



PO Box 1551  
411 Fayetteville Street Mall  
Raleigh NC 27602

Serial: PE&RAS-03-017  
March 28, 2003

United States Nuclear Regulatory Commission  
ATTENTION: Document Control Desk  
Washington, DC 20555

H. B. ROBINSON STEAM ELECTRIC PLANT, UNIT NO. 2  
DOCKET NO. 50-261 / LICENSE NO. DPR-23

BRUNSWICK STEAM ELECTRIC PLANT, UNIT NOS. 1 AND 2  
DOCKET NOS. 50-325 AND 50-324 / LICENSE NOS. DPR-71 AND DPR-62

SHEARON HARRIS NUCLEAR POWER PLANT, UNIT NO. 1  
DOCKET NO. 50-400 / LICENSE NO. NPF-63

**BIENNIAL DECOMMISSIONING FUNDING STATUS REPORT AND NOTIFICATION OF  
CHANGE IN DECOMMISSIONING FUNDING METHOD**

Ladies and Gentlemen:

Pursuant to 10 CFR 50.75(f)(1), Progress Energy Carolinas, Inc. (PEC) (also known as Carolina Power & Light Company) submits this biennial status report for funding the decommissioning of each reactor owned, or partially owned, by PEC. The specific information required by 10 CFR 50.75(f)(1) is listed on Attachments 1 through 4.

Pursuant to 10 CFR 50.75(e)(1)(ii) and as previously reported, PEC has authorization from the rate-setting authority of North Carolina to use a real rate of return greater than 2% for the North Carolina portion of the decommissioning trust fund. For the North Carolina portion of the trust fund, the assumed real rate of return is 3.25%. The 3.25% real rate of return is less than the 3.75% real rate of return which has been reviewed by Public Staff of the North Carolina Utilities Commission (NCUC) and found to be reasonable. In particular, the Public Staff reviewed the Decommissioning Cost and Funding Report filed on June 18, 1999, which indicated an assumed earnings rate of 7.75% and a cost escalation rate of 4% (real rate of return of 3.75%). The Public Staff subsequently filed a report to the NCUC on January 7, 2000, in which they stated, "The Public Staff's review of ... Annual Nuclear Decommissioning Trust Fund Report indicates that ... investment practices for external investment funds appear to be reasonable." At the time of the filing, there was no non-qualified portion of the decommissioning trust fund; the entire decommissioning trust fund was a qualified fund. When the decommissioning trust fund was later segregated between a qualified portion and a non-qualified portion, a consistent real rate of return was used for the entire decommissioning trust fund.

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Add Michael D. Sarniowski  
(Paper Copy)

As of December 31, 2002, the total assets in the trust funds, qualified and non-qualified, were approximately allocated as 54%, 39%, and 7% for Domestic Fixed Income, Domestic Equity, and International Equity, respectively.

This letter also serves notice that PEC intends to modify the methods for providing financial assurance of decommissioning funds for the reactors listed on Attachments 1, 2, and 3, effective 30 days from the date of this letter. The methods last reported were based on an external sinking fund, pursuant to 10 CFR 50.75(e)(1)(ii), for which annual contributions were made to trust funds established for that purpose. However, in order to provide an amount at least equal to the estimated decommissioning costs for each of those facilities, the trust funds are being combined with parent company guarantees, pursuant to 10 CFR 50.75(e)(1)(iii)(B), as identified on Attachments 1, 2, and 3. The financial tests required by 10 CFR 30, Appendix A, and other documents recommended by draft Regulatory Guide 1106 to support the guarantee are enclosed.

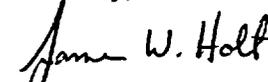
The use of the parent company guarantees is considered an interim measure for maintaining compliance with the regulations. The reactors identified in Attachments 1, 2, and 3 are currently at different stages in the license renewal process. When issued, license renewal is expected to improve the status of the respective trust fund. If the status of a trust fund improves such that financial assurance of decommissioning funds can be established without the use of the associated parent company guarantee, PEC plans to terminate the associated parent company guarantee, as permitted by the regulations.

This document contains no new regulatory commitment.

The biennial status report for funding the decommissioning of the reactors co-owned by the North Carolina Eastern Municipal Power Agency (NCEMPA), as identified in Attachments 2, 3 and 4, is enclosed as a convenience to the NRC. However, neither co-owner assumes any responsibility for the information contained in the other's report.

Please contact me at (919) 546-6901 if you need additional information concerning this report

Sincerely,



James W. Holt  
Manager - Performance  
Evaluation & Regulatory Affairs

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Attachments:

- Attachment 1, Status of Financial Assurance Mechanism, H. B. Robinson Steam Electric Plant, Unit No. 2
- Attachment 2, Status of Financial Assurance Mechanism, Brunswick Steam Electric Plant, Unit No. 1
- Attachment 3, Status of Financial Assurance Mechanism, Brunswick Steam Electric Plant, Unit No. 2
- Attachment 4, Status of Financial Assurance Mechanism, Shearon Harris Nuclear Power Plant, Unit No. 1

Enclosures:

- Letter from Chief Financial Officer of Progress Energy, Including Cost Estimates and Data From Audited Financial Statements, Using Financial Test: Alternative II, dated March 14, 2003.
- Letter from Deloitte & Touche, Confirmation of Chief Financial Officer's Letter, Including a Schedule Reconciling Amounts Contained in CFO's Letter With Amounts in Financial Statements, dated March 19, 2003.
- Parent Company Guarantee for H. B. Robinson Steam Electric Plant, Unit No. 2, With Copy of Board of Directors Authorization to Issue Guarantees.
- Parent Company Guarantee for Brunswick Steam Electric Plant, Unit No. 1, With Copy of Board of Directors Authorization to Issue Guarantees.
- Parent Company Guarantee for Brunswick Steam Electric Plant, Unit No. 2, With Copy of Board of Directors Authorization to Issue Guarantees.
- ElectricCities of North Carolina, Inc. Status Report for Decommissioning Financial Assurance, dated March 28, 2003.

