

RELATED CORRESPONDENCE



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

JUL 17 1979

Docket Nos.: 50-443/444



Mr. W. C. Tallman, President
Public Service Company of New Hampshire
1000 Elm Street
Manchester, New Hampshire 03105

Dear Mr. Tallman:

SUBJECT: REQUEST FOR FINANCIAL INFORMATION IN ADDITION TO INFORMATION ENCLOSED
WITH LETTERS OF APRIL 23, 1979 AND JUNE 22, 1979 - SEABROOK STATION,
UNITS 1 AND 2

By our letters of March 21, 1979, and May 23, 1979, and pursuant to 10 CFR Section 50.54(f) and Section IV of Appendix C to 10 CFR Part 50, we requested written responses, signed under oath or affirmation, to an enclosed "Request for Additional Financial Information." We have reviewed your responses enclosed with your letters of April 23, 1979, and June 22, 1979, and find that you need to provide additional information to complete your responses and to clarify some of the responses that were provided. The additional information that you need to provide is identified in the enclosure using the same item numbering as was used in the enclosure to our letter of May 23, 1979.

Provide your additional responses by July 31, 1979. If any part of your response cannot be completed by that date, please indicate why not and provide the date by when the incomplete portion of the response can be completed.

Sincerely,

L. S. Rubenstein, Branch Chief
Light Water Reactors, Branch #4
Division of Project Management

Enclosure:
As stated

cc: See next page

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RELATED CORRESPONDENCE

Public Service Company of New Hampshire

ccs:
John A. Ritscher, Esq.
Ropes and Gray
225 Franklin Street
Boston, Massachusetts 02110

Ralph H. Wood, Esq.
General Counsel
Public Service Company of New Hampshire
1000 Elm Street
Manchester, New Hampshire 03105

Mr. John Haseltine, Project Manager
Yankee Atomic Electric Company
20 Turnpike Road
Westboro, Massachusetts 01581

Mr. Bruce B. Beckley, Project Manager
Public Service Company of New Hampshire
1000 Elm Street
Manchester, New Hampshire 03105

Ms. Elizabeth H. Weinhold
3 Godfrey Avenue
Hampton, New Hampshire 03842

Robert A. Backus, Esq.
O'Neill, Backus, and Spielman
116 Lowell Street
Manchester, New Hampshire 03105

Norman Ross, Esq.
30 Francis Street
Brookline, Massachusetts 02146

Karin P. Sheldon, Esq.
Sheldon, Harmon and Roisman
1025 15th Street, N. W.
Washington, D. C. 20005

Laurie Burt, Esq.
Office of the Assistant Attorney General
Environmental Protection Division
One Ashburton Place
Boston, Massachusetts 02108



POOR ORIGINAL

Public Service Company of New Hampshire

ccs (continued)

E. Tupper Kinder, Esq.
Assistant Attorney General
Office of Attorney General
208 State House Annex
Concord, New Hampshire 03301

Samuel Chilk
Secretary of the Commission
U.S. Nuclear Regulatory Commission
Washington, D. C. 20555

Alan S. Rosenthal, Esq.
Atomic Safety and Licensing Appeal Board
U.S. Nuclear Regulatory Commission
Washington, D. C. 20555

Dr. John J. Buck
Atomic Safety and Licensing Appeal Board
U.S. Nuclear Regulatory Commission
Washington, D. C. 20555

Michael C. Farrar, Esq.
Atomic Safety and Licensing Appeal Board
U.S. Nuclear Regulatory Commission
Washington, D. C. 20555

Ivan W. Smith, Esq.
Atomic Safety and Licensing Board
U.S. Nuclear Regulatory Commission
Washington, D. C. 20555

Dr. Ernest Salo, Professor
Fisheries Research Institute - WH-10
College of Fisheries
University of Washington
Seattle, Washington 98195

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REQUEST FOR ADDITIONAL FINANCIAL INFORMATION
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

(Note: References in this request are to item numbers in our request for additional financial information, dated May 23, 1979.)

1. (2., 7.e.) If a nuclear fuel lease or other arrangement than purchase is consummated, provide a description of the arrangement including the net cash flow effect to Public Service Company of New Hampshire (PSCO).
2. (4.a.) The pro forma sources of funds statement assumes a 28% ownership interest for PSCO. Indicate for each year, as a separate line item, the progress payments to be made to PSCO by other participants for costs associated with the proposed 22 percent transfer that were incurred prior to the date of transfer.
3. (4.a.) Identify the form of long-term debt for each year indicated on the pro forma statement.
4. (4.a.) Explain the assumptions underlying the projected increases in net income of 19 percent from 1978 to 1979 and 18 percent from 1979 to 1980.
5. (4.a.) Explain PSCO's plan for covering negative cash flow in the years 1979, 1981 and 1982.
6. (4.a.) Provide additional justification for the level of preferred stock dividend rates, long-term and short-term debt interest rates, and the market/book ratio for new common stock, particularly as these compare to experience of PSCO and the industry. Assumed costs should be for new financing in the years indicated.

