STATE OF NORTH CAROLINA)
)
COUNTY OF IREDELL)

ENCROACHMENT AGREEMENT

THIS AGREEMENT, made this 14 day of JULY, 1998, by and between Duke Power, a Duke Energy company (hereinafter referred to as "Grantor") and Stephen E. Gagel and Sharon K. Gagel(hereinafter referred to as "Grantee");

WITNESSETH:

WHEREAS, Grantor owns an easement and right-of-way which total 100 feet in width for transmission lines located in Iredell County, North Carolina, running through Lot 219 and of Fairway Estates subdivision owned by Grantee;

WHEREAS, the Grantee desires authority to encroach upon Grantor's easement and right-of-way for the purpose of installing, maintaining and using septic nitrification fields serving residences to be constructed upon said lots;

WHEREAS, Grantor has advised Grantee that it will not be liable for the repair or damage to such nitrification fields caused by its installation within its right-of-way of copper wire ground required for lightning protection of its towers and lines, or caused by general or emergency maintenance of its lines, towers or other equipment.

NOW, THEREFORE, Grantor for and in consideration of the sum of One Dollar ($1.00) and other valuable consideration to it paid by Grantee, receipt of which is hereby acknowledged, does hereby grant unto Grantee, its successors and assigns, the perpetual right to encroach upon that portion of the right-of-way situated in Iredell County, North Carolina, lying upon lots 219 of Fairway Estates Subdivision, as shown on a plat thereon recorded in Plat Book 18 at page 50 of the Iredell County Registry, for the purpose of constructing, maintaining, and operating thereon septic nitrification fields serving residence constructed upon said Lot. Said right of encroachment is granted upon the further condition that Grantor shall not be responsible for any damage to septic nitrification fields caused by Grantor's installing a grounding system for its electric transmission line, or its general or emergency maintenance of its lines, towers or other equipment.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and sealed as of the day and year first above written.

Stephen E. Gagel (SEAL)

Sharon K. Gagel (SEAL)

ATTEST: DUKE POWER, a Duke Energy Company("Grantor")

Assistant Secretary BY: General Manager

STATE OF NORTH CAROLINA)
)
COUNTY OF MECKLENBURG

I, JOHN W. CROSS III, a Notary Public for the above County and State, hereby certify that ROBERT T. LUCAS III an ASST. SECRETARY personally came before me this day and acknowledged that due execution of the foregoing instrument.

WITNESS my hand and official seal, this 19th day of JULY, 1999.

Notary Public

My Commission Expires SEPT. 16, 2000

STATE OF NORTH CAROLINA)
)
COUNTY OF _____)

I, _____, a Notary Public for the above County and State, hereby certify that _____ personally came before me this day and acknowledged that _____he is Assistant Secretary of DUKE POWER, a Duke Energy company, and that by authority duly given and as the act of said corporation, the foregoing and annexed instrument was signed in its name by _____, its _____ President, sealed with its corporate seal and attested by _____ as its Assistant Secretary.

WITNESS my hand and official seal, this ___ day of _____, 19___.

_____
Notary Public

My Commission Expires _____

STATE OF NORTH CAROLINA

COUNTY OF IREDELL

I, J.R. Kinion, a Notary Public for the above County and State, hereby certify that STEPHEN E. GAGEL personally came before me this day and acknowledged that due execution of the foregoing instrument.

Witness my hand and official seal, this 22nd day of July, 1999.

_____
Notary Public
My Commission Expires: 4-30-2002

STATE OF NORTH CAROLINA
COUNTY OF IREDELL

I, J.R. Kinion, a Notary Public for the above County and State, hereby certify that Sharon K. Gagel personally came before me this day and acknowledged that due execution of the foregoing instrument.

Witness my hand and official seal, this 27th day of July, 1999.

_____
Notary Public
My Commission Expires: 4-30-2002

(seal)