conditions at the site. Accordingly, Client waives any claim against Consultant and agrees to indemnify and save Consultant, its agents, employees, and related companies harmless from any claim, liability or defense cost, including attorney and expert fees, for injury or loss sustained by any party from such exposures allegedly arising out of Consultant's non-negligent performance of services hereunder, or for any claims against Consultant as a generator, disposer, or arranger of Affected Materials under federal, state, or local law or ordinance.
- 15. Ownership of Documents.** Work product, such as reports, logs, data, notes, or calculations, prepared by Consultant shall remain Consultant's property. Proprietary concepts, systems, and ideas developed during performance of the Services shall remain the sole property of Consultant. Files shall be maintained in general accordance with Consultant's document retention policies and practices.
- 16. Utilities.** Client shall provide the location and/or arrange for the marking of private utilities and subterranean structures. Consultant shall take reasonable precautions to avoid damage or injury to subterranean structures or utilities. Consultant shall not be responsible for damage to subterranean structures or utilities that are not called to Consultant's attention, are not correctly marked, including by a utility locate service, or are incorrectly shown on the plans furnished to Consultant.
- 17. Site Access and Safety.** Client shall secure all necessary site related approvals, permits, licenses, and consents necessary to commence and complete the Services and will execute any necessary site access agreement. Consultant will be responsible for supervision and site safety measures for its own employees, but shall not be responsible for the supervision or health and safety precautions for any other parties, including Client, Client's contractors, subcontractors, or other parties present at the site.

Consultant: Stafford Consulting Engineers, Inc.
 By: [Signature] Date: 11-15-11
 Name/Title: Stuart W. Sutton, Regional Manager
 Address: 9115 Harris Corners Parkway, Suite 230
Charlotte, North Carolina 28269
 Phone: 704.597.9000 Fax: 704.597.5262

Client: Watauga County Maintenance Department
 By: _____ Date: _____
 Name/Title: _____
 Address: 969 West King Street
Boone, NC 28607
 Phone: _____ Fax: _____

Reference Number: [Number]

STATE OF NORTH CAROLINA

DRAFT

COUNTY OF WATAUGA

**RESOLUTION TO EXEMPT WATAUGA HIGH SCHOOL ROOF PROJECT
FROM QUALIFICATIONS-BASED PROCESS**

WHEREAS, Watauga County is a body politic of the State of North Carolina duly authorized by State law to enter into contracts for the provision of architectural, engineering, and surveying services on behalf of its citizens; and

WHEREAS, N.C. Gen. Stat. § 143-64.32 authorizes units of local government to exempt, in writing, particular projects from the provisions of Article 143 if the unit of local government states the reasons for the exemption and the circumstances attendant thereto; and

WHEREAS, time is of the essence in contracting with Stafford Consulting Engineers to review the Watauga High School roof; and

WHEREAS, Stafford Consulting Engineers specializes in forensic engineering.

NOW THEREFORE, BE IT RESOLVED by the Watauga County Board of Commissioners, that Stafford Consulting Engineers is and shall be the consultant hired by Watauga County with a fee not to exceed \$10,000 unless additional scope of services is authorized by the Board;

READ, CONSIDERED, PASSED, AND APPROVED at a regular meeting of the Watauga County Board of Commissioners, Watauga County, North Carolina, at which a quorum was present and which was held on the 6th day of December 2011.

ADOPTED this the 6th day of December, 2011.

Nathan A. Miller, Chairman
Watauga County Board of Commissioners

ATTEST:

Anita J. Fogle
Clerk to the Board

From: Deron.Geouque
Sent: Thursday, December 01, 2011 2:57 PM
To: Anita.Fogle
Subject: FW: Watauga High School

Deron Geouque
Watauga County Manager
814 West King Street
Boone, NC 28607
(P) 828-265-8000
(F) 828-264-3230
Email Deron.Geouque@watgov.org

From: Robert.Marsh
Sent: Wednesday, November 30, 2011 3:26 PM
To: Deron.Geouque
Cc: Margaret Pierce
Subject: FW: Watauga High School

Deron,

Please review the proposal from LaFave for the roof investigation at the new WHS. This is an estimate and it could run more if the study takes more than three days.

Please advise

Thank you,

RM

From: Chris Crider [<mailto:ccrider@lafavesconst.com>]
Sent: Wednesday, November 30, 2011 3:11 PM
To: Robert.Marsh
Cc: 'Joe Lafave'
Subject: Watauga High School

Robert,

The following is our price to provide equipment and personnel to assist the engineer in his investigative work at the above mentioned project:

1. We will provide a 80' boom lift and 2 men for three 8 hour days, including project management coordination and scheduling, along with all required safety measures.

