

MINUTES OF BUDGET AND CONTROL BOARD MEETING

MARCH 8 1976

At the Budget and Control Board meeting of March 2, 1976, Mr. Lewis F. Camp, Assistant General Counsel for Duke Power Company, advised that a Pollution Control Facilities Note in the amount \$24,000,000 had been issued during the month of March, 1975, by Oconee County to provide facilities for Duke Power Company. When this note was issued it was intended that it should be paid in full on March 10, 1976, through a Pollution Control Facilities Bond issue. However, the Federal Government has now questioned most of the facilities to be constructed with these funds and has, in fact, determined that only \$1,500,000 of the total amount can qualify under the tax exempt status.

Because of this problem, officials of Duke Power Company have proposed that \$22,500,000 be paid on March 10, 1976 and that \$1,500,000 be continued in the form of a Pollution Control Facilities Note for ninety days.

Because of the urgency of this matter, Mr. Camp asked for tentative Budget and Control Board approval pending receipt of a properly drawn petition from the officials of Oconee County. Board members unanimously approved a motion by Mr. Patterson, seconded by Mr. Mills, giving this tentative approval.

On March 3, 1976, a formal Petition was drawn by the County Council of Oconee County and forwarded to the State Budget and Control Board for its final action. On March 8, 1976, the following members of the Budget and Control Board were polled by telephone and each gave his formal and final approval to the Resolution authorizing the issuance of a Pollution Control Facilities Bond Anticipation Note in the amount of \$1,500,000 to be issued by Oconee County on behalf of Duke Power Company.

Governor James B. Edwards
Mr. Grady L. Patterson
Mr. Henry Mills
Mr. F. Julian LeaMond

Data pertaining to this matter has been retained in these files
and is identified as Exhibit I.

EXHIBIT I
MARCH 8, 1976

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

I, P. C. SMITH, Auditor of the State of South Carolina, and
Secretary of the State Budget and Control Board, DO HEREBY CERTIFY:

That the said State Budget and Control Board is composed of
the following:

His Excellency, James B. Edwards, Governor of
South Carolina and Chairman of Board;

The Honorable Grady Leslie Patterson, Jr., State
Treasurer;

The Honorable John Henry Mills, Comptroller General
of South Carolina;

The Honorable Rembert C. Dennis, Chairman of the
Senate Finance Committee; and

The Honorable F. Julian Leamond, Chairman of the
House Ways and Means Committee.

That due notice of meeting of said Board, called to be held at
the office of the State Auditor, in the Hampton Office Building, at
Columbia, South Carolina, at 11 A.M., March 8, 1976, was given to
all members in writing, and at least four (4) days prior to said meeting;
that all members of said Board were present at said meeting, with the
exception of:

SEN. DENNIS

That at said meeting, a Resolution, of which the attached is a true, correct and verbatim copy, was introduced by MR. PATTERSON, who moved its adoption, said motion was seconded by MR. MILLS, and upon vote being taken and recorded it appeared that the following votes were cast:


FOR MOTION

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AGAINST MOTION

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That Chairman thereupon delivered the Resolution unanimously adopted, and the original thereof has been duly entered in the permanent records of minutes of said Board, in my custody as its Secretary.


Secretary

March 8, 1976

RESOLUTION APPROVING THE PROPOSAL
OF OCONEE COUNTY, SOUTH CAROLINA
TO ISSUE \$1,500,000 POLLUTION CON-
TROL REVENUE BOND ANTICIPATION NOTES,
1976 SERIES (DUKE POWER COMPANY PRO-
JECT)

WHEREAS, the County Council (the "County Council") of Oconee County, South Carolina (the "County"), pursuant to Act No. 156 of the General Assembly of the State of South Carolina (the "Act"), has petitioned the State Budget and Control Board of South Carolina (the "State Board") pursuant to the Petition attached hereto as Exhibit A (the "Petition") seeking approval of the State Board of a proposal by the County Council pursuant to the Act; and

WHEREAS, the proposal consists of the issuance, sale and delivery of \$1,500,000 Pollution Control Revenue Bond Anticipation Notes, 1976 Series (Duke Power Company Project) (the "Notes") by the County pursuant to the Act, proceeds of which will be loaned to Duke Power Company (the "Industry") and used to refund in part an issue of notes of the County issued to refund an issue of notes issued to finance the cost of constructing, acquiring and installation the pollution control facilities described in Exhibit A which is a part of Exhibit 1 to the Petition (the "Facilities");

WHEREAS, the State Board has, as required by the Act, made such investigation of the proposal of the County Council as it deems necessary;

NOW, THEREFORE, BE IT RESOLVED BY THE STATE
BUDGET AND CONTROL BOARD, IN MEETING DULY ASSEMBLED:

1. It has been found and determined by the
State Board:

A. That the County has filed a proper petition to the State Board in accordance with the provisions of Section 14 of the Act, setting forth a brief description of the Facilities, the action taken by the South Carolina Department of Health and Environmental Control in connection therewith, a reasonable estimate of the cost of the Facilities, and a general summary of the terms and conditions of the Loan Agreement and Resolution (both as defined in the Petition), together with draft copies of the Loan Agreement, the Note Resolution and the Note Purchase Agreement pursuant to which the Notes will be sold.

B. The financing of the Facilities by the County through the issuance of the Notes will promote the purposes of the Act, and the Facilities may be reasonably anticipated to effect such result.

2. On the basis of the foregoing findings, the proposal of the County Council to issue, sell and deliver the Notes as set forth in the Petition (including changes in any details of the proposal as set forth in the Petition as finally consummated which do not increase the aggregate principal amount of Notes to be issued or otherwise materially change the terms and conditions of the Loan Agreement and the Note Resolution which are set forth in Paragraphs (A) through (E) of Section 6 of the Petition) be, and the same is hereby approved, and the County Council may proceed therewith.

3. Notice of the action taken by the State Board in giving approval to the above described undertaking of

the County shall be published in "The Seneca Journal" which is a newspaper having general circulation in Oconee County.

4. That the Notice, mentioned in Section 3 above, to be published shall be in form substantially set forth in Exhibit "B" of this Resolution.

5. This Resolution shall take effect immediately.

EXHIBIT "B"

NOTICE PURSUANT TO ACT NO. 156 OF
THE ACTS AND JOINT RESOLUTIONS EN-
ACTED AT THE 1971 SESSION OF THE
GENERAL ASSEMBLY OF THE STATE OF
SOUTH CAROLINA

NOTICE IS HEREBY GIVEN that following the filing of a Petition by the County Council (the "Council") of Oconee County (the "County") to the State Budget and Control Board of South Carolina (the "State Board"), approval has been given by the State Board to the following proposal of the County Council (including changes in any details of the said proposal as finally consummated which do not increase the aggregate principal amount of Notes to be issued or otherwise materially change the terms and conditions of the Loan Agreement and Note Resolution which are set forth in Paragraphs (A) through (E) of Section 6 of the Petition) viz:

The adoption of a resolution (the "Note Resolution") authorizing issuance, sale and delivery by the County of \$1,500,000 Pollution Control Revenue Bond Anticipation Notes, 1976 Series (Duke Power Company Project) (the "Notes") pursuant to a Note Purchase Agreement between the County and Morgan Guaranty Trust Company of New York in accordance with Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina (the "Act").

The proceeds of the Notes shall be loaned by Oconee County, South Carolina to Duke Power Company (the "Industry") and used to refund in part an issue of notes of the County issued to refund an issue of notes issued to finance the acquisition, construction and installation by the Industry of certain pollution control facilities located at the Industry's Oconee Nuclear Station (the "Facilities") pursuant to a Loan Agreement between Oconee County, South Carolina and the Industry, pursuant to which the Industry will among other things unconditionally agree to make payments sufficient to repay the principal of and interest on the Notes when due.

A draft of the Loan Agreement, the Note Resolution and the Note Purchase Agreement are on file at the office of the County Council, located in the Oconee County Courthouse, Walhalla, South Carolina.

The South Carolina Department of Health and Environmental Control has found that the Facilities are necessary and are designated for the elimination, mitigation and prevention of air pollution.

NOTICE IS FURTHER GIVEN that any interested party may at any time within twenty days after the date of publication of this Notice, but not afterwards, challenge the validity of the action of the State Board in approving the said proposals of the County Board, by action de novo

instituted in the Court of Common Pleas for Oconee County.

THE STATE BUDGET AND CONTROL BOARD
OF SOUTH CAROLINA

BY: P. C. SMITH, Secretary

DATED: March , 1976

NOTE PURCHASE AGREEMENT

AGREEMENT dated as of March 10, 1976 between OCONEE COUNTY, South Carolina (the "County"), County Court House, Walhalla, South Carolina 29691 and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, 23 Wall Street, New York, New York 10015 (the "Bank").

SECTION 1. Representations and Warranties.

The County represents and warrants that:

1.1 *Authority.* The County is a duly constituted and validly existing body politic and corporate and political subdivision of the State of South Carolina, validly acting by and through the County Council of Oconee County (the "County Council") as the governing body of the County established pursuant to Act No. 555 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina of 1971, as amended. The County is authorized and empowered by the provisions of Act No. 156 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina of 1971, as amended (the "Act"), to enter into the transactions contemplated by (i) this Agreement, (ii) the Loan Agreement dated as of March 10, 1976 (the "Loan Agreement") between the County and Duke Power Company (the "Company"), and (iii) the resolution of the County Council adopted on March 3, 1976 (the "Resolution"), and to apply the proceeds from the issuance of a bond anticipation note, within the meaning of the Act, to be issued pursuant to the Resolution (said bond anticipation note, including any bond anticipation note or notes issued in exchange or in transfer thereof, herein called the "Note") as set forth in the Resolution.

The execution, delivery and performance of this Agreement, the Loan Agreement and the Note are within the power and authority of the County, have been authorized by all necessary proceedings and will not contravene, or constitute a default under, any provision of law or regulation or any judgment, order, decree, contract, agreement or other instrument binding upon the County. The Resolution has been duly and validly adopted on behalf of the County and the adoption of the Resolution and the performance of all obligations of the County set forth therein will not contravene, or constitute a default under, any provision of law or regulation or any judgment, order, decree, contract, agreement or other instrument binding upon the County. This Agreement and the Loan Agreement constitute valid and binding agreements of the County enforceable in accordance with their respective terms except as enforcement may be limited by bankruptcy or other laws of general application affecting creditors' rights. The Resolution constitutes a valid and binding obligation of the County; the Pledge (referred to in Section 2.4 hereof) contained in Section 1.03 of the Resolution is enforceable in accordance with its terms and the Resolution (other than such Pledge) is enforceable in accordance with the terms thereof except as enforcement may be limited by bankruptcy or other laws of general application affecting creditors' rights. The Note, when executed and delivered on behalf of the County in accordance with the Resolution, will constitute a valid and binding obligation of the County enforceable in accordance with its terms except as enforcement thereof may be limited by bankruptcy or other laws of general application affecting creditors' rights.

1.2 *Litigation and Governmental Authorization.* There is no action, suit or proceeding pending, or to the best knowledge of the County threatened, against or affecting the County or the County Council before any court, governmental department, commission, board or other Federal, state, county, municipal or other instrumentality, agency or authority which might adversely affect the power or authority of the County or the County Council or the ability of the County to perform its obligations under this Agreement, the Loan Agreement, the Note or the Resolution. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery of this Agreement, the Loan Agreement and the Note, the adoption of the Resolution, and the consummation of the transactions contemplated by this Agreement, the Loan Agreement, the Note and the Resolution, including without limitation (i) a finding by the South Carolina Department of Health

and Environmental Control that certain pollution control facilities being acquired, installed and constructed by the Company in Oconee County, South Carolina at the Company's Oconee Nuclear Station, which facilities are more fully described in Exhibit A to the Loan Agreement (the "Facilities"), are necessary and that the design thereof will result in the elimination, mitigation and prevention of air or water pollution and (ii) approval by the State Budget and Control Board of South Carolina of the Facilities and of the proposal of the County Council to issue the Note pursuant to the Resolution, have been obtained.

SECTION 2. **Note.**

2.1 *Agreement to Sell and Purchase.* The County hereby agrees to sell to the Bank, and in reliance upon the representations, warranties, covenants and agreements of the County set forth herein or made pursuant hereto, and subject to all the terms and conditions hereof, the Bank agrees to purchase from the County on the Closing Date specified in Section 3.1 hereof, a Note in the principal amount of \$1,500,000 at a purchase price of 100% of the principal amount. The Note shall be dated March 10, 1976, shall mature on June 8, 1976, shall bear interest on the unpaid principal amount thereof from time to time outstanding at a rate of five and one-half per centum (5½%) per annum, payable on the stated maturity of the Note, and shall conform to the form thereof set forth in the Resolution. Interest on overdue payments of principal and interest shall be paid in accordance with the provisions of Section 9.09 of the Resolution.

2.2 *Redemption.* The County, at the prior written direction of the Company, shall, upon three business days' written notice to the holder of the Note, redeem without penalty the Note at a redemption price equal to the sum of the unpaid principal amount of the Note, together with all interest accrued and unpaid to the date of redemption on the Note.

2.3 *Funds.* Payment for the purchase by the Bank of the Note hereunder and all payments of principal of and interest on the Note shall be made in Federal or other immediately available funds.

2.4 *Security.* The County represents and warrants that, as security for the punctual payment of all amounts payable by the County pursuant to the Note or the Resolution, for the performance and observance by the County of all of its covenants and agreements contained in the Note or the Resolution and to assure the correctness of all representations and warranties made in this Agreement, the Note or the Resolution or in any document or certificate delivered pursuant to any thereof, the County has in Section 1.03 of the Resolution irrevocably assigned and pledged to the holder of the Note all rights of the County under and all interests of the County in the Loan Agreement (other than the rights to receive payment of the Administration Expenses and rights to indemnification pursuant to Sections 4.02 and 4.06 thereof, respectively), the Revenues (as defined in the Resolution), all moneys and securities in the Debt Service Fund and, until applied in payment of any item of the Cost of the Facilities in accordance with Section 5.03 of the Resolution, all moneys and securities in the Loan Fund (the "Pledge"). The County covenants and agrees that on or prior to the Closing Date referred to in Section 3 hereof it will effect all filings and recordings currently required in order to establish, protect and preserve the security interest of the holder of the Note created by the Pledge as a valid, perfected and enforceable first security interest in the above-mentioned Revenues, moneys and securities (the "Collateral"). The County covenants and agrees to effect all other filings or recordings, including without limitation the filing of all financing statements and continuation statements in respect thereof under the Uniform Commercial Code of South Carolina, which, in the judgment of the Bank, is necessary or desirable from time to time to establish, protect and preserve such security interest as a valid, perfected and enforceable first security interest in the Collateral.

2.5 *Limited Obligations.* Anything in this Agreement or in the Note or Resolution to the contrary notwithstanding, the Bank understands and agrees that the obligations of the County to make payments of principal of and interest on the Note are limited obligations of the County payable solely out of the Collateral, that such obligations do not constitute indebtedness of the County within the

meaning of any provision of the Constitution or any law of the State of South Carolina and shall not constitute or give rise to any pecuniary liability of the County, or a charge against its general credit or taxing powers.

SECTION 3. Closing.

3.1 *Closing Date.* The Closing with respect to the purchase and sale of the Note by the County to the Bank shall take place at the offices of the Bank, 23 Wall Street, New York, New York 10015, at 2:00 p.m., New York Time on March 10, 1976 or such other place, time and date as the parties hereto may mutually agree upon (the "Closing Date").

