

July 3, 1974

Richard Berger, Esq.
New York State Department of Law
Two World Trade Center
New York, New York 10047

In the Matter of
Consolidated Edison Company of New York, Inc.
(Indian Point Nuclear Generating Station, Unit No. 3)
Docket No. 50-286

Dear Dick:

Peter Skinner recently requested that I send him copies of the computer programs (particular the ones constituting attachment 3, 4 and 5 enclosed herein) which the staff supplied to the applicant in response to applicant's questions numbered A-11, A-13, A-16, A-19 and B-17. He indicated he wanted to forward them to your consultant, Dr. Brian Matthews.

Copies of the staff's answers and the attachments were previously sent to your office on March 27, 1974. (See Enclosure) Nevertheless, in order to accomodate Peter, I enclose another set.

Thank you for providing me with the copy of N.R.F.A. v F.P.C.

Sincerely,

DISTRIBUTION:

Formal Files (2)

Treby

Kinsey

Shapar

Engelhardt

Gallo

OGC Files

G'town/Bethesda Staff's responses with attachments

REG Central

PDR/LPDR

Chron

Stuart A. Treby

Counsel for AEC Regulatory Staff

Enclosures:

(1) Cy. of ltr. from Mr. Treby to Edward

J. Sack dtd. 3/27/74

Handwritten signature

OFFICE →	OGC Treby:dit			
SURNAME →	Kinsey	8111020099 740703 PDR ADDCK 05000286 G PDR		
DATE →	7/3/74			

135

RELATED CORRESPONDENCE

LAW OFFICES OF
LEBOEUF, LAMB, LEIBY & MACRAE
1757 N STREET, N.W.
WASHINGTON, D.C. 20036

July 2, 1974

ARVIN E. UPTON
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Anthony Z. Roisman, Esq. ...
Berlin, Roisman & Kessler
1712 N Street, N.W.
Washington, D.C. 20036

Re: Indian Point Station
Unit Nos. 1, 2 & 3
AEC Docket Nos. 50-3,
50-247 & 50-286

Dear Mr. Roisman:

As counsel for Consolidated Edison, we transmit herewith a copy of a letter from Mr. William J. Cahill, Jr. to Mr. Angelo Giambusso dated June 28, 1974. This letter responds to the financial questions raised in the Atomic Energy Commission's letter of June 17, 1974.

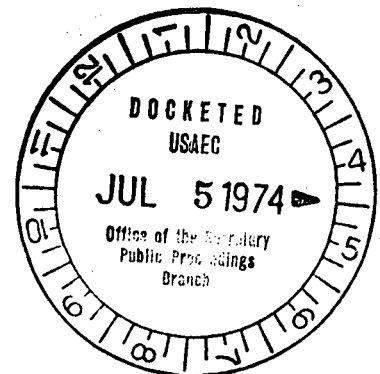
Very truly yours,

LEBOEUF, LAMB, LEIBY & MACRAE

By Harry H. Voigt
Partner

Enclosure

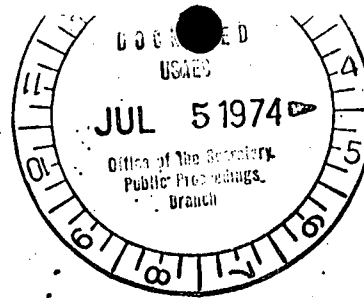
cc: See page 2



cc (w/encl): Angus Macbeth, Esq.
Nicholas A. Robinson, Esq.
Carmine J. Clemente, Esq.
Richard G. Berger, Esq.
Myron Karman, Esq.
Joseph F. Scinto, Esq.
Secretary, USAEC (2)

RELATED CORRESPONDENCE

Consolidated Edison Company of New York, Inc.
4 Irving Place, New York, N Y 10003
Telephone (212) 460-3819



June 28, 1974

Re Indian Point Units 1, 2 & 3
AEC Dockets 50-3, 50-247
& 50-286

Mr. Angelo Giambusso, Deputy Director
of Reactor Projects
Directorate of Licensing
U. S. Atomic Energy Commission
Washington, D. C. 20545

Dear Mr. Giambusso

I am enclosing five copies of the financial information requested in Enclosure 1 to your letter which we received on June 19, 1974.

Con Edison representatives will be pleased to meet at your convenience to discuss the information contained in the enclosed responses and to provide any further clarification that you may need.