Our price for the above mentioned work is: \$ 4,892.00

Any materials required for the repair of the existing conditions will be at an additional cost.

Please let me know as soon as you can, so that I can schedule the delivery of the lift (which may take a few days to get).

Thanks,

120611 BCC Meeting

Chris Crider
Project Manager / Estimator
Lafave's Construction Co., Inc.
(704) 857-1171

Blank Page

AGENDA ITEM 15:**MISCELLANEOUS ADMINISTRATIVE MATTERS*****B. Boards & Commissions*****MANAGER'S COMMENTS:**

The term of Jamey Hodges, at-large member of the Watauga County Planning Board, expires in December. He is willing to continue to serve if so reappointed. The Watauga County Planning Board consists of seven (7) members. Each Commissioner appoints a member residing in and representing their voting district. The two (2) additional members are appointed at large and serve four-year terms. Also, included in your packet is an application from a citizen interested in serving on the Planning Board.

The terms of Recreation Commission members representing the Hardin Park, Parkway, Green Valley, and Valle Crucis elementary school districts are set to expire in December. Parks and Recreation Director, Stephen Poulos, has requested recommendations for appointments to fill these positions.

Principal Mary Smalling has nominated Brittany Bolick for appointment as the representative for the Hardin Park School district.

Principal Tamara Stamey has nominated Gene Swift for reappointment as the representative for the Parkway School district.

Principal Martha Clark has nominated Caroline Carney for appointment as the representative for the Blowing Rock School district.

Other recommendations will be forwarded for consideration upon receipt.

All of the above are second readings and, therefore, action may be taken if so desired.

The Watauga County Library Board has recommended the reappointment of George Bard as the Watauga County representative on the Appalachian Regional Library Board. The term will expire in August 2015.

The above is a first reading and, therefore, no action is required at this time.

Anita.Fogle

From: Joe Furman
Sent: Tuesday, November 08, 2011 11:37 AM
To: Anita.Fogle
Subject: Planning Board appointment

Anita,

The County Planning Board consists of seven (7) members. Five (5) are appointed by voting district residency and their terms are concurrent with the Commissioners representing that district. The other two (2) members are appointed at large, and serve four (4) year terms. The term of at-large member Jamey Hodges expires in December. He is willing to continue to serve if the Commissioners wish to reappoint him. Thank you.

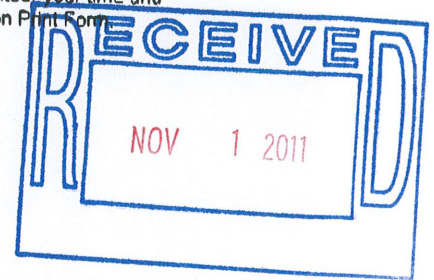
Joe

Joseph A. Furman, AICP
Director, Watauga County Planning & Inspections and Economic Development
331 Queen Street, Suite A
Boone, NC 28607
(828) 265-8043
(828) 265-8080 (fax)
joe.furman@watgov.org

**Volunteer Application
Watauga County Boards And Commissions**

If you are a Watauga County resident, at least 18 years old, and willing to volunteer your time and expertise to your community, please complete the application below and click on Print Form. Please sign and mail or fax to:

*Watauga County Commissioners' Office
814 West King Street, Suite 205
Boone, NC 28607
Phone: (828) 265-8000
Fax: (828) 264-3230*



Name: Michael Potter

Home Address: 133 Hunters Trail

City: Boone, NC

Zip: 28607

Telephone: (H) 7035855935

(W) 828-262-6350

(Fax) _____

Email: mpotter1975@gmail.com

Place of Employment: Appalachian State University

Job Title: Assistant Professor

In Order To Assure County wide Representation Please Indicate Your Township Of Residence:

- | | | |
|-------------------------------------|------------------------------------|--|
| <input type="radio"/> Bald Mountain | <input type="radio"/> Stony Fork | <input checked="" type="radio"/> Watauga |
| <input type="radio"/> New River | <input type="radio"/> Brushy Fork | <input type="radio"/> Cove Creek |
| <input type="radio"/> Beaver Dam | <input type="radio"/> Meat Camp | <input type="radio"/> Shawneehaw |
| <input type="radio"/> Blue Ridge | <input type="radio"/> Blowing Rock | <input type="radio"/> Laurel Creek |
| <input type="radio"/> Elk | <input type="radio"/> North Fork | <input type="radio"/> Boone |

