

BYLAWS

OF

LAKE KEOWEE SOURCE WATER PROTECTION TEAM,
a South Carolina nonprofit corporation

ARTICLE I

NAME, PURPOSE, OFFICES AND REGISTERED AGENT

Section 1. Name. The name of this organization shall be Lake Keowee Source Water Protection Team (the "Corporation"). Lake Keowee Source Water Protection Team ("LKSWPT") is incorporated as a nonprofit corporation pursuant to the laws of the State of South Carolina.

Section 2. Purpose. The purpose of the Corporation is to protect the drinking water quality of Oconee, Pickens, and Greenville County residents through, among other initiatives, the development and implementation of a Source Water Protection Program ("SWPP") as set forth in the Relicensing Agreement for the Keowee-Toxaway Hydroelectric Project FERC Project No. 2503 dated September 19, 2013 ("RA") which is described in Appendix I appended hereto. Notwithstanding any other provisions of these bylaws, the Corporation shall not carry on any activity not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 or corresponding provisions of any subsequent federal tax laws or by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 or corresponding provisions of any subsequent tax laws.

Section 3. Principal Office. The Corporation shall maintain its Principal Office as required by the South Carolina Nonprofit Corporation Act of 1994, as amended (the "Act"), at such place as designed from time to time by the Board of Directors for the principal executive offices of the Corporation (the "Principal Office").

Section 4. Registered Office. The Corporation shall maintain a Registered Office as required by the Act at a location in the State of South Carolina designated by the Board of Directors from time to time (the "Registered Office"). In the absence of a contrary designation by the Board of Directors, the Registered Office of the Corporation shall be located at its Principal Office.

Section 5. Registered Agent. The Corporation shall maintain a Registered Agent as required by the Act who shall have a business office at the Corporation's Registered Office. The Registered Agent shall be designated by the Board of Directors from time to time to serve at its pleasure. In the absence of such designation the Registered Agent shall be the Corporation's Secretary.

ARTICLE II DIRECTORS

Section 1. Authority; Action. The Board of Directors shall have ultimate authority over the conduct and management of the business and affairs of the Corporation. The Board of Directors shall act pursuant to resolutions adopted by the affirmative vote of a majority of the Directors participating in a meeting at which a quorum is present, or the affirmative vote of a greater number of Directors where required by the Articles, these Bylaws, the Act, or otherwise by law.

Section 2. Qualification; Number. All directors shall be natural persons. The number of Directors shall be fixed by the Board of Directors from time to time; provided, however, the number of Directors shall not be less than three (3) nor more than seven (7); and provided further, however, no reduction in the number of Directors shall have the effect of shortening the term of any incumbent Director.

Section 3. Directors. Initially there shall be three (3) Directors, one each appointed respectively by Greenville Water, Seneca Light and Water, and the Friends of Lake Keowee Society (each being a "Sponsoring Entity"). Within fifteen (15) days of their respective appointment by a Sponsoring Entity a Director will advise the other Directors of the appointment. In addition to the initial three Directors, up to four Sponsoring Entities may be added by the Board of Directors by a majority vote of the then current Directors. All Sponsoring Entities must be stakeholders in relicensing process for the Keowee-Toxaway Hydroelectric Project FERC Project No. 2503 and signatories to the RA. Each added Sponsoring Entity may appoint its Director. The Directors will make every effort to maintain either three, five or seven Sponsoring Entities.

Each Director shall hold office from the date of such Director's appointment until such Director's successor shall have been appointed by the Sponsoring Entity, or until such Director's earlier resignation, death, incapacity or removal by the Sponsoring Entity. Removal, resignation, death or incapacity of an individual appointed Director is not a termination or removal of that Sponsoring Entities' office on the Board of Directors. There are no term limitations for Directors.

Section 4. Initial Board Meeting. At the initial three Directors' first Board meeting they shall, among other actions, determine the number, if any, of Sponsoring Entities which will be added, elect Officers, adopt bylaws for the Corporation and determine what action, if any, should be taken under Article V Indemnity.

