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 50-269 Oconee Nuclear Station, Unit 1, Duke Power Co. 05000269
 50-270 Oconee Nuclear Station, Unit 2, Duke Power Co. 05000270
 50-287 Oconee Nuclear Station, Unit 3, Duke Power Co. 05000287
 50-369 William B. McGuire Nuclear Station, Unit 1, Duke Power Co. 05000369

AUTH. NAME: TUCKER, H.B. AUTHOR AFFILIATION: Duke Power Co.
 RECIPIENT NAME: DENTON, H.R. RECIPIENT AFFILIATION: Office of Nuclear Reactor Regulation, Director

SUBJECT: Forwards annual financial report, 1981. Financial forecast for 1982 - 1984 also encl. *566 rpt*

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DUKE POWER COMPANY

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CHARLOTTE, N.C. 28242

HAL B. TUCKER
VICE PRESIDENT
NUCLEAR PRODUCTION

TELEPHONE
(704) 373-4531

March 1, 1983

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

Attention: Document Control Desk

Subject: Oconee Nuclear Station
McGuire Nuclear Station
Docket Nos. 50-269, -270, -287; 50-369

Dear Sir:

Pursuant to Section 140.21 of 10 CFR Part 140, Duke Power submits the required information demonstrating that the company has and maintains financial protection for each licensed operating nuclear reactor as evidence of its guarantee of payment of deferred premiums. Attached are: 1) a statement of Duke Power Company as to available sources of funds to satisfy liability pursuant to 10 CFR 140.21; 2) the Duke Power Financial Forecast 1982-1984; 3) the 1981 Annual Report; and 4) the Annual Certified Financial Statements (which are included in the Annual Report).

Very truly yours,

H. B. Tucker

Hal B. Tucker

JCP/php
Attachments

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Statement of Duke Power Company
As to Available Sources of Funds to Satisfy
A Possible Liability Not Exceeding \$40 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 1981 Annual Report to Stockholders, annual certified financial statements, and its 1982 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, 1981, the Company had bank lines of credit of \$305 million with 77 commercial banks. During 1981, the Company's short-term debt averaged approximately \$39 million, with a maximum amount of about \$250 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 \$40 million.

It is the Company's opinion that it can meet its guarantee of payments of deferred premiums currently amounting to \$40 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.

DUKE POWER COMPANY (COMPANY)

by *Norman P. Morrow*
N. P. Morrow
Controller

Subscribed and sworn to before
me this 23rd day of February, 1983.

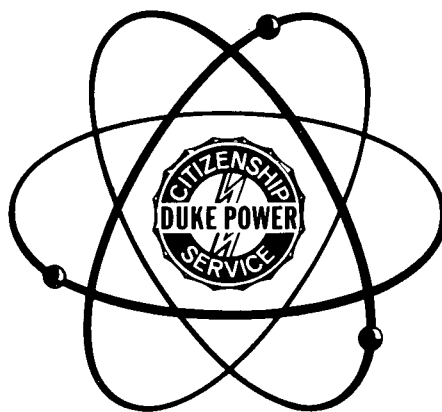
Betty E. Sherrill
Notary Public

My commission expires: Nov. 8, 1984

DUKE POWER COMPANY

Financial Forecast

1982-1984



Projections listed herein
are subject to change.

Inquiries concerning this forecast should be directed to:

Richard J. Osborne — Treasurer
Telephone (704) 373-5159

Charles A. Markel — Assistant Treasurer
Telephone (704) 373-8695

March 1982

Financial Data

(Note 1)