In addition, Please Indicate If You Live In One Of The Following Areas:

- | | |
|--|--|
| <input type="radio"/> Foscoe-Grandfather Community | <input type="radio"/> Valle Crucis Historic District |
| <input type="radio"/> Howards Creek Watershed | <input type="radio"/> Winklers Creek Watershed |
| <input type="radio"/> South Fork New River Watershed | <input type="radio"/> Extraterritorial Area |

We Ask Your Help In Assuring Diversity Of Membership By Age, Gender, And Race, By Answering The Following Questions

- | | | |
|---------------------------------------|--|--------------------------------|
| Gender | Ethnic Background | |
| <input checked="" type="radio"/> Male | <input type="radio"/> African American | <input type="radio"/> Hispanic |
| <input type="radio"/> Female | <input checked="" type="radio"/> Caucasian | <input type="radio"/> Other |
| | <input type="radio"/> Native American | |

Please List (In Order Of Preference) The Boards/Commissions On Which You Would Be Willing To Serve.

1. Economic Development Commission
2. Juvenile Crime Prevention Council (Jcpc)
3. Watauga County Planning Board

Volunteer Application
Watauga County Boards And Commissions
(Continued)

Please list any work, volunteer, and/or other experience you would like to have considered in the review of your application.

Work
Experience:

I am a professor of public administration at Appalachian State. I also have worked as a business lobbyist in Washington, DC for seven years and for the West Virginia Legislature.

Volunteer
Experience:

I was the chairman of the community outreach committee for two years at American Bankers Association.

Other
Experience:

Other
Comments:

Signature: _____

Date: 11/1/11

Anita.Fogle

From: Stephen Poulos
Sent: Friday, November 04, 2011 9:17 AM
To: Anita.Fogle; Amy Parsons
Cc: Deron.Geouque
Subject: RE: Nominee

Deron,

Do you need a more formal letter on this?

Thx!

S

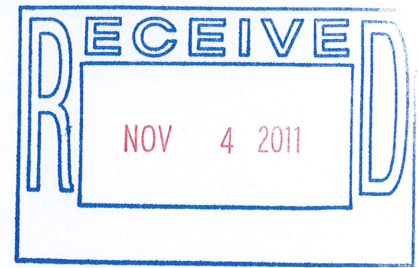
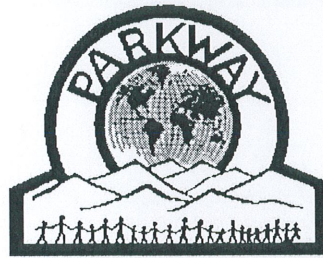
From: Mary Smalling [<mailto:smallingmc@watauga.k12.nc.us>]
Sent: Thursday, November 03, 2011 4:21 PM
To: Stephen Poulos
Subject: Nominee

Mr. Poulos,

I would like to nominate Brittany Bollick as a Recreation Commission member. Can this email be forwarded to Mr. Geouque?

Ms. Smalling

Parkway School



PARKWAY PROUD!

160 Parkway School Drive
Boone, NC 28607

Telephone #: (704) 264-3032, 2342
Fax (704) 264-7999

November 3, 2011

Dear Mr. Geouque,

Please accept nomination of Gene Swift, as the representative to the Recreation Commission for the Parkway School Community.

He is our current representative and we feel he has served, and will continue to serve productively.

Sincerely,

A handwritten signature in cursive that reads "Tamara Stamey".

**Tamara Stamey
Principal, Parkway School**

Anita.Fogle

From: Stephen Poulos
Sent: Thursday, November 10, 2011 12:38 PM
To: Amy Parsons; Deron.Geouque; Anita.Fogle
Subject: FW: Rec. Commission

Matha Clark the new principal at Valle Crucis sent me this with regards to her recommendation to the Recreation Commission.

Thanks!