- c: L. A. Reyes, Regional Administrator – Region II  
USNRC Senior Resident Inspector – BSEP, Unit Nos. 1 and 2  
USNRC Senior Resident Inspector – HBRSEP, Unit No. 2  
J. B. Brady, USNRC Senior Resident Inspector - SHNPP, Unit No. 1  
S. J. Collins, Director – Nuclear Reactor Regulation  
B. L. Mozafari, NRR Project Manager – BSEP, Unit Nos. 1 and 2  
C. P. Patel, NRR Project Manager – SHNPP, Unit No. 1; HBRSEP, Unit No. 2
- J. A. Sanford - North Carolina Utilities Commission

**Attachment 1**  
**Status of Financial Assurance Mechanism**

**H. B. Robinson Steam Electric Plant, Unit No. 2                      Docket No. 50-261 / License No. DPR-23**

- Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c)  
**\$320 million at expiration of current license, July 31, 2010**
- Amount of decommissioning funds accumulated as of December 31, 2002  
**\$117,409,857**
- Schedule of the annual amounts remaining to be collected

<b>NRC Required Minimum:</b>	<b>\$20.74 million</b>
<b>Allowed by North Carolina Utilities Commission and Public Service Commission of South Carolina:</b>	<b>\$9,436,965</b>
<b>Under wholesale contracts:</b>	<b>\$1,517,276</b>
- Assumptions used regarding rates of escalation in decommissioning costs, rates of earnings on decommissioning funds, and rates of other factors used in funding projections

<b>Rate of escalation in decommissioning costs =</b>	<b>0%</b>
<b>Rate of earnings on decommissioning funds =</b>	<b>3.25% (North Carolina)</b>
	<b>2% (All Other Contributions)</b>
- Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v)  
**None**
- Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report  
**Having satisfied the financial tests of Appendix A to 10 CFR 30, Progress Energy, Inc., the parent company of Progress Energy Carolinas, Inc., guarantees to provide \$95 million for decommissioning.**
- Material changes to trust agreements  
**None**

**Attachment 2**  
**Status of Financial Assurance Mechanism**

**Brunswick Steam Electric Plant, Unit No. 1**

**Docket No. 50-325 / License No. DPR-71**

- Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c)  
**\$418 million at expiration of current license, September 8, 2016**  
**Progress Energy Carolinas, Inc. share (81.67%) = \$341 million**
- Amount of decommissioning funds accumulated as of December 31, 2002  
**\$106,845,010**
- Schedule of the annual amounts remaining to be collected

<b>NRC Required Minimum:</b>	<b>\$11.15 million</b>
<b>Allowed by North Carolina Utilities Commission and Public Service Commission of South Carolina:</b>	<b>\$6,075,477</b>
<b>Under wholesale contracts:</b>	<b>\$1,435,370</b>
- Assumptions used regarding rates of escalation in decommissioning costs, rates of earnings on decommissioning funds, and rates of other factors used in funding projections

<b>Rate of escalation in decommissioning costs =</b>	<b>0%</b>
<b>Rate of earnings on decommissioning funds =</b>	<b>3.25% (North Carolina)</b>
	<b>2% (All Other Contributions)</b>
- Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v)  
**None**
- Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report  
**Having satisfied the financial tests of Appendix A to 10 CFR 30, Progress Energy, Inc., the parent company of Progress Energy Carolinas, Inc., guarantees to provide \$82 million for decommissioning.**
- Material changes to trust agreements  
**None**

**Attachment 3**  
**Status of Financial Assurance Mechanism**

**Brunswick Steam Electric Plant, Unit No. 2**

**Docket No. 50-324 / License No. DPR-62**

- Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c)  
**\$408 million at expiration of current license, December 27, 2014**

**Progress Energy Carolinas, Inc. share (81.67%) = \$333 million**

- Amount of decommissioning funds accumulated as of December 31, 2002  
**\$121,608,801**

- Schedule of the annual amounts remaining to be collected

**NRC Required Minimum: \$11.50 million**

**Allowed by North Carolina Utilities Commission and  
Public Service Commission of South Carolina: \$4,455,309**

**Under wholesale contracts: \$1,701,041**

- Assumptions used regarding rates of escalation in decommissioning costs, rates of earnings on decommissioning funds, and rates of other factors used in funding projections

**Rate of escalation in decommissioning costs = 0%**  
**Rate of earnings on decommissioning funds = 3.25% (North Carolina)**  
**2% (All Other Contributions)**

- Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v)

**None**

- Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report

**Having satisfied the financial tests of Appendix A to 10 CFR 30, Progress Energy, Inc., the parent company of Progress Energy Carolinas, Inc., guarantees to provide \$99 million for decommissioning.**

- Material changes to trust agreements

**None**

**Attachment 4**  
**Status of Financial Assurance Mechanism**

**Shearon Harris Nuclear Power Plant, Unit No. 1                      Docket No. 50-400 / License No. NPF-63**

- Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c)  
**\$336 million at expiration of current license, October 24, 2026**  
**Progress Energy Carolinas, Inc. share (83.83%) = \$282 million**
- Amount of decommissioning funds accumulated as of December 31, 2002  
**\$77,429,379**
- Schedule of the annual amounts remaining to be collected

<b>NRC Required Minimum:</b>	<b>\$3.93 million</b>
<b>Allowed by North Carolina Utilities Commission and Public Service Commission of South Carolina:</b>	<b>\$5,216,661</b>
<b>Under wholesale contracts:</b>	<b>\$948,629</b>
- Assumptions used regarding rates of escalation in decommissioning costs, rates of earnings on decommissioning funds, and rates of other factors used in funding projections

<b>Rate of escalation in decommissioning costs =</b>	<b>0%</b>
<b>Rate of earnings on decommissioning funds =</b>	<b>3.25% (North Carolina)</b>
	<b>2% (All Other Contributions)</b>
- Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v)  
**None**
- Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report  
**None**
- Material changes to trust agreements  
**None**



# Progress Energy

**Peter M Scott III**  
Executive Vice President and  
Chief Financial Officer

March 14, 2003

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

Dear Sir/Madam:

I am the executive vice president and chief financial officer of Progress Energy, Inc. This letter is in support of this company's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Part 50.

This company guarantees, through the parent company guarantee submitted to demonstrate compliance under 10 CFR Part 50, the decommissioning of the following facilities owned or operated by our subsidiary, Progress Energy Carolinas, Inc. The current cost estimates or certified amounts for decommissioning, and the amounts being guaranteed, are shown for each facility:

Name of Facility	Location of Facility	Current Cost Estimates	Amount Being Guaranteed
H.B. Robinson Steam Electric Plant, Unit No. 2 (Docket No. 50-261/License No. DPR-23)	Hartsville, SC	\$320 million	\$95 million
Brunswick Steam Electric Plant, Unit No. 1 (Docket No. 50-325/License No. DPR-71)	Southport, NC	\$341 million	\$82 million
Brunswick Steam Electric Plant, Unit No. 2 (Docket No. 50-324/License No. DPR-62)	Southport, NC	\$333 million	\$99 million

This company is required to file a Form 10K with the U. S. Securities and Exchange Commission for the latest fiscal year 2002.