		Projected			
		(Dollars in Millions)			
	Actual 1981	1982	1983	1984	1982-1984 Totals
Capital Requirements					
1 Construction Costs	\$ 675	\$ 707	\$ 715	\$ 598	\$2,020
2 Nuclear Fuel Costs	129	156	148	210	514
3 Equity Component of ADC	(159)	(143)	(153)	(90)	(386)
4 Net Change in Working Capital	93	(1)	27	(30)	(4)
5 Maturities, Sinking Funds and Other Requirements (Note 2)	94	200	67	57	324
6 Total Capital Requirements	\$ 832	\$ 919	\$ 804	\$ 745	\$2,468
7 Provided by Internal Cash	94%	56%	63%	87%	68%
Sources of Capital					
Internal Cash					
8 Depreciation and Amortization	\$ 225	\$ 292	\$ 357	\$ 471	\$1,120
9 Other (Note 3)	554	221	149	178	548
10 Total Internal Cash	779	513	506	649	1,668
11 Outside Financing Required	53	406	298	96	800
12 Total Sources of Capital	\$ 832	\$ 919	\$ 804	\$ 745	\$2,468
Tentative Financing Program					
13 Long-Term Debt (Note 2)	\$ 42	\$ 339	\$ 298	\$ 38	\$ 676
14 Preferred Stock	—	40	30	—	70
15 Common Stock (Note 4)	36	127	56	58	241
16 Net Change in Short-Term Debt	(25)	(100)	(86)	—	(187)
17 Total	\$ 53	\$ 406	\$ 298	\$ 96	\$ 800
Capital Structure (Note 4)					
18 Capitalization	\$5,400	\$5,900	\$6,400	\$6,600	
Ratios:					
19 Long-Term Debt	48%	47%	47%	45%	
20 Preferred Stock	13	12	12	11	
21 Common Equity	39	41	41	44	
Other Significant Items					
22 Deferred Income Taxes, Net	\$ 54	\$ 76	\$ 67	\$ 60	\$ 203
Investment Tax Credit					
23 Deferral	\$ 56	\$ 108	\$ 83	\$ 48	\$ 239
24 Amortization	(5)	(8)	(10)	(14)	(32)
25 Net	\$ 51	\$ 100	\$ 73	\$ 34	\$ 207
26 Allowance for All Funds Used During Construction (ADC)	\$ 222	\$ 200	\$ 205	\$ 121	\$ 526
27 Effective Composite Income Tax Rate (Note 5)	57%	50%	50%	51%	50%

Sales and Load Data

		Projected			
		Actual			Compound
		1981	1982	1983	Growth Rate
					1981-84
Kilowatt-Hour Sales			(Billions of KWH)		
28	Residential	13.9	13.9	14.3	(0.2)%
29	General Service	9.7	10.0	10.3	5.8
30	Industrial	20.7	21.2	22.2	4.6
31	Wholesale & Other	8.3	8.9	9.5	4.2
32	Total Energy Sales	52.6	54.0	56.3	3.5
33	Annual Growth Rate	2.4%	2.7%	4.3%	3.7%
Kilowatt-Hour Generation					
34	Total Generation	57.7	58.8	62.0	63.9
Source:					
35	Coal	73%	67%	57%	45%
36	Nuclear	25	30	40	53
37	Hydro & Other	2	3	3	2
Electric Peak Load			(MW)		
38	Summer (April-Sept.)	10,602	11,041	11,430	11,476
39	Winter (Oct.-March)	11,145	11,232	11,415	11,802
Total Capacity (Includes Firm Purchases)					
40	Summer (April-Sept.)	12,141	13,377	13,377	14,557
41	Winter (Oct.-March)	13,377	13,377	14,557	15,702
Total Reserve Resources (Includes Interruptible Load)					
42	Summer (April-Sept.)	1,571	2,445	2,153	3,385
43	Winter (Oct.-March)	2,263	2,225	3,281	4,098

Major Generating Units Currently Under Construction

			Estimated Construction Cost		
Unit	Net KW Capability	Energy Source	Date of Planned Operation	Per KW	Total (Millions)
McGuire No. 2 (Note 6)	1,180,000	Nuclear	1983	\$ 828*	\$1,955*
Catawba No. 1	1,145,000	Nuclear	1984	\$1,279*	\$ 732*
Catawba No. 2 (Note 7)	1,145,000		1985		
Cherokee No. 1	1,280,000	Nuclear	—	—	—
Cherokee No. 2 (Note 8)	1,280,000		—	—	—
Bad Creek (Note 9)	1,000,000	Hydro-Electric	—	\$ 861	\$ 861

*Excludes initial fuel cores.