3.2. *Delivery and Payment.* On the Closing Date the County will deliver to the Bank a Note in the principal amount of \$1,500,000, against delivery of evidence of the transfer of Federal or other immediately available funds in an amount equal to the purchase price of the Note, into that account of the County with the Depository which constitutes the Loan Fund under the Resolution. The Note will be delivered to the Bank in the denomination of \$1,500,000 and registered in the name of Morgan Guaranty Trust Company of New York.

SECTION 4. Conditions to Purchase of Note.

4.1. *Closing Conditions.* The obligations of the Bank to purchase the Note hereunder on the Closing Date is conditioned upon:

(a) the fact that the representations and warranties of the County contained in Sections 1.1 and 1.2 hereof and in the first sentence of Section 2.4 hereof are true and correct in all material respects on and as of the Closing Date and that the covenant of the County contained in the second sentence of such Section 2.4 has been performed to the satisfaction of the Bank;

(b) receipt by the Bank of a fully registered Note complying with the provisions of Section 3.2 hereof and conforming to the form of Note set forth in the Resolution;

(c) receipt by the Bank of a duly authorized, executed and delivered Contingent Purchase and Indemnification Agreement between the Company and the Bank (the "Contingent Purchase Agreement"), dated as of March 10, 1976 and in form and substance satisfactory to the Bank;

(d) receipt by the Bank of a certificate of the County, signed on behalf of the County by the Chairman or Acting Chairman of the County Council, to the effect set forth in Section 4.1(a) above;

(e) receipt by the Bank of evidence satisfactory to the Bank that

(i) all necessary or appropriate findings or approvals of the South Carolina Department of Health and Environmental Control have been obtained, including receipt by the County Council of the finding of such Department that the Facilities are necessary and that the design thereof will result in the elimination, mitigation and prevention of air or water pollution,

(ii) all necessary or appropriate approvals of the State Budget and Control Board of South Carolina have been received, including receipt of the approval by such State Budget and Control Board of the Facilities and of the proposal of the County Council to issue the Note pursuant to the Resolution, and

(iii) all necessary or appropriate action by the County Council to authorize the execution, delivery and performance of this Agreement, the Loan Agreement, and the Note has been duly taken, including adoption of the Resolution;

(f) receipt by the Bank of a certificate of the County, signed on behalf of the County by the Chairman or Acting Chairman of the County Council, to the effect that

(i) on the basis of the facts, estimates and circumstances (including the certificate of the Company delivered to the County and the covenants of the County contained herein) in

existence on the date of the issuance of the Note, which facts, estimates and circumstances shall be set forth therein, it is not expected that the proceeds of the issuance of the Note will be used in a manner that would cause the Note to be an arbitrage bond within the meaning of Section 103(d) of the Internal Revenue Code of 1954, as amended, and

(ii) to the best of the knowledge and belief of the County there are no other facts, estimates or circumstances that would materially change such expectations;

(g) receipt by the Bank of an opinion of W. Jerry Fedder, Esq., County Attorney for Oconee County, South Carolina, dated the Closing Date and in form and substance satisfactory to the Bank, to the effect set forth in Exhibit A hereto;

(h) receipt by the Bank of an opinion of Messrs. Reid & Priest, counsel for the Company, dated the Closing Date and in form and substance satisfactory to the Bank, to the effect set forth in Exhibit B hereto;

(i) receipt by the Bank of opinions of Messrs. Mudge Rose Guthrie & Alexander, Bond Counsel, dated the Closing Date and in form and substance satisfactory to the Bank, to the effect set forth in Exhibits C-1 and C-2 hereto;

(j) receipt by the Bank of an opinion of Messrs. Davis Polk & Wardwell, special counsel for the Bank, dated the Closing Date and in form and substance satisfactory to the Bank, to the effect set forth in Exhibit D hereto; and

(k) receipt by the Bank of all other documents and opinions which it may reasonably request.

To the extent that the opinions required by paragraphs (h), (i) and (j) of this Section 4.1 are governed by matters of South Carolina law, Messrs. Reid & Priest, Messrs. Mudge Rose Guthrie & Alexander and Messrs. Davis Polk & Wardwell may rely upon the opinion of W. Jerry Fedder, Esq., County Attorney for Oconee County, South Carolina and, to the extent that such opinions are governed by matters of North Carolina law, Messrs. Reid & Priest, Messrs. Mudge Rose Guthrie & Alexander and Messrs. Davis Polk & Wardwell may rely upon the opinion of Steve C. Griffith, Jr., Esq., General Counsel of the Company.

SECTION 5. Miscellaneous.

The County covenants and agrees that:

5.1 *Notices.* All notices, requests or demands hereunder shall be deemed to have been given when deposited in the United States mails, first class postage prepaid, addressed to the appropriate party at its address given above or at any other address of which it shall have notified the person giving such notice in writing.

5.2 *Term of Agreement.* The term of this Agreement shall be until the consummation of the purchase of the Note by the Bank.

5.3 *No Waivers.* No failure or delay by the Bank in exercising any right, power or privilege hereunder or under the Resolution or the Note shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

5.4 *Definitions.* All terms and phrases which are used herein as defined terms and which are defined in the Resolution and not defined herein shall have the meaning set forth in the Resolution, unless the context hereof requires otherwise.

5.5 *Copies of Certificates, etc.* Whenever the County is required to deliver notices, certificates, opinions, statements or other information hereunder to the Bank, it shall do so in such number of copies as the Bank shall specify.

5.6 *Changes, Waivers, etc.* Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated, except by a statement in writing signed by each party against which enforcement of the change, waiver, discharge or termination is sought.

5.7 *Counterparts.* This Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

5.8 *Successors and Assigns.* This Agreement and the Resolution shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

OCONEE COUNTY, SOUTH CAROLINA

(SEAL)

By
Chairman of the County Council
of Oconee County

Attest:

.....
Clerk of the County Council
of Oconee County

Signed, sealed and delivered in the presence of:

.....
.....

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By
Vice President

W. JERRY FEDDER
WILLIAM F. DERRICK
RICHARD L. RITTER

Fedder & Derrick
ATTORNEYS AT LAW
NORTH FAIRPLAY STREET
Seneca, South Carolina 29678

TELEPHONE 882-2747
AREA CODE 803
P. O. BOX 791

March 10, 1976

COUNTY COUNCIL OF OCONEE COUNTY
County Court House
Walhalla, South Carolina 29691

DUKE POWER COMPANY
422 South Church Street
Charlotte, North Carolina 28242

MORGAN GUARANTY TRUST COMPANY OF NEW YORK
23 Wall Street
New York, New York 10015

Gentlemen:

I am County Attorney for Oconee County, South Carolina (the "County") and as such I have acted as counsel to the County in connection with the authorization, issuance and sale of its \$1,500,000 Pollution Control Revenue Bond Anticipation Note, 1976 Series (Duke Power Company Project) (the "Note").

I have examined and am familiar with originals or copies, certified or otherwise identified to my satisfaction, of such statutes, certificates of public officials, proceedings and records, documents and instruments as are necessary for the purposes of this opinion, including without limitation (i) Act No. 156 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina of 1971, as amended (the "Act"); (ii) the Note Resolution adopted by the County on March 3, 1976 pursuant to which the Note is issued (the "Resolution"); (iii) the Loan Agreement dated as of March 10, 1976 between the County and Duke Power Company, a company organized and existing under the laws of the State of North Carolina and qualified to do business as a foreign corporation in the State of South Carolina (the "Company"); (iv) the Note Purchase Agreement dated as of March 10, 1976 between the County and Morgan Guaranty Trust Company of New York (the "Note Purchase Agreement"); and (v) the Note.

Upon the basis of the foregoing, I am of the opinion that:

(i) The County is a duly constituted and validly existing body politic and corporate and political subdivision of the State of South Carolina, validly acting by and through the County Council of Oconee County (the "County Council") as the governing body of the County established pursuant to Act No. 555 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina of 1971, as amended, and the County is authorized and empowered by the provisions of the Act to enter into the transactions contemplated by the Note Purchase Agreement, the Loan Agreement and the Resolution, and to apply the proceeds from the issuance of the Note as set forth in the Resolution.

(ii) The execution, delivery and performance of the Note Purchase Agreement, the Loan Agreement and the Note are within the power and authority of the County, have been authorized

by all necessary proceedings and will not contravene, or constitute a default under, any provision of law or regulation or any judgment, order, decree, contract, agreement or other instrument binding upon the County; the Resolution has been duly and validly adopted on behalf of the County; and the adoption of the Resolution and the performance of all obligations of the County set forth therein will not contravene, or constitute a default under, any provision of law or regulation or any judgment, order, decree, contract, agreement or other instrument binding upon the County.

(iii) There is no action, suit or proceeding pending, or to the best of my knowledge threatened, against or affecting the County or the County Council before any court, governmental department, commission, board or other Federal, state, county, municipal or other instrumentality, agency or authority which might adversely affect the power or authority of the County or the County Council or the ability of the County to perform its obligations under the Note Purchase Agreement, the Loan Agreement, the Note or the Resolution.

(iv) All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery of the Note Purchase Agreement, the Loan Agreement and the Note, the adoption of the Resolution and the consummation of the transactions contemplated by the Note Purchase Agreement, the Loan Agreement, the Note and the Resolution have been obtained, and in particular (a) the South Carolina Department of Health and Environmental Control has found that certain pollution control facilities being acquired, installed and constructed by the Company in Oconee County, South Carolina at the Company's Oconee Nuclear Station, which facilities are more fully described in Exhibit A to the Loan Agreement (the "Facilities"), are necessary and that the design thereof will result in the elimination, mitigation and prevention of air or water pollution and (b) the State Budget and Control Board of South Carolina has approved the Facilities and the proposal of the County Council to issue the Note pursuant to the Resolution; and all such authorizations, consents and approvals are in full force and effect on the date hereof.

(v) The Act has been duly and validly enacted into law, is validly in effect on the date hereof and the provisions of the Act have been upheld as constitutional by the Supreme Court of the State of South Carolina.

(vi) The Resolution has been duly and validly adopted on behalf of the County under the Act and constitutes a valid and binding obligation of the County; the pledge contained in Section 1.03 of the Resolution (the "Pledge") is enforceable in accordance with its terms and the Resolution (other than such Pledge contained therein) is enforceable in accordance with the terms thereof except as enforcement may be limited by bankruptcy or other laws of general application affecting creditors' rights; the issuance and sale of the Note has been duly authorized in accordance with the Act; and the Note is in conformity with the Resolution.

(vii) The Note Purchase Agreement and the Loan Agreement have been duly executed and delivered on behalf of the County, and the Note Purchase Agreement and the Loan Agreement constitute valid and binding agreements of the County enforceable in accordance with their respective terms except as enforcement may be limited by bankruptcy or other laws of general application affecting creditors' rights.

(viii) The Note being delivered to Morgan Guaranty Trust Company of New York on the date hereof has been duly authorized, executed and delivered on behalf of the County and constitutes a valid and binding obligation of the County enforceable in accordance with its terms except as enforcement may be limited by bankruptcy or other laws of general application affecting creditors' rights, and any Note or Notes issued in exchange therefor, when duly executed and delivered on behalf of the County in accordance with the Resolution, will have been duly authorized, executed and delivered and will constitute valid and binding obligations of the County enforceable in accordance with their terms except as enforcement may be limited by bankruptcy or other laws of general application affecting creditors' rights.

(ix) The Facilities constitute "pollution control facilities" within the meaning of the Act.

(x) As security for the punctual payment of all amounts payable by the County pursuant to the Note or the Resolution, for the performance and observance by the County of all of its covenants and agreements contained in the Note or the Resolution and to assure the correctness of all representations and warranties made in the Note Purchase Agreement, the Note or the Resolution or in any document or certificate delivered pursuant to any thereof, the County has in the Resolution irrevocably assigned and pledged to the holder of the Note all rights of the County under and all interests of the County in the Loan Agreement (other than the rights to receive payment of the Administration Expenses and rights to indemnification pursuant to Sections 4.02 and 4.06 thereof, respectively), the Revenues (as defined in the Resolution), all moneys and securities in the Debt Service Fund and, until applied in payment of any item of the Cost of the Facilities in accordance with Section 5.03 of the Resolution, all moneys and securities in the Loan Fund; in the event of any Event of Default referred to in Section 9.01 of the Resolution (including a default in respect of the performance of any covenant or agreement contained in the Resolution or the Note), payment of the unpaid principal of and all accrued interest on the Note and the performance of the covenants and agreements contained in the Resolution or the Note may be enforced by mandamus or by the appointment of a receiver in equity with such powers as may be necessary to enforce the obligations of the County to make all such payments and to perform all such covenants and agreements; and the Debt Service Fund created by Section 6.01 of the Resolution is a trust fund completely segregated and set apart from all other funds of the County for the sole benefit of the holder of the Note.

(xi) Except for the filing of financing statements under the Uniform Commercial Code of South Carolina with the Secretary of State of South Carolina and at the County Court House of Oconee County, which filings have been effected on or prior to the date hereof, no filing or recording of any document or instrument is required under the laws of the State of South Carolina in order to establish, protect and preserve the security interest of Morgan Guaranty Trust Company of New York created by the Pledge as a valid, perfected and enforceable first security interest in the Collateral (as defined in the Note Purchase Agreement), and there are no requirements with respect to re-recording or re-filing any such financing statements or filing any continuation statements in respect thereof, other than a requirement to file continuation statements in respect of the above-mentioned financing statements in the event that the Note is outstanding after June 8, 1981.

(xii) Under the Constitution and general laws and statutes of the State of South Carolina, the County may not invoke any rights of immunity on the grounds of sovereignty in any judicial proceeding in respect of its obligations under the Note Purchase Agreement, the Loan Agreement, the Resolution or the Note.

In rendering the opinion set forth in paragraph (ix) above, I have relied upon the finding of the South Carolina Department of Health and Environmental Control and the approval of the State Budget and Control Board referred to in paragraph (iv) above. I also call to your attention the provisions of Section 14 of the Act, which requires that notice of the above-mentioned approval of the State Budget and Control Board be published by such Board at least once in a newspaper having general circulation in Oconee County, South Carolina and provides that any interested party may within twenty days after the publication of such notice (but not afterwards) challenge the validity of such approval by action de novo in the Court of Common Pleas of Oconee County. The notice required by Section 14 of the Act will be published on March 10, 1976 and the twenty-day period will not have expired until March 31, 1976.

Yours very truly,

W. JERRY FEDDER
Oconee County Attorney

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WASHINGTON OFFICE
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WASHINGTON, D. C. 20006
202 331-1752

March 10, 1976

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK
23 Wall Street
New York, N. Y. 10015

Dear Sirs:

In connection with the loan by Oconee County, South Carolina (the County), of \$1,500,000 to Duke Power Company (the Company), pursuant to a Loan Agreement dated as of March 10, 1976 between the County and the Company, to finance a portion of the cost of the construction, acquisition and installation of certain pollution control facilities described in Exhibit A to such Loan Agreement (the Facilities), and the Contingent Purchase and Indemnification Agreement dated as of March 10, 1976 between the Company and you (the Contingent Purchase Agreement), we, as counsel to the Company, have examined and are familiar with the originals, or copies certified or otherwise identified to our satisfaction of the Articles of Incorporation and By-Laws of the Company and all amendments thereto, and corporate proceedings relating to the authorization and approval by the Company of the Loan Agreement and the Contingent Purchase Agreement, and such other records, certificates and documents as we have considered necessary for the purposes of this opinion.