This fiscal year of this company ends on December 31. The figures for the following items marked with an asterisk are derived from this company's independently audited, year-end financial statements and footnotes for the latest completed fiscal year ended December 31, 2002.

PO Box 1551  
Raleigh, NC 27602

T> 919 546 5533  
V> 919 546 2983

**FINANCIAL TEST: ALTERNATIVE II**

1. Decommissioning cost estimates or guaranteed amount for facilities Docket No. 50-261/License No. DPR-23; Docket No. 50-325/License No. DPR-71; & Docket No. 50-324/License No. DPR-62 (total cost of all cost estimates should be stated in paragraphs above) \$ 275,865,694
2. Current bond rating of most recent unsecured issuance of this firm  
Rating: Baa2/BBB  
Name of rating service: Moody's/Standard & Poor's
3. Date of issuance of bond: April 17, 2002
4. Date of maturity of bond: April 15, 2007 & April 15, 2012
- \*5. Tangible net worth\*\* (if any portion of estimates for decommissioning is included in total liabilities on your firm's financial statements, you may add the amount of that portion to this line) \$ 2,680,882,000
- \*6. Total assets in United States (required only if less than 90 percent of firm's assets are located in the United States) N/A

7. Is line 5 at least \$10 million?
8. Is line 5 at least 6 times line 1?
9. Are at least 90 percent of firm's assets located in the United States? If not, complete line 10.
10. Is line 6 at least 6 times line 1?
11. Is the rating specified on line 2 "BBB" or better (if issued by Standard & Poor's) or "Baa" or better (if issued by Moody's)?

<u>Yes</u>	<u>No</u>
<u>X</u>	<u>      </u>
<u>X</u>	<u>      </u>
<u>X</u>	<u>      </u>
<u>N/A</u>	<u>      </u>
<u>X</u>	<u>      </u>

\* Denotes figures derived from financial statements.

\*\* Tangible net worth is defined as net worth minus goodwill, patents, trademarks, copyrights, and the net book value of the nuclear units covered under the guarantee.

U. S. Nuclear Regulatory Commission  
Page 3  
March 14, 2003

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter M. Scott III". The signature is written in a cursive style with a large, sweeping initial "P".

Peter M. Scott III  
Executive Vice President and Chief Financial Officer

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Deloitte & Touche LLP  
Suite 1800  
First Union Capitol Center  
150 Fayetteville Street Mall  
PO Box 2778  
Raleigh, North Carolina 27602-2778

Tel (919) 546-8000  
Telex 4995716  
Fax (919) 833-3276  
www.deloitte.com

**Deloitte  
& Touche**

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Progress Energy, Inc.  
410 S. Wilmington Street  
Raleigh, North Carolina

We have performed the procedures enumerated below, which were agreed to by Progress Energy, Inc. (the Company), solely to assist the Company in evaluating the Schedule Reconciling Amounts Contained in the CFO's Letter with Amounts in Financial Statements of Progress Energy, Inc. as of December 31, 2002 (the Schedule) and the Chief Financial Officer's letter to the U.S. Nuclear Regulatory Commission dated March 14, 2003 (the Letter); prepared to support the requirements specified in Appendix A to Part 30 of 10CFR (the Requirements). The Company's management is responsible for compliance with those requirements and the preparation of the Schedule and the Letter. This agreed-upon procedures engagement was conducted in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

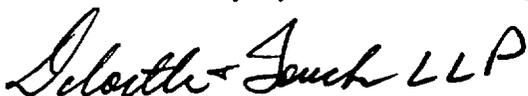
It should be understood that (1) we make no representations regarding the Company's determination and presentation of non-GAAP measures (such as tangible net worth), and (2) the non-GAAP measure presented may not be comparable to similarly titled measures reported by other companies. However the following procedures were applied to the Schedule attached hereto as Appendix A and the Letter attached hereto as Appendix B, as indicated with respect to the symbols explained below.

- A. We compared these amounts to the Company's audited financial statements for the year ended December 31, 2002 and found such amounts to be in agreement.
- B. We compared this amount to the Tangible Net Worth amount on the Schedule, as defined in the Letter, included in the Appendix A and found such amounts to be in agreement.
- C. We compared this amount to the total net book value of the Robinson and Brunswick units on a schedule prepared by Company personnel from the accounting records of the Company and found them to be in agreement. Amounts appearing in such schedule were compared with accounting records of the Company and found to be in agreement.

At your request we proved the arithmetic accuracy of the Schedule in Appendix A

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the Schedule or Letter nor on compliance with the requirements. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.



March 19, 2003

Deloitte  
Touche  
Tohmatsu

**SCHEDULE RECONCILING AMOUNTS CONTAINED IN  
CFO's LETTER WITH AMOUNTS IN FINANCIAL STATEMENTS**

**PROGRESS ENERGY, INC.  
YEAR ENDED DECEMBER 31, 2002  
(in thousands)**

<u>Amounts Used in Calculations of CFO's Letter</u>	A	<u>Per Financial Statements</u>	<u>Recon- ciling Items</u>	<u>Per CFO's Letter</u>
Total assets		\$21,352,704	\$0	\$21,352,704
Total current liabilities		\$2,734,308	\$0	\$2,734,308
Long-term debt & preferred stock of subs.		\$9,840,124	\$0	\$9,840,124
Deferred credits & other liabilities		\$2,101,263	\$0	\$2,101,263
		\$14,675,695	\$0	\$14,675,695
Accrued decommissioning costs included in liabilities		\$0	\$0	\$0
Total liabilities & preferred stock of subs. (less accrued decommissioning costs)		\$14,675,695	\$0	\$14,675,695
Net worth		\$6,677,009	\$0	\$6,677,009
Less: Cost in excess of value of tangible assets acquired		\$3,719,327	\$0	\$3,719,327
Less: Net book value of nuclear units		\$276,800	\$0	\$276,800
		\$2,680,882	\$0	\$2,680,882
Accrued decommissioning costs included in liabilities		\$0	\$0	\$0
Tangible net worth (plus decommissioning costs)		\$2,680,882	\$0	\$2,680,882

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# Progress Energy

Peter M. Scott III  
Executive Vice President and  
Chief Financial Officer

March 14, 2003

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

Dear Sir/Madam:

I am the executive vice president and chief financial officer of Progress Energy, Inc. This letter is in support of this company's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Part 50.

