

Town of Winnsboro

Winnsboro, S. C. 29180

PHILIP D. BURNES
TOWN MANAGER

QUAY W. McMASTER
MAYOR

BLANCHE ROBERTSON
CLERK-TREASURER

September 9, 1982

Mr. Argil Toalston, Chief
Antitrust and Economic Analysis Branch
Division of Engineering
Office of Nuclear Reactor Regulation
U. S. Nuclear Regulatory Commission
Washington, D. C. 20555

Dear Mr. Toalston:

Reference is made to your letter dated August 23, 1982, Docket No. 50-413A regarding Duke Power Company.

Enclosed herewith is a copy of the correspondence between the Town of Winnsboro and Duke Power Company. It is my understanding that either Duke or SCE&G may serve the Town of Winnsboro. Duke has given reasons for not serving the Town which I do not have any reason not to accept them. However, I do feel that they do not want to get involved in a change-over operation due to price. Our basic reason for requesting a possible change of service was not due to service but to cost. Duke's rates have been considerably lower and the Town would like to benefit from lower costs.

Other alternatives available (other than service from Duke) are Santee Cooper who has advised that they have no power available to sell to our municipality and SEPA (Southeastern Power Administration - Elberton, Georgia). By not being permitted at this time to buy from the above suppliers, we are unable to purchase power at the lowest possible cost.

Please advise if you need any additional information.

Sincerely,



Philip D. Burnes
Town Manager

PDB/tdc

- Enclosures:
- 1) Letter of November 8, 1978
 - 2) Memo of January 9, 1979
 - 3) Letter of February 26, 1979
 - 4) Letter of March 8, 1979

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November 8, 1978

Mr. A. M. Neely
Supervisor on Resale Marketing
Duke Power Company
P. O. Box 2178
Charlotte, North Carolina 28242

Dear Mr. Neely:

The Town of Winnsboro has a ten (10) year service agreement with South Carolina Electric & Gas that was effective January 25, 1974.

We are in the process of conducting a study to determine whether we should continue with our present supplier or whether we should effect a change. This study is being done with the services of Southeastern Consulting Engineers, 600 Minuet Lane, P. O. Box 240436, Charlotte, NC 28210. Mr. Ray Cohn or Mr. Garry Beckham is familiar with our system.

After Thanksgiving, I would like to set up a meeting to discuss this subject. I am requesting Southeastern Consulting Engineers to make meeting arrangements. Consideration will be given to holding meeting in Charlotte and/or Winnsboro.

Sincerely,

Philip D. Burnes
Town Manager

PDB/tdc

cc: Southeastern Consulting Engineers

Town of Winnsboro

Winnsboro, S. C. 29180

PHILIP D. BURNES
CITY MANAGER

QUAY W. McMASTER
MAYOR

BLANCHE ROBERTSON
CLERK-TREASURER

January 9, 1979

MEMORANDUM FOR RECORD

On January 5, 1979 at 10:15 a.m., I met with representatives of Duke Power Company (Mr. Don Denton, Vice President for Marketing; Mr. James Foreman, General Manager for Energy Services; and Mr. A. M. Neely, Manager of Resale Power) in the Duke office located in Charlotte, North Carolina. I was accompanied by Mr. Ray Cohn of Southeastern Consulting Engineers and Mr. J. C. Shirley from the Town of Winnsboro.

Duke Power Company was advised that we were looking into the possibility of obtaining a new supplier of electricity and their company was under consideration. The reason that we were looking for a new supplier was one of economics. The present contract with South Carolina Electric & Gas was discussed in generalities. They understand that the present contract goes until January 25, 1984 unless it is cancelled.

Following is a summary or outcome of the meeting:

1. This is the first time that a municipality presently being served by another power company seeks Duke services.
2. Duke will consider our request.
3. Duke indicated that normally their contracts run for a period of five (5) years. This length of time is necessary due to amount spent for capital outlay in building substation and laying line.
4. Duke indicated that they will need to look at our request from more than one standpoint -
 - a) Availability to supply power now or at a later date.
 - b) Future projection for facility to handle growth.

Memorandum for Record
January 9, 1979
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5. The Town will need to provide Duke with the following data or information:

- a) Electric requirements
- b) Contract period of time
- c) Idemnification Statement

6. There is considerable research that must be done by Southeastern Consulting Engineers to analyze all suppliers and also the Town Attorney needs to analyze the contracts and legality of changes. It is very difficult to assess the cost of this research. I would estimate a preliminary cost of \$2,000.00.

