

USE GUIDELINES FOR ENCROACHMENTS INVOLVING TRANSMISSION EASEMENTS

Duke Energy has a property interest called an easement (or sometimes a right-of-way) in land that you own or are considering purchasing. This easement grants Duke Energy the right to use the easement area for purposes described in the easement document that is filed and recorded in the county's recorder office. This property interest stays with the land when it is bought and sold and generally is perpetual in duration. A series of easements often form a corridor in which the transmission facilities are located and access up and down the corridor is part of the reason Duke Energy obtains these rights.

Broadly stated, easements allow Duke Energy to use another person's property to construct, operate, maintain, repair, and replace electrical facilities for the transmission of high voltage power. The landowner may continue to use the easement area so long as the use is not inconsistent with the easement document or Duke Energy's use of the easement. Any incompatible use by the landowner is called an encroachment. Where an encroachment is under construction, Duke Energy will request that it be stopped and removed; where an encroachment is already installed, Duke Energy will request that it be removed. Where a landowner fails to cooperate, Duke Energy will seek legal recourse to remove the encroachment.

Electricity is a public service and subject to state and federal regulations with which Duke Energy must comply. Any use by the landowner that does or could create regulatory issues is an encroachment. Power lines in the transmission easement are uninsulated and electricity is a dangerous instrumentality. Any landowner use that increases the danger to the landowner, the public or Duke Energy in its use of the easement is also an encroachment.

Over years of designing, constructing, operating, repairing, upgrading and maintaining electric facilities in transmission easements, Duke Energy has developed an understanding of the types of uses by landowners that do, or potentially can, interfere with the easement's purposes and Duke Energy's ability to provide safe and reliable service. This guidance, which supersedes all prior versions, provides a brief overview of types of things that do, or can, interfere with Duke Energy's easement rights and thereby create encroachments.

This overview cannot address all possible situations and is intended to provide general guidance. Please contact the Asset Protection Specialist if you have additional questions or concerns about the use of the easements. Please discuss any proposed activity in the transmission easements with Duke Energy to avoid creating an encroachment or interference. The Asset Protection Specialist can assist and help avoid a subsequent need by the landowner to revise plans or remove obstructions from the easements. Engineering plans may be required by Duke Energy to fully understand any proposed use by the landowner.

By providing these guidelines, Duke Energy does not waive any rights it has in its easements or under the law. Duke Energy's concurrence that a proposed use does not constitute an interference with its easement rights does not mean that requirements of local, county, state or federal governments or other agencies with governing authority have been met.

The following are not permitted in Duke Energy's transmission easements as they interfere with Duke Energy's use of the easements for transmission of electricity by, among other things, interfering with full use the easement, interfering with existing facilities, interfering with access to the facilities, interfering with future expansion in the easement, increasing the danger to the public or those who may be required to work in the easement, creating regulatory violations and generally, making the transmission of electricity more dangerous, costly and/or unreliable: Examples include but are not limited to:

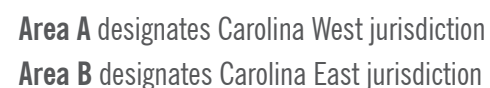
- Permanent or temporary structures and buildings, including for example, permanent or manufactured/mobile homes (and home additions and extensions), garages, sheds, satellite systems, intersections, cul-de-sacs, entrances, streets, swimming pools (any associated equipment and decking), playground equipment, graves, billboards, dumpsters, signs, wells, deer stands, retaining walls, septic systems or tanks (whether above or below ground).
- Mounding or stockpiling any material, such as spoils, dirt, logs, construction or building material, wrecked or disabled vehicles, (e.g. may create clearance and access issues and/or increases dangers in using the easement).
- Transformers, telephone/cable pedestals and associated equipment (unless specifically addressed in a joint use agreement), fire hydrants, manholes, water valves, water meters, backflow preventers & irrigation heads, (e.g. may increase the likelihood of safety hazards & access issues).

- Attachments to Duke Energy structures in the easement; (unless specifically addressed in a joint use agreement).
- Streets, roads, driveways, sewer/water lines, other utility lines or any underground facilities that run in parallel to the centerline in the easement or cross in one contiguous segment from outside edge of easement to opposing outside edge of easement, at any angle that is less than 30 degrees or greater than 90 degrees as measured from the centerline. No portion of such facility shall be located within 25 feet of Duke Energy's facilities (unless specifically addressed in a joint use agreement.)
- Fences or utilities that cross the easement in multiple segments in a non-continuous alignment from outside edge of easement to opposing outside edge of easement at any angle of less than 30 degrees or greater than 90 degrees as measured from the centerline. This generally creates an interference as the ability to access and utilize the full easement and reach facilities in the easement is substantially impaired. If a fence crosses the easement at an angle greater than or equal to 30 degrees and less than or equal to 90 degrees with the centerline, a gate (16 feet wide at each crossing) shall be installed by the landowner, per Duke Energy's specifications. Duke Energy will supply a lock. The landowner is required to install the Duke Energy lock on the gate to ensure access. The lock can be interlocked with the landowner's lock. Fences and gates that exceed 10 feet in height are prohibited because they create a clearance issue and are an interference. Fences that inhibit Duke Energy's access because they lack a gate that is at least 16 feet wide, interfere with Duke Energy's easement use.
- Grading (cuts or fill) in the easement that is closer than 25 feet to transmission facilities i.e. poles, towers, guys and anchors and/or slopes greater than 4:1 no matter where located or that otherwise change clearances or topography.
- Parking or lighting facilities which affect clearances, access or Duke Energy's ability to make full use of its easement.
- Placement of combustible materials and/or the purposeful burning of anything within the easement are inconsistent with electric facilities, the transmission of power and create safety hazards and system reliability issues.
- Any water feature in the easement, such as a detention and retention pond, stream or lake. Where a structure outside the easement causes erosion or directs storm water toward the easement or the electric facilities or access to or around the electric facilities, such structure will interfere with Duke Energy's use and must be altered to eliminate that effect.
- Incompatible vegetation above ground transmission lines - Vegetation within or outside of the transmission easement that will mature to a height or size that will pose a grow-in, fall-in, or blowing-together threat to the transmission conductor (typical maximum mature height greater than 15 feet within the transmission easement depending on location and voltage).
- Incompatible vegetation underground transmission lines - Vegetation within or outside of the transmission easement that is capable of posing a threat (e.g., root systems, etc.) to the underground transmission conductor by **a)** causing damage to the underground pipes / cables or **b)** reducing the moisture in the soil, thus altering the thermal properties of the surrounding soil / backfill and thereby negatively impacting the cable ampacity rating (typical maximum mature height within the easement - greater than 3 feet depending on location and voltage).
- Incompatible vegetation for safe and reliable operation and access on all transmission lines - Vegetation that will limit or block access, limit the safe and reliable operation, emergency restoration, or maintenance of the transmission facilities, limit the full use of the transmission easement for its intended purposes or vegetation which is typically within a horizontal distance of 25 feet of any Duke Energy facilities (towers, poles, guy wires, guy anchors, manholes, dip-poles, substation equipment, etc.).

As discussed, these guidelines are not exhaustive and there may be other interferences on a case-by-case basis depending on individual circumstances. Certain conditions such as line voltage, line criticality, frequency of required access and structure type may require heightened restrictions in the easements to provide safe and reliable service.

If you have additional questions or plan any activity not mentioned above, please contact customer service and ask for your local Transmission Asset Protection Specialist.

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