7. (4.a.) Explain the projected sizable increase in interest coverage under the first mortgage indenture.
8. (4.a.) Explain in detail the arrangement by which the other participants would pick up 100 percent of the total project costs until the fourth quarter of 1981.
9. (4.c.) Assuming a range of interest rates considered realistic by PSCO, state the additional amounts of both first mortgage bonds and general and re-funding mortgage bonds that could be issued considering all legal limitations including interest coverage and bondable property requirements.
10. (4.f.) Provide copies of the submitted financially-related testimony and exhibits of the NHPUC staff and PSCO in the most recent rate relief action or pending rate relief request.
11. (4.f.,7.a.) Provide a detailed explanation of developments in the CWIP case before the NHPUC and/or the courts. Describe any alternate sources of revenue to CWIP that the company is seeking.
12. (4.f.) Notify the staff of the final FERC decisions on inclusion of CWIP in rate base. Indicate the expected effect on annual revenues.
13. (4.h.) Update the financial statistics for the most recent 12-month period.
14. (7.b.) Indicate the status of the \$10.6 million advance payments expected to be received by PSCO in July 1979.

15. (7.c.) Indicate the status of PSCO's efforts to secure additional bank credit. Describe any contingency plans for covering the projected negative cash flow in 1979.
16. (7.e.) Indicate the success and net proceeds of PSCO's July common stock sale.
17. (7.e.) Describe in detail the basis for PSCO's belief that it will be able to issue \$40 to \$50 million of general and refunding bonds later in the year. Describe all details of the proposed issue.
18. Provide an update on progress in all other aspects of the financing plan not covered above, for the interim period in which PSCO will continue to own 50 percent of Seabrook.
19. (4.b.) Provide copies of:
 - a. the second quarter interim financial statements, when available;
 - b. the final prospectus for the company's most recent security issue;
 - c. the preliminary prospectus for any pending security issue; and
 - d. the second quarter SEC Form 10-Q, when available.

UNITED ILLUMINATING COMPANY

1. (4a.) Revision or justification of the following assumptions underlying the pro forma statement of sources and uses of funds:
 - (A). Sale of one-half of United Illuminating Company's 20% ownership interest in Seabrook 1 and 2.
 - (B). Interest rates on short-term borrowings.
 - (C). Interest rates on long-term debt.
2. (4d.) Provide statement of present amount of short-term debt outstanding.
3. (4f.) Provide copies of the submitted financially-related testimony and exhibits of the staff and company in the most recent rate relief action or pending rate relief request.

CENTRAL MAINE POWER COMPANY

1. (4a.) Revision or justification of the following assumption underlying the statement of source and uses of funds:
 - (A). Rates of return on common equity.

2. Provide copies of:
 - (A). The most recent interim financial statements.
 - (B). The most recent SEC Form 10-Q.

3. (4b.) Provide calculations of net earnings and interest coverage for the most recent twelve-month period using the definitions of net earnings and annual interest requirements (on debt presently outstanding) using the most restrictive test set forth in the mortgage bond indenture. Assuming a range of interest rates considered realistic, state the additional amount of first mortgage bonds which could be issued under the most restrictive test based on net earnings as defined by the indenture for the most recent twelve-month period.

4. (4e.) Assuming a range of dividend yields considered realistic by the utility, state the additional amount of preferred stock that could be issued by applying the most restrictive test for preferred dividend coverage for the most recent twelve-month period.

5. (4f.) Provide copies of the submitted financially-related testimony and exhibits of the staff and company in the most recent rate relief action or pending rate relief request.

MONTAUP ELECTRIC COMPANY

1. (4a.) Revision or justification of the following assumptions underlying the applicant's pro forma statement of sources and uses of funds:
 - (A). Rates of return on common equity.
 - (B). Interest rates on long-term debt.
 - (C). Interest rates on short-term borrowings.

2. (4a.) For both Brockton Edison Company and Eastern Utilities Associates:
 - (A). Complete the statement of Sources of Funds for System-Wide Construction Expenditures During Period of Construction of Subject Nuclear Power Plant through the year of earliest estimated completion of Unit No. 2. Indicate the assumptions upon which the "Sources of Funds" statement is based. These assumptions include, but are not necessarily limited to: (a) rate of return on average common stock equity; (b) preferred stock dividend rate; (c) long-term and short-term debt interest rates; (d) market/book ratio; (e) target, year-by-year capital structures; and (g) resultant SEC and indenture interest coverages over the period of construction. Provide a brief explanation of the basis for each assumption.

3. (4b.) For Montaup Electric Company, The Fall River Electric Company, and The Brockton Edison Company, provide copies of:
 - (A). the 1977 and 1978 annual financial statements.
 - (B). the most recent interim financial statements.

4. (4b.) For Eastern Utilities Associates, provide copies of:
 - (A). The most recent interim financial statements,
 - (B). The most recent SEC Form 10-Q.