Notes

1 In 1981, the Company sold a 75 percent interest in Unit 1 and a 37.5 percent interest in the support facilities of the Catawba Nuclear Station to groups of its Rural Electric Cooperative customers. In 1978, 75 percent of Unit 2 and a 37.5 percent interest in the support facilities of that station were sold to an agency representing some of the Company's North Carolina municipal customers.

The sales essentially provide the purchasers portions of the capability and generation of Catawba and accordingly affect the Company's projected "Kilowatt-hour Sales" and "Kilowatt-hour Generation" beginning in 1984 when Unit 1 commences commercial operation.

In addition, the Company has an agreement to sell the remaining 25 percent interest in Unit 2 to an agency representing some of its South Carolina municipal customers. No effects of that sale are included in the forecast. The sale is subject to the purchasers' ability to arrange adequate financing. If consummated by mid-1982, the sale would provide the Company approximately \$250 million at that time and would reduce projected construction and nuclear fuel costs by \$51 million in 1982, \$59 million in 1983 and \$40 million in 1984.

2 "Maturities, Sinking Funds and Other Requirements" includes maturities and sinking funds related to long-term debt and preferred stock and the principal portions of payments on capitalized leases. Maturities and "Long-Term Debt" financings include \$39 million in 1982, \$48 million in 1983 and \$38 million in 1984 related to projected consumption and refinancing of nuclear fuel through existing nuclear fuel trusts.

Also included for 1982 is \$120 million related to the retirement of long-term debt exchanged in January 1982 for common stock with a market value of approximately \$73 million.

3 "Internal Cash-Other" for 1981 includes \$521 million attributable to the sale of a portion of the Catawba Nuclear Station. Without that sale, the percentage of capital requirements provided by internal cash would have been approximately 31 percent.

"Internal Cash-Other" for 1982-1984 assumes that rate increases become effective as necessary to enable the Company to earn the allowed rates of return on common equity in the Company's retail jurisdictions, 16.5 percent in North Carolina and 13 percent in South Carolina. The Company has not achieved the allowed jurisdictional rates of return in recent years and cannot predict whether such levels of return will be achieved during the period covered by this forecast.

4 The projected capital structures include current maturities of long-term debt, but exclude short-term notes payable. "Common Stock" includes sales of common stock through the Company's Stock Purchase Program for Employees, Dividend Reinvestment and Stock Purchase Plan and the Employees' Stock Ownership Plan. For 1982, "Common Stock" also includes approximately \$73 million issued in exchange for portions of the Company's outstanding first mortgage bonds.

5 The "Effective Composite Income Tax Rate" is calculated by dividing total income tax provisions (current federal and state income taxes, net deferred income taxes and net investment tax credit) by pre-tax income excluding allowance for all funds used during construction, earnings of subsidiaries and other non-taxed income. The effective income tax rates differ from the Company's statutory tax rate of 49.24 percent, principally because of differences in book and tax property bases. The effective tax rate in 1981 includes the effect of the sale of a portion of the Catawba Nuclear Station.

6 Cost estimates for the McGuire Nuclear Station are on a total station basis. Thus, estimated construction costs include costs related to both Unit 1 and Unit 2.

7 Estimated costs for the Catawba Nuclear Station do not include the costs of the undivided interests sold to an agency representing some of the Company's North Carolina municipal customers in 1978 and to groups of the Company's cooperative customers in 1981, and assume no further sale of the Company's remaining interest in the Catawba Nuclear Station. The Catawba construction schedule is now being reviewed. Any delay in planned operation dates would increase the total estimated construction costs.

8 Units 1 and 2 of the Cherokee Nuclear Station, previously scheduled for completion in 1990 and 1993, 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. Construction costs for the three year period 1982-1984 include approximately \$300 million to continue limited construction activities at Cherokee. Any change in the status of the units would increase estimated costs for this period.

9 The Bad Creek hydroelectric pumped storage facility will consist of four 250,000 KW units. Although construction completion has not been definitely scheduled, estimated construction costs assume commercial operation dates for the four units of 1990 and 1991.