Duke Power®
A Duke Energy Company

M. S. Tuckman
Executive Vice President
Nuclear Generation

Duke Power
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December 10, 2001

U. S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, DC 20555

Subject: Decommissioning Financial Assurance Reports for Oconee, McGuire and Catawba Nuclear Stations
Docket Nos: 50-269, 50-270, 50-287, 50-369, 50-370, 50-413, and 50-414

As required by 10 CFR 50.75(f)(1), Duke Energy provided Decommissioning Financial Assurance reports on March, 29, 2001. During a review of records, Duke determined that additional information needed to be submitted to reflect a material change to our trust agreement. The material change was due to a change in the fund trustee. Duke Energy replaced Wachovia Bank of North Carolina with Melon Bank, N.A. as trustee on March 31, 2000. The amendment to the *Duke Power Company Master Decommissioning Trust Agreement* that details this change is attached to this correspondence.

If there are any questions, please contact Debbie Keiser at (704) 382-3920.

Very Truly Yours,

M. S. Tuckman

M. S. Tuckman, Executive Vice President
Duke Energy Corporation

A001

xc: (w/attachment)

L. A. Reyes
Regional Administrator, Region II
U. S. Nuclear Regulatory Commission
Atlanta Federal Center
61 Forsyth St., SW, Suite 23T85
Atlanta, GA 30303-3415

Michael A. Dusaniwskyj
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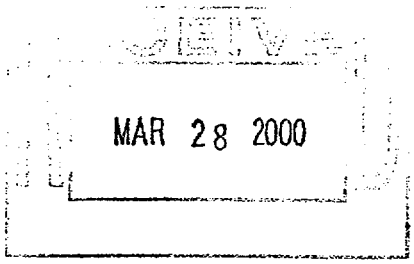
bxc: (w/o attachment)

M. S. Tuckman – EC07H
D. T. Stratton – PB02L
C. J. Council, Jr. – PB2MB
L. F. Vaughn – PB05E
K. T. Walker – PB03M
D. V. Keiser – EC05Z
G. D. Gilbert – CN01RC
C. J. Thomas – MG-1RC
L. D. Nicholson – ON03RC
M. T. Cash – EC05O
R. L. Carpenter – PB01C
ELL – EC05O with attachment to ELL OS 801.01
ONS Master File – ON03DM
MNS Master file – MG01DM
CNS Master File – CN04DM

Mellon Trust



Glen Metzger
Trust Officer

One Mellon Bank Center
Room 3346
Pittsburgh, PA 15258-0001
(412) 234-0573 Telephone
(412) 234-6112 FAX

March 27, 2000

Mr. Jeffrey L. French
Director
Long- Term Investments
Duke Energy
Mail Code: PB03F
422 S. Church Street
Charlotte, NC 28202- 1904

Dear Jeff:

Attached for your files is the fully executed Fourth Posteffective Amendment to the Duke Power Company Master Decommissioning Trust Agreement.

Best Regards,

Glen Metzger

Mellon Trust is a service mark of Mellon Bank Corporation.

FOURTH POSTEFFECTIVE AMENDMENT
TO THE
DUKE POWER COMPANY
MASTER DECOMMISSIONING TRUST AGREEMENT

This Fourth Posteffective Amendment is entered into as of the 31st day of March, 2000, by and between Duke Power Company, a North Carolina corporation ("the Company") and Mellon Bank, N.A. a national banking association having trust powers.

WITNESSETH:

WHEREAS, the Company and Wachovia Bank of North Carolina, N.A. entered into the Trust Agreement dated March 13, 1990, as amended June 23, 1992, December 27, 1994, and November 18, 1996 (the "Agreement");

WHEREAS, pursuant to Section 6.01 of the Agreement the Company has removed Wachovia Bank of North Carolina, N.A. and wishes to appoint Mellon Bank, N.A. as successor Trustee (the "Trustee");

WHEREAS, Mellon Bank, N.A. hereby agrees to act as Trustee pursuant to the terms of the Agreement, as amended by this Fourth Posteffective Amendment; and

WHEREAS, the Company wishes to amend the Agreement pursuant to Section 10.05 and to appoint Mellon Bank, N.A. as Trustee.