On the basis of the foregoing, we are of the opinion that:

(i) The Company is duly incorporated, validly existing and in good standing under the laws of the State of North Carolina and is qualified to do business as a foreign corporation and is in good standing under the laws of the State of South Carolina. The execution and delivery of, and the consummation of the transactions contemplated by, the Contingent Purchase Agreement and the Loan Agreement are each within the corporate authority of the Company, have been duly authorized by all necessary corporate proceedings, will not contravene the Articles of Incorporation or By-Laws of the Company, or contravene or constitute a default under, any provision of law or regulation or any contract, agreement, judgment, order, decree or other instrument binding upon it or involving its properties, and the Contingent Purchase Agreement and the Loan Agreement have been duly executed and delivered by the Company and constitute legal, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms except as enforcement may be limited by bankruptcy or other laws of general application affecting creditors' rights;

(ii) Except as provided in Section 1.3 of the Contingent Purchase Agreement, there is no action, suit or proceeding pending against the Company or involving any of its properties, or to the best of our knowledge threatened, against the Company or in respect of any of its properties, before any court, governmental department, commission, board or other Federal, state, county, municipal or other instrumentality, agency or authority which might adversely affect the power of the Company to enter into, or the ability of the Company to perform its obligations under, the Contingent Purchase Agreement or the Loan Agreement. All authorizations, consents and approvals of gov-

ernmental bodies or agencies required to be obtained by the Company in connection with the execution and delivery by the Company of the Contingent Purchase Agreement and the Loan Agreement, in connection with the carrying out by the Company of its obligations under the Contingent Purchase Agreement and the Loan Agreement, in connection with the financing of a portion of the cost of acquisition, construction and installation by the Company of the Facilities, or in connection with the financing of the Facilities through the issuance by the County of a bond anticipation note, within the meaning of Act No. 156 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina of 1971, as amended (the Note), pursuant to the resolution adopted by the County Council of Oconee County (County Council) on March 3, 1976 (the Resolution), have been obtained; the South Carolina Department of Health and Environmental Control has found that the Facilities are necessary and that the design thereof will result in the elimination, mitigation and prevention of air or water pollution; the State Budget and Control Board of South Carolina has approved the Facilities and the proposal of the County Council to issue the Note in accordance with the Resolution; and the County Council has adopted the Resolution;

(iii) No filing or recording of any document is required under the laws of the States of North Carolina or New York in order to establish, protect and preserve your security interest created by the Pledge, as defined in the agreement dated as of March 10, 1976 between the County and you relating to the purchase of the Note (the Note Purchase Agreement), as a valid, perfected and enforceable first security interest in the Collateral (as defined in the Note Purchase Agreement); and

(iv) Except to the extent attributable to a relationship between the State of North Carolina or any political subdivision thereof or therein and you not derived from the transactions contemplated by the Loan Agreement, the Contingent Purchase Agreement, the Resolution, the Note and the Note Purchase Agreement, all revenues and securities which may be received by you pursuant to the Note or the Resolution (including without limitation all payments of the principal of or interest on the Note and all payments, receipts, moneys or other revenues and securities which you may receive pursuant to the Pledge) and all revenues which may be received by you pursuant to the Contingent Purchase Agreement (including without limitation payments received pursuant to Section 3.1 thereof) will be exempt from any taxation which may be imposed by the State of North Carolina or any political subdivision thereof or therein, except for inheritance, estate or transfer taxes; and that the Note Purchase Agreement, the Loan Agreement and the Resolution will be exempt from all North Carolina stamp and transfer taxes.

In rendering the foregoing opinion, we have assumed, and, accordingly, express no opinion with respect to, the due authorization, validity and enforceability of the Resolution; the due authorization, execution, delivery, validity and enforceability of the Note Purchase Agreement and the Note; the due authorization, execution and delivery by the County of the Loan Agreement and its validity and enforceability as it relates to the County and the due authorization, execution and delivery by you of the Contingent Purchase Agreement and its validity and enforceability as it relates to you.

We have also assumed the genuineness of all signatures and the authenticity of all documents submitted to us as originals, and the conformity to original documents of all documents submitted to us as photostatic or certified copies.

We are members of the New York Bar and do not hold ourselves out as experts with respect to the laws of any other State. Accordingly, in rendering the foregoing opinion, we are, with your approval, relying as to each and every matter of North Carolina or South Carolina law upon the opinions addressed to you of even date of Steve C. Griffith, Jr., Esq., General Counsel of the Company, and W. Jerry Fedder, Esq., Attorney for the County.

Very truly yours,

STEVE C. GRIFFITH, JR.
ATTORNEY AT LAW
422 SOUTH CHURCH ST.
CHARLOTTE, NORTH CAROLINA 28242

March 10, 1976

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK
23 Wall Street
New York, N. Y. 10015

Dear Sirs:

In connection with the loan by Oconee County, South Carolina (the County), of \$1,500,000 to Duke Power Company (the Company), pursuant to a Loan Agreement dated as of March 10, 1976 between the County and the Company, to finance a portion of the cost of the construction, acquisition and installation of certain pollution control facilities described in Exhibit A to such Loan Agreement (the Facilities), and the Contingent Purchase and Indemnification Agreement dated as of March 10, 1976 between the Company and you (the Contingent Purchase Agreement), I, as General Counsel to the Company, have examined and am familiar with the originals, or copies certified or otherwise identified to my satisfaction of the Articles of Incorporation and By-Laws of the Company and all amendments thereto, and corporate proceedings relating to the authorization and approval by the Company of the Loan Agreement and the Contingent Purchase Agreement, and such other records, certificates and documents as I have considered necessary for the purposes of this opinion.

On the basis of the foregoing, I am of the opinion that:

(i) The Company is duly incorporated, validly existing and in good standing under the laws of the State of North Carolina and is qualified to do business as a foreign corporation and is in good standing under the laws of the State of South Carolina. The execution and delivery of, and the consummation of the transactions contemplated by, the Contingent Purchase Agreement and the Loan Agreement are each within the corporate authority of the Company, have been duly authorized by all necessary corporate proceedings, will not contravene the Articles of Incorporation or By-Laws of the Company, or contravene or constitute a default under, any provision of law or regulation or any contract, agreement, judgment, order, decree or other instrument binding upon it or involving its properties, and the Contingent Purchase Agreement and the Loan Agreement have been duly executed and delivered by the Company and constitute legal, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms except as enforcement may be limited by bankruptcy or other laws of general application affecting creditors' rights;

(ii) Except as provided in Section 1.3 of the Contingent Purchase Agreement, there is no action, suit or proceeding pending against the Company or involving any of its properties, or to the best of my knowledge threatened, against the Company or in respect of any of its properties, before any court, governmental department, commission, board or other Federal, state, county, municipal or other instrumentality, agency or authority which might adversely affect the power of the Company to enter into, or the ability of the Company to perform its obligations under, the Contingent Purchase Agreement or the Loan Agreement. All authorizations, consents and approvals of governmental bodies or agencies required to be obtained by the Company in connection with the execution and delivery by the Company of the Contingent Purchase Agreement and the Loan

Agreement, in connection with the carrying out by the Company of its obligations under the Contingent Purchase Agreement and the Loan Agreement, in connection with the financing of a portion of the cost of acquisition, construction and installation by the Company of the Facilities, or in connection with the financing of the Facilities through the issuance by the County of a bond anticipation note, within the meaning of Act No. 156 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina of 1971 (the Note), pursuant to the resolution adopted by the County Council of Oconee County (County Council) on March 3, 1976 (the Resolution), have been obtained; the South Carolina Department of Health and Environmental Control has found that the Facilities are necessary and that the design thereof will result in the elimination, mitigation and prevention of air or water pollution; the State Budget and Control Board of South Carolina has approved the Facilities and the proposal of the County Council to issue the Note in accordance with the Resolution; and the County Council has adopted the Resolution;

(iii) No filing or recording of any document is required under the laws of the State of North Carolina in order to establish, protect and preserve your security interest created by the Pledge, as defined in the agreement dated as of March 10, 1976 between the County and you relating to the purchase of the Note (the Note Purchase Agreement) as a valid, perfected and enforceable first security interest in the Collateral (as defined in the Note Purchase Agreement); and

(iv) Except to the extent attributable to a relationship between the State of North Carolina or any political subdivision thereof or therein and you not derived from the transactions contemplated by the Loan Agreement, the Contingent Purchase Agreement, the Resolution, the Note and the Note Purchase Agreement, all revenues and securities which may be received by you pursuant to the Note or the Resolution (including without limitation all payments of the principal of or interest on the Note and all payments, receipts, moneys or other revenues and securities which you may receive pursuant to the Pledge) and all revenues which may be received by you pursuant to the Contingent Purchase Agreement (including without limitation payments received pursuant to Section 3.1 thereof) will be exempt from any taxation which may be imposed by the State of North Carolina or any political subdivision thereof or therein, except for inheritance, estate or transfer taxes; and that the Note Purchase Agreement, the Loan Agreement and the Resolution will be exempt from all North Carolina stamp and transfer taxes.

In rendering the foregoing opinion, I have assumed, and, accordingly, express no opinion with respect to, the due authorization, validity and enforceability of the Resolution; the due authorization, execution, delivery, validity and enforceability of the Note Purchase Agreement and the Note; the due authorization, execution and delivery by the County of the Loan Agreement and its validity and enforceability as it relates to the County and the due authorization, execution and delivery by you of the Contingent Purchase Agreement and its validity and enforceability as it relates to you.

I have also assumed the genuineness of all signatures and the authenticity of all documents submitted to me as originals, and the conformity to original documents of all documents submitted to me as photostatic or certified copies.

Very truly yours,

MUDGE ROSE GUTHRIE & ALEXANDER

20 BROAD STREET

NEW YORK, N.Y. 10005

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CABLE ADDRESS
 BALUCHINS-NEW YORK
 TELEX 127889

March 10, 1976

COUNTY COUNCIL OF
 OCONEE COUNTY, SOUTH CAROLINA
 Walhalla, South Carolina

Gentlemen:

We have examined a record of proceedings relating to the issuance by Oconee County, South Carolina, a body corporate and politic and a political subdivision of the State of South Carolina (the "County"), of its \$1,500,000 Pollution Control Revenue Bond Anticipation Note, 1976 Series (Duke Power Company Project) (the "Note").

The Note is issued under and pursuant to the Constitution and laws of the State of South Carolina, including Act No. 156 of the Acts of the General Assembly of the State of South Carolina for the year 1971, as amended (the "Act"), and under and pursuant to a resolution duly adopted by the County on March 3, 1976 (the "Note Resolution"). The Note is being sold on the date hereof to Morgan Guaranty Trust Company of New York (the "Bank") pursuant to a Note Purchase Agreement dated as of March 10, 1976 between the County and the Bank (the "Note Purchase Agreement").

The Note will mature on June 8, 1976 and will bear interest at the rate of 5½% per annum, payable at maturity. The Note is dated March 10, 1976. The Note is subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the Note Resolution. The Note is in the form of a fully registered Note without coupons in the principal amount of \$1,500,000.

The Note is being issued for the purpose of loaning the proceeds thereof to Duke Power Company, a North Carolina corporation (the "Corporation"), pursuant to a Loan Agreement dated as of March 10, 1976 between the County and the Corporation (the "Loan Agreement") to finance a portion of the cost of construction, acquisition and installation of certain air and water pollution control facilities by the Corporation at the Oconee Nuclear Station of the Corporation in Oconee County, South Carolina, which facilities are more fully described in Exhibit A to the Loan Agreement (the "Facilities").

We are of the opinion that:

1. The County is a duly constituted and validly existing body corporate and politic and political subdivision of the State of South Carolina.

2. The County has good right and lawful authority to loan the proceeds of the Note to the Corporation, and to collect revenues from such loan, in accordance with the terms of the Loan Agreement and as provided in the Note Resolution.

3. The County has the right and power under South Carolina law, including the Act, to adopt the Note Resolution, and the Note Resolution has been duly and lawfully adopted, is in full force and effect, and is legal, valid and binding upon the County in accordance with its terms; and the County is duly authorized by the provisions of the Act to apply the proceeds of the Note in accordance with the Note Resolution.

4. The County is duly authorized and entitled to issue the Note and the Note has been duly and validly authorized and issued by the County in accordance with the Constitution and laws of the State of South Carolina, including the Act, and has the right and power to enter into the Note Purchase Agreement. The Note is a legal, valid and binding obligation of the County in accordance with its terms and the terms of the Note Resolution and the Note Purchase Agreement and is entitled to the benefits of the Note Resolution, including, without limitation, the pledge contained in Section 1.03 thereof, and the Act. The security interest created by such pledge constitutes a valid and perfected first security interest in the payments, receipts, revenues, moneys and securities and other rights and interests of the County under and in the Loan Agreement pledged in said Section 1.03.

5. The Note is a limited obligation of the County payable solely from and secured by the pledge created by Section 1.03 of the Note Resolution of the payments, receipts, revenues, moneys and securities and other rights and interests of the County under and in the Loan Agreement, all as more fully set forth in the Note Resolution. The Note shall not constitute an indebtedness of the County within the meaning of any constitutional provision or statutory limitation of the State of South Carolina and shall not give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

6. The Loan Agreement and the Note Purchase Agreement have been duly authorized, executed and delivered by the County and are legal, valid and binding obligations of the County in accordance with their terms.

7. All approvals or consents of governmental authorities required for the execution and delivery of the Loan Agreement and the Note Purchase Agreement by the County, the adoption of the Note Resolution by the County and the issuance of the Note by the County have been obtained.

8. Interest on the Note is exempt from Federal income taxes under existing statute, court decisions, rulings and regulations, except that no opinion is expressed as to whether such exemption shall apply with respect to the Note for any period during which it is held by a substantial user of the Facilities (or a related person) within the meaning of Section 103(c)(7) of the Internal Revenue Code of 1954, as amended.

9. Under the Act, the Note and the income therefrom, the Facilities and the revenues derived from the Loan Agreement are exempt from all taxation in the State of South Carolina except for inheritance, estate or transfer taxes. The Act also provides that the Loan Agreement is exempt from South Carolina stamp and transfer taxes.

We have examined the executed Note, and, in our opinion, the form of said Note and its execution are regular and proper.

We have not been requested to pass upon, nor are we passing upon, and the foregoing opinion in so far as it relates to the perfection of the security interest created by the Loan Agreement and the Resolution is rendered subject to, the due execution of the financing statements, by Morgan Guaranty Trust Company of New York as a secured party, filed pursuant to the South Carolina Uniform Commercial Code. In addition, in rendering the foregoing opinion we have also relied upon the opinion, dated this date, of W. Jerry Fedder, County Attorney, with respect to the due filing of such financing statements in all offices of the State of South Carolina where such filings are required, in order to perfect the security interest created by the Loan Agreement and the Resolution.

The foregoing opinions are rendered subject to the condition that a private ruling be obtained from the Internal Revenue Service that interest on the Note is excludable from the income of recipients thereof for Federal income tax purposes, subject to the exception stated in Section 103(c)(7) of the Internal Revenue Code of 1954, as amended.

Respectfully yours,

MUDGE ROSE GUTHRIE & ALEXANDER

20 BROAD STREET

NEW YORK, N.Y. 10005

212-422-6767

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 75002, PARIS, FRANCE
 742-05-99

CABLE ADDRESS
 BALTUCHINS-NEW YORK
 TELEX 127889

March 10, 1976

MORGAN GUARANTY TRUST COMPANY
 OF NEW YORK
 23 Wall Street
 New York, New York 10015

Dear Sirs:

You have requested our opinion as to whether the receipt of certain payments of interest will result in a Federal income tax liability to the parties to the Loan Agreement described below. The payments referred to above are those made pursuant to a certain Loan Agreement by and between Oconee County, South Carolina (the "County"), and Duke Power Company ("Duke"), dated as of March 10, 1976. The payments will be made by Duke to you, as Depository (the "Depository") under a certain Note Resolution adopted by the County on March 3, 1976, for the account of the County, as security for your benefit as the purchaser of the \$1,500,000 Pollution Control Revenue Bond Anticipation Note, 1976 Series (Duke Power Company Project) of the County dated March 10, 1976, under a Note Purchase Agreement between the County and you dated as of March 10, 1976 (the "Note Purchase Agreement").

