

The Company hereby covenants that if the bonds of the 2014 Pollution Control Series are to be redeemed, the Company will deposit, on or before the redemption date, with the Trustee an amount in cash sufficient to redeem the bonds of the 2014 Pollution Control Series so called for redemption.

SECTION 4. The aggregate principal amount of bonds of the 2014 Pollution Control Series which may be authenticated and delivered hereunder shall not exceed \$40,000,000.

SECTION 5. The form of the bonds of the 2014 Pollution Control Series and the certificate of the Trustee to be endorsed on the bonds shall be substantially as follows:

[FORM OF BOND OF THE 2014 POLLUTION CONTROL SERIES]

Pursuant to Section 5.14 of a certain Trust Indenture, dated as of September 1, 1984, between York County, South Carolina and Wachovia Bank and Trust Company, N.A., as Trustee, and a Letter Agreement, dated October 2, 1984, from said Trustee to Duke Power Company, a copy of which is on file with said Trustee, this Bond may not be sold, assigned, pledged or transferred except as required to effect an assignment to a successor trustee to said Trustee.

DUKE POWER COMPANY
FIRST AND REFUNDING MORTGAGE BOND,
ANNUAL TENDER POLLUTION CONTROL SERIES DUE 2014

No.

\$

DUKE POWER COMPANY, a North Carolina corporation (hereinafter called the "Company"), for value received, hereby promises to pay to or registered assigns, the principal sum of _____ Dollars on August 1, 2014, in any coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts, at the office or agency of the Company in the Borough of Manhattan, The City of New York, and to pay interest thereon at said office or agency from the interest payment date next preceding the date hereof to which interest on outstanding bonds of this series has been paid (unless the date hereof is prior to February 1, 1985, in which case from September 1, 1984), in like coin or currency, semi-annually on February 1 and August 1 in each year, commencing February 1, 1985, until the principal hereof shall become due and payable at the rate from time to time borne by the York County, South Carolina Annual Tender Pollution Control Revenue Bonds, Series A (Duke Power Company