With respect to the matters discussed in the fourth paragraph of your letter, I would like to point out that the State enabling legislation specifically provides that the transfer of the two power plants on or before December 31, 1975 shall not require the approval of any State department, agency, board or commission, nor shall the completion and/or operation of any facility transferred require any license, permit or approval which would not be required if such facility were not transferred to the Power Authority of the State of New York (Chapter 369, Section 13). Accordingly, no regulatory approvals are required for the transfer of Indian Point Unit No. 3 and Astoria 6 to the Power Authority, other than the approval of the Atomic Energy Commission with respect to Indian Point Unit No. 3. The approval of the State Comptroller required by Chapter 370 of the enabling legislation is limited to the price to be paid. The purpose of the public hearing also required by Chapter 370 of the enabling legislation is not specified by the law, but it would appear that this hearing is for informational purposes to keep the public informed of the nature of the transaction and to offer the opportunity for public comment.

Very truly yours

A handwritten signature in dark ink, appearing to read "William J. Cahill, Jr." with a stylized flourish at the end.

William J. Cahill, Jr.
Vice President

enc.
mk

Question No. 9

Provide the dollar amount Consolidated Edison has invested in Indian Point Unit 3 and the estimated amount to complete the unit. Consolidated Edison's response to Questions 1 of our request of May 15, 1974 reported amounts applicable to both Astoria Unit 6 and Indian Point Unit 3.

Response

The dollar amount Con Edison has invested in Indian Point Unit No. 3 and related projects directly supporting Unit No. 3 as of May 31st is \$288,570,000. This amount includes an accrual of \$99,280,000 towards a payment due Westinghouse on November 1, 1974. The total amount estimated for completion of Indian Point Unit No. 3 is an additional \$131,498,000.

Question No. 10

Consolidated Edison's response to Question 4 of our May 15, 1974 request regarding sources of construction funds failed to provide sufficient detail for an evaluation of financial qualifications. Accordingly, identify and state the amount of each major system-wide source of construction funds for the 12 months' period beginning June 1, 1974 using as sources of construction funds the following: (a) security issues and other funds -- retained earnings (net income less preferred and common dividends), deferred taxes, investment tax credit, and depreciation and amortization. Any assumptions, for example, those regarding cost of funds and the effect of requested rate increases, should be explained.

Response

The major sources and amounts of construction funds projected to be available during the period beginning June 1, 1974 through June 1, 1975 are as follows:

1. The Company expects to receive funds from the sale of two generating units to the Power Authority of the State of New York. The funds from the Astoria 6 sale are expected before the end of 1974 and the funds from the Indian Point Unit No. 3 sale in the first part of 1975. The investment in Astoria 6 at the end of 1974 is estimated at \$245 million, and the investment in Indian Point Unit No. 3 at that time is estimated at \$335 million. The purchase price of the plants is expected to approximate those amounts with some variations under or over depending upon the precise time of transfer.
2. The Company is negotiating a bank credit agreement to secure an increase in our \$300 million line of credit to about \$425 million which will provide interim financing pending the receipt of funds from the Power Authority. Loans under the line of credit at present

3. The Company still plans conventional financing of \$150,000,000 principal amount of mortgage bonds during this period. However, this is dependent upon a number of factors including the timing and amounts of pending rate increases.
4. The Company expects to generate funds internally from depreciation (including amortization of property losses) in the amount of \$151 million and additional amounts from retained earnings during the period. The amount of retained earnings will be affected by, among other things, the amount of rate relief the Company receives from pending electric, gas, and steam rate increase requests aggregating \$474.3 million, of which \$190.6 million has been awarded on an interim basis. On the basis of current temporary rates alone, we estimate retained earnings for the period, before common dividends, at \$149 million. The Board of Trustees will consider the matter of declaration of dividends on the common stock at the usual dates. That determination will depend on the adequacy of the earnings, the Company's current and prospective cash position, and its ability to finance the construction program. Each quarterly common dividend, based on the 61,548,100 shares presently outstanding and the last declared rate of \$.45 a share, would amount of \$27.7 million. The quarterly dividend normally payable on June 15th was not declared or paid.

Question No. 11

Consolidated Edison's response to Question 5 of our May 15, 1974 request stated that "in its recent grant of a temporary rate increase to Consolidated Edison, the New York Public Service Commission fixed such interest at an amount which was designed to produce an interest coverage ratio of 2.1:1 for the Company's next planned bond issue". Provide the following information regarding this statement: (a) the status of requests for rate increases still pending before regulatory agencies, and (b) the approximate date and amount of the next bond issue and the details of the interest coverage calculations supporting the target 2.1 coverage.