We have examined said Loan Agreement, Note Resolution and Note Purchase Agreement. We have also examined the Constitution and statutes of the State of South Carolina, the applicable provisions of the United States Internal Revenue Code of 1954, as amended, and the judicial decisions and administrative regulations and determinations thereunder, including Revenue Rulings 71-131 and 71-132.

On the basis of the foregoing, it is our opinion that, under existing statutes, judicial decisions, and administrative regulations and rulings, the receipt by the Depository of the payments described above will not result in Federal income tax liability to the County or to you in your capacity as Depository or in your capacity as holder of the Note mentioned above.

Very truly yours,

EXHIBIT D

D. NELSON ADAMS
LAWRENCE E. WALSH
S. HAZARD GILLESPIE
ANDREW Y. ROGERS
TAGGART WHIPPLE
MORTON FEAREY
PETER O. A. SOLBERT
WALLACE S. JONES
DAVID A. LINDSAY
WILLIAM D. TUCKER, JR.
C. PAYSON COLEMAN
PETER A. SATOR
JOHN P. CARROLL, JR. (LONDON)
WILLIAM A. KAYNOR
HENRY L. KING
RICHARD B. SMITH
EDWIN DEANE LEONARD
BRUCE W. NICHOLS
SAMUEL F. PRYOR, III
ROBERT B. FISKE, JR.
EDWARD S. REID
PHILIP C. POTTER, JR.
JOHN I. BROKAW
JAMES F. DOLAN
RICHARD E. NOLAN
JOHN A. CORRY
RICHARD D. SPIZZIRRI
ALLAN A. A. FLYNN
CHARLES S. HOPPIN
JOEL J. COHEN
TROLAND S. LINK
HERBERT M. LOBL (PARIS)
JOHN J. MCATEE, JR.
JONATHAN M. CLARK
CHRISTOPHER CROWLEY
LYDIA E. KESS
JAMES W. S. BENKARD
COLIN E. HARLEY
DANIEL F. KOLB
DONALDSON C. PILLSBURY (PARIS)
GUY MILLER STRUVE
JOSEPH CHUBB
JAMES WOODMAN LLOYD
BARTLETT H. MCGUIRE
STEPHEN H. CASE
FRANCIS J. MORISON
FRANK S. MOSELEY
JEFFREY SMALL

DAVIS POLK & WARDWELL

1 CHASE MANHATTAN PLAZA
NEW YORK, N.Y. 10005

TELEPHONE: 212 HANOVER 2-3400

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CABLE: STETSON NEW YORK

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9 WEST 57TH STREET
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48 MOORGATE
LONDON EC2R 6EL
TELEPHONE: 01-638-9116
TELEX: 888238
CABLE: STETSONLON LONDON

March 10, 1976

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK
23 Wall Street
New York, New York 10015

Dear Sirs:

We have acted as special counsel for you in connection with the purchase by you pursuant to a Note Purchase Agreement dated as of March 10, 1976 between Oconee County, South Carolina (the "County") and you (the "Note Purchase Agreement") of the County's Pollution Control Revenue Bond Anticipation Note, 1976 Series (Duke Power Company Project) in the principal amount of \$1,500,000 (hereinafter the "Note") issued under a Note resolution adopted by the County Council of Oconee County on March 3, 1976 (the "Note Resolution") on behalf of the County. Pursuant to the Loan Agreement dated as of March 10, 1976 between the County and Duke Power Company (the "Company"), organized under the laws of the State of North Carolina, the Company agrees to construct pollution control facilities, as defined in Act No. 156 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina of 1971 (the "Act"), at the Company's Oconee Nuclear Station, and the County agrees to make loans to the Company from the proceeds of the sale of the Note to you. As security for the punctual payment of the principal of and interest on the Note and the performance of all obligations of the Company and the County, the County and the Company have assigned certain rights under and interest in the Loan Agreement, the Revenues, the Debt Service Fund and the Loan Fund (all as defined in the Note Resolution).

Concurrently with the execution of the foregoing agreements, the Company and you have entered into the Contingent Purchase and Indemnification Agreement (the "Contingent Purchase Agreement") dated as of March 10, 1976, whereby the Company has agreed to purchase the Note upon the occurrence of certain events, including a determination that interest on the Note constitutes taxable income to you for

purposes of Federal income taxation. The Contingent Purchase Agreement also provides for additional payments by the Company to you upon the occurrence of certain events relating to the Federal income tax status of the Note.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, proceedings of the County and other instruments as we have deemed necessary or appropriate for purposes of this opinion, including (i) the Note Purchase Agreement, (ii) the Note Resolution, (iii) the Loan Agreement, (iv) the Contingent Purchase Agreement, and (v) the Note being delivered to you on the date hereof. In addition, we have examined the closing documents prepared in connection with the transactions described above, including the opinions of Messrs. Mudge Rose Guthrie & Alexander, Bond Counsel, W. Jerry Fedder, Esq., County Attorney, Steve C. Griffith, Jr., Esq., General Counsel for the Company, and Messrs. Reid & Priest, counsel for the Company.

On the basis of the foregoing, we are of the opinion that the Note Resolution, the Note, the Note Purchase Agreement, the Contingent Purchase Agreement and the Loan Agreement are in acceptable legal form; that the closing documents referred to above are in acceptable form; and that the opinions of Messrs. Mudge Rose Guthrie & Alexander, W. Jerry Fedder, Esq., Steve C. Griffith, Jr., Esq. and Messrs. Reid & Priest referred to above are in acceptable form and are substantially responsive to the requirements of the Note Purchase Agreement.

Very truly yours,

28

28

STATE OF SOUTH CAROLINA
COUNTY OF OCONEE

TO THE STATE BUDGET AND CONTROL)

BOARD OF SOUTH CAROLINA)

P E T I T I O N

This Petition of the County Council of Oconee County (the "County Council"), pursuant to Act No. 156 of 1971 of the State of South Carolina (the "Act"), and specifically to Section 14 thereof, respectfully shows:

1. The County Council is the governing body of Oconee County, having been so designated by General Assembly of South Carolina, and as such is the "Governing Board" of such County referred to in the Act.

2. The Act, amongst other things, authorizes the County Council, subject to obtaining the approval and appropriate findings from the State Budget and Control Board and the South Carolina Department of Health and Environmental Control, pursuant to Sections 14 and 7 of the Act, respectively, (i) to issue its bonds or notes pursuant to the Act, (ii) to loan the proceeds of such bonds or notes to qualified industrial concerns in order to aid such concerns to finance the cost of the construction, acquisition and installation of pollution control facilities and (iii) to enter into

loan agreements with such industrial concerns prescribing the terms and conditions of the payments to be made to the County to meet the payments that shall become due on such notes or bonds issued pursuant to the Act.

3. The County Council has agreed to aid Duke Power Company, a North Carolina corporation, qualified to do business as a foreign corporation in South Carolina (the "Industry"), to finance the cost of certain air and water pollution control facilities more fully described in Exhibit A which is a part of Exhibit 1 attached hereto, at its Oconee Nuclear Station, an electric generating plant, located in Oconee County, South Carolina (the "Pollution Control Facilities").

4. After being advised by the Industry that the cost (as defined in the Act) of acquiring, constructing, and installing the Pollution Control Facilities, would be at least \$24,000,000, the County has sold \$24,000,000 aggregate principal amount of its Pollution Control Bond Anticipation Notes (Duke Power Company Project) dated March 12, 1974 and maturing on March 11, 1975 (the "1974 Notes"), the proceeds of which were loaned to the Industry to finance such cost of the Pollution Control Facilities.

5. The County Council has been advised that it will be necessary at this time to renew the 1974 Notes and that it will be necessary to issue and sell \$24,000,000 Pollution Control Revenue Bond Anticipation Notes, 1975 Series (Duke Power Company Project) to renew the 1974 Notes.

6. Pursuant to Section 7 of the Act, the South Carolina Department of Health and Environmental Control has made the requisite

finding that the Pollution Control Facilities are necessary, and that the design thereof will result in the elimination, mitigation or prevention of air and water pollution, and in that connection there is attached hereto as Exhibit 1 to this Petition, a certificate setting forth the finding of the Department of Health and Environmental Control relating to the Pollution Control Facilities.

7. Pursuant to Section 14 of the Act, the County Council sets forth the following information:

A. The Pollution Control Facilities (more fully described in Exhibit A which is a part of Exhibit 1 attached hereto) to be financed out of the proceeds of the Notes are necessary and are designed for the elimination, mitigation and prevention of air or water pollution at the Industry's Oconee Nuclear Station.

B. The cost (as defined in the Act) of the Pollution Control Facilities is at least \$24,000,000.

C. The proposed Loan Agreement between the Industry and the County, a draft copy of which is attached hereto as Exhibit 2, provides in general:

(a) To finance the cost of the acquisition, construction and installation of the Pollution Control Facilities, the County Council will adopt a resolution (the "Resolution") authorizing the issuance of at least \$24,000,000 in revenue bonds and in anticipation of the issuance of such bonds authorize the issuance of the Notes.

(b) The Notes will be secured by a pledge of all payments, receipts and revenues which the County has a right to receive under the Loan Agreement (except for certain indemnification payments and administration expenses), the funds created under the Resolution and the income earned on investment of such funds.

(c) Proceeds derived from the sale of the Notes will be deposited with Morgan Guaranty Trust Company of New York, the Depository appointed by the Resolution, and will be applied solely for the payment of the costs incident to the acquisition, construction and installation of the Pollution Control Facilities.

(d) Under the terms of the Loan Agreement, the Industry obligates itself to effect the completion of the Pollution Control Facilities if the proceeds derived from the sale of the Notes prove insufficient without diminution of any payments to the County required by the Loan Agreement, to pay the amount necessary to meet the payments of principal and interest on the Notes as the same become due, and to pay the cost of maintaining and insuring the Pollution Control Facilities.

(e) As permitted by the Act, the Loan Agreement provides that the Pollution Control Facilities shall be the property of the Industry and the County shall have no interest therein.

(f) The Loan Agreement contains no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing powers.

(g) The Loan Agreement obligates the County to issue at least \$24,000,000 in bonds when and if the requirements therein set forth for the issuance of said bonds are met.

D. The State Department of Health and Environmental Control, as evidenced by the certificate attached hereto as Exhibit 1, has found that the Pollution Control Facilities are necessary and the design thereof will result in the elimination, mitigation and prevention of air or water pollution.

E. The proposed Resolution, a draft copy of which is attached hereto as Exhibit 3, provides in general:

(a) The irrevocable pledge and assignment to the holders of the Notes of the County's rights and interest in and to the Loan Agreement and all payments, receipts and revenues which the County has a right to receive under the Loan Agreement

(except certain indemnification payments and administration expenses), all the funds created under the Resolution and the investment income of such funds.

(b) The terms of the Notes, the rate of interest of the Notes which is %, the provisions for exchange and transfer of the Notes, the redemption provisions, the means of disbursement and investment of the Note proceeds, the authorization and execution of the Loan Agreement and the Note Purchase Agreement (hereinafter mentioned), default provisions and remedies therefor and various other matters relating to the Notes.

(c) Certain terms and conditions of the issuance of the Bonds, in anticipation of which the Notes are issued, are also set forth.

(d) The adoption of the Resolution will not impose any pecuniary liability on the County or create a charge upon the general credit or taxing power of the County.

F. The proposed Note Purchase Agreement, a draft of which is attached hereto as Exhibit 4, provides for the sale of the Notes to the purchasers indicated therein.

7. It is the intent of the County Council that the Loan Agreement and the Note Purchase Agreement shall be executed and de-

livered and the Resolution will be adopted in substantially the forms attached hereto and that the execution of the Loan Agreement and Note Purchase Agreement shall be authorized with such changes and insertions therein as may be approved by the persons executing same, such approval to be conclusively evidenced by their execution thereof and adoption of the Resolution will be conclusive evidence of final adoption of such Resolution.

Upon the basis of the foregoing, the County Counsel respectfully prays that the State Budget and Control Board accept the filing of this Petition and the documents attached hereto, and that the State Board do as soon as practicable make such investigation as it deems advisable and that if it finds that the Pollution Control Facilities are intended to promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the Pollution Control Facilities and the proposed financing thereof by the County through the issuance of the Notes pursuant to the Act, including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking of the County and give published notice of its approval in the manner set forth in Section 14 of the Act.

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Respectfully submitted,

OCONEE COUNTY, SOUTH CAROLINA

By _____
Chairman of the County Council
of Oconee County

(SEAL)

Attest:

Secretary of the County
Council of Oconee County

STATE OF SOUTH CAROLINA,
COUNTY OF RICHLAND.

I, P. C. SMITH, Auditor of the State of South Carolina,
and Secretary of the State Budget and Control Board, DO HEREBY
CERTIFY:

That the said State Budget and Control Board is composed
of the following:

That due notice of meeting of said Board, called to be
held at the office of the State Auditor, in the Hampton Office
Building, at Columbia, South Carolina, at .M., March
11, 1975, was given to all members in writing, and at least four
(4) days prior to said meeting: that all members of said Board
were present at said meeting, with the exception of:

NONE

That at said meeting, a Resolution, of which the attached is a true, correct and verbatim copy, was introduced by who moved its adoption; said motion was seconded by and upon vote being taken and recorded it appeared that the following votes were cast:

FOR MOTION

AGAINST MOTION

That Chairman thereupon delivered the Resolution unanimously adopted, and the original thereof has been duly entered in the permanent records of minutes of said Board, in my custody as its Secretary.

Secretary

March 11, 1975

RESOLUTION APPROVING THE PROPOSAL OF
OCONEE COUNTY, SOUTH CAROLINA TO ISSUE
\$24,000,000 POLLUTION CONTROL REVENUE
BOND ANTICIPATION NOTES, 1975 SERIES
(DUKE POWER COMPANY PROJECT)

WHEREAS, the County Council of Oconee County, South Carolina (the "County Council"), pursuant to Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina (the "Act"), has petitioned the State Budget and Control Board of South Carolina (the "State Board") pursuant to the Petition attached hereto as Exhibit A (the "Petition") seeking approval of the State Board of a proposal by the County Council pursuant to the Act; and

WHEREAS, the proposal consists of the issuance, sale and delivery of \$24,000,000 Pollution Control Revenue Bond Anticipation Notes, 1975 Series (Duke Power Company Project) (the "Notes") by the County Council pursuant to the Act, proceeds of which will be loaned to Duke Power Company (the "Industry") and used to finance the cost of constructing, acquiring and installing the pollution control facilities described in Exhibit A which is a part of Exhibit 1 to the Petition (the "Facilities"); and

WHEREAS, the State Board has, as required by the Act, made such investigation of the proposal of the County Council as it deems necessary;

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD, IN MEETING DULY ASSEMBLED:

1. It has been found and determined by the State Board:

A. That the County Council has filed a proper petition to the State Board in accordance with the provisions of Section 14 of the Act, setting forth a brief description of the Facilities, the action taken by the South Carolina Department of Health and Environmental Control in connection therewith, a reasonable estimate of the cost of the Facilities, and a general summary of the terms and conditions of the Loan Agreement and Resolution (both as defined in the Petition), together with draft copies of the Loan Agreement, the Note Resolution and the Note Purchase Agreement pursuant to which the Notes will be sold.

B. The financing of the Facilities by the County Council through the issuance of the Notes will promote the purposes of the Act, and the Facilities may be reasonably anticipated to effect such result.

