

STATE OF SOUTH CAROLINA)
 COUNTY OF ANDERSON)

THIS INDENTURE, made this 25th day of October, 1949, by and between PELZER MILLS, a corporation organized under the laws of the State of South Carolina, hereinafter sometimes called the "Mills", and DUKE POWER COMPANY, a corporation organized under the laws of the State of New Jersey, hereinafter sometimes called the "Power Company",

W I T N E S S E T H:

WHEREAS, the Mills owns certain real estate at or near Pelzer, in the above State and County, consisting of land with mills thereon and, as appurtenant thereto, two hydroelectric plants, each with a dam, across the Saluda River, and

WHEREAS, it has been for many years and is the practice of the Mills and its predecessors to impound water in its two mill ponds which would otherwise be wasted during portions of the day or week when the mills are not in operation, and

WHEREAS, the Power Company has begun, on real estate owned by it, the construction of a steam power plant, to be known as the "Lee Plant", at a site on Saluda River in said County, approximately two miles below the lower dam of the Mills, for which a flow of not less than 260 cubic feet per second (c.f.s.) is desired, when available, for condenser and other requirements, and

WHEREAS, the parties mutually desire that the Power Company, its successors and assigns, shall compensate the Mills, its successors and assigns, for foregoing the privilege of impounding and drawing down the water in the course of its operations;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements of the parties hereto, the parties hereby covenant and agree, each for itself, its successors and assigns, with the other party, its successors and assigns, that