

# DUKE POWER COMPANY

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February 3, 1982

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Re: Perkins Nuclear Station, Units 1, 2 and 3  
Docket Nos. STN 50-488, 50-489 & 50-490

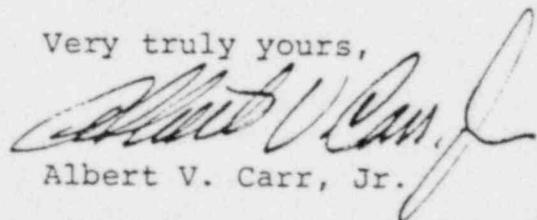
Dear Members of the Board:

In order to update our prior report of May 5, 1981 to this Board on the status of Perkins, and pursuant to our obligation to keep the Board and the parties informed of relevant matters, this is to advise you that Duke Power Company is in the process of reevaluating the status of the Perkins project.

Duke's management intends to recommend to its Board of Directors that the pending application for a construction permit for Perkins be withdrawn. That recommendation will be made on February 23, 1982. If the Board approves, Duke will seek to maintain the site for future development. One option which Duke is considering is applying for site approval under the Commission's Early Site Review regulations. I am enclosing with this letter a copy of the press release issued today with respect to Duke's reevaluation of the Perkins application.

We will promptly inform the Board and the parties of the decision reached by the Board of Directors.

Very truly yours,



Albert V. Carr, Jr.

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Encl.  
cc: Parties



February 3, 1982

FROM: Corporate Communications Department  
Duke Power Company  
422 South Church Street  
Charlotte, North Carolina 28242

FOR IMMEDIATE RELEASE

CHARLOTTE -- Duke Power Co.'s management on Feb. 23 will recommend to the board of directors that construction permit applications for the proposed Perkins Nuclear Station be withdrawn.

The disclosure is being made tomorrow in a registration statement for first and refunding mortgage bonds and preferred stock filed with the Securities and Exchange Commission.

The decision to withdraw the applications from the Nuclear Regulatory Commission is due to financial and regulatory concerns, William S. Lee, Duke Power president and chief operating officer said.

The three-unit, 3840-megawatt, Perkins facility had been planned for a site near Mocksville in Davie County, but had been on deferred status since 1979.

If the plan is approved by the board, the company will seek to maintain the site for future development, Lee said. The company also would request permission from regulatory authorities to recover about \$6.5 million in costs related to the Perkins project, he said.

"With the inflationary uncertainties, it is impossible to project the cost of Perkins beyond the mid-90s; but it undoubtedly would exceed the \$6.7 billion estimated for two units at Cherokee," said Lee. In 1974, the facility was projected to cost \$1.4 billion.

A number of factors are involved in management's decision to recommend that Perkins be removed from the NRC's licensing process, Lee said. These include high interest rates, inflation, regulatory uncertainties, financial considerations and slower growth in power demand than when Perkins was initially planned, Lee added.

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"The Perkins site is a good one," said Lee, "and at some future date we will need to build a plant to meet electric demand in that part of the state."

"We remain as committed to nuclear power and to the Perkins location as we were in 1974 when the construction permits were requested," Lee said, "but sound business judgment tells us that our current efforts must be wholly directed to more active construction projects."

Duke Power is currently completing the McGuire Nuclear Station on Lake Norman, and plans a mid-80s completion for the Catawba Nuclear Station, owned jointly by Duke Power, the N.C. Municipal Power Agency No. 1, the N.C. Electric Membership Corp. and the Saluda River Electric Cooperative, Inc. Construction on the Cherokee Nuclear Station near Gaffney, S.C., has been substantially reduced since February 1981.

For further information, call Ira Kaplan at 704/373-4023 or 704/364-9189.

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