STATE OF NORTH CAROLINA

COUNTY OF IREDELL

ENCROACHMENT AGREEMENT

122321

THIS AGREEMENT, made this 28th day of August, 2002, by and between Duke Electric Transmission, a division of Duke Energy Corporation (hereinafter referred to as "Grantor") and Max Spears (hereinafter referred to as "Grantee");

W I T N E S S E T H:

WHEREAS, Grantor owns an easement and right-of-way which totals 270 feet in width for transmission lines located in the Iredell County, at Forest Glen lot 17: 123 Misty Springs Road, Troutman, North Carolina, running through property described in Deed Book 34 on page 85. Also referenced as tax map 4740-52-4774.

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 the residence to be relocated upon said lot;

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 valuable consideration, 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 a plat there recorded in Plat Book 34 at page 85 of the Iredell County Registry, for the purpose of constructing, maintaining, and operating thereon septic nitrification fields serving residences constructed upon said property. Said right of encroachment is granted upon the further condition that no septic tank be placed upon Grantor's right of way and 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.

Dated: 8-28-02

GRANTEE'S NAME HERE

WITNESSETH:

STATE OF NORTH CAROLINA

COUNTY OF ~~IREDELL~~ Cabarrus

Frances Helms-Whitlock, a Notary Public for the above County and State, hereby certify that Hal Steele personally came before me this day and acknowledged that he duly executed the foregoing instrument.

WITNESS my hand and official seal, this 28th day of August, 2002.

Frances Helms-Whitlock
Notary Public

My Commission Expires: 9-9-2006

DATED: 9/10/02

DUKE ENERGY CORPORATION

By: George W. Christian

Name: George W. Christian Jr.
Title: Manager Real Estate

WITNESSETH:

STATE OF NORTH CAROLINA)
)
COUNTY OF Mecklenburg)

I, John W. Cross III, a Notary Public for the above County and State, hereby certify that Sue C. Harrington personally came before me this day and acknowledged that she is Asst. Secretary of Duke Energy Corporation and that by authority duly given and as the act of Duke Energy Corporation, the foregoing and annexed instrument was signed in its name by George W. Christian, Jr., Its Manager Real Estate.

WITNESS my hand and official seal, this 10th day of Sept, 2002.

John W. Cross
Notary Public

My Commission Expires 9-14-05

JOHN W. CROSS III NOTARY PUBLIC MECKLENBURG CO., NC

ASSISTANT SECRETARY CERTIFICATE

I, Sue C. Harrington, Assistant Secretary of Duke Energy Corporation, do hereby certify that the Board of Directors of Duke Energy Corporation on December 20, 2000 approved and adopted the Approval of Business Transactions Policy Statement, which provides in relevant part that any member of the Policy Committee of Duke Energy Corporation may approve, or delegate the authority to approve, business transactions (including acquisitions and divestitures) involving amounts of $10 million or less.

I further certify that on February 12, 2002 Ruth G. Shaw was a member of the Policy Committee of Duke Energy Corporation, who, on that date and pursuant to the authority granted by the Approval of Business Transactions Policy Statement, delegated to George W. Christian, Jr., Manager, Real Estate Operations, the authority to approve building rents in amounts up to $750,000; land acquisitions and divestitures in amounts up to $750,000 and building and building equipment projects in amounts up to $750,000, which authority includes the authorization to execute any contract, lease, deed, easements, rights of way or other instruments related to the authorized transaction.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Corporate Seal of said Duke Energy Corporation this 9th day of September, 2002.

Sue C Harrington
Assistant Secretary

[SEAL]