Section 5. Resignation of Directors. A Director may resign at any time by delivering written notice to the Board of Directors, the Chair, or the Secretary. A resignation is effective when the notice is effective unless the notice specifies a later date. If the resignation is made effective at a later date, the Sponsoring Entity may fill the pending vacancy before the effective date.

Section 6. Removal. An appointed Director may only be removed without cause by that Director's Sponsoring Entity by delivering written notice of the removal to that Director and either the presiding Officer of the Board, the Chair or the Secretary. If the person is not fulfilling his or her duties and responsibilities as a Director, the issue will be brought to the Sponsoring Entity for prompt resolution.

Section 7. Vacancies. Should the office of a Director become vacant for any reason, it is the sole responsibility of the Sponsoring Entity to promptly fill that vacant office.

Section 8. Resignation or Removal of a Sponsoring Entity. A Sponsoring Entity may resign its position from the Corporation at any time by delivering written notice of resignation to the Board of Directors. A Sponsoring Entity may be removed from the Corporation for failure to fill its Board vacancy lasting no less than 90 days by a unanimous vote of the other current Board of Directors.

Section 9. Annual and Regular Meetings. An annual meeting of the Board of Directors shall be called and held for the purpose of annual organization, appointment of Officers and committees, and transaction of any other business. An annual meeting of the Board of Directors shall be held at such time and place as may be specified in the notice of the meeting. The Board of Directors may by resolution provide for the holding of additional regular meetings without notice other than such resolution; provided, however, the resolution shall fix the dates, times and places (which may be anywhere within or without the State of the Corporation's Principal Office) for these regular meetings. Except as otherwise provided by law, any business may be transacted at any annual or regular meeting of the Board of Directors.

Section 10. (a) Special Meetings. Special Meetings. Special meetings of the Board of Directors may be called for any lawful purpose or purposes by the Chair or any Director then in office. The person calling a special meeting shall give, or cause to be given, to each Director at his business address, notice of the date, time and place of the meeting by any means of communication acceptable under the Act not less than two (2) days prior thereto. An oral notice is permissible if reasonable under the circumstances and is effective when the purpose, time and place are communicated in a comprehensible manner. A written notice of a special meeting shall describe the purpose, time and place of such special meeting. Any time or place fixed for a special meeting must permit participation in the meeting by means of telecommunications as authorized below.

(b) Notices. The following provision applies to all notices except as otherwise specifically provided to the contrary in the bylaws: A written notice is correctly addressed to a Director if addressed to the Director's business address shown in the Corporation's current records. A notice to a Director shall also be deemed notice to the Director's Sponsoring Entity. If the notice is given by electronic mail transmission, the notice shall be deemed delivered when the notice is transmitted to an electronic mail address designated by the Director, if any, so long as such Director transmits to the sender an acknowledgement of receipt. Any time or place fixed for a meeting must permit participation in the meeting by means of telecommunications as authorized below.

Written notice is effective at the earliest of the following:

1. When received;
2. Five (5) days after its deposit in the United States mail, if mailed correctly addressed with first class postage affixed;

3. On the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee; or Fifteen (15) days after its deposit in the United States mail, if mailed correctly addressed and with other than first class, registered, or certified postage affixed.

Section 11. Actions Requiring Special Notice. Meetings at which the following actions are to be considered shall require not less than seven (7) days prior effective written notice: (i) removal of a Sponsoring Entity; (ii) a transaction involving a Director conflict of interest; (iii) indemnification of Officers, employees and agents; (iv) amendment of the Articles of Incorporation (the "Articles"); (v) amendment of these Bylaws; (vi) merger; (vii) sale of assets other than in the regular course of activities; and (viii) dissolution.

Section 12. Waiver of Notice of Meetings. Notice of a meeting need not be given to any Director who signs a waiver of notice either before or after the meeting. To be effective the waiver shall contain recitals sufficient to identify beyond reasonable doubt the meeting to which it applies. The recitals may, but need not necessarily, include reference to the date and purpose of the meeting and the business transacted thereat. Recital of the proper date of a meeting shall be conclusive identification of the meeting to which a waiver of notice applies unless the waiver contains additional recitals creating a patent ambiguity as to its proper application. The attendance of a Director at a Directors' meeting shall constitute a waiver of notice of that meeting, except where the Director upon arriving at the meeting or prior to the vote on a matter not noticed in conformity with the Act, these Bylaws, or the Articles, objects to lack of notice and does not thereafter vote or assent to the objected action.