NOW THEREFORE, the Trustee and the Company hereby amend the Agreement as follows:

1. The terms "Wachovia Bank and Trust Company, N.A." and "Wachovia" shall be replaced with "Mellon Bank, N.A.".

2. The following shall be added to Section 2.01:

   "In performing its duties under this agreement, the Trustee shall exercise the same care and diligence that it would devote to its own property in like circumstances. The Trustee shall not be responsible for the title, validity or genuineness of any property or evidence of title thereto received by it or delivered by it pursuant to this Agreement and shall be held harmless in acting upon any notice, request, direction, instruction, consent, certification or other instrument believed by it to be genuine and delivered by the proper party or parties."

3. The second sentence of the third paragraph of Section 6.05 shall be deleted.

4. Section 6.06 shall be restated as follows:

"Tax Returns and Other Reports . The Company, or the Trustee at the Company's direction, shall prepare and file any federal and state income or franchise tax returns or other reports (including estimated tax returns and information returns) as may be required from time to time with respect to the Qualified Fund, and the Trustee agrees to provide the Company in a timely manner with any information which is necessary to such filings, which is not in the possession of the Company. The Trustee shall prepare and submit to the Company in a timely manner all information requested by the Company regarding the Funds required to be included in the Company's federal income tax returns. The Trustee may employ independent certified public accountants or other tax counsel to prepare or review such returns and reports and the reasonable cost thereof shall be an administrative cost. The Trustee agrees to sign any tax returns or other reports where required by law to do so or arising out of the Trustee's responsibilities hereunder, and with regard to the Qualified Fund to remit from the Master Trust appropriate payments or deposits of federal and state income or franchise taxes directly to the taxing agencies or authorized depositories or to the Company, in the event that the Company has directly paid such taxes. Any interest or penalty charges assessed against the Master Trust pursuant to Chapters 67 or 68 of the Code, or pursuant to any similar state or local tax provisions, as a result of the Trustee's failure to comply with this Section 6.06 shall be an administrative expense unless caused by the Trustee's negligence or willful misconduct, in which case such interest or penalty charges shall be borne by the Trustee and not the Master Trust. The Trustee agrees to notify the Company in writing within 10 days of the commencement of the audit of the Qualified Fund's federal, state or local income tax returns, and to participate with the Company, on behalf of the Qualified Fund in such audits and related inquiries. The Trustee further agrees to provide the Company with any additional information in its possession regarding the Master Trust which may be requested by the Company to be furnished in an audit of the Company's federal tax returns."

5. The following first paragraph of Section 6.07 shall be restated as follows:

The Trustee shall be liable only for such Trustee's own acts or omissions (and those of its officers and employees) occasioned by the negligence or willful misconduct of such Trustee (or that of its officers and employees). The Trustee shall not be liable for any acts, omissions or defaults of any agent (other than its officers and employees) or subcustodian appointed or selected with reasonable care. The Company shall indemnify and hold harmless the Trustee from all liability and expense, including reasonable counsel fees and expenses, arising out of the performance of its obligations under this Agreement except as a result of the negligence or willful misconduct of the Trustee, its officers and employees and subcustodians. This indemnification shall survive the termination of this Agreement. The Trustee shall not

be responsible or liable for any losses or damages suffered by the Fund arising as a result of the insolvency of any custodian, subtrustee or subcustodian, except to the extent the Trustee was negligent in its selection or continued retention of such entity."

6. The last paragraph of Section 7.02 shall be deleted.

7. Section 8.02 shall be restated as follows:

"To cause any investment, either in whole or in part, in the Fund to be registered in, or transferred into, the Trustee's name or the names of a nominee or nominees, including but not limited to that of the Trustee or an affiliate of the Trustee, a clearing corporation, or a depository, or in book entry form, or to retain any such investment unregistered or in a form permitting transfer by delivery, provided that the books and records of the Trustee shall at all times show that such investments are a part of the Fund; and to cause any such investment, or the evidence thereof, to be held by the Trustee, in a depository, in a clearing corporation, in book entry form, or by any other entity or in any other manner permitted by law; provided that the Trustee shall not be responsible for any losses resulting from the deposit or maintenance of securities or other property (in accordance with market practice, custom, or regulation) with any recognized foreign or domestic clearing facility, book-entry system, centralized custodial depository, or similar organization."

