



Carolina Power & Light Company

October 30, 1981



File: NG-3514(B)

Serial No.: NO-81-1787

Mr. Harold R. Denton, Director
Office of Nuclear Reactor Regulation
United States Nuclear Regulatory Commission
Washington, D.C. 20555

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

AND

SHEARON HARRIS NUCLEAR POWER PLANT, UNIT NOS. 1, 2, 3, AND 4
DOCKET NOS. 50-400, 50-401, 50-402, 50-403

ADDITION OF CO-OWNER
TRANSMITTAL OF FINANCIAL REPORT

Dear Mr. Denton:

Carolina Power & Light Company (CP&L) has submitted an application (Serial No. NO-81-1413) dated September 3, 1981 requesting revisions to the Operating Licenses for the Brunswick Steam Electric Plant, Unit Nos. 1 and 2. CP&L has also submitted applications dated September 3, 1981 requesting revisions to the Construction Permits and to the Application for Operating Licenses for the Shearon Harris Nuclear Power Plant (SHNPP), Unit Nos. 1, 2, 3, and 4. These submittals are with regard to the addition of North Carolina Municipal Power Agency Number 3 (NCMPA No. 3) as a co-owner of the Brunswick and SHNPP units.

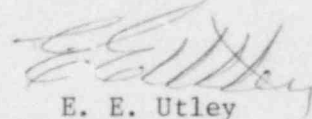
The above-mentioned applications refer to an exhibit entitled "Audited Financial Statements and Other Financial Information" for NCMPA No. 3, dated June 30, 1980, which is to be used for the review of both the Brunswick and SHNPP applications. These applications commit to submit the 1981 financial report when it becomes available, and we are, therefore, transmitting the report entitled "Audited Financial Statements and Other Financial Information" for NCMPA No. 3, dated June 31, 1981. One copy of the report is submitted with this letter. Two copies of the report are being transmitted to the Brunswick Project Manager and two copies to the SHNPP Project Manager via distribution list.

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If you should need any additional information, please contact my staff.

Yours very truly,



E. E. Utley
Executive Vice President
Power Supply and
Engineering & Construction

WRM/lr (3162)

Enclosure

cc: Mr. D. G. Eisenhut (letter only)
Mr. T. A. Ippolito (letter only)
Mr. E. A. Licitra (2)
Mr. F. J. Miraglia, Jr. (letter only)
Mr. J. Van Vliet (2)

Audited Financial Statements and
Other Financial Information

North Carolina Municipal
Power Agency Number 3

June 31, 1981



Ernst & Whinney

NORTH CAROLINA MUNICIPAL POWER AGENCY NUMBER 3

RALEIGH, NORTH CAROLINA

Officers

Chairman - Simon C. Sitterson, Jr. - Kinston
Vice-Chairman - Peter G. Vandenberg - Laurinburg
Secretary-Treasurer - David R. Taylor - Tarboro

Board of Commissioners

R. G. Anthony	Hobgood
Furman K. Biggs, Jr.	Lumberton
T. Bruce Boyette	Wilson
Tommy M. Combs	Elizabeth City
Russ Conner	New Bern
W. D. Cox	Hertford
Robie G. Dunn	Benson
Raymond Glover	Pikeville
Lamar Hales	Apex
Jonathan Hankins	Southport
Ferd L. Harrison	Scotland Neck
Guy G. Hill	Wake Forest
E. C. Hines	Winterville
Charles O'H. Horne, Jr.	Greenville
Devone Jones	Fremont
D. R. Jones	Washington
B. D. Kimball	Enfield
Earl Langley	Smithfield
John McNeill	Red Springs
Ralph Mobley	Robersonville
W. Everette Prince	Selma
James P. Ricks, Jr.	Edenton
W. P. Riley	Hamilton
William L. Ross	Waynesville
T. R. Shaw, Jr.	Windsor
Charles Stewart	Clayton
Mark A. Suggs	Ayden
Harry S. Taylor, Jr.	Hookerton
Frederick E. Turnage	Rocky Mount
Ralph M. Wallace	Belhaven
Edward B. Walters	LaGrange
Lois Brown Wheless	Louisburg
J. A. Wooten, Jr.	Farmville