Section 13. Participation by Telecommunications. Any Director may participate in, and be regarded as present at, any meeting of the Board of Directors by means of conference telephone or any other means of communication by which all persons participating in the meeting can hear each other at the same time.

Section 14. Quorum. A majority of the Directors in office immediately before the meeting shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

Section 15. Action Without Meeting. To the fullest extent permitted by the Act, the Board of Directors may take action without a meeting by written consent as to such matters and in accordance with such requirements and procedures authorized by the Act. Unless otherwise permitted by the Act, such written consent must be signed by all Directors and included in the minutes filed with the corporate records reflecting the action taken.

Section 16. Presumption of Assent. A Director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless (i) such Director objects at the beginning of the meeting, or promptly upon arrival, to holding the meeting or transacting business at the meeting, (ii) the Director votes against the action and the vote is entered in the minutes of the meeting, (iii) the

Director's dissent or abstention for the action taken in the minutes of the meeting, or (iv) the Director delivers written notice of dissent or abstention to the presiding Officer of the meeting before its adjournment or to the Corporation immediately after the adjournment of the meeting. The right to dissent shall not apply to a Director who voted in favor of such action.

Section 17. Compensation. A Director shall serve without compensation by the Corporation. To be eligible for reimbursement of reasonable and customary out of pocket expenses related to a Director's attendance at outside meetings or other services provided to the Corporation, the attendance must be approved by a majority vote of the Board prior to any expense being incurred. All expenditures must be accompanied by an explanation. Receipts are to be submitted, where possible, for each particular budget category. Reimbursement requests for expenses must be submitted to the Chair (for items in excess of \$25.00) or the Treasurer within 30 days of the incidence of the expense. The Chair will then submit the request to the Board along with a recommendation for or against reimbursement.

Section 18. Order of Business. Unless otherwise determined by the Chair, the order of business at the annual meeting, and so far as practicable at all other meetings of the Board of Directors, shall be as follows:

1. Determination of a quorum
2. Reading and disposal of all unapproved minutes
3. Treasurer's report
4. Reports of Officers and committees, if applicable
5. Technical Committee and other Committee budget considerations
6. Change in established number of Sponsoring Entities, if applicable
7. Appointment of Officers and committees, if applicable
8. Unfinished business, if applicable
9. New business
10. Adjournment

Unless, and to the extent, determined by the Board of Directors or the Chair of the meeting, or unless required by a specific rule to the contrary in these Bylaws, the Articles, or the Act, meetings of the Board of Directors shall not be required to be held in accordance with rules of parliamentary procedure.

Section 19. Certain Responsibilities of the Board. Without limiting its responsibilities, the Board shall:

- (A) Require a timely submission by each Technical Committee of a proposed annual budget, review such proposal and adopt an annual budget for each Technical Committee.
- (B) Appoint a Board liaison or sponsor to each of the committees.
- (C) Seek additional grants/donations.

ARTICLE III OFFICERS

Section 1. Roster of Officers. The Corporation shall have a Chairperson ("Chair"), Secretary and Treasurer. A Director may also be an Officer. No person may not hold more than one Office.

Section 2. Selection and Removal of Officers. All Officers shall serve one-year terms that begin on January 1 and end on December 31 of that calendar year. The initial terms of the officers shall be deemed to begin January 1, 2017. Officers shall be elected by the Board of Directors at the first meeting following the annual membership meeting and the election of new directors.

Section 3. Chair. The Chair, subject to the control of the Board of Directors, shall supervise and control the affairs of the Corporation. The Chair will perform all duties incident to such office and such other duties as may be provided in these bylaws or as may be prescribed from time to time by the Board of Directors. The Chair shall also serve as Chairperson of the Board of Directors and shall preside at all board meetings.

Section 4. Secretary. The Secretary will keep minutes of all meetings; will be the custodian of the corporate records; will keep an updated roster of all Board Members and their addresses; will give all notices as required by law or these bylaws; and generally, will perform all duties incident to the office of Secretary and such other duties as may be required by law, by the Articles of Incorporation, or by these bylaws.

