

FINANCIAL QUALIFICATIONS

The Commission's regulations which relate to the financial data and information required to establish financial qualifications for applicants for operating licenses are 10 CFR 50.33(f) and 10 CFR 50, Appendix C. The basic application of Consolidated Edison Company of New York (Con Ed), Amendments No. 9, 12, 27, the amendment of April 13, 1973, and the accompanying certified annual financial statements of the applicant provide the financial information required by the Commission's regulations. This information includes the estimated annual costs of operating the Indian Point Nuclear Generating Unit No. 3 for a five-year period plus the estimated cost of permanently shutting down the facility and maintaining it in a safe shutdown condition.

Our evaluation of the financial data submitted by the applicant, summarized below, provides reasonable assurance that the applicant possesses or can obtain the necessary funds to meet the requirements of 10 CFR 50.33(f) to operate the Indian Point Nuclear Generating Unit No. 3, and if necessary permanently shut down the facility and maintain it in a safe shutdown condition.

Indian Point Nuclear Generating Unit No. 3 will be used to augment the applicant's present electrical generating capacities. Operating revenues will provide the funds to cover cost of operations. The costs of operating for the five-year period 1975-79 are presently estimated by the applicant to be (in millions of dollars) \$72.4; \$74.1; \$71.7; \$72.5; and \$73.5 in that order. These costs include amounts for operation and maintenance, fuel, insurance, depreciation,

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interest on investment, and taxes. In addition, the applicant estimates that (based on 1973 cost levels and technology) the cost of permanently shutting down the facility will be approximately \$3 million, and an annual cost of \$300,000 will be incurred to maintain the facility in a safe shutdown condition. Funds for permanent shutdown will come from retained earnings and funds to maintain the facility in a safe shutdown condition will be provided by future operating revenues.

We have examined the financial information submitted by Con Ed to determine whether it is financially qualified to meet the above estimated costs. The information contained in Con Ed's calendar year 1972 financial report indicates that operating revenues for 1972 totaled \$1,479.9 million; operating expenses were \$1,244.6 million, of which \$112.3 million represented depreciation. The net income for the year was \$148.1 million, of which \$134.8 million was distributed as dividends to stockholders and the remainder of \$13.3 million was retained for use in the business. As of December 31, 1972, the Company's assets totaled \$5,262.0 million, most of which was invested in utility plant (\$4,840.6 million); retained earnings amounted to \$546.9 million. Financial ratios computed from the 1972 statements indicate an adequate financial condition, e.g., long-term debt to total capitalization - .51, and to net utility plant - .53; net plant to capitalization - .97;

the operating ratio - .84; and the rates of return on common - 6.4%, on stockholders' investment - 6.0%, and on total investment - 5.4%. The record of Con Ed's operations over the past 5 years reflects that operating revenues increased from \$930.8 million in 1967 to \$1,479.9 million in 1972; net income increased from \$122.9 million to \$148.1 million; and net investment in plant from \$3,433.2 million to \$4,840.6 million; while the number of times interest earned declined from 2.7 to 2.1. Moody's Investors Service rates the Company's first mortgage bonds as A (upper medium grade). The Company's current Dun and Bradstreet credit rating is 5A1.

A copy of our financial analysis of the company reflecting these ratios and other pertinent financial data is attached as an appendix.

CONSOLIDATED EDISON COMPANY OF NEW YORK

DOCKET NO. 50-286
FINANCIAL ANALYSIS

(dollars in millions)

Calendar Year Ended December 31

	1972	1971	1970
Long-term debt	\$2,543.1	\$2,408.1	\$2,256.6
Utility plant (net)	4,840.6	4,424.8	4,106.8
Ratio - debt to fixed plant	.53	.54	.55
Utility plant (net)	4,840.6	4,424.8	4,106.8
Capitalization	4,999.3	4,657.6	4,242.1
Ratio of net plant to capitalization	.97	.95	.97
Stockholders' equity	2,456.2	2,249.5	1,985.5
Total assets	5,262.0	4,888.2	4,448.9
Proprietary ratio	.47	.46	.45
Earnings available to common equity	108.4	160.4	94.2
Common equity	1,705.2	1,573.3	1,309.1
Rate of earnings on common equity	6.4%	10.2%	7.2%
Net income	148.1	198.6	128.4
Stockholders' equity	2,456.2	2,249.5	1,985.4
Rate of earnings on stockholders' equity	6.0%	8.8%	6.5%
Net income before interest	284.3	317.9	234.6
Liabilities and capital	5,262.0	4,888.2	4,448.9
Rate of earnings on total investment	5.4%	6.5%	5.3%
Net income before interest	284.3	317.9	234.6
Interest on long-term debt	134.7	118.6	105.5
No. of times long-term interest earned	2.11	2.68	2.22
Net income	148.1	198.6	128.4
Total revenues	1,528.9	1,403.3	1,152.5
Net income ratio	.10	.14	.11
Total utility operating expenses	1,244.6	1,085.4	917.9
Total utility operating revenues	1,479.9	1,313.9	1,128.5
Operating ratio	.84	.83	.81
Utility plant (gross)	5,918.2	5,480.2	5,093.2
Utility operating revenues	1,479.9	1,313.9	1,128.5
Ratio of plant investment to revenues	4.00	4.17	4.51

Capitalization:	1972		1971	
	Amount	% of Total	Amount	% of Total
Long-term debt	\$2,543.1	50.9%	\$2,408.1	51.7%
Preferred stock	751.0	15.0	676.2	14.5
Common stock & surplus	1,705.2	34.1	1,573.3	33.8
Total	<u>\$4,999.3</u>	<u>100.0%</u>	<u>\$4,657.6</u>	<u>100.0%</u>

Moody's Bond Rating:

A

Dun & Bradstreet Credit Rating:

5A1