Philip D. Burnes
Philip D. Burnes
Town Manager

PDB/tdc

February 26, 1979

Mr. A. M. Neely
Supervisor of Resale Marketing
Duke Power Company
P. O. Box 2178
Charlotte, North Carolina 28242

Dear Mr. Neely:

We would like to confirm for our records and your records our recent discussions concerning the possibility of the Town of Winnsboro purchasing part or all of its electric power requirements from Duke Power Company.

On January 5, 1979, a meeting was held in the Duke Power Company offices attended by the following:

Duke Power Company: Donald Denton, James Foreman, and A. M. Neely

Town of Winnsboro: Philip D. Burnes and John C. Shirley

Southeastern Consulting Engineers, Inc: Donald B. Lampke and Ray D. Cohn

On February 7, 1979, a meeting was held in the offices of the Town of Winnsboro, attended by A. M. Neely of Duke Power Company and Philip D. Burnes of the Town of Winnsboro. This meeting was followed by a telephone discussion on February 8 between Mr. Neely and Mr. Burnes.

At one or more of these meetings, the following items were discussed and the following positions taken:

(1) The Town of Winnsboro requested that Duke Power Company consider selling to the Town a part or all of its power requirements, depending upon the termination or restriction of the Town's present power supply contract.

(2) Duke Power Company expressed an interest in considering the possibility of such an arrangement, with

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the provision that the Town agree to hold Duke harmless in the event of litigation by the Town's present power supplier, or other force majeure.

(3) At a later meeting, Duke Power Company indicated that after due consideration, it would not be interested in providing service to the Town of Winnsboro. This decision was based upon the effect of providing service to new customers outside the Company's present service area upon the Company's projections of electrical capacity and capital requirements.

We would appreciate your confirming this account for the Town's records or bringing to our attention any items which are at variance with our recollection.

Sincerely,

Philip D. Burnes
Town Manager

PDB/tdc

cc: Southeastern Consulting Engineers, Inc.

P. O. BOX 2178

DUKE POWER COMPANY

GENERAL OFFICES

422 SOUTH CHURCH STREET

CHARLOTTE, N. C. 28242

TELEPHONE: AREA 704
373-4011

March 8, 1979

Mr. Philip D. Burnes
Town Manager
Town of Winnsboro
Winnsboro, S. C. 29180

Dear Mr. Burnes:

We have your letter of February 26, 1979 wherein you have requested that we confirm those statements of yours concerning recent discussions between representatives of the Town of Winnsboro and Duke Power Company with regard to electric power requirements.

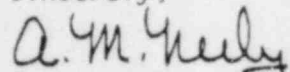
Our records indicate that you correctly set forth those attending the meeting of January 5 except for Mr. Lampke. Donald B. Lampke did not attend.

On February 7, 1979, James Foreman of Duke Power Company also attended the meeting in your office. There was no telephone discussion on February 8 between Mr. Burnes and Neely but there was a telephone conversation between Neely and Mr. Cohn. We agree with your paragraphs (1) and (2). With regard to paragraph (3) Duke's position is as follows:

Duke does not feel that it is in the best interest of its investors or its existing customers to expand its present public service obligation. To meet its existing obligation, Duke is already committed to a program of expansion, primarily involving base load nuclear plants, which (1) involves lead times of ten years or more; (2) is already embroiled in regulatory delays; and (3) is constantly faced with increasing capital costs which make the Company's financial program difficult and burdensome. For instance, Duke's present program requires new investment of about \$2.8 billion before the end of 1981 and Duke now faces a situation in which its stock is selling below book value and its bonds carry an interest requirement of 9.5 to 10%. In these circumstances, Duke feels that it should not add to the burden of meeting load growth in its present public service obligation by taking on new requirements such as those that Winnsboro would involve.

In addition, Duke is not convinced that long-term rate trends and the impact of serving new load upon existing customers are such that accepting new obligations outside of the Company's public service responsibility would be in the interest of the new customer, Duke's existing customers or in the public interest.

Sincerely,



A. M. Neely, Manager
Resale Power Department

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cc: Southeastern Consulting Engineers