General Manager - Ralph W. Shaw

Audited Financial Statements and
Other Financial Information

NORTH CAROLINA MUNICIPAL POWER AGENCY NUMBER 3

June 30, 1981

Audited Financial Statements

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Ernst & Whinney

1100 Branch Banking & Trust Building
Raleigh, North Carolina 27601

919/833-7301

Officers and Board of Commissioners
North Carolina Municipal Power Agency Number 3
Raleigh, North Carolina

We have examined the balance sheets of North Carolina Municipal Power Agency Number 3 as of June 30, 1981 and 1980, and the related statements of revenues and expenses and changes in fund balances, and statements of changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of North Carolina Municipal Power Agency Number 3 at June 30, 1981 and 1982, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Ernst & Whinney

Raleigh, North Carolina
August 12, 1981

BALANCE SHEETS

WORTH CAROLINA MUNICIPAL POWER AGENCY NUMBER 3

	June 30	
	<u>1981</u>	<u>1980</u>
ASSETS		
Cash	\$ 22,180	\$ 4,036
Short-term investments	<u>10,717</u>	<u>52,959</u>
	<u>\$ 32,897</u>	<u>\$56,995</u>
LIABILITIES AND FUND BALANCE		
Accounts payable	\$398,071	\$30,172
COMMITMENTS--Note B		
Fund balance (deficit)	<u>(365,174)</u>	<u>26,823</u>
	<u>\$ 32,897</u>	<u>\$56,995</u>

See notes to financial statements

STATEMENTS OF REVENUES AND EXPENSES
AND CHANGES IN FUND BALANCE

NORTH CAROLINA MUNICIPAL POWER AGENCY NUMBER 3

	Year Ended June 30	
	1981	1980
Revenues:		
Membership dues	\$ 589,877	\$404,870
Investment revenue	9,111	7,502
TOTAL REVENUES	<u>598,988</u>	<u>412,372</u>
Expenses:		
Outside consultants:		
Legal	246,695	81,898
Engineering	524,121	223,326
	<u>770,816</u>	<u>305,224</u>
Administrative	220,169	87,157
TOTAL EXPENSES	<u>990,985</u>	<u>392,381</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(391,997)	19,991
Fund balance at beginning of year	<u>26,823</u>	<u>6,832</u>
FUND BALANCE (DEFICIT) AT END OF YEAR	<u><u>\$(365,174)</u></u>	<u><u>\$ 26,823</u></u>

See notes to financial statements

STATEMENTS OF CHANGES IN FINANCIAL POSITION

NORTH CAROLINA MUNICIPAL POWER AGENCY NUMBER 3

	Year Ended June 30	
	1981	1980
SOURCES (USES) OF WORKING CAPITAL		
Excess (deficiency) of revenues over expenses	<u>\$(391,997)</u>	<u>\$ 19,991</u>
INCREASE (DECREASE) IN WORKING CAPITAL	<u><u>\$(391,997)</u></u>	<u><u>\$ 19,991</u></u>
COMPONENTS OF INCREASE (DECREASE) IN WORKING CAPITAL		
Cash	\$ 18,144	\$(22,992)
Investments	(42,242)	52,959
Accounts Payable	(367,899)	(17,543)
Prepaid Dues	<u>-0-</u>	<u>7,567</u>
INCREASE (DECREASE) IN WORKING CAPITAL	<u><u>\$(391,997)</u></u>	<u><u>\$ 19,991</u></u>

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

NORTH CAROLINA MUNICIPAL POWER AGENCY NUMBER 3

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The Agency: North Carolina Municipal Power Agency Number 3 is a joint agency organized and existing pursuant to Chapter 159B of the General Statutes of North Carolina, to enable municipal electric systems through the organization of the Agency, to finance, build, and operate generation and transmission projects. The Agency is composed of 22 of the 23 municipal systems served directly by Carolina Power & Light Company and 14 of the 16 municipal systems served by power generated by Virginia Electric and Power Company.

Revenues: The members are assessed annual dues in order to fund the studies of various potential alternatives to their power supply needs. Revenues are recorded on an accrual basis as assessed.

Investments: Investments which consist of short-term federal securities are stated at cost which approximates market value at the balance sheet date.

NOTE B--COMMITMENTS

The Agency has entered into a contract with Electricities of North Carolina whereby Electricities provides to the Agency, at actual cost, management services as necessary to conduct business. The term of this agreement is for a period continuing to and including December 31, 1984, and shall be automatically renewed for successive periods of 3 years thereafter until terminated by one year's written notice by either party to the end of any contract year.

