

OCT 30 '06

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SURFACE TRANSPORTATION BOARD

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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

October 31, 2006

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Lease Agreement and Lease Supplement No. 3, dated as of October 31, 2006, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates documents previously filed with the Board under Recordation Number 26580.

The names and addresses of the parties to the enclosed document are:

Lessor: Wells Fargo Bank Northwest N.A.
299 South Main Street, 12th Floor
Salt Lake City, UT 84111

Lessee: Duke Energy Carolinas, LLC
(f/k/a Duke Power Company, LLC)
526 South Church Street
Charlotte, NC 28202

Mr. Vernon A. Williams
October 31, 2006
Page 2

A description of the railroad equipment covered by the enclosed document
is:

235 gondola railcars: DKPX 610121 – DKPX 610355.

A short summary of the document to appear in the index is:

Memorandum of Lease Agreement and Lease Supplement No. 3.

Also enclosed is a check in the amount of \$34.00 payable to the order of
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the
undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Alvord", with a horizontal line extending to the right.

Robert W. Alvord

RWA/sem
Enclosures

OCT 30 '06

3-35 PM

MEMORANDUM OF LEASE AGREEMENT AND LEASE SUPPLEMENT NO. 3
(Surface Transportation Board)

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF LEASE AGREEMENT AND LEASE SUPPLEMENT NO. 3, dated as of October 31, 2006, is between WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, not in its individual capacity but solely as Owner Trustee (the "Lessor"), and DUKE ENERGY CAROLINAS, LLC (f/k/a DUKE POWER COMPANY LLC), a North Carolina limited liability company (the "Lessee").

The parties to this Memorandum hereby acknowledge and confirm the following:

A. The Lessee has leased from Lessor certain railcars identified on Schedule 1, attached hereto (the "Railcars"), as indicated under Lease Supplement No. 3 to that certain Equipment Lease Agreement (DPC Trust No. 2006-1), dated as of September 28, 2006.

B. The parties hereto wish to show for public record this Memorandum and accordingly have caused this Memorandum to be executed by their officers thereunto duly authorized, as of the date first above written.

C. This Memorandum may be executed in counterparts, each such counterpart shall be binding on both parties hereto, notwithstanding that both parties are not signatories to the same counterpart.

[The remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the first date herein above written.

WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION, NOT IN ITS
INDIVIDUALLY CAPACITY BUT SOLELY AS
OWNER TRUSTEE, AS LESSOR

By: *Brett R. King*
Name: Brett R. King
Title: Vice President

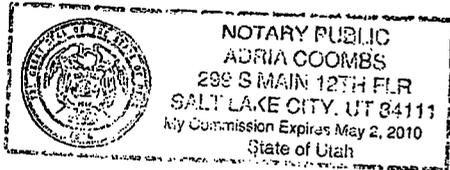
STATE OF UTAH)
) ss:
COUNTY OF Salt Lake)

The foregoing Memorandum of Lease was acknowledged before me, the undersigned Notary Public, in the County of Salt Lake this ____ day of October, 2006 by Brett R. King, as Vice President of Wells Fargo Bank Northwest, National Association.

Adria Coombs
Notary Public

My commission expires: _____

[Notarial Seal]



SCHEDULE 1

OCTOBER 31, 2006 DELIVERY DATE:

<u>Basic Group #</u>	<u>Description</u>	<u>Car Marks/Numbers</u>	<u>Manufacturer</u>
C	Two Hundred Thirty-Five (235) 122 ton capacity aluminum gondola railcars with nonrotary couplers and 4,402 cubic foot capacity	DKPX610121- DKPX610355 (Both Inclusive)	Trinity North American Freight Car, Inc.

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: 10/30/06



Robert W. Alvord