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N.C. Utilities Commission

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February 1, 2012

Ms. Renné C. Vance, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4325

**RE: Duke Energy Carolinas' Report of Nuclear Development Activities and Expenditures for the period July 1, 2011 through December 31, 2011
Docket No. E-7, Sub 819**

Dear Ms. Vance:

Pursuant to ordering paragraph 4 of the Commission's August 5, 2011 *Order Approving Decision to Incur Limited Project Development Costs*, Duke Energy Carolinas, LLC encloses an original and thirty (30) copies of its Report of its Nuclear Development Activities and Expenditures in pursuit of project development for Lee Nuclear Station during the period July 1, 2011 through December 31, 2011.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to contact me directly.

Sincerely,

Robert W. Kaylor

Robert W. Kaylor

cc: Parties of Record

(91)
AG
7 Comm
Watson
Green
Hoover
Kite
Hilburn
Sessoms
Encson
Jones
Hodges
Gulber
3 Legal
3 Atty
3 Econ
3 Elec.

Duke Energy Carolinas' Report of Lee Nuclear Station Activities and Expenditures
Docket No. E-7, Sub 819
July 1 through December 31, 2011

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Task Description	Project Totals thru 2010	Total by Task	Total by Task	Total by Task	Total by Task
		01/01/11- 06/30/2011	07/01/2011 - 12/31/2011	2011 Totals	Project Totals thru 2011
COLA Preparation	\$27,426,317	\$0	\$0	\$0	\$27,426,317
NRC Review & Hearing Fees	\$53,694,143	\$6,765,239	\$9,578,563	\$16,343,802	\$70,037,945
Land and Right-of-way Purchases	\$43,065,872	\$33,085	\$589,519	\$622,605	\$43,688,477
Pre-construction and Site Preparation	\$21,504,429	\$2,438,649	\$6,440,184	\$8,878,833	\$30,383,262
Supply Chain, Construction Planning, and Detailed Engineering	\$22,229,847	\$2,948,151	\$4,559,015	\$7,507,166	\$29,737,013
Operational Planning	\$1,551,606	\$312,101	\$517,843	\$829,944	\$2,381,550
2011 AFUDC	\$38,969,041	\$8,779,507	\$9,731,854	\$18,511,361	\$57,480,402
Total	\$208,441,256	\$21,276,732	\$31,416,978	\$52,693,711	\$261,134,967

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.

COLA Review – 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. Also included are Duke labor and expenses and contract costs associated with the preparation and submittal of environmental permits in support of COL application. Duke submitted the National Pollutant Discharge Elimination System (NPDES) permit application to South Carolina Department of Health and Environmental Control (SCDHEC) on 8/15/11 and the 404 permit application to the US Army Corps of Engineers (USACE) on 11/15/11. The Draft Environmental Impact Statement (DEIS) was issued by the NRC on 12/13/11.

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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. 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); spillway repairs; as well as, planning and engineering of necessary traffic improvements are being completed.

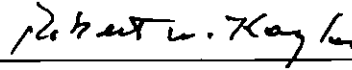
Supply Chain, Construction Planning and Engineering – includes activities associated with working with the supplier to negotiate an Engineering, Procurement and Construction agreement. Negotiations in 2008 did not result in an executed contract. Also included were conceptual site specific engineering and construction planning activities necessary to develop a complete project definition. 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.

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.

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 (e-mail), hand delivery or by depositing a copy in the United States Mail, first class postage prepaid, properly addressed to parties of record.

This the 1st day of February, 2012.



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