Section 6. Treasurer. The Treasurer will have charge and custody of all funds of this Corporation, will oversee and supervise the financial business of the Corporation, will render reports and accountings to the Directors as required by the Board of Directors, and will perform, in general, all duties incident to the office of Treasurer and such other duties as may be required by law, by the Articles of Incorporation, or by these bylaws or which may be assigned from time to time by the Board of Directors.

Section 7. Removal of Officers. Any Officer elected to office may be removed at any time by a majority vote of the Board of Directors whenever in their sole discretion they decide the best interests of the Corporation will be served. For the avoidance of doubt, in the case where a person holds a position as a Director and an Officer, the removal of a person as an Officer is not removal of that person as a Director.

Section 8. Compensation. Officers shall serve without compensation by the Corporation. Expenses that are reasonable and customary and were incurred by an Officer at the specific direction of the Board of Directors are eligible to be submitted for reimbursement. Authorization

of payment requires a majority vote of the Board of Directors. Payment requests must be submitted to the Chair (for items in excess of \$25.00) or the Treasurer within 30 days of the incidence of the expense. All expenditures must be accompanied by an explanation. Receipts are to be submitted, where possible, for each particular budget category. The Chair will then submit the payment request to the Board along with a recommendation for or against reimbursement.

ARTICLE IV COMMITTEES

Section 1. Appointment of Committees. The Board of Directors may from time to time by resolution, adopted in accordance with the Act, designate and delegate authority to one or more committees. Any such committee may be designated as a standing committee appointed annually or as a special committee for specific circumstances or transactions with a limited duration. Each committee shall include one or more Director, who shall serve at the pleasure of the Board of Directors, and such other individuals appointed by the Board of Directors. Membership on such committees is not limited to Directors and may include the general public.

Section 2. Technical Committee(s). 2.1 There may be more than one Technical Committee. Initially there will be four standing technical committees: (i) a Best Management Practices Committee to deal with management of contamination from agricultural sources, soil erosion and similar issues; (ii) a Public Information Committee to develop and publish educational materials on preventing contamination, on such topics as, for example, septic system maintenance and waterside buffers and rain gardens; (iii) a Modeling Committee to further develop water quality models that will allow for a more detailed, state-of-the-art assessment of potential impacts of watershed-derived nutrients, reactive carbon and sediment loads on the water quality in Lake Keowee; and (iv) a Storm Water Management Committee that will develop comprehensive plans for the effective implementation of storm sewer upgrades to control non-point source pollution in collaboration with State and local governmental bodies as development within the Project Boundaries proceeds.

2.2 Each technical committee shall consist of at least one Board member and one subject matter expert. Professors, scientists and subject matter experts may serve on a committee at the choice of the chair of that committee. The Technical Committee shall seek grants on behalf of the Corporation and review applications for funds submitted by the Corporation, create proposed action plans with budgets and make recommendations to the Board of Directors. A technical committee will report its activities to the Board on a quarterly basis or as otherwise directed by the Board.

2.3 Each Technical Committees will be responsible to (i) timely provide the Board with a proposed annual budget for their committee and (ii) carry out their missions according to Board approved budget.

2.4. Project expenses that were incurred with the approval of a Committee and fall within the limits of the current approved budget of that Committee are eligible to be submitted for payment. Authorization of payment requires the written approval of the Committee Chair. Once so approved, the invoice along with supporting documentation and the written approval of the

appropriate Chair must be submitted to the Treasurer for payment. Receipts for expenses included in an invoice are also to be submitted, wherever possible. No payment by the Treasurer is authorized until after a proper invoice and supporting documentation has been received.

Personal expenses that are reasonable and customary and were incurred by a Committee member at the specific direction of the Director sitting on that committee, and fall within the current approved budget of that Committee, are eligible to be submitted for reimbursement. Authorization of payment requires the written approval of that Director. Once so approved a payment request along with the written approval of the appropriate Director must be submitted to the Treasurer within 30 days of the incidence of the expense. All expenditures must be accompanied by an explanation. Receipts are to be submitted, where possible, for each particular budget category.