Response

11a) The Company has pending rate increases for all three services. In the electric case, the Company is seeking permanent rate relief of \$422.6 million based on billings for the 12 months ended June 30, 1973. A temporary increase of \$174.7 million on an annual basis was made effective March 8, 1974. Hearings have been completed and briefs have been filed with the Examiner, who is expected to render a decision in late July or early August 1974. The statutory period under which the Public Service Commission of the State of New York ("PSC") must render its decision expires November 12, 1974. On June 13, 1974, the Company filed a motion with the PSC asking that the PSC advance the date of its decision on the full permanent rate increase to September 1 or, in lieu thereof, grant additional temporary rate relief on or about July 1, 1974 in the amount of \$149 million. If the PSC were to grant the full permanent increase effective September 1, the Company would be able to bill approximately \$72 million

in additional revenues from that date to the end of the year. In the alternative, a temporary increase of \$149 million on an annual basis, if made effective July 1, 1974, would also produce approximately \$72 million to December 31, 1974.

The PSC's decision on the Company's request for a permanent gas increase of \$31.4 million is expected sometime in July. A temporary increase of \$7.7 million on an annual basis became effective January 28, 1974. The Examiner in the proceeding has recommended an increase of \$27.8 million. The steam permanent rate decision is expected in early July 1974. The Company requested a permanent rate increase of \$20.3 million annually. A temporary increase of \$8.2 million on an annual basis became effective January 28, 1974. The Examiner in the proceeding has recommended an increase of \$17.8 million.

11b) As stated in the response to Question 10, the Company plans conventional financing of \$150 million principal amount of mortgage bonds during the 12 months' period beginning June 1, 1974. The precise date of this bond issue has not been determined at this time. The interest coverage criteria of 2.1 times as set by the PSC in its temporary electric rate decision was based on estimated results for the twelve months ended August 31, 1974, as follows:

Earnings available (total income before
Federal Income Tax) \$395.4 million
(Sept. 1973 to Jan. 1974 actual
Feb. 1974 to Aug. 1974 estimated)

Annualized Interest (which included \$150
million March 1974 issue @ 8-1/2%
subsequently issued @ 9-1/8% rate and
\$150 million Oct. 1974 issue at 8-1/4%) \$188.3 million

Interest Coverage at August 31, 1974 2.1 times

Question No. 12

Consolidated Edison's response to Question 8 of our May 15, 1974 request was the submittal of the 1973 annual report to stockholders. More recent balance sheets, income statements, and sources and applications of funds statements are normally available as interim financial statements. Accordingly, provide the most recently prepared interim financial statements including balance sheets, income statements, and sources and applications of funds statements.

Response

Attached are the following most recently prepared Interim Financial Statements (unaudited):.

1. Balance Sheet - Liabilities: as of May 31, 1974
2. Balance Sheet - Assets: as of May 31, 1974
3. Income Statement: for the five months ended
May 31, 1974
4. Statement of Changes in Financial Position:
for the five months ended May 31, 1974

Consolidated Edison Company of New York, Inc.

BALANCE SHEET

Liabilities

May 31, 1974
(Thousands of Dollars)

Long-Term Debt

\$2,992,958

Capital Stock and Retained Earnings,

\$5 cumulative preferred stock, without par value:

Authorized and outstanding - 1,915,319 shares

175,000

Cumulative preferred stock, \$100 par value:

Authorized - 6,000,000 shares

5-3/4% Series A - Outstanding 600,000 shares

60,000

5-1/4% Series B - Outstanding 750,000 shares

75,000

4.65% Series C - Outstanding 600,000 shares

60,000

4.65% Series D - Outstanding 750,000 shares

75,000

5-3/4% Series E - Outstanding 500,000 shares

50,000

6.20% Series F - Outstanding 400,000 shares

40,000

8.30% Series G - Outstanding 500,000 shares

50,000

8-1/8% Series H - Outstanding 750,000 shares

75,000

Cumulative preference stock, \$100 par value:

Authorized - 2,250,000 shares

6% Convertible Series B - Outstanding 909,075 shares

90,908

Common stock, \$10 par value:

Authorized - 75,000,000 shares

Outstanding - 61,548,100 shares

1,338,251

Capital stock expense

(34,114)

Retained earnings

629,938

Total capital stock

2,684,983

Total capitalization

5,697,941

Consolidated Edison Company of New York, Inc.

Statement of Changes in Financial Position

Five Months
Ended
May 31, 1974
(Thousands of Dollars)

Financial Resources Were Provided by:

Internal Sources:

Income before cumulative effect on prior years of change
in accounting for Steam fuel costs*

\$ 64,585

Items not requiring an outlay of working capital:

Depreciation

58,143

Deferred Federal income tax

(940)

Common equity component of allowance for funds used
during construction

(9,478)

Total from internal sources, exclusive of common equity
component of allowance for funds used during construction
and cumulative effect on prior years of change in
accounting for Steam fuel costs

112,310

Common equity component of allowance for funds used during
construction

9,478

Cumulative effect on prior years (to December 31, 1973) of
change in accounting for Steam fuel costs

9,841

Total from internal sources

\$131,629

* Includes Allowance for Funds Used During Construction.

