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STN-50-493 Cherokee Nuclear Station, Unit 3, Duke Power Co. 05000493
AUTH.NAME AUTHOR AFFILIATION
THIES,A.C. Duke Power Co.
RECIP.NAME RECIPIENT AFFILIATION
SALTZMAN,J. Utility Finance Branch (formerly Antitrust & Indemnity)

SUBJECT: Forwards 1980 Annual Financial Rept,annual certified financial statements,1981-83 financial forecast & util statement re available funds to satisfy liability.Info guarantees retrospective premiums per 10CFR140.26.

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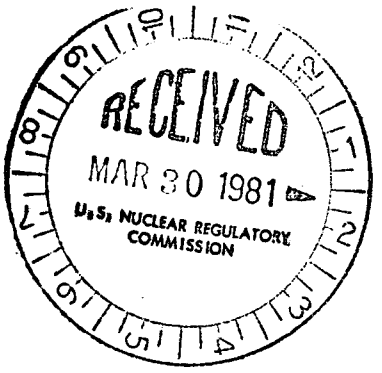
DUKE POWER COMPANY

CHARLOTTE, N. C. 28242

A. C. THIES
SENIOR VICE PRESIDENT
PRODUCTION AND TRANSMISSION

(704) 373-4249

March 24, 1981



Mr. Jerome Saltzman, Chief
Antitrust & Indemnity Group
Nuclear Reactor Regulation
U. S. Nuclear Regulatory Commission
Washington, D. C. 20555

Re: Submission of Guarantee of Retrospective Premiums Pursuant to the Provisions of Section 140.21 of 10 CFR 140

Dear Mr. Saltzman:

In accordance with your letter of June 15, 1977 and my letter of June 28, 1977 the following information is forwarded: (1) Annual Report for 1980; (2) Annual Certified Financial Statements (Included in the Annual Report); (3) Financial Forecast for 1981-1983; and (4) Statement of Duke Power Company as to available sources of funds to satisfy liability pursuant to 10 CFR 140.21. The submitted information fully demonstrates the ability of Duke Power Company to respond to an assessment, not to exceed $30 million, pursuant to the provisions of 10 CFR 140.21.

Yours very truly,

A. C. Thies

act/ck

Enclosures

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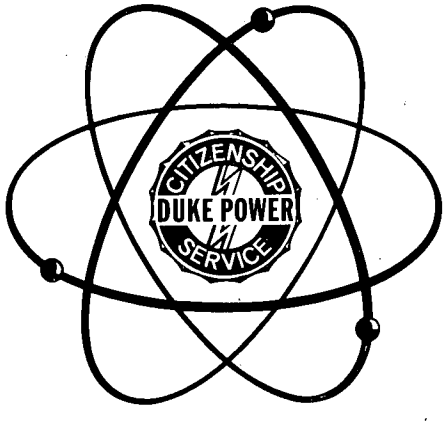
DUKE POWER COMPANY

Financial Forecast



Projections listed herein
are subject to change.

Inquiries concerning this forecast should be directed to:
Richard C. Ranson — Treasurer
Telephone (704) 373-8115

Richard J. Osborne — Manager, Financial Relations
Telephone (704) 373-8695

March 1981

Sales and Load Data

		Actual 1980	Projected 1981	1982	1983	Compound Growth Rate 1980-1983
	Kilowatt-Hour Sales		*(Billions of KWH)*			
1	Residential	13.8	13.6	13.9	14.9	2.6%
2	General Service	9.4	9.5	9.8	11.2	6.0
3	Industrial	20.0	20.2	21.1	23.8	6.0
4	Wholesale & Other	9.1	9.0	9.4	10.4	4.6
5	Total Energy Sales	52.3	52.3	54.2	60.3	4.9
6	Annual Growth Rate	4.0%	—	3.6%	11.3%	
	Kilowatt-Hour Generation					
7	Total Generation	57.2	57.6	59.6	65.6	
	Source:					
8	Coal	72%	67%	59%	60%	
9	Nuclear	25	30	38	38	
10	Hydro & Other	3	3	3	2	
	Electric Peak Load		*(MW)*			
11	Summer (April—Sept.)	10,364	10,460	10,783	11,476	
12	Winter (Oct.—March)	10,530	10,760	11,685	12,212	
	Total Capability (Includes Firm Purchases)					
13	Summer (April—Sept.)	12,162	12,141	13,321	13,321	
14	Winter (Oct.—March)	12,141	13,321	13,321	14,501	
	Total Reserve Resources (Includes Interruptible Load)					
15	Summer (April—Sept.)	1,799	1,713	2,647	2,051	
16	Winter (Oct.—March)	1,616	2,592	1,716	2,428	

Financial Data

(Notes 1, 2 and 3)

		Actual 1980	Projected *(Dollars in Millions)* 1981	1982	1983	1981-1983 Total
17	Construction Costs	$ 760	$ 570	$ 530	$ 477	$1,577
18	Nuclear Fuel Costs	$ 93	$ 128	$ 198	$ 140	$ 466
19	Maturities, Sinking Funds, & Other Requirements (Note 4)	$ 43	$ 74	$ 78	$ 55	$ 207
20	Depreciation & Amortization	$ 211	$ 256	$ 324	$ 375	$ 955