Section 3. Committee Meetings. Every committee member appointed by the Board is a voting member. A majority of each committee's voting members shall constitute a quorum for the transaction of business by the committee. Each committee must maintain written minutes of each meeting and upon the request of any Director, promptly make these minutes available. A committee shall take action pursuant to resolutions adopted by a majority of the committee's voting members participating in a meeting at which a quorum of the committee is present. Each committee may also take action without a meeting by written consent as to such matters and in accordance with such requirements and procedures authorized by the Act for Director action, such written consent must be signed by all of the committee's voting members. Special meetings of any committee may be called at any time by any Director who is a member of the committee or by any person entitled to call a special meeting of the full Board of Directors. Except as otherwise provided in this Section 3, the conduct of all meetings of any committee, including notice thereof, and the taking of any action by such committee, shall be governed by this Article.

ARTICLE V INDEMNIFICATION

Section 1. Scope. The Corporation shall indemnify, defend and hold harmless the Corporation's Officers and Directors to the fullest extent permitted by, and in accordance with the Act. This plan of indemnification shall constitute a binding agreement of the Corporation for the benefit of the Officers and Directors as consideration for their services to the Corporation, and may be modified or terminated by the Board of Directors only prospectively. Such right of indemnification shall not be exclusive of any other right which such Directors, Officers, or representatives may have or hereafter acquire and, without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any bylaw, agreement, insurance provision of law, or otherwise, as well as their rights under this Article V.

Section 2. Indemnification Plan. The Board of Directors may from time to time adopt an Indemnification Plan implementing the rights granted in Section 5.01. This Indemnification Plan shall set forth in detail the mechanics of how the indemnification rights granted in Section 5.01 shall be exercised.

Section 3. Insurance. The Board of Directors may cause the Corporation to purchase and maintain insurance on behalf of any person who is or was a Director or Officer of the Corporation, or is or was serving at the request of the Corporation as a Director or Officer of another corporation, or as its representative in a partnership, joint venture, trust, or other enterprise, against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the Corporation would have the power to indemnify such person.

ARTICLE VI TRANSACTIONS

Section 1. Contracts. The Board of Directors may authorize any Officer or Officers, or agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, etc. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such Officer or Officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer and countersigned by the Chair or other Officer of the Corporation.

Section 3. Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

Section 4. Gifts. The Board of Directors by majority vote may accept on behalf of the Corporation any contribution, gift or bequest or devise for the general purposes or for any special purpose of the Corporation.

Section 5. Grants/Donations. When any funds are obtained that are not restricted to the implementation of the SWPP, then upon receipt these funds must be booked apart and accounted for separately from the Duke Energy SWPP grant. These additional funds may be used for efforts to protect source water quality that might be construed to be outside of the Duke Energy description of SWPP as described in Appendix I.

ARTICLE VI RECORDS

Section 1. Forms of Records. When consistent with good business practices, any records of the Corporation may be maintained in other than written form if such other form is capable of reasonable preservation and conversion into written form within a reasonable time.

Section 2. Corporate Records. The Corporation shall keep as permanent written records a copy of the minutes of all meetings of its Board of Directors, a record of all actions taken by the Directors without a meeting, and a record of all actions taken by committees of the Board of

Directors. The Corporation shall maintain appropriate accounting records. The Corporation or its agent shall maintain a record of the name and address, in alphabetical order of each Director. The Corporation shall keep a copy of the following records at its Principal Office:

1. its articles or restate articles of incorporation and all amendments thereto currently in effect;
2. its bylaws or restate bylaws and all amendments thereto currently in effect;
3. a list of names and business or home addresses of its current Directors and Officers; and
4. the Corporation's most recent report of each type required to be filed by the Corporation with the South Carolina Secretary of State.

ARTICLE VII: DISSOLUTION

In the event of dissolution of the Corporation, all assets of the Corporation will be transferred to such other qualified charitable and/or educational organizations as shall be determined by the Board.

ARTICLE VIII MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of the Corporation shall be established, and may be altered, by resolution of the Board of Directors from time to time as the Board deems advisable.