2. On the basis of the foregoing findings, the proposal of the County Council to issue, sell and deliver the Notes as set forth in the Petition (including changes in any details of the proposal as set forth in the Petition as finally consummated which do not increase the aggregate principal amount of Notes to be issued or otherwise materially change the terms and conditions of the Loan Agreement and the Note Resolution which are set forth in Paragraphs (A) through (E) of Section 6 of the Petition) be, and the same is hereby approved, and the County Council may proceed therewith.

3. Notice of the action taken by the State Council in giving approval to the above described undertaking of Oconee County shall be published in "The Seneca Journal" which is a newspaper having general circulation in Oconee County.

4. That the Notice, mentioned in Section 3 above, to be published shall be in form substantially as set forth in Exhibit "B" of this Resolution.

5. This Resolution shall take effect immediately.

EXHIBIT "B"

NOTICE PURSUANT TO ACT NO. 156 OF
THE ACTS AND JOINT RESOLUTIONS EN-
ACTED AT THE 1971 SESSION OF THE
GENERAL ASSEMBLY OF THE STATE OF
SOUTH CAROLINA

NOTICE IS HEREBY GIVEN that following the filing of of a Petition by the County Council of Oconee County (the "County Council") to the State Budget and Control Board of South Carolina (the "State Board"), approval has been given by the State Board to the following proposal of the County Council (including changes in any details of the said proposal as finally consummated which do not increase the aggregate principal amount of Notes to be issued or otherwise materially change the terms and conditions of the Loan Agreement and Note Resolution which are set forth in Paragraphs (A) through (E) of Section 6 of the Petition) viz:

The adoption of a resolution (the "Note Resolution") authorizing issuance, sale and delivery by the County Council of \$24,000,000 Pollution Control Revenue Bond Anticipation Notes, 1975 Series (Duke Power Company Project) (the "Notes") pursuant to a Note Purchase Agreement among Oconee County, Morgan Guaranty Trust Company of New York and Chemical Bank in accordance with Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina (the "Act").

The proceeds of the Notes shall be loaned by Oconee County, South Carolina to Duke Power Company (the "Industry") and used to finance the acquisition, construction and installation by the Industry of certain pollution control facilities located at the Industry's Oconee Nuclear Station (the "Facilities") pursuant to a Loan Agreement between Oconee County, South Carolina and the Industry, pursuant to which the Industry will among other things unconditionally agree to make payments sufficient to repay the principal of and interest on the Notes when due.

A draft of the Loan Agreement, the Note Resolution and the Note Purchase Agreement are on file at the office of the County Council, located in the Oconee County Courthouse, Walhalla, South Carolina.

The South Carolina Department of Health and Environmental Control has found that the Facilities are necessary and are designed for the elimination, mitigation and prevention of air pollution.

NOTICE IS FURTHER GIVEN that any interested party may at any time within twenty days after the date of publication of this Notice, but not afterwards, challenge the validity of the action of the State Board in approving the said proposal of the County Council by action de novo instituted in the Court of Common Pleas for Oconee County.

THE STATE BUDGET AND CONTROL
BOARD OF SOUTH CAROLINA

BY: P. C. SMITH, Secretary

DATED:

RESOLUTION APPROVING THE UNDERTAKING OF ISSUANCE, SALE AND DELIVERY OF \$1,500,000 POLLUTION CONTROL REVENUE BOND ANTICIPATION NOTES, 1976 SERIES (DUKE POWER COMPANY PROJECT) BY OCONEE COUNTY, SOUTH CAROLINA; AND AUTHORIZING THE PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR ITS APPROVAL OF SUCH UNDERTAKING PURSUANT TO ACT NO. 156 OF THE 1971 ACTS OF THE SOUTH CAROLINA GENERAL ASSEMBLY.

WHEREAS, Oconee County, South Carolina (the "County") has by resolution adopted March 11, 1975, authorized the issuance of at least \$24,000,000 aggregate principal amount of Pollution Control Revenue Bonds (Duke Power Company Project) (the "Bonds") pursuant to the provisions of Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina (the "Act") in order to finance the acquisition, construction and installation of pollution control facilities for the Oconee Nuclear Station of Duke Power Company located in the County; and

WHEREAS, in anticipation of the issuance of the Bonds, the County has issued and sold \$24,000,000 aggregate principal amount of Pollution Control Revenue Bond Anticipation Notes (Duke Power Company Project) dated March 11, 1975 and maturing on March 10, 1976 (the "1975 Notes"); and

WHEREAS, the County now proposes to authorize the issuance, sale and delivery of \$1,500,000 aggregate principal amount of Pollution Control Revenue Bond Anticipation Notes, 1976 Series (Duke Power Company Project) (the "Notes") in order to renew a portion of the 1975 Notes; and

WHEREAS, the Act requires that the proposal of the County Council to issue the Notes be approved by the State Budget and Control Board of South Carolina prior to the issuance of the Notes and to that end a form of Petition to said State Board has been submitted to the County Council;

SECTION 1. The County Council finds and determines that the facts set forth in the Petition to the State Budget and Control Board of South Carolina are true and correct and on such basis proposes to authorize the issuance, sale and delivery of the Notes upon the approval of the attached Petition by the State Budget and Control Board of South Carolina in order to finance a portion of the cost of the Pollution Control Facilities (as defined in said Petition).

SECTION 2. The County Council approves the form of the Petition to the State Budget and Control Board of South Carolina in the form attached as Exhibit A and authorizes the Chairman of the County Council and the Clerk of the County to execute and attest, respectively, said Petition and submit it to said State Budget and Control Board.

SECTION 3. This resolution shall take effect immediately.

APPROVED AND ADOPTED this 3rd day of March,
1976, at a Meeting of the County Council of Oconee County,
duly called, proper notice thereof having been given,
at Walhalla, South Carolina.

Lawrence R. Hight
Chairman of the County Council
of Oconee County

(SEAL)

Buddy S. Herring

Robert L. Ramsey

J. Harold Moore

Harold Moore

Constituting the members of the
County Council of Oconee County

Attest:

Ann L. Orr
Clerk of the County
Council of Oconee County

LOAN AGREEMENT

BETWEEN

OCONEE COUNTY, SOUTH CAROLINA

AND

DUKE POWER COMPANY

Dated as of March 10, 1976

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of March 10, 1976 between OCONEE COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina (hereinafter called the "County"), party of the first part, and DUKE POWER COMPANY, a corporation organized and existing under the laws of the State of North Carolina (hereinafter called the "Corporation"), party of the second part.

WHEREAS, Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina (the "Act") empowers the several counties and incorporated municipalities of the State of South Carolina to issue their bonds and to issue notes in anticipation thereof pursuant to the provisions of Act No. 116 of the Acts and Joint Resolutions enacted at the 1965 Session of the General Assembly of the State of South Carolina, as amended, and to loan the proceeds of the sale of such bonds and notes to industrial concerns to finance the construction, acquisition and installation by such industrial concerns of pollution control facilities as defined in the Act; and

WHEREAS, the County has adopted a resolution on March 3, 1976 authorizing the issuance of at least \$1,500,000 aggregate principal amount of Pollution Control Revenue Bonds (Duke Power Company Project) and in anticipation of the issuance of said Bonds authorizing the issuance of \$1,500,000 aggregate principal amount of its Pollution Control Revenue Bond Anticipation Notes, 1976 Series (Duke Power Company Project) (herein called the "Notes"), in order to loan the proceeds of the Notes to the Corporation to finance a portion of the cost of the construction, acquisition and installation of the pollution control facilities more fully described in Exhibit A attached hereto at the Oconee Nuclear Station of the Corporation on the terms and conditions herein set forth.

WITNESSETH:

IN CONSIDERATION of the respective representations and agreements hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

The terms defined in this Article I shall for all purposes of this Agreement have the meanings herein specified, unless the context clearly otherwise requires:

Act:

"Act" shall mean Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina and all future acts supplemental thereto or amendatory thereof.

Administration Expenses:

"Administration Expenses" shall mean the reasonable and necessary expenses incurred by the County in connection with this Agreement, the Resolution, the Note Purchase Agreement and the financing of the Facilities, including the compensation and expenses paid to the Depository under the Resolution.

Agreement:

"Agreement" shall mean this Loan Agreement dated as of March 10, 1976, between the County and the Corporation, and any and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof.

Authorized Corporation Representative:

"Authorized Corporation Representative" shall mean the person or persons at the time designated to act on behalf of the Corporation by written certificate furnished to the County and the Depository containing the specimen signature of such person and signed on behalf of the Corporation by its President or a Vice President and its Secretary or an Assistant Secretary, which certificate shall

continue in full force and effect until the County and the Depository have received a notice of revocation thereof by the Corporation.

Bank:

"Bank" shall mean Morgan Guaranty Trust Company of New York.

Corporation:

"Corporation" shall mean Duke Power Company, a North Carolina corporation, or any corporation which is the surviving, resulting or transferee corporation in any merger, consolidation or transfer of assets permitted under Section 5.02 hereof.

Cost:

"Cost" shall mean the cost of acquiring by construction or purchase the Facilities within the meaning of the Act, including without limitation (a) obligations of the Corporation incurred for labor, materials and other expenses in connection with the construction, acquisition and installation of the Facilities; (b) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of the Facilities; (c) the expenses of the Corporation for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or reasonably necessary for the construction, acquisition, and installation of the Facilities; (d) legal, accounting, financial and printing expenses, fees, compensation and all other expenses incurred in connection with the authorization, sale and issuance of the Notes; (e) interest on the Notes until the maturity date of the Notes; (f) all other costs which the Corporation shall be required to pay, under the terms of any contract or contracts, for the construction, acquisition and installation of the Facilities; (g) any sums required to reimburse the Corporation for advances made by it for any of the above items and (h) any sums required to renew any portion of the 1975 Notes pursuant to the provisions of Act No. 116 of the Acts and Joint Resolutions enacted at the 1965 Session of the General Assembly of the State of South Carolina, as amended.

The Cost of the Facilities shall not include any item or amount which will result in less than substantially all of the proceeds of the Notes being used to provide air and water pollution control facilities or other exempt facilities within the meaning of Section 103(c)(4) of the Internal Revenue Code of 1954, as amended, and the regulations thereunder.

County:

"County" shall mean Oconee County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina.

Debt Service Fund:

"Debt Service Fund" shall mean the fund created under Section 6.01 of the Resolution which is held by the Depository.

Depository:

"Depository" shall mean Morgan Guaranty Trust Company of New York, appointed under the Resolution as Depository and its corporate successors and any successor Depository under the Resolution.

Facilities:

"Facilities" shall mean the pollution control facilities described in Exhibit A hereto, and related improvements and any substitutions therefor, to be constructed, acquired and installed by the Corporation and to be financed in part from the proceeds of the Notes for operation by the Corporation as pollution control facilities, as defined in the Act.

Loan Fund:

"Loan Fund" shall mean the fund created under Section 5.01 of the Resolution which is held by the Depository.

Note Purchase Agreement:

"Note Purchase Agreement" shall mean that agreement dated as of March 10, 1976 between the County and the Bank with regard to the sale of the Notes.

Notes:

"Notes" shall mean the \$1,500,000 (except as otherwise provided in the Resolution) aggregate principal amount of Pollution Control Revenue Bond Anticipation Notes, 1976 Series (Duke Power Company Project) of the County executed and delivered pursuant to the Resolution.

1975 Notes:

"1975 Notes" shall mean the \$24,000,000 aggregate principal amount of Pollution Control Revenue Bond Anticipation Notes (Duke Power Company Project) of the County dated March 11, 1975 and maturing March 10, 1976.

Noteholder:

"Noteholder" or "holder of the Notes" or "holder" shall mean the registered owner of any of the Notes.

Outstanding:

"Outstanding" or "outstanding" shall mean all Notes executed and delivered by the County under the Resolution, except Notes which have been paid in accordance with the provisions of the Resolution or cancelled pursuant to the provisions of Sections 2.04 or 2.05 of the Resolution.

Resolution:

"Resolution" shall mean the resolution of the County adopted on March 3, 1976 authorizing, among other things, the issuance of the Notes, as the same may be amended or supplemented from time to time in accordance with the terms thereof.

ARTICLE II

REPRESENTATIONS AND FINDINGS

SECTION 2.01. The County makes the following representations and warranties as the basis for the undertakings on the part of the Corporation herein contained:

(a) The County is a body politic and corporate and a validly existing political subdivision of the State of South Carolina, validly acting by and through the County Council of the County as its governing body.

(b) The County is authorized and empowered by the provisions of the Act to enter into the transactions contemplated by this Agreement and the Resolution.

(c) The execution, delivery and performance of this Agreement and the adoption of the Resolution and the performance of all obligations of the County set forth in this Agreement and the Resolution are within the power and authority of the County validly acting by and through the County Council of the County, have been duly authorized by all necessary proceedings and will not contravene, or constitute a default under, any provision of law or regulation or any judgment, order, decree, contract or agreement or other instrument binding upon the County.

SECTION 2.02. The Corporation makes the following representations and warranties as the basis for the undertakings on the part of the County herein contained:

(a) The Corporation is duly incorporated, validly existing and in good standing under the laws of the State of North Carolina and is qualified to do business as a foreign corporation and is in good standing under the laws of the State of South Carolina.

(b) The execution and delivery of, and the consummation of the transactions contemplated by, this Agreement are within the corporate authority of the Corporation, have been duly authorized by all necessary corporate proceedings and will not contravene the Articles of Incorporation or By-Laws of the Corporation, or contravene, or constitute a default under, any provision of law or regulation or any contract, agreement, judgment, order, decree or other instrument binding upon it or involving its properties.

(c) The Facilities are necessary and the design of the Facilities will result in the elimination, mitigation and prevention of air or water pollution and the South Carolina Department of Health and Environmental Control has made a finding to that effect; the Facilities are of a character subject to the allowance for depreciation provided in Section 167 of the Internal Revenue Code of 1954, as amended; are to be used to abate or control water or atmospheric pollution or contamination by removing, altering, disposing of or storing pollutants, contaminants and wastes; are designed for no significant purpose other than the control of pollution; and without limiting the generality of the foregoing, will not result in any increase in production or capacity, or in a material extension of the useful life, of a manufacturing or production facility or a part thereof.

(d) Construction, acquisition and installation of the Facilities were commenced prior to September 2, 1972 and the Facilities had not been first placed in service, as those terms are used in United States Treasury Regulations Section 1.103-8(a)(5), as of October 26, 1973, upon which date the County adopted its resolution determining, among other things, to issue its bonds under and pursuant to the Act to finance the Facilities, said resolution having been intended by the County to constitute official action on its part toward the issuance of bonds pursuant to the Act within the meaning of said United States Treasury Regulations.

ARTICLE III

ACQUISITION OF THE FACILITIES BY THE CORPORATION; ISSUANCE OF THE BONDS

SECTION 3.01. The Corporation will construct, acquire and install the Facilities for its own use to effectuate the purposes of the Act and for the purposes set forth in subsection (c) of Section 2.02 of this Agreement, and will bring them to completion, substantially in accordance with the plans and specifications therefor. The Facilities shall belong to and be the property of the Corporation.

In order to effectuate the purposes of this Agreement, the Corporation, in its own name, will do or cause to be done all things requisite or proper for constructing, acquiring and installing the Facilities and fulfilling the obligations of the Corporation under this Agreement.

The Corporation will acquire, construct and install the Facilities with all reasonable dispatch, and will use its best efforts with all due diligence to cause the acquisition, construction and installation thereof to be completed by June 30, 1976, or as soon thereafter as may be practicable, delays incident to strikes, riots, acts of God or the public enemy or any delay beyond the reasonable control of the Corporation only excepted; but if for any reason the acquisition, construction and installation of the Facilities shall not be completed by said date there shall be no resulting diminution in or postponement of any of the payments required in Section 4.01 hereof to be paid by the Corporation.

