



UNITED STATES  
ATOMIC ENERGY COMMISSION  
WASHINGTON, D.C. 20545

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*Hold this until*  
*we meet for*  
*the Safety Evaluation*  
*8/26*

AUG 24 1970

*Walker E. Campbell*

Daniel R. Muller, Chief  
PWR Projects Branch #1, DRI  
THRU: Walker E. Campbell, Assistant Controller for Accounting

CONSOLIDATED EDISON COMPANY - INDIAN POINT STATION, UNIT NO. 2 -  
DOCKET NO. 50-247

Enclosed is my financial testimony on the subject matter. The testimony has been prepared for inclusion in the main body of the staff's Safety Evaluation with a financial analysis of the Company attached as an appendix to the Safety Evaluation.

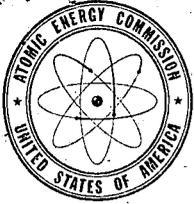
A copy of the testimony is being sent to Thomas F. Engelhardt, OGC.

*Charles A. Lovejoy*  
Charles A. Lovejoy  
Staff Accountant  
Accounting Procedures Branch  
Office of the Controller

cc: Thomas F. Engelhardt, OGC

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/s/

Charles A. Lovejoy  
Staff Accountant  
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## FINANCIAL QUALIFICATIONS

The Commission's regulations which relate to the financial data and information required to establish financial qualification for an applicant for operating licenses are 10 CFR 50.33(f) and 10 CFR 50 Appendix C. Consolidated Edison Company's application as amended by Amendment No. 21 thereto, and the accompanying certified annual financial statements provided the financial information required by the Commission's regulations.

These submittals contain the estimated operating cost for each of the first five years of operation plus the estimated cost of permanent shutdown and maintenance of the facility in a safe condition. The estimated operating costs are \$10.0 million for 1971 (the first year of operation), \$14.8 million for 1972, \$12 million for 1973, \$10.9 million for 1974 and \$10.7 million for 1975 (Amendment No. 21). Such costs include the costs of operating and maintenance and fuel. The applicant's estimate of the cost of permanently shutting down the facility and maintaining it in a safe condition is (a) for removal of core from the vessel, the cost would be \$265,000 for the first year of shutdown and \$50,000 for each year thereafter; (b) for non-removal of the core the annual cost would be \$240,000.

We have examined the certified financial statements of Consolidated Edison Company to determine whether the Company is financially qualified to meet these estimated costs. The information contained in the 1969 financial report indicates that operating revenues

for 1969 totaled \$1,028.3 million; operating expenses (including taxes) was \$830.5 million; the interest on the long-term debt was earned 2.3 times; and the net income for the year was \$127.2 million, of which \$102.1 million was distributed as dividends to the stockholders, and the remainder of \$25.1 million was retained for use in the business. As of December 31, 1969, the company's assets totaled \$4,069.6 million, most of which was invested in utility plant (\$3,793.3 million), and earnings reinvested in the business were \$426.1 million. Financial ratios computed from the 1969 statements indicate a sound financial condition, e.g., long-term debt to total capitalization-- .52, and to net utility plant-- .52; net plant to capitalization-- .994; the operating ratio-- .81; and the rates of return on common-- 7.7%, on stockholder's investment-- 6.9%, and on total investment-- 4.9%. The record of the Company's operations over the past 5 years reflects that operating revenues increased from \$840 million in 1965 to \$1,028 million in 1969; net income increased from \$111.8 million to \$127.2 million; and net investment in utility plant from \$3,170 million to \$3,793 million. Moody's Investors Service (August 1969 edition) rates the Company's first mortgage bonds as A (high-medium grade). The Company's current Dun and Bradstreet rating (July 1970) is AaA1.

Our evaluation of the financial data submitted by the applicant, summarized above, provides reasonable assurance that the applicant

possesses or can obtain the necessary funds to meet the requirements of 10 CFR 50.33(f) with respect to the operation of Indian Point Unit No. 2. A copy of the staff's financial analysis is attached as Appendix .

CONSOLIDATED EDISON COMPANY OF NEW YORK  
DOCKET NO. 50-247  
FINANCIAL ANALYSIS

(dollars in millions)  
Calendar Year Ended Dec. 31

	1969	1968	1965
Long-term debt	\$1,981.6	\$1,901.6	\$1,711.0
Utility plant (net)	3,793.3	3,583.6	3,169.5
Ratio - debt to fixed plant	.52	.53	.54
Utility plant (net)	3,793.3	3,583.6	3,169.5
Capitalization	3,818.4	3,667.6	3,228.1
Ratio - net plant to capitalization	.99	.98	.98
Stockholders' equity	1,836.7	1,766.0	1,517.1
Total assets	4,069.6	3,845.4	3,387.0
Proprietary ratio	.45	.46	.45
Earnings available to common equity	93.1	95.7	89.9
Common equity	1,210.2	1,139.0	1,072.1
Rate of return on common equity	7.7%	8.4%	8.4%
Net income	127.2	128.5	111.8
Stockholders' equity	1,836.7	1,766.0	1,517.1
Rate of return on stockholders' equity	6.9%	7.3%	7.4%
Net income before interest	198.0	193.9	168.4
Liabilities and capital	4,069.6	3,845.4	3,387.0
Rate of return on total investment	4.9%	5.0%	5.0%
Net income before interest	198.0	193.9	168.4
Interest on long-term debt	84.3	77.0	62.7
No. of times fixed charges earned	2.3	2.5	2.7
Net income	127.2	128.5	111.8
Total revenue	1,028.3	982.3	840.2
Net income ratio	.124	.131	.133
Operating expenses (incl. taxes)	830.5	788.3	668.6
Operating revenues	1,028.3	982.3	840.2
Operating ratio	.81	.80	.80
Retained earnings	426.1	400.9	321.7
Earnings per share of common	\$2.47	\$2.57	\$2.42

	1969		1968	
	Amount	% of Total	Amount	% of Total
<u>Capitalization at 12/31</u>				
Long-term debt	\$1,981.6	51.9%	\$1,901.6	51.9%
Preferred stock	626.6	16.4	627.0	17.1
Common stock	1,210.2	31.7	1,139.0	31.0
Total	<u>\$3,818.4</u>	<u>100.0%</u>	<u>\$3,667.6</u>	<u>100.0%</u>

Moody's Bond Ratings:

First Mortgage Bonds

A

Dun and Bradstreet Credit Rating

AaA1