This company guarantees, through the parent company guarantee submitted to demonstrate compliance under 10 CFR Part 50, the decommissioning of the following facilities owned or operated by our subsidiary, Progress Energy Carolinas, Inc. The current cost estimates or certified amounts for decommissioning, and the amounts being guaranteed, are shown for each facility:

Name of Facility	Location of Facility	Current Cost Estimates	Amount Being Guaranteed
H.B. Robinson Steam Electric Plant, Unit No. 2 (Docket No. 50-261/License No. DPR-23)	Hartsville, SC	\$320 million	\$95 million
Brunswick Steam Electric Plant, Unit No. 1 (Docket No. 50-325/License No. DPR-71)	Southport, NC	\$341 million	\$82 million
Brunswick Steam Electric Plant, Unit No. 2 (Docket No. 50-324/License No. DPR-62)	Southport, NC	\$333 million	\$99 million

This company is required to file a Form 10K with the U. S. Securities and Exchange Commission for the latest fiscal year 2002.

This fiscal year of this company ends on December 31. The figures for the following items marked with an asterisk are derived from this company's independently audited, year-end financial statements and footnotes for the latest completed fiscal year ended December 31, 2002.

PO Box 1551  
Raleigh, NC 27602

1-919-546-5533  
1-919-546-2500

**FINANCIAL TEST: ALTERNATIVE II**

1. Decommissioning cost estimates or guaranteed amount for facilities Docket No. 50-261/License No. DPR-23; Docket No. 50-325/License No. DPR-71; & Docket No. 50-324/License No. DPR-62 (total cost of all cost estimates should be stated in paragraphs above) \$ 275,865,694
2. Current bond rating of most recent unsecured issuance of this firm  
 Rating: Baa2/BBB  
 Name of rating service: Moody's/Standard & Poor's
3. Date of issuance of bond: April 17, 2002
4. Date of maturity of bond: April 15, 2007 & April 15, 2012
- \*5. Tangible net worth\*\* (if any portion of estimates for decommissioning is included in total liabilities on your firm's financial statements, you may add the amount of that portion to this line) \$ 2,680,882,000
- \*6. Total assets in United States (required only if less than 90 percent of firm's assets are located in the United States) N/A
7. Is line 5 at least \$10 million?
8. Is line 5 at least 6 times line 1?
9. Are at least 90 percent of firm's assets located in the United States? If not, complete line 10.
10. Is line 6 at least 6 times line 1?
11. Is the rating specified on line 2 "BBB" or better (if issued by Standard & Poor's) or "Baa" or better (if issued by Moody's)?

B

	Yes	No
7.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10.	<u>N/A</u>	<input type="checkbox"/>
11.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

\* Denotes figures derived from financial statements.  
 \*\* Tangible net worth is defined as net worth minus goodwill, patents, trademarks, copyrights, and the net book value of the nuclear units covered under the guarantee.

U. S. Nuclear Regulatory Commission

Page 3

March 14, 2003

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter M. Scott III". The signature is written in a cursive style with a large, sweeping initial "P" and a long, horizontal flourish at the end.

Peter M. Scott III  
Executive Vice President and Chief Financial Officer

PMS:cch

## PARENT COMPANY GUARANTEE

Guarantee made this 24<sup>th</sup> day of March, 2003 by Progress Energy, Inc. a corporation organized under the laws of the State of North Carolina, herein referred to as "guarantor," to our subsidiary Carolina Power & Light Company, doing business as Progress Energy Carolinas, Inc. ("PEC"), of 410 South Wilmington Street, Raleigh, NC 27601, obligee.

### Recitals

1. The guarantor has full authority and capacity to enter into this under its bylaws, articles of incorporation, and the laws of the State of North Carolina. Guarantor has authority to enter into this guarantee.
2. This guarantee is being issued so that PEC will be in compliance with regulations issued by the Nuclear Regulatory Commission (NRC), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974. The NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 50, which require that a holder of, or an applicant for, a license issued pursuant to 10 CFR Part 50 provide assurance that funds will be available when needed for required decommissioning activities.
3. This guarantee is issued to provide financial assurance for decommissioning activities for the following facility, as required by 10 CFR Part 50, for the amount listed:  

H.B. Robinson Steam Electric Plant, Unit No. 2      \$95 million
4. The guarantor meets or exceeds the following financial test criteria of (a) below and agrees to notify PEC and the NRC of any changes in its ability to meet the criteria in compliance with the notification requirements as specified in 10 CFR Part 50.

The guarantor meets one of the following two financial tests:

- (a) (i) A current rating of its most recent bond issuance of AAA, AA, A, or BBB as issued by Standard and Poor's, or Aaa, Aa, A, or Baa as rated by Moody's; and
- (ii) Tangible net worth is at least \$10 million and at least six times the current decommissioning cost estimate or guarantee amount (or prescribed amount if a certification is used); and
- (iii) Assets located in the United States amounting to at least 90 percent of its total assets or at least six times the current decommissioning cost or guarantee amount (or prescribed amount if certification is used). or
- (b) (i) Net working capital and tangible net worth each at least six times the current decommissioning cost estimates or guarantee amounts (or prescribed amount if certification is used); and
- (ii) Assets located in the United States amounting to at least 90 percent of its total assets or at least six times the amount of the current decommissioning cost estimates or guarantee amounts (or prescribed amount if certification is used); and

