

November 12, 1985

Mr. Benjamin Vogler
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Re: Shearon Harris Operating License Proceedings: Antitrust Review

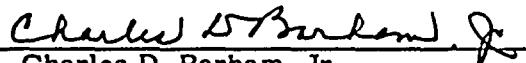
Dear Mr. Vogler:

As you are aware, before the construction permit for the Shearon Harris Nuclear Power Plant was granted in January of 1978, the North Carolina Electric Membership Corporation (NCEMC) instituted an antitrust action against Carolina Power & Light Company (CP&L) in the Eastern District of North Carolina. In 1982, NCEMC and CP&L commenced negotiations for the sale of generating capacity and transmission and other matters. It was the intention of the parties that the litigation should be stayed pending the negotiations in order that the parties could focus their attention on the negotiations. Accordingly, the parties moved the Court for a stay of the proceedings and that stay was granted for a period of two years. Although the parties worked diligently, due to the complexity of the issues involved, they were unable to reach an agreement within the two years and the Court was unwilling to extend the stay for more than ninety days. For that reason, the litigation has been resumed.

Nevertheless, CP&L and NCEMC are continuing to discuss the sale by CP&L of capacity and transmission to NCEMC in the hope of reaching an agreement. The negotiations have been conducted in good faith, and each party believes that the other is making every effort to overcome the obstacles that have thus far impeded our ability to arrive at an agreement.

As you know, agreements of this type involve highly complex technical and economic issues. It is necessarily true, therefore, that the negotiations of such agreements take longer than one would like. Nevertheless, both NCEMC and CP&L desire to reach an agreement and are working diligently towards that common goal.

Sincerely,



Charles D. Barham, Jr.
Senior Vice President and General Counsel
Carolina Power & Light Company



Thomas J. Bolch
General Counsel
North Carolina Electric Membership
Corporation

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