8. Section 8.03 shall be restated as follows:

"If the Trustee advances cash or securities for any purpose, including the purchase or sale of foreign exchange or of contracts for foreign exchange, or in the event that the Trustee shall incur or be assessed taxes, interest, charges, expenses, assessments, or other liabilities in connection with the performance of this Agreement, except such as may arise from its own negligent action, negligent failure to act or willful misconduct, any property at any time held for the Fund or under this Agreement shall be security therefor and the Trustee shall be entitled to collect from the Fund sufficient cash for reimbursement , and if such cash is insufficient, dispose of the assets of the Company held under this Agreement to the extent necessary to obtain reimbursement. To the extent the Trustee advances funds to the Fund for disbursements or to effect the settlement of purchase transactions, the Trustee shall be entitled to collect from the Fund an amount either (i) with respect to domestic assets, an amount equal to what would have been earned on the sums advanced (an amount approximating the "federal funds" interest rate) or (ii) with respect to nondomestic assets, the rate applicable to the appropriate foreign market .

9. Section 9.02 shall be restated as follows:

"Investment of Qualified Funds. To invest and reinvest all or part of the Qualified Funds, including any undistributed income therefrom in investments permissible

under Section 468A of the Code, as amended from time to time, in accordance with written investment policies, objectives and guidelines delivered to the Trustee by the Company.

10. Section 9.03 shall be restated as follows:

To invest and reinvest all or any part of the Nonqualifed Funds, including any undistributed income therefrom, in accordance with written investment policies, objectives and guidelines delivered to the Trustee by the Company.

11. The following shall be added to Section 9.05:

"The Trustee may invest in a common trust fund maintained exclusively for the commingling and collective investment of monies or other assets including any such fund operated or maintained by the Trustee or its affiliates. The Company expressly understands and agrees that any such common trust fund may provide for the lending of its securities by the common trust fund trustee and that such common trust fund's trustee will receive compensation from such common trust fund for the lending of securities that is separate from any compensation of the Trustee hereunder, or any compensation of the common trust fund trustee for the management of such common trust fund. The Trustee is authorized to invest in a common trust fund which invests in Mellon Bank Corporation stock and to use a cross-trading program, each in accordance with the applicable terms and conditions of the Department of Labor Prohibited Transaction Exemption 95-56 granted to the Trustee and its affiliates. The Company acknowledges receipt of the notice entitled "Cross-Trading Information", a copy of which is attached to this Agreement as Exhibit C. The Trustee may purchase, enter, sell, hold, and generally deal in any manner in and with contracts for the immediate or future delivery of financial instruments of any issuer or of any other property; to grant, purchase, sell, exercise, permit to expire, permit to be held in escrow, and otherwise to acquire, dispose of, hold and generally deal in any manner with and in all forms of options in any combination."

12. The address of the Trustee for purposes of 10.04 shall be:

Mellon Bank, N.A.
Room 3346
One Mellon Bank Center
Pittsburgh, Pa. 15258
Attention: Gerald T. McDermott

13. Section 10.07 shall be restated as follows:

"**Governing Law.** This Master Trust is a Pennsylvania Trust, and all questions pertaining to its validity, construction, and administration shall be detemrined in accordance with the laws of the Commonwealth of Pennsylvania to the extent not

preempted by Federal law."

14. The following shall be added to Section 10.

"10.10 Notwithstanding anything in this Agreement to the contrary, the Trustee shall not be responsible or liable for its failure to perform under this Agreement or for any losses to the Fund resulting from any event beyond the reasonable control of the Trustee, its agents or subcustodians, including but not limited to nationalization, strikes, expropriation, devaluation, seizure, or similar action by any governmental authority, de facto or de jure; or enactment, promulgation, imposition or enforcement by any such governmental authority of currency restrictions, exchange controls, levies or other charges affecting the Fund's property; or the breakdown, failure or malfunction of any utilities or telecommunications systems; or any order or regulation of any banking or securities industry including changes in market rules and market conditions affecting the execution or settlement of transactions; or acts of war, terrorism, insurrection or revolution; or acts of God; or any other similar event. This Section shall survive the termination of this Agreement.