- (iii) Meets two of the following three ratios: a ratio of total liabilities to net worth less than 2.0; a ratio of the sum of net income plus depreciation, depletion, and amortization to total liabilities that is greater than 0.1; and a ratio of current assets to current liabilities that is greater than 1.5; and
  - (iv) Tangible net worth of at least \$10 million.
- 5. The guarantor has majority control of the voting stock for the following licensee covered by this guarantee.
  - Docket No. 50-261/License No. DPR-23
  - H.B. Robinson Steam Electric Plant, Unit No. 2
  - Location: Hartsville, SC
- 6. Decommissioning activities as used below refers to the activities required by 10 CFR Part 50 for decommissioning of facilities identified above.
- 7. For value received from PEC and pursuant to the authority conferred upon the guarantor by its directors, a certified copy of which is attached, the guarantor guarantees that if the licensee fails to perform the required decommissioning activities, as required by Docket No. 50-261/License No. DPR-23 due to lack of funds, the guarantor shall
  - (a) provide all funds necessary, up to the amount of this guarantee in 2003 dollars and as adjusted for inflation, to carry out the required activities, or
  - (b) set up a trust fund in favor of PEC in the amount of these current cost estimates or guarantee amount for these activities.
- 8. The guarantor agrees to submit revised financial statements, financial test data, and a special auditor's report and reconciling schedule to the NRC annually within 90 days of the close of the parent guarantor's fiscal year.
- 9. The guarantor and the licensee agree that if the guarantor fails to meet the financial test criteria at any time after this guarantee is established, the guarantor and the licensee shall send, within 90 days of the end of the fiscal year in which the guarantor fails to meet the financial test criteria, by certified mail, notice to the NRC. If PEC fails to provide alternative financial assurance as specified in 10 CFR Part 50, as applicable, and obtain written approval of such assurance from the NRC within 120 days of the end of such fiscal year, the guarantor shall provide such alternative financial assurance in the name of PEC or make full payment under the guarantee to a standby trust established by PEC.
- 10. Independent of any notification under paragraph 8 above, if the NRC determines for any reason that the guarantor no longer meets the financial test criteria or that it is disallowed from continuing as a guarantor for the facilities under Docket No. 50-261/License No. DPR-23, the guarantor agrees that within 30 days after being notified by the NRC of such determination, an alternative financial assurance mechanism as specified in 10 CFR Part 50 as applicable, shall be established by the guarantor in the name of PEC unless PEC has done so.

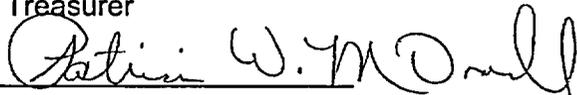
11. The guarantor as well as its successors and assigns shall remain bound jointly and severally under this guarantee notwithstanding any or all of the following: amendment or modification of license or NRC-approved decommissioning funding plan for that facility, the extension or reduction of the time of performance of required activities, or any other modification or alteration of an obligation of the licensee pursuant to 10 CFR Part 50.
12. The guarantor agrees that it will be liable for all litigation costs incurred by PEC or the NRC in any successful effort to enforce the agreement against the guarantor.
13. The guarantor agrees to remain bound under this guarantee for as long as PEC must comply with the applicable financial assurance requirements of 10 CFR Part 50, for the previously listed facilities, except that the guarantor may cancel this guarantee by sending notice by certified mail to the NRC and to PEC, such cancellation to become effective no earlier than 120 days after receipt of such notice by both the NRC and PEC as evidenced by the return receipts. If the licensee fails to provide alternative financial assurance as specified in 10 CFR Part 50, as applicable, and obtain written approval of such assurance within 120 days after the sending of the above notice by the guarantor, the guarantor shall provide such alternative financial assurance.
14. The guarantor expressly waives notice of acceptance of this guarantee by the NRC or by PEC. The guarantor also expressly waives notice of amendments or modification of the decommissioning requirements and of amendments or modifications of the license.
15. If the guarantor files financial reports with the U.S. Securities and Exchange Commission, then it shall promptly submit them to the NRC during each year in which this guarantee is in effect.

I hereby certify that this guarantee is true and correct to the best of my knowledge.

Effective date: April 28, 2003

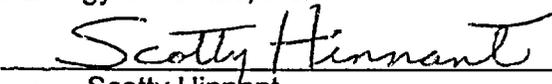
Progress Energy, Inc.

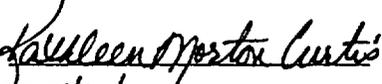
Signed:   
 Thomas R. Sullivan  
 Vice President & Treasurer

Signature of witness or notary: 

My Commission Expires 1-22-2006

Progress Energy Carolinas, Inc.

Signed:   
 Scotty Hinnant  
 Senior Vice President & Chief Nuclear Officer

Signature of witness or notary:   
 My Commission expires: 11/10/2003

I, Robert M. Williams, Assistant Secretary of Progress Energy, Inc., do hereby certify that the attached is a true and correct copy of resolutions duly adopted by the Board of Directors of said Company at a meeting held March 19, 2003. These resolutions are in full force and effect as of the date hereof.

WITNESS my hand and the seal of said Company this the 24<sup>th</sup> day of March, 2003.

  
Assistant Secretary

**PROGRESS ENERGY, INC.**

**Board of Directors Meeting – March 19, 2003**

**AUTHORIZATION TO ISSUE GUARANTEES AND OTHER CREDIT SUPPORT  
AGREEMENTS IN SUPPORT OF SUBSIDIARY OPERATIONS**

Mr. Cavanaugh referred to the report of the Finance Committee, and specifically to their recommendation regarding the issuance of guarantees and other credit support agreements. He stated that from time to time the Company, in support of its subsidiary operations, may be called upon to provide credit support related to transactions conducted by subsidiaries. He stated that the Finance Committee recommends that the Board authorize the officers of the Company to issue such guarantees as may be required by these transactions. Whereupon, after discussion, and upon motion duly made and seconded, it was unanimously:

RESOLVED, that the Corporation be, and hereby is authorized to enter into guarantee agreements or other types of credit support agreements (“Guarantees”) as may be necessary or advisable from time to time, on behalf of its subsidiaries or affiliates, for the purpose of providing credit support for its subsidiaries or affiliates, incident to transactions conducted by its subsidiaries or affiliates; and further

RESOLVED, that the Chairman, the Chief Executive Officer, the President, the Chief Financial Officer, and the Treasurer of the Corporation be, and each of them hereby is, authorized for and on behalf of the Corporation, to negotiate, execute and deliver Guarantees, upon such terms as they may, in their judgment approve, such approval to be conclusively evidenced by such officer's signature; and further

RESOLVED, that the foregoing officers of the Corporation, and each of them hereby is, authorized and directed, for and on behalf of the Corporation, to execute and deliver any and all documents and to take any and all steps and to do any and all things which they deem necessary or desirable in order to carry out the purposes of the foregoing resolutions.

## PARENT COMPANY GUARANTEE

Guarantee made this 24<sup>th</sup> day of March 2003 by Progress Energy, Inc. a corporation organized under the laws of the State of North Carolina, herein referred to as "guarantor," to our subsidiary Carolina Power & Light Company, doing business as Progress Energy Carolinas, Inc. ("PEC"), of 410 South Wilmington Street, Raleigh, NC 27601, obligee.

