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OFFICIAL COPY

February 1, 2013

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Clerk's Office
N.C. Utilities Commission

E-7 Sub 819

Ms. Gail Mount
Chief Clerk
N. C. Utilities Commission
4325 Mail Service Center
Raleigh, NC 27699-4325

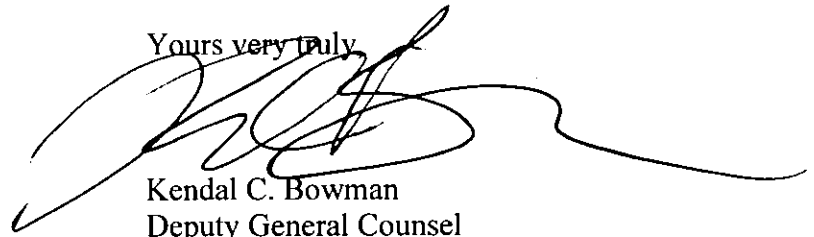
RE: Duke Energy Carolinas, LLC's Report of Nuclear Development Activities and Expenditures for the period September 30, 2012 through December 31, 2012
Docket No. E-7, Sub 819

Dear Ms. Mount:

Pursuant to ordering paragraph 4 of the North Carolina Utilities Commission August 5, 2011 Order Approving Decision to Incur Limited Project Development Costs, Duke Energy Carolinas, LLC encloses for filing an original and thirty (30) copies of its Report of Preconstruction Costs for Lee Nuclear Station Project Development Activities September 30, 2012 through December 31, 2012.

Should you have any questions, please do not hesitate to contact me directly.

Yours very truly,



Kendal C. Bowman
Deputy General Counsel

KCB
Enclosure

cc: All Parties of Record

STAREG3384

AG
7 Comm
Watson
Green
Hoover
Kite
Hillburn
Sessoms
Erickson
Jones
Adger
PS Gruber
(3) PS Legal
(3) PS Acct
(3) PS Enano
(3) PS Etec

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Clerk's Office
N.C. Utilities Commission**NCUC Report Preconstruction Costs for Lee Nuclear Station Project
Development Activities January 1, 2011- December 31, 2012**

E-7 506 819

Task Description	Total	This Period	Total	Total
	01/01/2011- 06/30/2012	07/01/2012 - 12/31/2012	01/01/2011- 12/31/2012	Project Totals to Date
COLA Preparation	\$0	\$0	\$0	\$27,426,317
NRC Review & Hearing Fees	\$22,731,722	\$8,459,746	\$31,191,468	\$84,885,611
Land and Right-of-way Purchases	\$891,952	\$271,534	\$1,163,486	\$44,229,358
Pre-construction and Site Preparation	\$13,174,760	\$4,638,874	\$17,813,635	\$39,318,063
Supply Chain, Construction Planning, and Detailed Engineering	\$11,859,100	\$5,861,878	\$17,720,978	\$39,950,825
Operational Planning	\$1,485,460	\$658,614	\$2,144,075	\$3,695,681
AFUDC	\$29,201,660	\$11,889,006	\$41,090,666	\$80,059,707
Total	\$79,344,654	\$31,779,653	\$111,124,307	\$319,565,563

The activities included in each category are as follows:

COLA Preparation – includes Duke labor, expenses and contract support for preparation of the Combined Construction and Operating License (COL) Application tendered to the Nuclear Regulatory Commission (NRC) on 12/13/07. The NRC determined the application was suitable for review and docketed the application on 02/25/08.

NRC Review and Hearing Fees – includes the cost of the NRC review fees, Duke labor and expenses, contract labor and legal support required to support the NRC review of the Lee Nuclear Station COL application, and preparation for the Advisory Committee on Reactor Safeguards Subcommittee Hearing. Category also includes interactions with

South Carolina Department of Health and Environmental Control (SCDHEC) and the US Army Corps of (USACE), as required to move the environmental permit applications forward.

Land and Right-of-Way Purchases – includes the purchase of land required for the Lee site and rail right-of-ways. Category also includes costs of purchasing additional land for a supplemental cooling pond in event of severe drought as well as costs for surveying the selected transmission right-of-way.

Pre-construction and Site Preparation – includes site activities to prepare the site for construction. Site preparation activities included: dewatering and cleanup of the excavated area, site remediation activities required to identify and properly dispose of hazardous wastes, and costs associated with the demolition and removal of unusable structures. Necessary rail bed and Make-up Pond B spillway maintenance has been completed. Engineering of offsite infrastructure for potable water, sewer, and rail spur has been completed. Continuing activities include: site security, utilities and miscellaneous site maintenance. Engineering for bringing communications to the site is also included. Other activities such as: geotechnical evaluations (needed for engineering); and planning and engineering of necessary traffic improvements are also being completed.

Supply Chain, Construction Planning and Engineering – includes activities associated with working with the supplier to negotiate an Engineering, Procurement and Construction (EPC) agreement. Negotiations in 2008 did not result in an executed contract. Conceptual site specific engineering and construction planning activities necessary to develop a complete project definition are included in this category. Continuing construction planning activities serve to further develop construction plans and keep the construction plans in line with latest engineering. Detailed site specific engineering began in January, 2011, and continued in 2012. Commercial building design activities started in June 2012.

Operational Planning – includes activities associated with operator and plant staff training, including costs associated with the Knowledge and Abilities Catalog, required for operator license examinations for AP1000 plants, and the standardization of the nomenclature in the Westinghouse Master Equipment List (MEL). Continuing activities include: supporting operations program development, such as Quality Assurance (QA) Program, and the review of approximately 500 procedures. The training materials, operational programs, and operating procedures are all being developed in concert with other AP1000 utilities within the APOG framework. The *Operational Planning* category also includes generation of administrative procedures that must be in place upon receipt of COL from NRC.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-7, SUB 819

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
)	
Application of Duke Energy Carolinas,)	
LLC, for Approval of Decision to Incur)	CERTIFICATE OF SERVICE
Nuclear Generation Project Development)	
Costs)	

I, Kendal C. Bowman, hereby certify that a copy of the Duke Energy Carolinas, LLC's Report of Nuclear Development Activities and Expenditures Report have been served on all parties of record by email, this 1st day of February, 2013:

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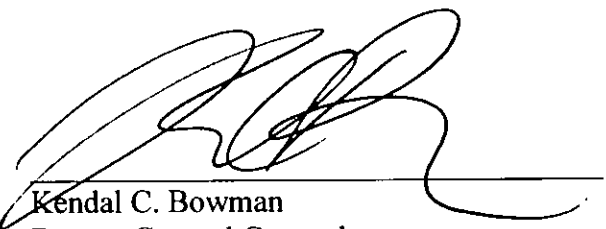
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