10.11

(a) Contractual Income. In accordance with the Trustee's standard operating procedure, the Trustee shall credit the Fund with income and maturity proceeds on securities on contractual payment date net of any taxes or upon actual receipt. To the extent the Trustee credits income on contractual payment date, the Trustee may reverse such accounting entries to the contractual payment date if the Trustee reasonably believes that such amount will not be received.

(b) Contractual Settlement. In accordance with the Trustee's standard operating procedure, the Trustee will attend to the settlement of securities transactions on the basis of either contractual settlement date accounting or actual settlement date accounting. To the extent the Trustee settles certain securities transactions on the basis of contractual settlement date accounting, the Trustee may reverse to the contractual settlement date any entry relating to such contractual settlement if the Trustee reasonably believes that such amount will not be received.

(c) Market Practice Settlements. Settlements of transactions may be effected in trading and processing practices customary in the jurisdiction or market where the transaction occurs. The Settlor acknowledges that this may, in certain circumstances, require the delivery of cash or securities (or other property) without the concurrent receipt of securities (or other property) or cash. In such circumstances, the Trustee shall have no responsibility for nonreceipt of payment (or late payment) or nondelivery of securities or other property (or late delivery) by the counterparty."

15. The Company and the Trustee hereby each represent and warrant to the other that it

has full authority to enter into this Amendment upon the terms and conditions hereof and that the individual executing this Amendment on its behalf has the requisite authority to bind the Company and the Trustee to this Amendment.

IN WITNESS WHEREOF, the parties hereto, each intending to be legally bound hereby, have hereunto set their hands and seals as of the day and year first above written.

Duke Power Company
By: R J Osborne
Name: Richard J. Osborne
Title: EVP + CFO

MELLON BANK, N.A.

By: Gerard T. McDermott
Name: Gerard T. McDermott
Title: Vice President

EXHIBIT C

CROSS-TRADING INFORMATION

As part of the cross-trading program covered by the Exemption for the Trustee and its affiliates, the Trustee is to provide to each affected Trust the following information:

I. The existence of the cross-trading program

The Trustee has developed and intends to utilize, wherever practicable, a cross-trading program for Indexed Accounts and Large Accounts as those terms are defined in the Exemption.

II. The "triggering events" creating cross-trade opportunities

In accordance with the exemption three "triggering events" may create opportunities for cross-trading transactions. They are generally the following (see the Exemption for more information):

1) A change in the composition or weighting of the index by the independent organization creating and maintaining the index;

2) A change in the overall level of investment in an Indexed Account as a result of investments and withdrawals on the account's opening date, where the Account is a bank collective fund, or on any relevant date for non-bank collective funds; provided, however, a change in an Indexed Account resulting from investments or withdrawals of assets of the Trustee's own plans (other than the Trustee's defined contribution plans under which participants may direct among various investment options, including Indexed Accounts) are excluded as a "triggering event"; or

3) A recorded declaration by the Trustee that an accumulation of cash in an Indexed Account attributable to interest or dividends on, and/or tender offers for, portfolio securities equal to not more than 0.5% of the Account's total value has occurred.

III. The pricing mechanism utilized for securities purchased or sold

Securities will be valued at the current market value for the securities on the date of the crossing transaction.

Equity securities - the current market value for the equity security will be the closing price on the day of trading as determined by an independent pricing service; unless the security was added to or deleted from an index after the close of trading, in which case the price will be the opening price for that security on the next business day after the announcement of the addition or deletion.

Debt securities - the current market value of the debt security will be the price determined by the Trustee as of the close of the day of trading according to the Securities and Exchange Commission's Rule 17a-7(b)(4) under the Investment Company Act of 1940. Debt securities that are not reported securities or traded on an exchange will be valued based on an average of the highest current independent bids and the lowest current independent offers on the day of cross trading. The Trustee will use reasonable inquiry to obtain such prices from at least three independent sources that are brokers or market makers. If there are fewer than three independent sources to price a certain debt security, the closing price quotations will be obtained from all available sources.

IV. The allocation methods

Direct cross-trade opportunities will be allocated among potential buyers or sellers of debt or equity securities on a prorata basis. With respect to equity securities, please note the Trustee imposes a trivial share constraint to reduce excessive custody ticket charges to participating accounts.

V. Other procedures implemented by the Trustee for its cross-trading practices

The Trustee has developed certain internal operational procedures for cross-trading debt and equity securities. These procedures are available upon request.