### Recitals

1. The guarantor has full authority and capacity to enter into this under its bylaws, articles of incorporation, and the laws of the State of North Carolina. Guarantor has authority to enter into this guarantee.
2. This guarantee is being issued so that PEC will be in compliance with regulations issued by the Nuclear Regulatory Commission (NRC), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974. The NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 50, which require that a holder of, or an applicant for, a license issued pursuant to 10 CFR Part 50 provide assurance that funds will be available when needed for required decommissioning activities.
3. This guarantee is issued to provide financial assurance for decommissioning activities for the following facility, as required by 10 CFR Part 50, for the amount listed:

Brunswick Steam Electric Plant, Unit No. 1	\$82 million
--	--------------
4. The guarantor meets or exceeds the following financial test criteria of (a) below and agrees to notify PEC and the NRC of any changes in its ability to meet the criteria in compliance with the notification requirements as specified in 10 CFR Part 50.

The guarantor meets one of the following two financial tests:

- (a) (i) A current rating of its most recent bond issuance of AAA, AA, A, or BBB as issued by Standard and Poor's, or Aaa, Aa, A, or Baa as rated by Moody's; and
- (ii) Tangible net worth is at least \$10 million and at least six times the current decommissioning cost estimate or guarantee amount (or prescribed amount if a certification is used); and
- (iii) Assets located in the United States amounting to at least 90 percent of its total assets or at least six times the current decommissioning cost or guarantee amount (or prescribed amount if certification is used). or
- (b) (i) Net working capital and tangible net worth each at least six times the current decommissioning cost estimates or guarantee amounts (or prescribed amount if certification is used); and
- (ii) Assets located in the United States amounting to at least 90 percent of its total assets or at least six times the amount of the current decommissioning cost estimates or guarantee amounts (or prescribed amount if certification is used); and

(iii) Meets two of the following three ratios: a ratio of total liabilities to net worth less than 2.0; a ratio of the sum of net income plus depreciation, depletion, and amortization to total liabilities that is greater than 0.1; and a ratio of current assets to current liabilities that is greater than 1.5; and

(iv) Tangible net worth of at least \$10 million.

5. The guarantor has majority control of the voting stock for the following licensee covered by this guarantee.

Docket No. 50-325/License No. DPR-71  
Brunswick Steam Electric Plant, Unit No. 1  
Location: Southport, NC

6. Decommissioning activities as used below refers to the activities required by 10 CFR Part 50 for decommissioning of facilities identified above.
7. For value received from PEC and pursuant to the authority conferred upon the guarantor by its directors, a certified copy of which is attached, the guarantor guarantees that if the licensee fails to perform the required decommissioning activities, as required by Docket No. 50-325/License No. DPR-71 due to lack of funds, the guarantor shall
- (a) provide all funds necessary, up to the amount of this guarantee in 2003 dollars and as adjusted for inflation, to carry out the required activities, or
  - (b) set up a trust fund in favor of PEC in the amount of these current cost estimates or guarantee amount for these activities.
8. The guarantor agrees to submit revised financial statements, financial test data, and a special auditor's report and reconciling schedule to the NRC annually within 90 days of the close of the parent guarantor's fiscal year.
9. The guarantor and the licensee agree that if the guarantor fails to meet the financial test criteria at any time after this guarantee is established, the guarantor and the licensee shall send, within 90 days of the end of the fiscal year in which the guarantor fails to meet the financial test criteria, by certified mail, notice to the NRC. If PEC fails to provide alternative financial assurance as specified in 10 CFR Part 50, as applicable, and obtain written approval of such assurance from the NRC within 120 days of the end of such fiscal year, the guarantor shall provide such alternative financial assurance in the name of PEC or make full payment under the guarantee to a standby trust established by PEC.
10. Independent of any notification under paragraph 8 above, if the NRC determines for any reason that the guarantor no longer meets the financial test criteria or that it is disallowed from continuing as a guarantor for the facilities under Docket No. 50-325/License No. DPR-71, the guarantor agrees that within 30 days after being notified by the NRC of such determination, an alternative financial assurance mechanism as specified in 10 CFR Part 50 as applicable, shall be established by the guarantor in the name of PEC unless PEC has done so.

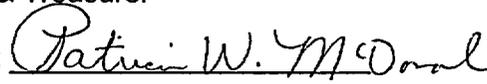
11. The guarantor as well as its successors and assigns shall remain bound jointly and severally under this guarantee notwithstanding any or all of the following: amendment or modification of license or NRC-approved decommissioning funding plan for that facility, the extension or reduction of the time of performance of required activities, or any other modification or alteration of an obligation of the licensee pursuant to 10 CFR Part 50.
12. The guarantor agrees that it will be liable for all litigation costs incurred by PEC or the NRC in any successful effort to enforce the agreement against the guarantor.
13. The guarantor agrees to remain bound under this guarantee for as long as PEC must comply with the applicable financial assurance requirements of 10 CFR Part 50, for the previously listed facilities, except that the guarantor may cancel this guarantee by sending notice by certified mail to the NRC and to PEC, such cancellation to become effective no earlier than 120 days after receipt of such notice by both the NRC and PEC as evidenced by the return receipts. If the licensee fails to provide alternative financial assurance as specified in 10 CFR Part 50, as applicable, and obtain written approval of such assurance within 120 days after the sending of the above notice by the guarantor, the guarantor shall provide such alternative financial assurance.
14. The guarantor expressly waives notice of acceptance of this guarantee by the NRC or by PEC. The guarantor also expressly waives notice of amendments or modification of the decommissioning requirements and of amendments or modifications of the license.
15. If the guarantor files financial reports with the U.S. Securities and Exchange Commission, then it shall promptly submit them to the NRC during each year in which this guarantee is in effect.

I hereby certify that this guarantee is true and correct to the best of my knowledge.

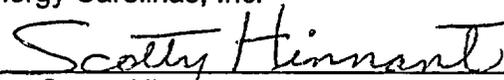
Effective date: April 28, 2003

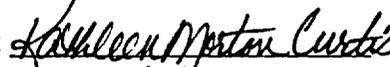
Progress Energy, Inc.

Signed:   
 Thomas R. Sullivan  
 Vice President & Treasurer

Signature of witness or notary:  My Commission Expires 1-27-2003

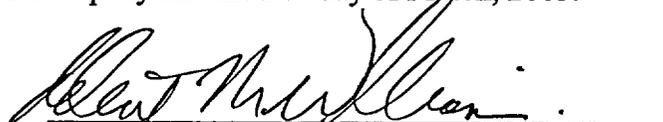
Progress Energy Carolinas, Inc.

