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FILED

AUG 01 2012

Clerk's Office  
N.C. Utilities Commission

July 31, 2012

Ms. Gail L. Mount, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4325

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RE: Duke Energy Carolinas, LLC's Report of Nuclear Development Activities and  
Expenditures for the period January 1, 2012 through June 30, 2012  
Docket No. E-7, Sub 819

Dear Ms. Mount:

Pursuant to ordering paragraph 4 of the North Carolinas Utilities Commission's 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 January 1, 2012 through June 30, 2012.

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

Sincerely,

Charles A. Castle

Enclosure

cc: Parties of Record

4m  
AG  
7/01/12  
Watson  
Green  
Duffley  
Hoover  
Wite  
Hilburn  
Sessions  
Jones  
Ericson  
Hodge  
Gubler  
2 Pseco  
3 PSelec  
3 PSelec  
3 PSelec

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NCUC Report Preconstruction Costs for Lee Nuclear Station Project Development  
Activities January 1, 2012- June 30, 2012

AUG 01 2012

Task Description	Total	This Period	Total	Net Total
	01/01/2011-12/31/2011	01/01/2012-06/30/2012	01/01/2011-06/30/2012	Project Totals to Date
COLA Preparation	\$0	\$0	\$0	\$27,426,317
NRC Review & Hearing Fees	\$16,343,802	\$6,387,920	\$22,731,722	\$76,425,866
Land and Right-of-way Purchases	\$622,605	\$269,347	\$891,952	\$43,957,824
Pre-construction and Site Preparation	\$8,878,833	\$4,295,927	\$13,174,760	\$34,679,189
Supply Chain, Construction Planning, and Detailed Engineering	\$7,507,166	\$4,351,934	\$11,859,100	\$34,088,947
Operational Planning	\$829,944	\$655,516	\$1,485,460	\$3,037,066
AFUDC	\$18,511,361	\$10,690,299	\$29,201,660	\$68,170,701
Total	\$52,693,711	\$26,650,943	\$79,344,654	\$287,785,911

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 Engineers (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. Continuing activities include: site security, utilities and miscellaneous site maintenance. Also included are engineering for bringing water, sewer, railroads, and communications to the site. 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 continues 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. 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. Current operational planning activities include the standardization of the nomenclature in the Westinghouse Master Equipment List (MEL). The **Operational Planning** category also includes generation of administrative procedures that must be in place upon receipt of COL from NRC.

## CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's Report of Its Nuclear Development Activities and Expenditures in Docket No. E-7, Sub 819, has been served by electronic mail (email), hand delivery, or by depositing a copy in the United States Mail, first class postage prepaid, properly addressed to parties of record.

This the 31st day of July, 2012.



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