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 50-400 Shearon Harris Nuclear Power Plant, Unit 1, Carolina 05000400

AUTH. NAME AUTHOR AFFILIATION
 BOLCH, T. J. North Carolina Electric Membership Corp.
 RECIP. NAME RECIPIENT AFFILIATION
 BARHAM, C. D. Carolina Power & Light Co.

SUBJECT: Clarifies 860519 ltr re buy back proposal misunderstanding.
 Sliding scale in 860506 proposal structured such that 90%
 15-yr sellback corresponds w/10% cost of financing. Interest
 rate coordinate not oversight.

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NORTH CAROLINA
ELECTRIC MEMBERSHIP CORPORATION

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June 3, 1986

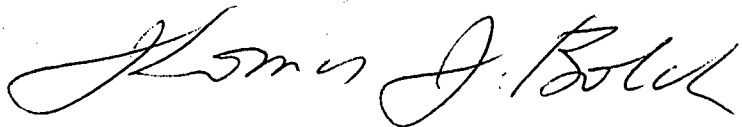
Mr. Charles D. Barham, Jr.
Senior Vice President
and General Counsel
Carolina Power & Light Company
P.O. Box 1551
Raleigh, North Carolina 27602

Dear Charles:

With respect to the 10% vs 10.5% mentioned in your letter of May 19, I hope this letter will clear up an apparent misunderstanding. The 90 percent 15 year buyback proposal we made was analyzed by Southern Engineering based on an interest rate of 10 percent and an interest rate of 11 percent. The analysis showed that financing at 10 percent would have been feasible for NCEMC while 11% would not have. The 10.5 percent rate simply represented the mid point of the range analyzed by Southern.

Thus the sliding scale in our May 6 proposal is structured such that the 90 percent 15 year sellback corresponds with the 10% cost of financing. The 10% interest rate coordinate was not an oversight. We apologize for any confusion this may have caused.

Sincerely yours,



Thomas J. Bolch
General Counsel

TJB/id

cc: Nuclear Regulatory Commission, Attn: Harold R. Denton, Director ✓
of Nuclear Reactor Regulation
Nuclear Regulatory Commission, Attn: Benjamin H. Vogler, Deputy
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