Signed:   
 Scotty Hinnant  
 Senior Vice President & Chief Nuclear Officer

Signature of witness or notary:   
 My Commission expires: 11/10/2003

I, Robert M. Williams, Assistant Secretary of Progress Energy, Inc., do hereby certify that the attached is a true and correct copy of resolutions duly adopted by the Board of Directors of said Company at a meeting held March 19, 2003. These resolutions are in full force and effect as of the date hereof.

WITNESS my hand and the seal of said Company this the 24<sup>th</sup> day of March, 2003.

  
Assistant Secretary

**PROGRESS ENERGY, INC.**

**Board of Directors Meeting – March 19, 2003**

**AUTHORIZATION TO ISSUE GUARANTEES AND OTHER CREDIT SUPPORT  
AGREEMENTS IN SUPPORT OF SUBSIDIARY OPERATIONS**

Mr. Cavanaugh referred to the report of the Finance Committee, and specifically to their recommendation regarding the issuance of guarantees and other credit support agreements. He stated that from time to time the Company, in support of its subsidiary operations, may be called upon to provide credit support related to transactions conducted by subsidiaries. He stated that the Finance Committee recommends that the Board authorize the officers of the Company to issue such guarantees as may be required by these transactions. Whereupon, after discussion, and upon motion duly made and seconded, it was unanimously:

RESOLVED, that the Corporation be, and hereby is authorized to enter into guarantee agreements or other types of credit support agreements (“Guarantees”) as may be necessary or advisable from time to time, on behalf of its subsidiaries or affiliates, for the purpose of providing credit support for its subsidiaries or affiliates, incident to transactions conducted by its subsidiaries or affiliates; and further

RESOLVED, that the Chairman, the Chief Executive Officer, the President, the Chief Financial Officer, and the Treasurer of the Corporation be, and each of them hereby is, authorized for and on behalf of the Corporation, to negotiate, execute and deliver Guarantees, upon such terms as they may, in their judgment approve, such approval to be conclusively evidenced by such officer's signature; and further

RESOLVED, that the foregoing officers of the Corporation, and each of them hereby is, authorized and directed, for and on behalf of the Corporation, to execute and deliver any and all documents and to take any and all steps and to do any and all things which they deem necessary or desirable in order to carry out the purposes of the foregoing resolutions.

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Guarantee made this 24<sup>th</sup> day of March, 2003 by Progress Energy, Inc. a corporation organized under the laws of the State of North Carolina, herein referred to as "guarantor," to our subsidiary Carolina Power & Light Company, doing business as Progress Energy Carolinas, Inc. ("PEC"), of 410 South Wilmington Street, Raleigh, NC 27601, obligee.

### Recitals

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2. This guarantee is being issued so that PEC will be in compliance with regulations issued by the Nuclear Regulatory Commission (NRC), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974. The NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 50, which require that a holder of, or an applicant for, a license issued pursuant to 10 CFR Part 50 provide assurance that funds will be available when needed for required decommissioning activities.
3. This guarantee is issued to provide financial assurance for decommissioning activities for the following facility, as required by 10 CFR Part 50, for the amount listed:  

Brunswick Steam Electric Plant, Unit No. 2	\$99 million
--	--------------
4. The guarantor meets or exceeds the following financial test criteria of (a) below and agrees to notify PEC and the NRC of any changes in its ability to meet the criteria in compliance with the notification requirements as specified in 10 CFR Part 50.

The guarantor meets one of the following two financial tests:

- (a) (i) A current rating of its most recent bond issuance of AAA, AA, A, or BBB as issued by Standard and Poor's, or Aaa, Aa, A, or Baa as rated by Moody's; and  
  - (ii) Tangible net worth is at least \$10 million and at least six times the current decommissioning cost estimate or guarantee amount (or prescribed amount if a certification is used); and  
    - (iii) Assets located in the United States amounting to at least 90 percent of its total assets or at least six times the current decommissioning cost or guarantee amount (or prescribed amount if certification is used). or
- (b) (i) Net working capital and tangible net worth each at least six times the current decommissioning cost estimates or guarantee amounts (or prescribed amount if certification is used); and  
  - (ii) Assets located in the United States amounting to at least 90 percent of its total assets or at least six times the amount of the current decommissioning cost estimates or guarantee amounts (or prescribed amount if certification is used); and

(iii) Meets two of the following three ratios: a ratio of total liabilities to net worth less than 2.0; a ratio of the sum of net income plus depreciation, depletion, and amortization to total liabilities that is greater than 0.1; and a ratio of current assets to current liabilities that is greater than 1.5; and

(iv) Tangible net worth of at least \$10 million.

5. The guarantor has majority control of the voting stock for the following licensee covered by this guarantee.

Docket No. 50-324/License No. DPR-62  
Brunswick Steam Electric Plant, Unit No. 2  
Location: Southport, NC

6. Decommissioning activities as used below refers to the activities required by 10 CFR Part 50 for decommissioning of facilities identified above.
7. For value received from PEC and pursuant to the authority conferred upon the guarantor by its directors, a certified copy of which is attached, the guarantor guarantees that if the licensee fails to perform the required decommissioning activities, as required by Docket No. 50-324/License No. DPR-62 due to lack of funds, the guarantor shall
- (a) provide all funds necessary, up to the amount of this guarantee in 2003 dollars and as adjusted for inflation, to carry out the required activities, or
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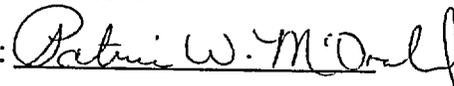
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15. If the guarantor files financial reports with the U.S. Securities and Exchange Commission, then it shall promptly submit them to the NRC during each year in which this guarantee is in effect.

I hereby certify that this guarantee is true and correct to the best of my knowledge.

Effective date: April 28, 2003

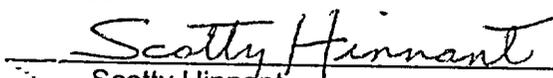
Progress Energy, Inc.

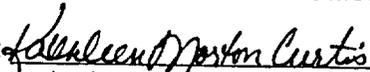
Signed:   
 Thomas R. Sullivan  
 Vice President & Treasurer

Signature of witness or notary: 

~~My Commission Expires 1-22-2003~~

Progress Energy Carolinas, Inc.

