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November 4, 2004 (12:53PM)

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November 1, 2004

VIA MESSENGER

VIA OVERNIGHT COURIER

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**Re: In the Matter of Duke Energy Corporation
Catawba Nuclear Station, Units 1 and 2
Docket Nos. 50-413-OLA, 50-414-OLA**

Dear Diane and Antonio,

As we discussed on October 25, 2004, I am forwarding to you proposed language defining what would constitute radiological sabotage of the MOX lead assemblies which could be used as a basis for settlement of proposed BREDL Security Contention 6. This language should be considered Safeguards Information. I would appreciate your response to this proposal as soon as possible. This proposal is submitted for settlement purposes only and does not concede the admissibility of Contention 6 or the jurisdiction of the Atomic Safety and Licensing Board to consider radiological sabotage issues at the Catawba facility in this proceeding.

I am also sending a copy of this letter to the members of the Atomic Safety and Licensing Board (without the Safeguards attachment) to fulfill our commitment made at the October 25, 2004 oral argument (Tr. 3717) to inform the Board of the status of settlement discussions related to Security Contention 6.

Sincerely,



Mark J. Wetterhahn
Counsel for Duke Energy Corporation

MJW:sdd
Enclosures
Service List (w/o enclosure)

The Attachment to this letter contains Safeguards Information.
Upon separation of the attachment, this cover letter is decontrolled.

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SECY-02