SECTION 3.02. In order to provide funds for payment of a portion of the Cost of the Facilities, the County, as soon as practicable after the execution of this Agreement, will issue the Notes pursuant to the Resolution, sell the Notes pursuant to the Note Purchase Agreement, and deposit the proceeds thereof into the Loan Fund.

SECTION 3.03. The County has, in the Resolution, authorized and directed the Depository to make payments from the Loan Fund to pay the Cost of the Facilities upon receipt from time to time of requisitions signed by a principal financial or accounting officer of the Corporation (upon which both the Depository and the County may conclusively rely), stating with respect to each payment to be made: (1) the requisition number, (2) the name and address of the person, firm or corporation to whom payment is to be paid or has been paid, (3) the amount to be paid, and (4) that each obligation, item of cost, or expense mentioned therein has been properly incurred or recognized by the Corporation, is a proper charge against the Loan Fund as a Cost of the Facilities and has not been the basis of any previous withdrawal.

The Corporation covenants that it will not submit to the Depository any requisition for any part of the Cost specified in clause (e) of the definition of "Cost" set forth in Article I of this Agreement unless at the time of such submission the Corporation shall have received either a private ruling from the Internal Revenue Service, or an opinion of counsel nationally recognized as expert in matters involving

the legality and exemption from Federal income tax of obligations of States and their political subdivisions, to the effect that payment of such part of the Cost out of proceeds of the Notes will constitute a use of said proceeds to provide the cost of the Facilities, and such private ruling or opinion of counsel, as the case may be, shall not have been revoked or withdrawn.

If the County has authorized the issuance of any bonds pursuant to the provisions of Section 1.02 of the Resolution and Section 5.05 of this Agreement and after the requirements of said Sections and Section 5.06 of the Resolution have been satisfied, any moneys and securities on deposit in the Loan Fund shall be transferred to the Debt Service Fund and be used for the redemption of the Notes pursuant to Article III of the Resolution. Also any moneys and securities remaining in the Loan Fund at the stated maturity date of the Notes or at the date fixed for redemption, as the case may be, shall be transferred to the Debt Service Fund to be used for redemption of the Notes pursuant to Article III of the Resolution.

SECTION 3.04. The Corporation may modify the Facilities at any time and from time to time prior to the completion of the Facilities, provided that no such change shall render inaccurate any of the representations contained in subsection (c) of Section 2.02 of this Agreement and that, in the case of any change that would render inaccurate the description of the Facilities contained in Exhibit A to this Agreement, there shall be delivered to the Depository (i) a revised Exhibit A containing a description of the Facilities as modified, the accuracy of which shall have been certified by an Authorized Corporation Representative, (ii) copies of any governmental or regulatory approvals required to assure that the Facilities as described in the revised Exhibit A are "pollution control facilities" within the meaning of the Act, that the Facilities as described in the revised Exhibit A are such that the expenditure of the proceeds of the Notes for the loan thereof by the County to the Corporation is authorized by the Act and would not result in less than substantially all of the proceeds of the Notes being used for air or water pollution control facilities or other exempt facilities within the meaning of Section 103(c)(4) of the Internal Revenue Code of 1954, as amended, and the regulations thereunder and (iii) an opinion of counsel experienced in matters relating to the tax exemption of interest on, and validity of obligations of, States and their political subdivisions (which opinion shall be satisfactory in form and substance to the County and the Bank), and a certificate of an Authorized Corporation Representative, to the effect set forth in clause (ii) of this Section 3.04.

SECTION 3.05. When the Facilities have been completed, a certificate of completion shall be issued by an Authorized Corporation Representative stating that the Facilities have been completed substantially in accordance with the plans and specifications therefor and are suitable for the purpose for which the Facilities are designed as set forth in subsection (c) of Section 2.02 of this Agreement and stating the date of such completion. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties which exist at the date thereof or which may subsequently come into being.

Upon the completion of the Facilities any moneys and securities in the Loan Fund shall be deposited in the Debt Service Fund and disbursed therefrom solely to pay the principal of the Notes in accordance with the Resolution.

SECTION 3.06. If the moneys and securities in the Loan Fund shall not be sufficient to pay the Cost of the Facilities in full, the Corporation shall complete the Facilities in accordance with the plans and specifications therefor and pay (whether through financing or otherwise) all that portion of the Cost of the Facilities in excess of the moneys and securities available therefor in the Loan Fund. The County does not make any warranty, either express or implied, that the moneys and securities which will be paid into the Loan Fund will be sufficient to pay the Cost of the Facilities. If the Corporation shall pay any portion of the Cost pursuant to the provisions of this Section, it shall not be entitled to any reimbursement under this Agreement for such payments from the County, the Depository or the holders of any of the Notes, nor shall it be entitled to any diminution in or postponement of any of the payments required to be paid by the Corporation pursuant to this Agreement.

SECTION 3.07. Any moneys and securities held as a part of the Loan Fund shall, at the written request of the Corporation, be invested or reinvested by the Depository as provided in Section 7.02 of the Resolution.

The Corporation covenants that it will not cause the use of or make any use of the proceeds of the Notes or of any moneys or securities on deposit in the Loan Fund or the Debt Service Fund which may be deemed to be proceeds of the Notes pursuant to Section 103(d) of the Internal Revenue Code of 1954, as amended, and applicable regulations thereunder or withdrawn therefrom under the provisions of Section 3.03 of this Agreement, which use would, had such use been reasonably expected at the time of issuance of the Notes, have caused the Notes to be "arbitrage bonds" within the meaning of such Section 103(d) of the Internal Revenue Code of 1954, as amended, and applicable regulations thereunder as the same may be in force and applicable at the time of any such use to obligations issued on the date of issuance of the Notes.

SECTION 3.08. Nothing contained in this Agreement shall preclude the County from making a future loan or loans under any other agreement to the Corporation from the proceeds of notes or bonds issued by the County pursuant to the Act or any other applicable legislation in order to finance any portion of the Cost of the Facilities in excess of the moneys available therefor in the Loan Fund or to issue one or more series of bonds in accordance with Section 5.05 of this Agreement.

ARTICLE IV

LOAN BY THE COUNTY TO THE CORPORATION; REPAYMENT

SECTION 4.01. The County shall loan the Corporation the proceeds of the sale of the Notes to finance a portion of the cost of the construction, acquisition and installation by the Corporation of the Facilities. The Corporation will repay said loan, together with interest thereon at the rate of five and one-half per centum ($5\frac{1}{2}\%$) per annum, to the County as follows:

(a) On the maturity date for the Notes as set forth in Section 2.01 of the Resolution, the sum which, together with other moneys available therefor in the Debt Service Fund, except moneys deposited therein pursuant to Section 3.05 of this Agreement, will equal the interest to be paid on such date; and

(b) On the maturity date of the Notes as set forth in Section 2.01 of the Resolution, the sum which, together with the other moneys available therefor in the Debt Service Fund, will equal the principal amount of the Notes maturing on such date.

The Corporation shall have the option, exercisable at any time upon five business days' written notice to the County and the Depository, to accelerate payment of the entire unpaid balance of the loan by depositing such prepayment with the Depository. The Depository shall apply such prepayment to the payment of principal and interest due on the redemption of the Notes in accordance with the provisions of the Resolution.

In the event the Corporation shall fail to make any payment of interest as required by Section 4.01(a) of this Agreement or shall fail to make any payment of principal (whether at maturity or at the date fixed for redemption) as required by Section 4.01(b) of this Agreement, such payment or payments shall continue as an obligation of the Corporation until fully paid, together with interest on overdue payments (including, to the extent lawful, interest on overdue payments of interest) through the date of final payment in full at the rate of five and one-half per centum ($5\frac{1}{2}\%$) per annum.

SECTION 4.02. It is understood and agreed that all payments by the Corporation pursuant to this Agreement are to be paid to the Depository for deposit in the Debt Service Fund. The Corporation agrees that its obligation to make such payments to the Depository shall be absolute, irrevocable and unconditional and shall not be subject to any defense (other than payment) or any right of set-off, counterclaim or recoupment arising out of any breach by the County of any obligation to the Corporation, whether hereunder or otherwise, or out of any other indebtedness or liability at any time owing to the Corporation by the County. The County directs the Corporation, and the Corporation agrees, to pay to the Depository at its principal office, or such other office designated by the Depository from time to time, all payments pursuant to this Agreement.

So long as the Notes are outstanding, the Corporation will pay directly to the County and the Depository, as the case may be, on the maturity payment date referred to in Section 2.01 of the Resolution the amount of Administration Expenses not theretofore paid which have accrued to the date thereof and not have been paid.

SECTION 4.03. As sole owner of the Facilities, the Corporation is entitled to sole and exclusive possession of the Facilities from the date of this Agreement. It is expressly recognized by the parties that the Facilities will not constitute any part of the security for the Notes.

SECTION 4.04. The Corporation will maintain, preserve and keep the Facilities or cause the Facilities to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals; provided, however, that the Corporation will have no obligation to maintain, repair, replace or renew any element or unit of the Facilities (a) the maintenance, repair, replacement or renewal of which becomes an unreasonable burden to the Corporation because of damage or destruction by a cause not within the control of the Corporation, or obsolescence (including economic obsolescence), or change in government standards and regulations, or the termination by the Corporation of the operation of the production facilities to which the element or unit of the Facilities is an adjunct, and (b) with respect to which the Corporation has furnished to the County a certificate of an Authorized Corporation Representative that the maintenance, repair, replacement or renewal of such element or unit of the Facilities is being discontinued for one of the foregoing reasons, which shall be stated therein.

The Corporation shall have the privilege of remodeling the Facilities or making substitutions, modifications and improvements to the Facilities from time to time as it, in its discretion, may deem to be desirable for its uses and purposes, the cost of which remodeling, substitutions, modifications and improvements shall be paid by the Corporation and the same shall be the property of the Corporation and be included under the terms of this Agreement as part of the Facilities; provided, however, while the Notes are outstanding, such remodeling or such substitutions, modifications and improvements shall be subject to the same provisions set forth in Section 3.04 of this Agreement with respect to a modification in the Facilities.

SECTION 4.05. The Corporation shall keep the Facilities continuously insured in a prudent manner, paying as the same become due and payable all premiums with respect thereto; provided, however, that the Corporation may with respect to the Facilities self-insure to the extent and in the manner that it may legally do so and that it is the general practice of the Corporation to self-insure its properties and the Corporation deems it prudent to do so. In lieu of separate insurance policies, such insurance may be in the form of a blanket insurance policy or policies of the Corporation. Any insurance policies maintained pursuant to this Section 4.05 may be written with such deductible amounts and exceptions and exclusions as the Corporation may deem to be prudent.

SECTION 4.06. The Corporation releases the County from, agrees that the County shall not be liable for, and agrees to indemnify and hold the County harmless from, any liability for any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the financing of the Facilities.

SECTION 4.07. So long as the Notes are outstanding the Facilities will be used only for the purposes set forth in subsection (c) of Section 2.02 of this Agreement and as pollution control facilities, as defined in the Act.

SECTION 4.08. It is understood and agreed that the payments required to be paid pursuant to Sections 4.01 and 4.02 hereof shall continue to be payable at the time and in the amounts herein specified, whether or not the Facilities, or any portion thereof, shall have been destroyed by fire or other casualty, or title thereto or the use thereof shall have been taken by the exercise of the power of eminent domain, and that there shall be no diminution or postponement of any such payments by reason thereof.

ARTICLE V
SPECIAL COVENANTS

SECTION 5.01. The County makes no warranty, either express or implied, as to the actual or designed capacity of the Facilities, as to the suitability of the Facilities for the purposes specified in this Agreement, as to the condition of the Facilities, or that the Facilities will be suitable for the Corporation's purposes or needs.

SECTION 5.02. The Corporation covenants that it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all its assets and will not consolidate with or merge into another corporation; provided, however, that the Corporation may consolidate with or merge into another corporation, or sell or otherwise transfer to another corporation all or substantially all its assets as an entirety and thereafter dissolve, if the successor corporation is an "Industry" as defined in the Act, assumes in writing all the obligations of the Corporation herein, has obtained all governmental or administrative approvals required to conduct its business and is duly qualified to do business in the State of South Carolina.

If consolidation, merger or sale or other transfer is made as permitted by this Section 5.02, the provisions of this Section 5.02 shall continue in full force and effect and no further consolidation, merger or sale or other transfer shall be made except in compliance with the provisions of this Section.

SECTION 5.03. The Corporation covenants that it will remain qualified to do business in South Carolina, so long as the Notes are outstanding, and that it will comply with any requirements imposed on it by the Act, so long as the Notes are outstanding.

SECTION 5.04. In the event it may be necessary for the proper performance of this Agreement on the part of the County or the Corporation that any application or applications for any permit or license to be made to any governmental or other agency or authority by the Corporation or the County, the Corporation and the County each agree to execute upon the request of the other such application or applications.

SECTION 5.05. In accordance with the provisions of the Act the County hereby obligates itself to issue its bonds in one or more series for the purpose of paying the principal of and interest on the Notes in accordance with the provisions of the Resolution upon receipt of the following: (i) a written request from the Corporation to issue such bonds in one or more series, (ii) execution of a valid and binding loan agreement between the County and the Corporation pursuant to which payments will be made by the Corporation to the County in amounts equal to the principal, interest and premium, if any, on such bonds and any administration expenses, and (iii) an opinion of counsel, satisfactory in form and substance to the County, as to the validity of the issuance of such bonds and such other matters as the County may reasonably request.

SECTION 5.06. Notwithstanding anything contained in this Agreement or in the Resolution to the contrary, the Corporation covenants it will not submit, and the County agrees that it will not consent to or acquiesce in the submission of, any requisition by the Corporation in respect of any item or expense which would not constitute a "cost of acquiring pollution control facilities" within the meaning of the Act or which, if paid, would result in less than substantially all of the proceeds from the issuance of the Notes being used to provide air and water pollution control facilities or other exempt facilities within the meaning of Section 103(c)(4) of the Internal Revenue Code of 1954, as amended, and the regulations thereunder.

ARTICLE VI
ASSIGNMENT, LEASING AND SELLING

SECTION 6.01. The Corporation will not sell, lease or otherwise dispose of the Facilities except as provided in Section 5.02 hereof and in this Section 6.01. The Corporation may from time to time sell or otherwise dispose of any item constituting part of the Facilities if the Corporation, in regard to such item, has furnished to the County a certificate pursuant to clause (b) of Section 4.04 hereof. Any proceeds thereof shall be either (i) applied to the replacement of or substitution for the item so sold or

disposed of or to acquire other pollution control facilities, or (ii) paid to the Depository for deposit in the Debt Service Fund, all as the Corporation shall determine. In addition, this Agreement may be assigned in whole or in part, and the Facilities may be sold or leased as a whole or in part, by the Corporation without the necessity of obtaining the consent of the County, subject, however, to the following conditions:

(a) No sale, assignment or lease (other than pursuant to Section 5.02 hereof) shall relieve the Corporation from liability for any of its obligations under this Agreement, and in the event of any such sale, assignment or lease the Corporation shall continue to remain liable for the payments specified in Section 4.01 hereof, and for performance and observance of the other agreements on its part herein provided;

(b) The purchaser, assignee or lessee from the Corporation shall assume the obligations of the Corporation under this Agreement to the extent of the interest sold, assigned or leased; and

(c) The Corporation shall, within fifteen (15) days after the delivery thereof, furnish or cause to be furnished to the County a true and complete copy of each such sale agreement, assignment and lease, as the case may be.