Signed:   
 Scotty Hinnant  
 Senior Vice President & Chief Nuclear Officer

Signature of witness or notary:   
 My Commission expires: 11/10/2003

I, Robert M. Williams, Assistant Secretary of Progress Energy, Inc., do hereby certify that the attached is a true and correct copy of resolutions duly adopted by the Board of Directors of said Company at a meeting held March 19, 2003. These resolutions are in full force and effect as of the date hereof.

WITNESS my hand and the seal of said Company this the 24<sup>th</sup> day of March, 2003.

  
Assistant Secretary

**PROGRESS ENERGY, INC.**

**Board of Directors Meeting – March 19, 2003**

**AUTHORIZATION TO ISSUE GUARANTEES AND OTHER CREDIT SUPPORT AGREEMENTS IN SUPPORT OF SUBSIDIARY OPERATIONS**

Mr. Cavanaugh referred to the report of the Finance Committee, and specifically to their recommendation regarding the issuance of guarantees and other credit support agreements. He stated that from time to time the Company, in support of its subsidiary operations, may be called upon to provide credit support related to transactions conducted by subsidiaries. He stated that the Finance Committee recommends that the Board authorize the officers of the Company to issue such guarantees as may be required by these transactions. Whereupon, after discussion, and upon motion duly made and seconded, it was unanimously:

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RESOLVED, that the Chairman, the Chief Executive Officer, the President, the Chief Financial Officer, and the Treasurer of the Corporation be, and each of them hereby is, authorized for and on behalf of the Corporation, to negotiate, execute and deliver Guarantees, upon such terms as they may, in their judgment approve, such approval to be conclusively evidenced by such officer's signature; and further

RESOLVED, that the foregoing officers of the Corporation, and each of them hereby is, authorized and directed, for and on behalf of the Corporation, to execute and deliver any and all documents and to take any and all steps and to do any and all things which they deem necessary or desirable in order to carry out the purposes of the foregoing resolutions.



Serving Public Power Communities Since 1965

File-4275.2  
March 28, 2003

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

BRUNSWICK STEAM ELECTRIC PLANT, UNITS NOS. 1 AND 2  
DOCKET NOS. 50-325 AND 50-324/LICENSE NOS. DPR-71 AND DPR-62

SHEARON HARRIS NUCLEAR POWER PLANT, UNIT NO. 1  
DOCKET NO. 50-400/LICENSE NO. DPR-63

SUBJECT: STATUS REPORT FOR DECOMMISSIONING FINANCIAL ASSURANCE

Dear Sirs/Madam:

North Carolina Eastern Municipal Power Agency (NCEMPA) submits the attached report concerning the status of its financial assurance mechanisms for decommissioning in accordance with 10CFR50.75 (c) for its ownership portion of the above referenced nuclear plants which it jointly owns with Progress Energy Carolinas, Inc (PEC) (also known as Carolina Power & Light Company). NCEMPA utilizes exclusively the external sinking fund method to provide financial assurance in accordance with 10CFR50.75 (e)(1)(ii). These payments are recovered through rates established by the Board of Directors and Board of Commissioners of NCEMPA in accordance with 10CFR50.75(e)(1)(ii)(A).

This transmittal has been included along with that of PEC as a convenience to the NRC, however, NCEMPA is not responsible for any information contained in PEC's submittal of their status report. The attachments for NCEMPA are numbered 2 through 4 so as to correspond to those of PEC for the units jointly owned.

No new commitments are being made in this submittal.

Should you have questions regarding this matter, please contact Al M. Conyers at (919) 760-6319.

Sincerely,

A handwritten signature in black ink that reads "Al M. Conyers". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Al M. Conyers  
Chief Financial Officer  
Assistant Secretary and Assistant Secretary-Treasurer

Attachment

**NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY SUBMITTAL**

**Attachment 2  
Status of Financial Assurance Mechanism**

**Brunswick Steam Electric Plant, Unit No. 1 (BNP)**

**Docket No. 50-325 / License No. DPR-71**

The following information is submitted in accordance with 10 CFR 50 75(c):

- Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b), (c) and NUREG-1307, Rev. 10:  
**\$418.3 million; NCEMPA Share (18.33%) = \$76.7 million**
- The fund balance for the amount accumulated as of December 31, 2002.  
**\$38,606,168**
- Sum of the annual amounts remaining to be collected  
**\$32,730,822 (through September 8, 2016)**
- Assumptions:  
**Escalation rate in decommissioning costs = 4.0%**  
**Earnings rate on decommissioning funds = 6.0%**
- Contracts upon which the licensee is relying pursuant to 10 CFR 50 75(e)(1)(v).  
**None**
- Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report.  
**None**
- Material changes to trust agreements  
**None**

**NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY SUBMITTAL**

**Attachment 3  
Status of Financial Assurance Mechanism**

**Brunswick Steam Electric Plant, Unit No. 2 (BNP)**

**Docket No. 50-324 / License No. DPR-62**

The following information is submitted in accordance with 10 CFR 50.75(c):

- Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b), (c) and NUREG-1307, Rev. 10  
**\$407.7 million; NCEMPA Share (18.33%) = \$74.7 million**
- The fund balance for the amount accumulated as of December 31, 2002:  
**\$42,651,034**
- Sum of the annual amounts remaining to be collected  
**\$27,369,337 (through December 27, 2014)**
- Assumptions:  
**Escalation rate in decommissioning costs = 4.0%**  
**Earnings rate on decommissioning funds = 6.0%**
- Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v).  
**None**
- Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report.  
**None**
- Material changes to trust agreements.  
**None**

**NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY SUBMITTAL**

**Attachment 4  
Status of Financial Assurance Mechanism**

**Shearon Harris Nuclear Power Plant, Unit No. 1 (HNP)**

**Docket No. 50-400 / License No. DPR-63**

The following information is submitted in accordance with 10 CFR 50 75(c):

- Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50 75(b), (c) and NUREG-1307, Rev. 10  
**\$336.3 million; NCEMPA Share (16.17%) = \$54.4 million**
- The fund balance for the amount accumulated as of December 31, 2002:  
**\$18,460,717**
- Sum of the annual amounts remaining to be collected:  
**\$35,854,885 (through October 24, 2026)**
- Assumptions:  
**Escalation rate in decommissioning costs = 4.0%**  
**Earnings rate on decommissioning funds = 6.0%**
- Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v)  
**None**
- Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report.  
**None**
- Material changes to trust agreements.  
**None**