



Lawrence B. Somers  
Deputy General Counsel

Mailing Address:  
NCRH 20 / P.O. Box 1551  
Raleigh, NC 27602

o: 919.546.6722  
f: 919.546.2694

bo.somers@duke-energy.com

July 26, 2016

**VIA ELECTRONIC FILING**

Gail L. Mount  
Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4300

**RE: Duke Energy Carolinas, LLC's Report of Preconstruction Costs for  
Lee Nuclear Station Project Development Activities for the period  
January 1, 2016 through June 30, 2016  
Docket No. E-7, Sub 819**

Dear Ms. Mount:

Pursuant to ordering paragraph 4 of the Commission's August 5, 2011 *Order Approving Decision to Incur Limited Project Development Costs*, I enclose Duke Energy Carolinas, LLC's Report of Preconstruction Costs for Lee Nuclear Station Project Development Activities for the period January 1, 2016 through June 30, 2016 for filing in connection with the referenced matter.

Thank you for your attention to this matter. If you have any questions, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lawrence B. Somers', written over the word 'Sincerely,'.

Lawrence B. Somers

Enclosure

cc: Parties of Record

OFFICIAL COPY

Jul 26 2016

**Preconstruction Costs for Lee Nuclear Station Project Development Activities**  
**January 1, 2011 – June 30, 2016**  
**NCUC Docket No. E-7, Sub 819**  
**July 25, 2016**

<b>Task Description</b>	<b>01/01/2011- 12/31/2015</b>	<b>01/01/2016- 06/30/2016</b>	<b>01/01/2011- 06/30/2016</b>	<b>Project Totals to Date</b>
<b>COLA Preparation</b>	0	0	0	27,682,200
<b>NRC Review &amp; Hearing Fees</b>	62,367,428	3,862,183	66,229,611	119,923,755
<b>Land and Right-of-way Purchases</b>	1,626,662	152	1,626,814	44,931,125
<b>Pre-construction and Site Preparation</b>	24,852,786	287,869	25,140,655	46,766,478
<b>Supply Chain, Construction Planning, and Detailed Engineering</b>	33,592,601	508,288	34,100,888	56,330,735
<b>Operational Planning</b>	4,810,413	309,444	5,119,858	6,671,463
<b>AFUDC</b>	134,206,445	18,845,052	153,051,497	192,634,951
<b>Total</b>	261,456,334	23,812,989	285,269,323	494,940,707

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 December 13, 2007. The NRC determined the application was suitable for review and docketed the application on February 25, 2008.

**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. The Lee project received the National Pollutant Discharge Elimination System (NPDES) Operations permit on July 17, 2013. The Final Environmental Impact Statement was issued by the NRC on December 23, 2013, and the 401 Water Quality Certification was issued on January 2, 2014. The Final Environmental Impact Statement prepared by the U.S. Forest Service to support mitigation activities in Sumter National Forest was issued on December 5, 2014. Lee Nuclear Station received its USACE 404 Permit on September 29, 2015.

**Land and Right-of-Way Purchases** – includes the purchase of land required for the Lee site and rail right-of-ways. Category also includes cost 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.

**Preconstruction Costs for Lee Nuclear Station Project Development Activities**  
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**Pre-construction and Site Preparation** – includes site activities to both maintain the site and 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 maintenance of existing rail bed and required Make-up Pond B spillway repair were completed. Engineering of offsite infrastructure for potable water, sewer, and rail spur; and, geotechnical evaluations (needed for engineering) have been completed. Engineering for bringing communications to the site is also included in this category. Engineering of necessary traffic improvements was brought to 85% completion by December 2013. Ongoing and continuing activities include: site security, utilities and miscellaneous site maintenance.

**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 was brought to 70% completion in December 2013. Commercial building design activities started in June 2012. Design of the first six commercial buildings was completed in December 2013.

**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.

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's Report of Preconstruction Costs for Lee Nuclear Station Project Development Activities, in Docket No. E-7, Sub 819, has been served by electronic mail, hand delivery, or by depositing a copy in the United States Mail, 1<sup>st</sup> Class Postage Prepaid, properly addressed to the following parties of record:

Antoinette R. Wike  
NCUC – Public Staff  
4326 Mail Service Center  
Raleigh, NC 27699-4300  
[antoinette.wike@psncuc.nc.gov](mailto:antoinette.wike@psncuc.nc.gov)

Margaret A. Force  
Department of Justice  
Post Office Box 629  
Raleigh, NC 27602-0629  
[pforce@ncdoj.gov](mailto:pforce@ncdoj.gov)

Robert F. Page  
Crisp, Page & Currin, LLP  
4010 Barrett Drive, Suite 205  
Raleigh, NC 27609-6622  
[rpage@cpclaw.com](mailto:rpage@cpclaw.com)

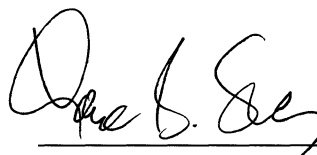
John D. Runkle  
2121 Damascus Church Road  
Chapel Hill, NC 27516  
[jrunkle@pricecreek.com](mailto:jrunkle@pricecreek.com)

Sharon Miller  
Carolina Utility Customer Assoc., Inc.  
1708 Trawick Road, Suite 210  
Raleigh, NC 27604  
[smiller@cucainc.org](mailto:smiller@cucainc.org)

Ralph McDonald  
Bailey & Dixon  
Post Office Box 1351  
Raleigh, NC 27602-1351  
[rmcdonald@bdixon.com](mailto:rmcdonald@bdixon.com)

Wells Eddleman  
811 Yancy Street  
Durham, NC 27701-3151

This the 26<sup>th</sup> day of July, 2016.



Lawrence B. Somers  
Deputy General Counsel  
Duke Energy Corporation  
P.O. Box 1551/NCRH 20  
Raleigh, NC 27602-1551  
Tel: 919.546.6722  
[bo.somers@duke-energy.com](mailto:bo.somers@duke-energy.com)