Section 2. Amendments. Subject to the Act and Articles, these Bylaws and the Articles may be altered, amended, or repealed and new Bylaws may be adopted by a majority vote of the Board of Directors then in office; provided that the notice of such meeting at which the Bylaws or Articles are to be altered, amended, or repealed and new Bylaws or Articles may be adopted is in accordance with Article II [Section 2.10](#) and [Section 2.11](#) hereof and that such notice shall state that the purpose or one of the purposes of the meeting is to consider an amendment to the Bylaws or Articles and shall be accompanied by a copy or summary of the proposed change or state the general nature of the change.

Section 3. Severability. If any provision of these Bylaws or the application thereof to any person or circumstances shall be held invalid or unenforceable to any extent by a court of competent jurisdiction, such provision shall be complied with or enforced to the greatest extent permitted by law as determined by such court, and the remainder of these Bylaws and the application of such provision to other persons or circumstances shall not be affected thereby and shall continue to be complied with and enforced to the greatest extent permitted by law.

Section 4. Conflict Between Bylaws, Articles and the Act. The Articles and the Act (as either may be amended from time to time) are incorporated herein by reference. Any conflict between

Adopted July 18, 2017

the terms of these Bylaws, the Articles, or the Act shall be resolved in the following order: (1) the Act; (2) the Articles; and (3) these Bylaws.

The foregoing are certified to be true and complete Bylaws of the Corporation as adopted by the Board of Directors as of July 18, 2017.



David H. Bereskin, Secretary

Date of Certification: July 18, 2017

Sworn and Subscribed before me On this 18th day of July, 2017.



Notary Public for South Carolina

Commission Expires: 3/25/2024_____



Appendix I
SOURCE WATER PROTECTION PROGRAM

SECTION A. The Source Water Protection Program ("SWPP").

- 1) The purpose of the SWPP is to protect water quality within the Keowee-Toxaway Hydroelectric Project (Project Reservoirs and watersheds draining into Lakes Keowee and Jocassee, through a comprehensive, multi-faceted collaborative program. The SWPP shall have certain initial focus areas as follows:
- 2) Duke Energy will make an initial contribution to LKSWPT pursuant to Section 9.4 of the Relicensing Agreement and Duke Energy's initial contribution will be initially dedicated to:
 - (a) the further development of water quality models that will allow for a more detailed, state-of-the-art assessment of potential impacts of watershed-derived nutrients, reactive carbon and sediment loads on the water quality in Lake Keowee.
 - (b) the development of a program to find and fix failed septic systems. The program will (i) be designed to locate failed systems and cost share with system owners the repair / replacement of septic systems and if feasible, a sewer-hookup, (ii) prioritize disbursements based upon the potential impact on tributaries and reservoirs within the Project Boundaries (as such are defined in the RA), and (iii) prioritize disbursements to system owners giving those owners with demonstrable financial needs higher priority than those with lesser needs. To the extent that the applicable committee decides in its sole discretion that a system owner is financially capable of paying for repair/replacement, that owner is not eligible for program funding.
 - (c) the establishment of educational outreach to provide information on water quality topics such as septic system maintenance, animal waste management and methods to reduce non-point source pollution.
 - (d) the development of comprehensive plans for effective implementation of storm sewer upgrades and controlling non-point source pollution in collaboration with state and local governmental bodies as development within the Project Boundaries proceeds.

SECTION B. Certain SWPP Administrative requirements related to Duke Energy's initial funding.

The LKSWPT will provide an annual report to Duke Energy detailing how the funds initially provided by Duke Energy were disbursed in the prior calendar year. This report must also describe how such disbursements were consistent with the focus areas set forth in Section A above. Duke Energy's initial contribution may not be used by the LKSWPT to pursue legislative or regulatory changes or for litigation by or against LKSWPT. The annual report

will be delivered to Duke Energy no later than March 31 immediately following the end of the prior calendar year. Before approving the sale, pledge or transfer of a LKSWPT assets for purposes inconsistent with the goals of the SWPP as set forth in Section A above, if it is determined by the Board that at least 50% of the cost of such asset was funded by money from Duke Energy's initial contribution, then the Board will provide Duke Energy with at least thirty (30) days prior written notice to express its desires, concerns or comments.