SECTION 6.02. As set forth in Section 1.03 of the Resolution, the County irrevocably has pledged and assigned to the holders of the Notes all rights (other than the rights to receive payment of Administration Expenses and indemnification rights pursuant to Section 4.02 and Section 4.06 of this Agreement, respectively) of the County under and all interests of the County in this Agreement, the Revenues (as defined in the Resolution), all moneys or securities in the Debt Service Fund, and, until applied in payment of any of the Cost of the Facilities in accordance with Section 5.03 of the Resolution, all moneys and securities in the Loan Fund. Except as set forth above in this Section 6.02, the County will not sell, assign, pledge, convey or otherwise transfer or encumber its rights and interests in this Agreement, said Revenues or other collateral referred to in Section 1.03 of the Resolution while the Notes are outstanding.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

SECTION 7.01. The following shall be "events of default" under this Agreement, and the terms "event of default" or "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure by the Corporation to pay when due any payment required to be paid under Section 4.01 hereof.

(b) Failure by the Corporation to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement (other than the covenants contained in Sections 5.03 and 5.04 of this Agreement).

(c) The dissolution or liquidation of the Corporation or the filing by the Corporation of a voluntary petition in bankruptcy, or failure by the Corporation promptly to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry out its obligations under this Agreement, or the commission by the Corporation of any act of bankruptcy, or adjudication of the Corporation as a bankrupt, or an assignment by the Corporation for the benefit of its creditors, or the entry by the Corporation into an agreement of composition or arrangement with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Corporation in any proceeding for its reorganization instituted under the provisions of any bankruptcy act, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Corporation", as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Corporation resulting either from a merger or consolidation of the Corporation into or with another corporation or a dissolution or liquidation of the Corporation following a transfer of all or substantially all its assets as an entirety, under the conditions permitting such actions contained in Section 5.02 hereof.

(d) Any representation or warranty of the Corporation or the County made herein or in the Note Purchase Agreement or in any certificate or instrument required to be delivered hereunder or thereunder shall have been incorrect in any material respect.

(e) A default shall have occurred in respect of any bond, debenture, note or other evidence of indebtedness of the Corporation for borrowed money, or in respect of any obligation of the Corporation under any turbine generator lease or other financing lease, now outstanding or issued hereafter, or under any indenture, lease or other instrument under which any such bond, debenture, note or other evidence of indebtedness for borrowed money or any such lease obligation has been or may be issued or by which it is or may be governed, which default shall have resulted in the acceleration of the maturity of any such bond, debenture, note or other evidence of indebtedness for borrowed money or any such lease obligation.

(f) The Corporation shall have defaulted in the performance of any covenant on the part of the Corporation contained in Sections 5.03 and 5.04 of this Agreement and such default shall have continued for a period of thirty days after notice thereof is given by the Bank to the Corporation.

The foregoing provisions of this Section are subject to the following limitations: if by reason of acts of God; strikes, lockouts or other industrial disturbances; orders of any kind of the Government of the United States or of the State of South Carolina or the State of North Carolina or any department, agency, political subdivision or official or either of them, or any civil or military authority, riots, landslides, tornados, fires, hurricanes, storms, floods, washouts or explosions, the Corporation is unable in whole or in part to carry out its agreements herein contained, other than the obligations on the part of the Corporation contained in Sections 4.01 and 5.02 hereof, the Corporation shall not be deemed in default during the continuance of such inability. The Corporation agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements and in any event carry out such agreements as soon as possible thereafter; provided however, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Corporation, and the Corporation shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Corporation unfavorable to the Corporation. Any failure of the Corporation to perform its obligations under Sections 4.01 and 5.02 hereof shall constitute a default regardless of the reason for such failure to perform.

SECTION 7.02. Whenever any event of default referred to in Section 7.01 hereof shall have happened and be subsisting, any one or more of the following remedial steps may be taken:

(a) The County may declare all unpaid amounts payable under Section 4.01 hereof, together with interest then due thereon, to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) The County may take any action at law or in equity to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Corporation under this Agreement.

Any amounts collected pursuant to action taken under this Section shall be applied in accordance with Section 9.09 of the Resolution.

SECTION 7.03. No remedy conferred upon or reserved to the County in connection with the loan to the Corporation is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the County to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

SECTION 7.04. If the Corporation shall default under any of the provisions of this Agreement and the County shall employ attorneys or incur other expenses for the collection of payments due hereunder or for the enforcement of performance or observance of any obligation or agreement on the part of the Corporation contained herein, the Corporation will on demand therefor reimburse the reasonable fees of such attorneys and such other reasonable expenses so incurred.

SECTION 7.05. In the event that any agreement contained herein shall be breached by either party and such breach shall thereafter be waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the County's rights in and under this Agreement to the holders of the Notes pursuant to the Resolution, the County shall have no power to waive any default hereunder by the Corporation except in accordance with Section 9.01 of the Resolution. In the event any default by the Corporation hereunder shall have been waived in accordance with said Section 9.01 of the Resolution as a default under the Resolution by all of the Noteholders the County shall be obligated to waive the Corporation's default hereunder.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Any balance in the Loan Fund or Debt Service Fund or otherwise held by the Depository in connection with the issuance of the Notes or in connection with this Agreement or the Resolution after all the Notes issued under the Resolution, together with the interest thereon, have been paid in full and all amounts due to the Depository and the County (including amounts due as Administration Expenses) have been paid shall belong to and, upon request of the Corporation shall be paid over to, the Corporation by the Depository in accordance with the provisions of Section 7.03 of the Resolution.

SECTION 8.02. All notices, certificates, requests or other communications between the County, the Corporation and the Depository required to be given hereunder or under the Resolution shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, addressed as follows: if to the County, at the Oconee County Court House, Walhalla, South Carolina 29691, Attention: Chairman of the County Council of Oconee County; if to the Corporation, at 422 South Church Street, Charlotte, North Carolina 28242, Attention: Senior Vice President, Legal and Finance; and if to the Depository, at 23 Wall Street, New York, New York 10005, Attention: Robert W. Brose, Jr. A duplicate copy of each notice, certificate, request or other communication given hereunder to the County, the Corporation or the Depository shall also be given to the others. The Corporation, the County and the Depository may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

SECTION 8.03. This Agreement shall inure to the benefit of and shall be binding upon the County, the Corporation and their respective successors and assigns, subject to the limitation that any obligation of the County created by or arising out of this Agreement shall be a limited obligation of the County, payable solely from the Revenues (as defined in the Resolution) and other collateral pledged to the holders of the Notes in Section 1.03 of the Resolution and shall not constitute an indebtedness or a charge against the general credit or taxing powers of the County within the meaning of any South Carolina constitutional or charter provision or statutory limitation and shall not constitute or give rise to any pecuniary liability of the County.

SECTION 8.04. This Agreement may not be amended, modified or rescinded except in accordance with Section 12.06 of the Resolution.

SECTION 8.05. This Agreement supersedes any other prior agreements or understandings, written or oral, between the parties with respect to the matters referred to herein or contemplated hereby.

SECTION 8.06. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same Agreement.

SECTION 8.07. If any clause, provision or section of this Agreement be held illegal or invalid by any court, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof, and this Agreement shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained herein. In case any agreement or obligation contained in this Agreement is held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the County or the Corporation, as the case may be, to the full extent permitted by applicable law.

SECTION 8.08. The laws of the State of South Carolina shall govern the construction of this Agreement.

IN WITNESS WHEREOF, Oconee County, South Carolina, has executed this Agreement by causing its name to be hereunto subscribed by the Chairman of the County Council of Oconee County and the official seal of said Council to be impressed hereon and attested by the Clerk of said Council; and Duke Power Company has executed this Agreement by causing its name to be hereunto subscribed by its and its seal to be impressed hereon and attested by its Assistant Secretary.

OCONEE COUNTY, SOUTH CAROLINA

(SEAL)

By
Chairman of the County Council
of Oconee County

.....
Clerk of the County Council
of Oconee County

Signed, sealed and delivered
in the presence of:

.....
.....

DUKE POWER COMPANY

(SEAL)

By

Attest:

.....
Assistant Secretary

STATE OF SOUTH CAROLINA }
COUNTY OF OCONEE } ss.:

Personally appeared before _____ who being duly sworn says that _____ saw the
corporation seal of COUNTY COUNCIL OF OCONEE COUNTY, SOUTH CAROLINA affixed to the foregoing
Agreement, and that _____ also saw _____ as Chairman and
as Clerk of the County Council of Oconee County, sign and attest the same, and that
with _____ witnessed the execution and delivery thereof as the act
and deed of the said Oconee County.

Sworn to before me this _____ day of March, 1976

.....
Notary Public

My Commission Expires:

(SEAL)

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

I, _____, a Notary Public in and for the State and County aforesaid, certify that
personally came before me this day and acknowledged that he is
of DUKE POWER COMPANY, a North Carolina corporation, and that, by authority
duly given and as the act of the corporation, the foregoing instrument was signed in its name by its
_____, sealed with its corporate seal, and attested by himself as its

Witness my hand and official seal this _____ day of March, 1976.

.....
Notary Public

**DUKE POWER COMPANY
OCONEE NUCLEAR STATION POLLUTION CONTROL FACILITIES**

WASTE SYSTEMS

Oconee Nuclear Station, when completed, will have three closed cycle, pressurized, light water moderated and cooled nuclear reactors for the generation of steam to produce electricity. Each unit will have a nameplate capacity of 886,300 kilowatts, making a total of 2,658,900 kilowatts for the Station.

The Station includes extensive facilities which are designed for the elimination, mitigation or prevention of air or water pollution. The body of water involved is Lake Keowee, next to which the station is located. These facilities are being installed in order that Duke meet or exceed all applicable and anticipated Federal, State, and local water and air quality standards. Such facilities include the following Waste Systems:

1. Contaminated Wastewater and Waste Gas Disposal Facilities
 - a. Wastewater
 - b. Waste gas
2. Sewage Treatment System
3. Wastewater Retention Pond
4. Spent Fuel Cooling System

Detailed descriptions of these facilities follow. Construction costs which are indicated are those already incurred or estimated to be incurred and include costs of materials and equipment, site preparation, associated structures, installation, overheads and engineering and the allowance for funds used during construction which Duke Power Company records in accordance with the Uniform System of Accounts prescribed for Duke.

1. Contaminated Wastewater and Waste Gas Disposal Facilities

a. Wastewater

Equipment, some of which will be an integral part of each of the Units and some of which will be external to all three Units and will serve them jointly, is provided to collect, remove, store, and dispose of radioactive and potentially radioactive contaminants in the process wastewater produced during normal operation of the Station so that effluent released to the Keowee River for disposal meets all applicable government water quality standards. The sources of radioactively contaminated wastewater are as follows: leakage and drainage from equipment, drainage from the radioactive chemical laboratories, drainage from decontamination facilities, and discharges from chemical and volume control systems. Radioactively contaminated wastewater is collected in storage tanks, treated by either demineralization, filtration, evaporation, or some combination of these processes, analyzed to insure acceptably low radioactivity, diluted, and finally released to the Keowee River. Radioactive contaminants removed from process wastewater are pumped to drumming stations where they are solidified in steel drums for shipment offsite for final disposition.

Major components of the Contaminated Wastewater Disposal Facility are as follows:

- (a) *Collection Equipment*—Piping, valves, and associated equipment to collect and transfer radioactively contaminated wastewater to collection tanks.
- (b) *RB Normal Sumps*—Austenitic stainless steel lined sumps to receive and temporarily store drainage from miscellaneous equipment located in reactor containment structures and leakage from reactor coolant systems.
- (c) *Quench Tanks*—Austenitic stainless steel tanks to receive and temporarily store drainage from equipment located within the reactor containment structures.
- (d) *Low Activity Waste Tank*—An austenitic stainless steel tank to receive and temporarily store waste discharged through the floor drains and drain header in the primary auxiliary building.

(e) *Spent Resin Storage Tanks*—Austenitic stainless steel tanks to receive and temporarily store resins discharged from the demineralizers.

(f) *High Activity Waste Tank*—A welded stainless steel tank to receive and temporarily store potentially radioactive drainage from equipment in the primary auxiliary building.

(g) *Miscellaneous Waste Holdup Tanks*—Welded stainless steel tanks for central collection of radioactive wastewater from receiving tanks and for storage to allow decay of short-lived radioactive isotopes.

(h) *Condensate Test Tanks*—Welded stainless steel tanks to store treated effluent for analysis prior to discharge.

(i) *Pumping Equipment*—Pumps, piping, and valves for draining tanks and transferring liquids throughout the system.

(j) *Waste Evaporator Systems*—Feed tanks, feed pumps, concentrators, distillate pumps, circulating pumps, and control equipment used in separating and concentrating the dissolved solids in the wastewater.

(k) *Demineralizers*—Tanks containing resins for removal of radioactive contaminants from wastewater.

(l) *Miscellaneous Filters*—Pretreatment filters located throughout the system.

(m) *Drumming Facilities*—Piping and tanks to receive radioactive concentrates from the waste evaporators and spent resins from the spent resin storage tanks, equipment to remotely inject these wastes into steel drums and mix them with cement and vermiculites, handling equipment to move filled drums, and shielded areas to store filled drums until they can be removed from the Station.

(n) *Allocated Portion of the Auxiliary Building*—A portion of the equipment comprising the Contaminated Wastewater Disposal Facility is external to all three of the Station's Reactor Units and serves them jointly. This joint service equipment will be housed in the Station's Auxiliary Building, a concrete, steel reinforced structure designed to contain radioactive contaminants during normal operations and in case of an operational accident or a natural disaster. This equipment will occupy 11 percent of the available floor space of the Auxiliary Building and, accordingly, 11 percent of the construction cost of this building has been allocated to the Contaminated Wastewater Disposal Facility.

b. *Waste Gas*

Equipment, some of which will be an integral part of each of the Units and some of which will be external to all three Units and will serve them jointly is provided to collect, remove, store and dispose of radioactive contaminants in waste gases produced during normal operation of the Station so that gaseous emissions to the atmosphere meet all applicable government air quality standards. Radioactive waste gases originate from the following operations: sampling and analyzing, degassing reactor coolant liquids, purging volume control tanks, purging various other pieces of equipment, displacing cover gases as liquid accumulates in storage tanks, and collecting leakage to the Station ventilation system from various other systems and components. High level radioactive gases are collected and treated to acceptable levels prior to release. Low level radioactive gases are treated as necessary prior to release.

Major components of the Contaminated Waste Gas Disposal Facility are as follows:

(a) *Piping, Valves, and Associated Equipment*—Facilities to collect and transfer waste gases.

(b) *Waste Gas Compressors*—Compressors for continuous removal of gases from waste gas vent headers and transfer to gas decay tanks.

(c) *Gas Decay Tanks*—Welded carbon steel tanks to hold compressed waste gases for radioactive decay prior to release, at a controlled rate, to the atmosphere through the Station vent.

(d) *Radioactive Gases Filtration System*—Roughing, high efficiency particulate air, and charcoal filters for removal of radioactive particulate matter before release of gases to the atmosphere.

(e) *Allocated Portion of the Auxiliary Building*—As with the Contaminated Wastewater Disposal Facility, a portion of the equipment comprising the Contaminated Waste Gas Disposal Facility

is external to all three of the Station's Reactor Units and serves them jointly. This joint service equipment will be housed in the Station's Auxiliary Building, a concrete, steel reinforced structure designed to contain radioactive contaminants during normal operation and in case of an operational accident or a natural disaster. This equipment will occupy 4 percent of the available floor space of the Auxiliary Building and, accordingly, 4 percent of the construction cost of the building has been allocated to the Contaminated Waste Gas Disposal Facility.