Major Generating Units Currently Under Construction

Unit	Net KW Capability	Energy Source	Date of Planned Operation	Estimated Construction Cost* Per KW	Estimated Construction Cost* Total (Millions)
McGuire No. 1	1,180,000	Nuclear	1981	$ 781	$1,842
McGuire No. 2	1,180,000		1983		
Catawba No. 1	1,145,000	Nuclear	1984	$1,196	$ 685†
Catawba No. 2	1,145,000		1985		
Cherokee No. 1	1,280,000	Nuclear	‡	‡	‡
Cherokee No. 2	1,280,000				

*Excludes initial fuel cores.
†See Note 2.
‡See Note 1.

Notes

1 Units 1 and 2 of the Cherokee Nuclear Station, previously scheduled for completion in 1990 and 1992, respectively, have been delayed indefinitely due to difficulties in attracting the necessary capital. Work on Unit 1 has been substantially reduced and work on Unit 2 has been interrupted while the Company fully evaluates its long-term options with respect to Cherokee. Accordingly, capital requirements for Cherokee are undeterminable and are excluded from this forecast, and the forecast includes no projections for total capital requirements, allowance for funds used during construction, internal cash, external financings and certain other significant items.

2 In 1978, the Company sold a 75 percent interest in Unit 2 and a 37.5 percent interest in the support facilities of its Catawba Nuclear Station to an agency representing certain of its North Carolina municipal customers. On February 6, 1981, the Company sold a 75 percent interest in Unit 1 and a 37.5 percent interest in the support facilities of that station to groups of its cooperative customers. The Company will continue to construct Units 1 and 2 with the purchasers financing their portions of the construction costs by continued monthly progress payments. The total estimated construction cost of the Catawba station excludes the cost of the portions of the station sold to the municipal agency and the cooperative groups.

In addition, the Company has agreed in principle to sell its remaining 25 percent interest in Unit 2 of the Catawba station to an agency representing certain of its South Carolina municipal customers. Completion of the sale is dependent on a number of contingencies which make it difficult to predict any likely date for closing. Proceeds would approximate $235 million, however, should the closing occur in early 1982 and would reduce total financings by a like amount. Construction and nuclear fuel costs assumed by the South Carolina agency in 1982 and 1983 would total approximately $106 million.

3 The Company presently has a goal for its capital structure of 38 percent common equity, 13 percent preferred stock and 49 percent long-term debt. Due to the sales of portions of the Catawba Nuclear Station referred to in Note 2, no long-term financing is contemplated during 1981, and the Company expects to achieve its goal with respect to capital structure ratios in 1981.

4 "Maturities, Sinking Funds, & Other Requirements" includes all maturities and sinking funds related to issues of long-term debt and preferred stock, and the principle portion of payments on capitalized leases. The latter includes $28 million in 1981 and $36 million in each of the years 1982 and 1983 related to the projected consumption of nuclear fuel financed through existing nuclear fuel trusts.

Statement of Duke Power Company
As to Available Sources of Funds to Satisfy
A Possible Liability Not Exceeding $30 Million
Pursuant to the Provisions of 10 CFR 140.21

Pursuant to the requirements of Section 140.21 of the Nuclear Regulatory Commission regulations in 10 CFR Part 140, Duke Power Company (the Company) herein submits the 1980 Annual Report to Stockholders, annual certified financial statements, and its current Financial Forecast as evidence of financial ability of guarantee of payment of deferred premiums in the amount of $10 million for each reactor it is licensed to operate. I certify that the Financial Forecasts, which include information relating to cash flow, were prepared in conformity with generally accepted accounting practices applied on a basis consistent with the accompanying financial statements.

As of December 31, 1980, the Company had bank lines of credit of $280 million with 78 commercial banks. In addition, the Company also has revolving credit agreements with four commercial banks for $100 million which run to December 1981, against which no borrowings have been made through 1979. Such banks have total legal lending limits of $1.5 billion. During 1980, the Company's short-term debt averaged approximately $84 million, with a maximum amount of about $197 million, both of which were significantly below the available lines of credit. Further, the Company also has the option to sell substantial amounts of commercial paper as an alternative to using its bank lines of credit, another source of credit. Either of these sources would, in my opinion, be available as a source of funds to satisfy the assessment of retrospective premiums not exceeding $30 million.

It is the Company's opinion that it can meet its guarantee of payments of deferred premiums currently amounting to $30 million as required by Nuclear Regulatory Commission regulations, particularly in view of the relative insignificance of this amount to its total available cash and credit. Additionally, funds could be generated by the deferral of certain construction. However, I do not believe that such deferral would be necessary.

DUKE POWER COMPANY (COMPANY)

By P. A. Hauser
P. A. Hauser
Vice President & Controller

Subscribed and sworn to before
me this 18th day of March, 1981.

Donna B. Jones
Notary Public

My commission expires: 12/3/84