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ACCESSION NBR: 8909130297 DOC. DATE: 89/09/01 NOTARIZED: NO DOCKET #  
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 WIGGINS, J. Region 1, Ofc of the Director  
 RECIP. NAME RECIPIENT AFFILIATION

SUBJECT: PNO-I-89-075: on 890831, financial agreement reached between  
 NMPC & PSC of NY.

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 TITLE: Preliminary Notification-Occurrence/Non-Routine Event/Safeguards Even

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DCS No: 050220890822  
Date: September 1, 1989

PRELIMINARY NOTIFICATION OF EVENT OR UNUSUAL OCCURRENCE--PNO-I-89-75

This preliminary notification constitutes EARLY notice of events of POSSIBLE safety or public interest significance. The information is as initially received without verification or evaluation, and is basically all that is known by the Region I staff on this date.

Facility:  
Niagara Mohawk Corporation  
Nine Mile Point Unit 1  
Oswego, New York  
Docket No. 50-220

Licensee Emergency Classification:  
☐ Notification of Unusual Event  
☐ Alert  
☐ Site Area Emergency  
☐ General Emergency  
☒ Not Applicable

Subject: FINANCIAL AGREEMENT REACHED BETWEEN NIAGARA MOHAWK POWER CORPORATION AND THE NEW YORK PUBLIC SERVICE COMMISSION

On August 31, 1989, Niagara Mohawk Power Corporation (NMPC) and the Public Service Commission (PSC) of New York reached an agreement to ensure the financial viability of the company. The agreement will become effective upon its adoption by the PSC (expected in October):

Under the agreement, NMPC will suspend the payment of common stock dividends (last posted at \$.30 per share for the quarter ending June 30, 1989) until at least 30 days after the successful return of Nine Mile Point Unit 1 to service, to accept 10% salary reductions for the company's Chairman and President, to accept salary freezes for other company officers and to freeze authorized staff positions (except for those individuals related to the company's programs to improve its nuclear operations and bring Nine Mile Point 1 back into service) in exchange for the resumption of the collection of replacement power costs, retroactive to July 1, 1989, associated with the outage at Nine Mile Point Unit 1. These replacement power costs, amounting to approximately \$225,000 per day, had not been passed on to ratepayers by the company for the period of January 1, 1989 to June 30, 1989 as part of a previous agreement with the PSC.

The agreement further:

- provides a framework to allow the Company to resolve issues relating to rate relief and other pending PSC actions on an extended timetable.
- requires the company to conduct a self-assessment of its organization efficiency and effectiveness, with the prospect of achieving financial and operating improvements.

The PSC staff, the Attorney General's office, the Consumer Protection Board and multiple intervenors agreed to the proposal following two months of discussions.

The State of New York has been informed of the issuance of this PN.

Media interest is anticipated and the licensee has issued a press release on this agreement.

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(Rev. April 1988)

