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

SUBJECT: Forwards Annual Financial Rept 1982 & Duke Power Financial  
 Forecast 1983-85.

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**DUKE POWER COMPANY**

P.O. BOX 33189  
CHARLOTTE, N.C. 28242

**HAL B. TUCKER**  
VICE PRESIDENT  
NUCLEAR PRODUCTION

TELEPHONE  
(704) 373-4531

August 30, 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 1983-1985; 3) the 1982 Annual Report; and 4) the Annual Certified Financial Statements (which are included in the Annual Report).

Very truly yours,



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 1982 Annual Report to Stockholders, annual certified financial statements, and its 1983 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, 1982, the Company had bank lines of credit of \$385 million with 72 commercial banks. During 1982, the Company's short-term debt averaged approximately \$74 million, with a maximum amount of about \$190 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 9<sup>th</sup> day of August, 1983.

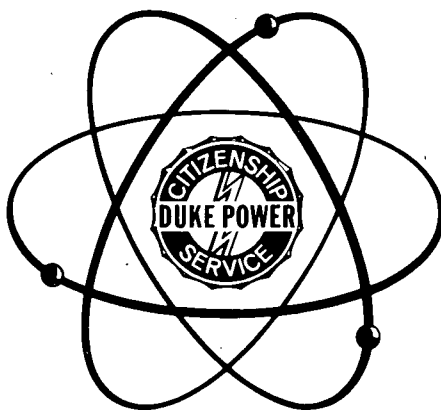
*Betty E. Sherrill*  
Notary Public

My commission expires: Nov. 8, 1984

# DUKE POWER COMPANY

## Financial Forecast

1983-1985



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 1983

# Financial Data

(Note 1)

		Projected			
		(Dollars in Millions)			
	Actual 1982	1983	1984	1985	1983-1985 Totals
<b>Capital Requirements</b>					
1 Construction Costs (Note 8) .....	\$ 584	\$ 712	\$ 670	\$ 548	\$1,930
2 Nuclear Fuel Costs .....	152	124	214	243	581
3 Equity Component of ADC .....	(146)	(162)	(138)	(137)	(437)
4 Net Change in Working Capital .....	58	4	32	10	46
5 Maturities, Sinking Funds and Other Requirements (Note 2) .....	194	65	61	54	180
6 Total Capital Requirements .....	\$ 842	\$ 743	\$ 839	\$ 718	\$2,300
7 Provided by Internal Cash .....	46%	55%	62%	83%	66%
<b>Sources of Capital</b>					
Internal Cash					
8 Depreciation and Amortization .....	\$ 269	\$ 331	\$ 428	\$ 459	\$1,218
9 Other (Note 3) .....	116	76	93	136	305
10 Total Internal Cash .....	385	407	521	595	1,523
11 Outside Financing Required .....	457	336	318	123	777
12 Total Sources of Capital .....	\$ 842	\$ 743	\$ 839	\$ 718	\$2,300
Tentative Financing Program					
13 Long-Term Debt (Note 2) .....	\$ 334	\$ 196	\$ 190	\$ 180	\$ 566
14 Preferred Stock .....	38	—	40	—	40
15 Common Stock .....	199	104	37	36	177
16 Net Change in Short-Term Debt .....	(114)	36	51	(93)	(6)
17 Total .....	\$ 457	\$ 336	\$ 318	\$ 123	\$ 777
<b>Capital Structure (Note 4)</b>					
18 Capitalization .....	\$5,900	\$6,300	\$6,600	\$6,900	
Ratios:					
19 Long-Term Debt .....	47%	46%	46%	46%	
20 Preferred Stock .....	12	12	11	11	
21 Common Equity .....	41	42	43	43	
<b>Other Significant Items</b>					
22 Deferred Income Taxes, Net .....	\$ 57	\$ 63	\$ 40	\$ 82	\$ 185
Investment Tax Credit					
23 Deferment .....	\$ 109	\$ 40	\$ 68	\$ 58	\$ 166
24 Amortization .....	(7)	(12)	(15)	(17)	(44)
25 Net .....	\$ 102	\$ 28	\$ 53	\$ 41	\$ 122
26 Allowance for All Funds Used During Construction (ADC) .....	\$ 199	\$ 215	\$ 184	\$ 186	\$ 585
27 Effective Composite Income Tax Rate (Note 5) .....	57%	53%	53%	52%	53%

# Sales and Load Data

(Note 1)

Note 1)