Consolidated Edison Company of New York, Inc.

Statement of Changes in Financial Position
(Cont'd)

Five Months
Ended
May 31, 1974
(Thousands of Dollars)

External Sources:	
Sale of bonds	\$146,888
Net increase in short-term debt	<u>88,000</u>
Total from external sources	<u>234,888</u>
Total financial resources provided	<u>\$366,517</u>
 Financial Resources Were Used for:	
Construction expenditures*	\$215,843**
Dividends	49,844
Increase (decrease) in other assets and liabilities	20,038
Increase (decrease) in working capital (excluding short-term debt)	<u>80,792**</u>
Total financial resources used	<u>\$366,517</u>

* Includes Allowance for Funds Used During Construction.

** Construction expenditures for the five months ended May 31, 1974 include an accrual of \$10,520,000 for Indian Point Unit No. 3.

Consolidated Edison Company of New York, Inc.

BALANCE SHEET

Assets

May 31, 1974
(Thousands of Dollars)

Utility Plant, at Original Cost:

Electric
Gas
Steam
General

\$5,079,010
317,544
178,468
166,740

Total

5,741,762
1,197,235

Less accumulated depreciation

Construction work in progress

4,544,527
999,976

Net Utility Plant

5,544,503

Nuclear fuel assemblies - less accumulated amortization of
\$3,205,440

19,584
5,564,087

Investments, at Cost or Less:

Securities, including securities on deposit with State and
Municipal agencies

2,302

Nonutility property, including property held for sale

10,200

Miscellaneous special deposits and investments

1,951
14,453

Current Assets:

Cash
Accounts receivable, less \$10,886,000 allowance for uncollectible
accounts

37,719
320,536

Materials and supplies, at average cost:

Production materials
General supplies and spare parts

63,566
71,590

Prepayments and other current assets

45,543
538,954

Consolidated Edison Company of New York, Inc.

BALANCE SHEET

Assets
(Cont'd)

May 31, 1974
(Thousands of Dollars)

Deferred Charges:	
Nuclear research and development costs being amortized through 1977	\$ 2,393
Unamortized debt expense	25,571
Net unrecovered costs of plant being amortized through 1978	10,890
Deferred fuel costs	89,531
Other deferred charges	<u>5,871</u>
	<u>134,256</u>
	<u>\$6,251,750</u>

Consolidated Edison Company of New York, Inc.

Income Statement

Five Months
 Ended
May 31, 1974
 (Thousands of Dollars)

Operating Revenues:

Sales of electric energy:

Residential

Commercial and industrial

Railroads and railways

Public authorities

Other electric utilities

Sales of gas

Sales of steam

Other operating revenues

\$230,019

422,177

43,414

83,503

2,473

781,586

82,943

72,652

2,143

939,324

Operating Revenue Deductions:

Fuel and purchased power

Other operations

Maintenance

Depreciation

Taxes, other than Federal income

Federal income tax

Federal income tax deferred

379,486

147,068

65,398

58,143

167,937

(940)

817,092

Operating Income

Allowance for Funds Used During Construction

Other Income

122,232

20,199

717

143,148

Total

Consolidated Edison Company of New York, Inc.

Income Statement
(Cont'd)

Five Months
Ended
May 31, 1974
(Thousands of Dollars)

Interest Charges and Income Deductions:	
Interest on long-term debt and other interest	\$ 78,108
Miscellaneous deductions	455
	<u>78,563</u>
Income before cumulative effect on prior years of change in accounting for Steam fuel costs	64,585
Cumulative effect on prior years (to December 31, 1973) of change in accounting for Steam fuel costs	9,841
Net Income	<u>74,426</u>
Preferred Stock Dividend Requirements	<u>18,457</u>
Net Income Applicable to Common Stock	<u>\$ 55,969</u>

Consolidated Edison Company of New York, Inc.

BALANCE SHEET

Liabilities
(Cont'd)

May 31, 1974
(Thousands of Dollars)

Accumulated Deferred Federal Income Tax	\$ 11,678
Current Liabilities:	
Notes payable	152,000
Accounts payable	107,159
Accrued taxes	38,660
Accrued interest	51,205
Accrued wages	26,087
Customers' deposits	31,405
Dividends payable	11,073
Other current and accrued liabilities	<u>126,718</u>
	544,307
Deferred Credits:	
Unamortized debt premium	2,278
Other deferred credits	<u>12,098</u>
	14,376
Reserve for Injuries and Damages	<u>3,448</u>
	<u>\$6,251,750</u>