Stephen

From: Martha Clark [<mailto:clarkm@watauga.k12.nc.us>]
Sent: Thursday, November 10, 2011 12:04 PM
To: Stephen Poulos
Subject: Rec. Commission

Hi Stephen,
I have put much thought into my nomination for the Recreation Commission. I am recommending Caroline Carney for the position to represent the Valle Crucis School Community. Although the Carneys are new to our area, Mrs. Carney has much experience with Community service, board service and with community recreation. In addition, the Carneys have three children, all which are very actively involved in recreation activities in Watauga County as is Mrs. Carney. I think that she will be a valuable addition to your advisory board. Do I need to submit her name in writing to Deron Geougue? Can I email him since today is the 10th? Her email address is: yankee84@aol.com and her cell number is: 561-573-1603

Thanks
Martha

--
Martha R. Clark
Principal, Valle Crucis School
2998 Broadstone Road
Sugar Grove, NC 28679
828-963-4712



November 21, 2011

Mr. Nathan Miller, Chair
Watauga County Board of Commissioners
Administrative Building, Suite 205
814 West King Street
Boone, NC 28607

Dear Mr. Miller:

The Watauga County Library Board, via email, on November 21, 2011, voted unanimously to recommend to Watauga County Commissioners that George Bard be reappointed to the Appalachian Regional Library Board term that will end August 2015.

Please approve the recommendation of the library board, and notify Mr. Bard and me of his appointment. Thanks to you and all of the commissioners for your continued support of our library.

George Bard resides at 230 Hunting Road, Boone, NC 28607

Sincerely,

Monica Caruso
Watauga County Librarian

Cc: Tish Rokoske
Watauga County Library Board Chair

Cc: Louise Humphrey
Director of Appalachian Regional Libraries



November 21, 2011

Mr. Nathan Miller, Chair
Watauga County Board of Commissioners
Administrative Building, Suite 205
814 West King Street
Boone, NC 28607

Dear Mr. Miller:

The Watauga County Library Board, via email, on November 21, 2011, voted unanimously to recommend to Watauga County Commissioners that George Bard be reappointed to the Appalachian Regional Library Board term that will end August 2015.

Please approve the recommendation of the library board, and notify Mr. Bard and me of his appointment. Thanks to you and all of the commissioners for your continued support of our library.

George Bard resides at 230 Hunting Road, Boone, NC 28607

Sincerely,

Monica Caruso
Watauga County Librarian

Cc: Tish Rokoske
Watauga County Library Board Chair

Cc: Louise Humphrey
Director of Appalachian Regional Libraries

Blank Page

AGENDA ITEM 15:

MISCELLANEOUS ADMINISTRATIVE MATTERS

C. Announcements

MANAGER'S COMMENTS:


The Clerk of Court, Register of Deeds, and Tax Offices invite you to attend their Annual Christmas Celebration on Friday, December 9, 2011, from 11:00 A.M. until 2:00 P.M.

The Annual County Christmas Luncheon which will be held at Dan'l Boone Inn on Tuesday, December 13, 2011, from 12:00 to 2:00 P.M.

The Board of Commissioners will hold both regular meetings as scheduled in December (Tues., Dec. 6 @ 8:00 A.M. & Tues., Dec. 20 @ 5:00 P.M.).

The first regular meeting in January has been cancelled due to the holiday schedule. The only regularly scheduled meeting of the Board of Commissioners in January is on the 17th at 5:00 P.M.

The National Association of Counties' (NACo) 2012 Annual Legislative Conference has been scheduled for March 3-7, 2012, in Washington DC. If you wish to attend, please notify Anita who will be glad to assist with registrations and reservations.



As our way of showing appreciation for your support throughout the year, The Clerk of Court, Register of Deeds and Tax offices invite you to their annual Christmas celebration on Friday, December 9th, 2011 from 11:00 am - 2:00 pm.

We hope you will join us to celebrate this most joyous season and look forward to seeing you there.

2012 Legislative Conference

March 3 – 7

Washington Hilton Hotel • Washington, D.C.



Registration is Open for NACo's 2012 Legislative Conference

Register by clicking [here](#) today and SAVE \$25.

Plan now to:

- Attend the policy setting committee meetings relevant to your county,
- Hear from political commentators **Tucker Carlson** and **Eleanor Clift**, who will jointly present a view of Congress and the 2012 Election at the Opening Session,
- Participate in educational workshops that will provide you with solutions for your county, and
- Schedule your meetings with congressional and federal agency representatives to address legislative and funding issues.



Questions?
Please contact the NACo Meetings
Department by emailing:
nacomeetings@naco.org.



NACo National Association of Counties
The Voice of America's Counties

Visit NACo's New Website
www.naco.org

Click [here](#) to unsubscribe

25 Massachusetts Avenue, NW, Suite 500, Washington, DC 20001

235

AGENDA ITEM 16:

PUBLIC COMMENT

MANAGER'S COMMENTS:

Time has been reserved to allow citizen comment to address the Board for any area of interest or concern.