		Projected			
	Actual 1982	1983	1984	1985	3-year Compound Growth Rate
<b>Kilowatt-Hour Sales</b> (Note 6)					
		(Billions of KWH)			
28 Residential .....	13.7	14.1	14.5	14.3	1.4%
29 General Service .....	10.1	10.5	11.0	12.2	6.5
30 Industrial .....	19.4	20.5	21.3	23.8	7.1
31 Wholesale & Other .....	8.2	7.9	6.6	9.4	4.7
32 Total Energy Sales .....	51.4	53.0	53.4	59.7	5.1
<b>Kilowatt-Hour Generation</b> (Note 6)					
33 Total Generation .....	55.5	58.9	62.2	66.0	
Source:					
34 Coal .....	70%	59%	53%	54%	
35 Nuclear .....	27	38	44	44	
36 Hydro & Other .....	3	3	3	2	
<b>Electric Peak Load</b>					
		(MW)			
37 Summer (April-Sept.) .....	10,097	11,281	11,673	12,098	
38 Winter (Oct.-March) .....	10,378	11,150	11,778	11,980	
<b>Interruptible Load</b>					
39 Summer (April-Sept.) .....	40	206	304	402	
40 Winter (Oct.-March) .....	65	139	198	258	
<b>Total Capacity</b> (Includes Firm Purchases)					
41 Summer (April-Sept.) .....	13,377	13,554	14,734	14,709	
42 Winter (Oct.-March) .....	13,554	13,554	14,709	15,854	
<b>Reserve Margins*</b>					
43 Summer (April-Sept.) .....	33.0%	22.4%	29.6%	25.8%	
44 Winter (Oct.-March) .....	31.4	23.1	27.0	35.2	

\*Reserve margins after adjusting peak for interruptible load

## Major Generating Units Currently Under Construction

				Estimated Construction Cost	
Unit		Net KW Capability	Energy Source	Date of Planned Operation	Total (Millions)
McGuire 2	(Note 7)	1,180,000	Nuclear	1984	\$ 843*
Catawba 1	(Note 8)	1,145,000	Nuclear	1985	\$ 975*
Catawba 2		1,145,000		1987	
Cherokee 1	(Note 9)	1,280,000	Nuclear	—	—
Bad Creek	(Note 10)	1,000,000	Hydro- Electric	—	\$ 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.

In addition, the Company has an agreement to sell its remaining 25 percent interest in Unit 2 to an agency representing some South Carolina municipal customers. Legal intervention has delayed the sale and thus no effects of that sale are included in the forecast.

**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 \$43 million in 1983, \$38 million in 1984 and \$34 million in 1985 related to projected consumption and refinancing of nuclear fuel through existing nuclear fuel trusts.

Included in 1982 maturities is \$120 million related to the retirement of first mortgage bonds exchanged in January 1982 for common stock with a market value of approximately \$73 million.

**3** For 1983 through 1985, "Internal Cash - Other" assumes that rate increases become effective as necessary to enable the Company to earn a rate of return on common equity of 15 percent, the average of the returns authorized in the Company's regulatory jurisdictions. The Company has not earned 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 and preferred stock, but exclude short-term notes payable. "Common Stock" includes sales of common stock through the Company's Dividend Reinvestment and Stock Purchase Plan and Customer Stock Purchase Plan, and certain sales through the Stock-Purchase Savings Program for Employees and the Employees' Stock Ownership Plan.

**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 for 1982 is affected by a provision for loss on the disposition of certain coal mining assets.

**6** The sales of interests in the Catawba Nuclear Station essentially provide the purchasers portions of the capability and generation of Catawba beginning with the commercial operation of Unit 1 in 1985. The purchasers also are entitled to receive power from the McGuire Nuclear Station under a reliability exchange agreement. Accordingly, the Company's projected "Kilowatt-Hour Sales" are somewhat affected by these agreements.

Projections of "Kilowatt-Hour Generation," after giving effect to these agreements, are:

	(Billions of KWH)		
	1983	1984	1985
Total Generation	58.3	60.2	65.0
Source:			
Coal	60%	55%	55%
Nuclear	37	42	43
Hydro & Other	3	3	2

**7** Cost estimates for the McGuire Nuclear Station are on a total station basis.

**8** Cost estimates for the Catawba Nuclear Station do not include the costs related to the interests that have been sold and assume no further sale of any of the Company's remaining interest in the station.

**9** Unit 1 of the Cherokee Nuclear Station, previously scheduled for completion in 1990, has been delayed indefinitely due to difficulties in attracting the necessary capital. Work on this unit has been substantially reduced while the Company fully evaluates its long-term options with respect to Cherokee. Construction costs for the three-year period include approximately \$209 million for Cherokee. Either cancellation or resumption of normal construction status would result in significant additional costs for this period.

In November 1982, the Company's Board of Directors canceled Units 2 and 3 of this station. Costs incurred related to these units totaled approximately \$69 million as of December 31, 1982. The Company is requesting permission in each of its regulatory jurisdictions to recover costs related to these units.

The Company expects that additional expenditures related to the cancellation will be incurred. The amount of such expenditures, however, cannot be determined pending negotiations with suppliers. While budgets include contingencies for cancellation charges, there is no assurance that such contingencies will cover all such charges for which the Company is ultimately liable.

**10** The Bad Creek Hydroelectric Station will consist of four, 250,000 KW, pumped storage units. Although completion has not been definitely scheduled, estimated construction costs assume commercial operation dates of 1990 and 1991.