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January 5, 2005

U. S. Nuclear Regulatory Commission  
Attention: Document Control Desk  
Washington, DC 20555-0001

Reference: NRC Letter Dated June, 16, 2004 to Mr. Henry B. Barron, Group Vice  
President, Nuclear Generation and Chief Nuclear Officer, Duke Power, a Duke  
Energy Company, Authorizing the Use of PGP 8.0

Subject: Duke Energy Corporation  
Oconee Nuclear Station, Units 1, 2, and 3  
NRC Docket Nos. 50-269, 50-270, 50-287  
McGuire Nuclear Station, Units 1 and 2  
NRC Docket Nos. 50-369, 50-370  
Catawba Nuclear Station, Units 1 and 2  
NRC Docket Nos. 50-413, 50-414  
Use of Encryption Software for Electronic Transmission of Safeguards  
Information

On June 16, 2004 (Reference), the NRC authorized Duke Power, a Duke Energy Company ("Duke") to use Pretty Good Protection ("PGP") Software (Enterprise, Corporate, or Personal) Desktop Version 8.0 or the latest validated version developed with PGP Software Development Kit (SDK) 3.0.3 for encryption of sensitive unclassified Safeguards Information ("SGI").

This letter provides notification that Duke, will begin using PGP Software Corporate Desktop Version 8.0.3, which was developed with PGP Software Development Kit (SDK) 3.0.3. NIST Certificate Number 394 validates compliance of this software development tool with the FIPS 140-2 requirements.

In a letter dated October 4, 2004, the Nuclear Energy Institute ("NEI") provided notification of the industry's intent to use PGP version 8.0.3. In a November 19, 2004, response to NEI, the NRC authorized the use of PGP version 8.0.3 for processing SGI electronically. It is Duke's understanding that the aforementioned correspondence between NEI and the NRC meets the requirement for the NRC to be notified 30 days before "first use" of new software; therefore, Duke will begin using PGP version 8.0.3 upon submittal of this letter.

Should you have any questions or require additional information, please contact Dana Boies at (704) 382-1694.

Sincerely,

Henry B. Barron  
Group Vice President, Nuclear Generation and  
Chief Nuclear Officer

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