The construction cost of the Contaminated Wastewater and Waste Gas Disposal Facilities, including allocated portions of the construction cost of the Auxiliary Building, is \$22,544,160.

No part of the expenditure for the Contaminated Wastewater and Waste Gas Disposal Facilities provided at the Oconee Nuclear Station serves any significant purpose other than the control of pollution, and the expenditure therefore would not be made but for the purpose of controlling pollution.

2. Sewage Treatment Facility

A facility is provided to treat the Station's sanitary waste effluent before it is released to the Keowee River. This facility consists of a package type extended aeration unit, along with associated sewers, pipes, pumps, sumps, and necessary control equipment.

The construction cost of the Sewage Treatment Facility is \$71,034.

No part of the expenditure for the Sewage Treatment Facility provided at the Oconee Nuclear Station serves any significant purpose other than the control of pollution, and the expenditure therefore would not be made but for the purpose of controlling pollution.

3. Wastewater Retention Pond

The Wastewater Retention Pond is a 5 million gallon capacity holding pond designed to receive and hold nonradioactive process wastewater so that it may be treated prior to its discharge to the Keowee River for disposal. The primary source of nonradioactive process wastewater is the Station's water purification equipment. This equipment is necessary in order to supply the large quantities of pure water used in generating steam to produce electricity. Wastewater effluent from this equipment contains the following contaminants: diatomaceous earth and powder resins resulting from filter backwashing, sodium hydroxide and sulfuric acid in spent demineralizer regenerating solutions, and various chemicals spilled to the drain systems of storage rooms. This facility will consist of the pond itself and the necessary collecting sewers, drains, pumps, sumps, and control equipment.

The construction cost of the Wastewater Retention Pond at the Oconee Nuclear Station is \$13,760.

No part of the expenditure for the Wastewater Retention Pond provided at the Oconee Nuclear Station serves any significant purpose other than the control of pollution, and the expenditure therefore would not be made but for the purpose of controlling pollution.

4. Spent Fuel Cooling System

The fuel handling system is designed to provide a safe, effective means of transporting and handling fuel. An integral part of the Fuel Handling System is the Spent Fuel Cooling System. The Spent Fuel Cooling System is designed to remove the decay heat from the stored fuel in the spent fuel pool and to minimize the possibility of radioactive contaminant release to the environment. The system provides for purification of the spent fuel pool water, the fuel transfer canal water, and the contents of the borated water storage tank by removing fission and corrosion products and by maintaining water clarity for fuel handling operations.

The related equipment of the Spent Fuel Cooling System includes pumps, demineralizers, filters and instrumentation and controls.

The construction cost of the Spent Fuel Cooling System is \$1,921,433.

No part of the expenditure for the Spent Fuel Cooling System provided at the Oconee Nuclear Station serves any significant purpose other than the control of pollution, and the expenditure therefore would not be made but for the purpose of controlling pollution.

CONSTRUCTION COST SUMMARY

Total construction cost of the above-described facilities for the elimination, mitigation or prevention of air or water pollution is as follows:

Contaminated Wastewater and Waste Gas Disposal Facilities	\$22,544,160
Sewage Treatment System	71,034
Wastewater Retention Pond	13,760
Spent Fuel Cooling System	1,921,433
Total Construction Cost	<u>\$24,550,387</u>
Contingency for financing other allowable costs under Act No. 156 of 1971	3,449,613
Total	<u><u>\$28,000,000</u></u>

C E R T I F I C A T E

Exhibit 1 15

WHEREAS, DUKE POWER COMPANY, a North Carolina Corporation duly domesticated in South Carolina (the Industry), is in the process of acquiring, constructing and installing certain pollution control facilities designed for the elimination, mitigation or prevention of air or water pollution at its Oconee Nuclear Station, an electric generating plant, located in Oconee County, South Carolina; and

WHEREAS, such facilities include those fully described in Exhibit "A" attached hereto (hereinafter called the Facilities); and

WHEREAS, the South Carolina Department of Health and Environmental Control has been advised by the Industry and by the County Board of Commissioners of Oconee County that Oconee County proposes to finance the cost of the acquisition and installation of the Facilities through the initial issuance of not exceeding \$28,000,000 of bond anticipation notes, or interim bonds in anticipation of the issuance of pollution control facilities revenue bonds, pursuant to the authorization of Act No. 156 of 1971, and must obtain, pursuant to Section 7 of said Act, a finding of the South Carolina Department of Health and Environmental Control that the Facilities are necessary and that the design thereof will result in the elimination, mitigation and prevention of air or water pollution; and

WHEREAS, the Assistant to the Commissioner for Environmental Affairs of the South Carolina Department of Health and Environmental Control has been duly authorized by the South Carolina Department of *Board of*

Health and Environmental Control by resolution adopted December 19, 1973, to make such studies and investigation as shall be necessary and appropriate to determine whether or not the prerequisite findings contemplated by Section 7 of said Act No. 156 of 1971 can be made in the instance of any proposed pollution control facilities revenue bonds or bond anticipation notes or interim bonds in connection therewith, and the Assistant to the Commissioner for Environmental Affairs of the Department of Health and Environmental Control, being satisfied based on the results of such studies and investigation that the facilities are necessary and the design thereof will result in the elimination, mitigation and prevention of air or water pollution, is further empowered by the South Carolina ^{Board of Health} Department of Health and Environmental Control to issue its Certificate to that effect,

NOW, THEREFORE, THIS IS TO CERTIFY on behalf of the South Carolina Department of Health and Environmental Control that the Facilities referred to in the attachment to this Certificate (i) are necessary and (ii) that the design thereof will result in the elimination, mitigation and prevention of air or water pollution.

DONE at Columbia, South Carolina, this 25th day of January, 1974.

SOUTH CAROLINA DEPARTMENT OF
HEALTH AND ENVIRONMENTAL CONTROL

BY: H. J. Webb

H. J. Webb, Assistant to the
Commissioner for Environmental
Affairs

Duke Power Company

Oconee Nuclear Station Pollution Control Facilities

WASTE SYSTEMS

Oconee Nuclear Station, when completed, will have three closed cycle, pressurized, light water moderated and cooled nuclear reactors for the generation of steam to produce electricity. Each unit will have a generating capacity of 886,300 kilowatts, making a total of 2,658,900 kilowatts for the Station.

The Station includes extensive facilities which are designed for the elimination, mitigation or prevention of air or water pollution. The body of water involved is Lake Keowee, next to which the station is located. These facilities are being installed in order that Duke meet or exceed all applicable and anticipated Federal, State, and local water and air quality standards. Such facilities include the following Waste Systems:

1. Contaminated Wastewater and Waste Gas Disposal Facilities
 - a. Wastewater
 - b. Waste gas
2. Sewage Treatment System
3. Wastewater Retention Pond
4. Spent Fuel Cooling System

Detailed descriptions of these facilities follow. Construction costs which are indicated are those already incurred or estimated to be incurred and include costs of materials and equipment, site preparation, associated

structures, installation, overheads and engineering and the allowance for funds used during construction which Duke Power Company records in accordance with the Uniform System of Accounts prescribed for Duke.

1. Contaminated Wastewater and Waste Gas Disposal Facilities

a. Wastewater

Equipment, some of which will be an integral part of each of the Units and some of which will be external to all three Units and will serve them jointly, is provided to collect, remove, store, and dispose of radioactive and potentially radioactive contaminants in the process wastewater produced during normal operation of the Station so that effluent released to the Keowee River for disposal meets all applicable government water quality standards.* The sources of radioactively contaminated wastewater are as follows: leakage and drainage from equipment, drainage from the radioactive chemical laboratories, drainage from decontamination facilities, and discharges from chemical and volume control systems. Radioactively contaminated wastewater is collected in storage tanks, treated by either demineralization, filtration, evaporation, or some combination of these processes, analyzed to insure acceptably low radioactivity, diluted, and finally released to the Keowee River. Radioactive contaminants removed from process wastewater are pumped to drumming stations where they are solidified in steel drums for shipment offsite for final disposition.

Major components of the Contaminated Wastewater Disposal Facility are as follows:

- (a) Collection Equipment - Piping, valves, and associated equipment to collect and transfer radioactively contaminated wastewater to collection tanks.

- (b) RB Normal Sumps - Austenitic stainless steel lined sumps to receive and temporarily store drainage from miscellaneous equipment located in reactor containment structures and leakage from reactor coolant systems.
- (c) Quench Tanks - Austenitic stainless steel tanks to receive and temporarily store drainage from equipment located within the reactor containment structures.
- (d) Low Activity Waste Tank - An austenitic stainless steel tank to receive and temporarily store waste discharged through the floor drains and drain header in the primary auxiliary building.
- (e) Spent Resin Storage Tanks - Austenitic stainless steel tanks to receive and temporarily store resins discharged from the demineralizers.
- (f) High Activity Waste Tank - A welded stainless steel tank to receive and temporarily store potentially radioactive drainage from equipment in the primary auxiliary building.
- (g) Miscellaneous Waste Holdup Tanks - Welded stainless steel tanks for central collection of radioactive wastewater from receiving tanks and for storage to allow decay of short-lived radioactive isotopes.
- (h) Condensate Test Tanks - Welded stainless steel tanks to store treated effluent for analysis prior to discharge.

- (i) Pumping Equipment - Pumps, piping, and valves for draining tanks and transferring liquids throughout the system.
- (j) Waste Evaporator Systems - Feed tanks, feed pumps, concentrators, distillate pumps, circulating pumps, and control equipment used in separating and concentrating the dissolved solids in the wastewater.
- (k) Demineralizers - Tanks containing resins for removal of radioactive contaminants from wastewater.
- (l) Miscellaneous Filters - Pretreatment filters located throughout the system.
- (m) Drumming Facilities - Piping and tanks to receive radioactive concentrates from the waste evaporators and spent resins from the spent resin storage tanks, equipment to remotely inject these wastes into steel drums and mix them with cement and vermiculites, handling equipment to move filled drums, and shielded areas to store filled drums until they can be removed from the Station.
- (n) Allocated Portion of the Auxiliary Building - A portion of the equipment comprising the Contaminated Wastewater Disposal Facility is external to all three of the Station's Reactor Units and serves them jointly. This joint service equipment will be housed in the Station's Auxiliary Building, a concrete,

steel reinforced structure designed to contain radioactive contaminants during normal operations and in case of an operational accident or a natural disaster. This equipment will occupy 11 percent of the available floor space of the Auxiliary Building and, accordingly, 11 percent of the construction cost of this building has been allocated to the Contaminated Wastewater Disposal Facility.

b. Waste Gas

Equipment, some of which will be an integral part of each of the Units and some of which will be external to all three Units and will serve them jointly, is provided to collect, remove, store and dispose of radioactive contaminants in waste gases produced during normal operation of the Station so that gaseous emissions to the atmosphere meet all applicable government air quality standards. Radioactive waste gases originate from the following operations: sampling and analyzing, degassing reactor coolant liquids, purging volume control tanks, purging various other pieces of equipment, displacing cover gases as liquid accumulates in storage tanks, and collecting leakage to the Station ventilation system from various other systems and components. High level radioactive gases are collected and treated to acceptable levels prior to release. Low level radioactive gases are treated as necessary prior to release.

Major components of the Contaminated Waste Gas Disposal Facility are as follows:

- (a) Piping, Valves, and Associated Equipment - Facilities to collect and transfer waste gases.
- (b) Waste Gas Compressors - Compressors for continuous removal of gases from waste gas vent headers and transfer to gas decay tanks.
- (c) Gas Decay Tanks - Welded carbon steel tanks to hold compressed waste gases for radioactive decay prior to release, at a controlled rate, to the atmosphere through the Station vent.
- (d) Radioactive Gases Filtration System - Roughing, high efficiency particulate air, and charcoal filters for removal of radioactive particulate matter before release of gases to the atmosphere.
- (e) Allocated Portion of the Auxiliary Building - As with the Contaminated Wastewater Disposal Facility, a portion of the equipment comprising the Contaminated Waste Gas Disposal Facility is external to all three of the Station's Reactor Units and serves them jointly. This joint service equipment will be housed in the Station's Auxiliary Building, a concrete, steel reinforced structure designed to contain radioactive contaminants during normal operation and in case of an operational accident or a natural disaster. This equipment will occupy 4 percent of the available floor space of the Auxiliary Building and, accordingly,

4 percent of the construction cost of the building has been allocated to the Contaminated Waste Gas Disposal Facility.

The construction cost of the Contaminated Wastewater and Waste Gas Disposal Facilities, including allocated portions of the construction cost of the Auxiliary Building, is \$22,544,160.

No part of the expenditure for the Contaminated Wastewater and Waste Gas Disposal Facilities provided at the Oconee Nuclear Station serves any significant purpose other than the control of pollution, and the expenditure therefore would not be made but for the purpose of controlling pollution.

2. Sewage Treatment Facility

A facility is provided to treat the Station's sanitary waste effluent before it is released to the Keowee River. This facility consists of a package type extended aeration unit, along with associated sewers, pipes, pumps, sumps, and necessary control equipment.

The construction cost of the Sewage Treatment Facility is \$71,034.

No part of the expenditure for the Sewage Treatment Facility provided at the Oconee Nuclear Station serves any significant purpose other than the control of pollution, and the expenditure therefore would not be made but for the purpose of controlling pollution.

3. Wastewater Retention Pond

The Wastewater Retention Pond is a 5 million gallon capacity holding pond designed to receive and hold nonradioactive process wastewater

so that it may be treated prior to its discharge to the Keowee River for disposal. The primary source of nonradioactive process wastewater is the Station's water purification equipment. This equipment is necessary in order to supply the large quantities of pure water used in generating steam to produce electricity. Wastewater effluent from this equipment contains the following contaminants: diatomaceous earth and powder resins resulting from filter backwashing, sodium hydroxide and sulfuric acid in spent demineralizer regenerating solutions, and various chemicals spilled to the drain systems of storage rooms. This facility will consist of the pond itself and the necessary collecting sewers, drains, pumps, sumps, and control equipment.

The construction cost of the Wastewater Retention Pond at the Oconee Nuclear Station is \$13,760.

No part of the expenditure for the Wastewater Retention Pond provided at the Oconee Nuclear Station serves any significant purpose other than the control of pollution, and the expenditure therefore would not be made but for the purpose of controlling pollution.

4. Spent Fuel Cooling System

The fuel handling system is designed to provide a safe, effective means of transporting and handling fuel. An integral part of the Fuel Handling System is the Spent Fuel Cooling System. The Spent Fuel Cooling System is designed to remove the decay heat from the stored fuel in the spent fuel pool and to minimize the possibility of radioactive contaminant

release to the environment. The system provides for purification of the spent fuel pool water, the fuel transfer canal water, and the contents of the borated water storage tank by removing fission and corrosion products and by maintaining water clarity for fuel handling operations.

The related equipment of the Spent Fuel Cooling System includes pumps, demineralizers, filters and instrumentation and controls.

The construction cost of the Spent Fuel Cooling System is \$1,921,433.

No part of the expenditure for the Spent Fuel Cooling System provided at the Oconee Nuclear Station serves any significant purpose other than the control of pollution, and the expenditure therefore would not be made but for the purpose of controlling pollution.

Construction Cost Summary

Total construction cost of the above-described facilities for the elimination, mitigation or prevention of air or water pollution is as follows:

Contaminated Wastewater and Waste Gas Disposal Facilities	\$22,544,160
Sewage Treatment System	71,034
Wastewater Retention Pond	13,760
Spent Fuel Cooling System	<u>1,921,433</u>
Total Construction Cost	\$24,550,387
Contingency for financing other allowable costs under Act No. 156 of 1971	<u>3,449,613</u>
Total	<u><u>\$28,000,000</u></u>

E N D

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