The Agency has entered into an agreement with North Carolina Municipal Power Agency Number 1 to share costs equally of systems being currently developed for Agency 1. The development of the business systems is of benefit to both Agency 1 and Agency 3. The agreement provides that Agency 1 will bear the costs until such time as Agency 3 issues electric revenue bonds and at that time, Agency 3 shall pay the costs from the proceeds of the sale of the bonds. In the event Agency 3 does not issue bonds, Agency 1 shall not be entitled to any reimbursement for the costs.

NOTES TO FINANCIAL STATEMENTS--Continued

NORTH CAROLINA MUNICIPAL POWER AGENCY NUMBER 3

NOTE B--COMMITMENTS--Continued

North Carolina Municipal Power Agency Number 3 has successfully concluded negotiations with Carolina Power & Light Company to acquire an undivided ownership interest in certain fossil and nuclear generating units, including existing units and units under construction. On July 30, 1981, the Board of Commissioners recommended that the Project Power Sales Agreements and Supplemental Power Sales Agreements be approved and executed by each of its members. These agreements between the Agency and any member municipality electing to participate establish the terms by which the municipalities purchase their bulk power requirements from the Agency. If proper approval is obtained from the members, North Carolina Power Agency Number 3 will issue bonds to obtain the capital needed to acquire the undivided ownership interest in the generating plants. The results of the decisions of the members are not known at this time.

Ernst & Whinney

1100 Branch Banking & Trust Building
Raleigh, North Carolina 27601

919/833-7301

Officers and Board of Commissioners
North Carolina Municipal Power Agency Number 3
Raleigh, North Carolina

The audited financial statements of the Agency and our report thereon are presented in the preceding section of this report. The information presented hereinafter is for purposes of additional analysis and is not required for a fair presentation of the financial position, results of operations, changes in financial position or changes in fund balance of the Agency. Such information has been subjected to the auditing procedures applied in our examination of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Ernst & Whinney

Raleigh, North Carolina
August 12, 1981

COMPARISON OF ACTUAL REVENUES AND EXPENSES WITH BUDGET

NORTH CAROLINA MUNICIPAL POWER AGENCY NUMBER 3

	Year Ended June 30 1981	
	<u>Budget</u>	<u>Actual</u>
REVENUES		
Membership dues	\$578,600	\$589,877
Investment revenue	6,000	9,111
TOTAL REVENUES	<u>584,600</u>	<u>598,988</u>
EXPENSES		
Outside consultants:		
Legal	120,000	246,695
Engineering	275,000	524,121
TOTAL OUTSIDE CONSULTANTS	<u>395,000</u>	<u>770,816</u>
Administrative:		
Travel and expenses - Board of Commissioners	8,050	5,569
Copies	403	-0-
Printing	403	-0-
Dues and subscriptions	242	196
Audit and accounting	700	5,808
Insurance	200	170
Miscellaneous	322	7
Management services	169,280	208,419
TOTAL ADMINISTRATIVE	<u>179,600</u>	<u>220,169</u>
Contingency	<u>10,000</u>	<u>-0-</u>
TOTAL EXPENSES	<u>584,600</u>	<u>990,985</u>
EXCESS OF EXPENSES OVER REVENUES	<u>\$ -0-</u>	<u>\$391,997</u>

DETAILS OF MANAGEMENT SERVICES EXPENSES

NORTH CAROLINA MUNICIPAL POWER AGENCY NUMBER 3

	Year Ended June 30	
	1981	1980
Salaries	\$117,169	\$53,648
Employee benefits	16,125	7,628
Travel and expenses	21,436	5,910
Recruitment and relocation	9,067	-0-
Staff development	3,052	264
Equipment and furniture purchases	12,741	642
Rent	12,730	2,526
Telephone	4,481	1,429
Copies	4,364	1,438
Office supplies	2,962	489
Dues and subscriptions	975	119
Postage	820	479
Vehicle operation and maintenance	733	217
Equipment and maintenance contracts	614	71
Insurance	217	357
Contingency	-0-	4,695
Printing	-0-	83
Writer-consultant fee	-0-	53
Miscellaneous	931	1,085
	<u>208,419</u>	<u>81,133</u>
TOTAL MANAGEMENT SERVICES EXPENSES	<u>\$208,419</u>	<u>\$81,133</u>