5. (4c.) For Eastern Utilities Associates and The Brockton Edison Company, provide copies of the most recent Officer's Certificate of Net Earnings Certificate prepared in conjunction with the issuance of mortgage bonds or debentures and showing interest coverage calculations using the tests set forth in the applicable indenture. Explain bondable property addition provisions as they relate to restrictions on the issuance of new long-term debt. Provide copies of the portions of the indenture relating to interest coverage tests or alternative earnings tests and bondable property additions. Provide calculations of net earnings and interest coverage for the most recent 12-month period using the definitions of net earnings and annual interest requirements (on debt presently outstanding) using the most restrictive test set forth in the mortgage bond indenture. Assuming a range of interest rates considered realistic by the utility, state the additional amount of first mortgage bonds which could be issued under the most restrictive test based on net earnings as defined by the indenture for the most recent 12-month period.

6. (4d.) For Eastern Utilities Associates, The Fall River Electric Company, and The Brockton Edison Company, provide a detailed explanation of all other restrictions, indenture provisions or constraints on the issuance of short and long-term debt, preferred stock, preference stock and common stock. Short-term debt should include bank lines of credit and commercial paper, if any. Indicate compensating balance requirements, if any, for bank loans and amount of short-term debt presently outstanding.

7. (4e.) For Eastern Utilities Associates, The Fall River Electric Company, and The Brockton Edison Company, if the corporate charter contains a preferred stock coverage requirement, provide copies of that portion of the charter. Assuming

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7. (4e.)
(continued) a range of dividend yields considered realistic by the utility, state the additional amount of preferred stock that could be issued by applying the most restrictive test for preferred dividend coverage for the most recent 12-month period.

8. (4f.) For Eastern Utilities Associates, Fall River Electric Company, and The Brockton Edison Company, describe the nature and amount of the most recent rate relief action and the anticipated effect on revenues. In addition, indicate the nature, status, and amount of any pending rate relief proceedings. Use the attached form to provide this information. Provide copies of the hearing examiner's report and recommendation and the interim and final rate orders and opinions, including all financially related exhibits referred to therein. Provide copies of the submitted, financially-related testimony and exhibits of the staff and company in the most recent rate relief action or pending rate relief request.

Describe aspects of the respective regulatory environments including, but not necessarily limited to the following: Test year utilized (describe nature and timing); prescribed treatment of allowance for funds used during construction and of construction work in progress (indicate percentage and amount included in rate base); form of rate base [original cost, fair value, other (describe)]; accounting for deferred income taxes and investment tax credits; and fuel adjustment clauses in effect or proposed.

9. (4g.) For Eastern Utilities Associates, The Fall River Electric Company, and The Brockton Edison Company, provide a list of generating units, transmission and distribution facilities and general plant projects to be constructed during the period of construction of the subject nuclear power plant, showing the type of facility, net capacity for each generating unit, the dollar amounts to be expended for each facility during each of the years involved, and in-service date of each facility.

- 10 (4h.) For Eastern Utilities Associates, Fall River Electric Company, and Brockton Edison Company, complete the form entitled, "Financial Statistics" for the most recent 12-month period and for the years ended December 31, 1978, December 31, 1977 and December 31, 1976.
- 11 (4h.) For Montaup Electric Company, complete the form entitled, "Financial Statistics" for the most recent 12-month period.

NEW ENGLAND POWER COMPANY

1. (4a.) Revision or justification of the following assumptions underlying the pro forma statement of sources and uses of funds:
 - (A). Rate of return on common equity.
 - (B). Interest rates on short-term borrowings.
 - (C). Interest rates on long-term debt.
 - (D). Dividend yield rate on preferred stock.

2. (4h.) Revision of financial statistics in conformity with form supplied, including most recent twelve month period.

CENTRAL VERMONT PUBLIC SERVICE CORPORATION

1. (4a.) Revision or justification of the following assumptions underlying the pro forma statement of sources and uses of funds:
 - (A). Dividend yield rate on preferred stock.
 - (B). Interest rate on long-term debt.
 - (C). Interest rate on short-term borrowings.

2. (4b.) Provide copies of:
 - (A). The most recent SEC Form 10-Q.
 - (B). The most recent interim financial statements.

3. (4d.) Statement of amount of short-term debt presently outstanding.

4. (4f.) Describe the nature and amount of the company's most recent and pending rate relief actions using the previous enclosed form.

5. (4f.) Provide copies of the submitted financially-related testimony and exhibits of the staff and company in the most recent rate relief action or pending rate relief request.

GREEN MOUNTAIN POWER CORPORATION

1. (4a.) Complete the Source and Uses of Funds statement during the period of construction of the subject facility through the year of the estimated completion date for unit no. 2 (1979-1985).
2. (4b.) Provide copies of:
 - (A). The most recent interim financial statements.
 - (B). The most recent SEC Form 10-Q.
3. (4g.) Provide a list of facilities to be constructed during the period of construction of the subject facility (1979-1985).
4. (4a.) Clarify projected coverage of long-term debt interest with respect to indenture requirements.
5. (4h.) Complete the financial statistics form for the most recent twelve-month period.

NEW BEDFORD GAS AND ELECTRIC COMPANY

1. (4b.) Provide copies of:
 - (A). The most recent interim financial statements.
 - (B). The most recent SEC Form 10-Q.

2. (4c.) Provide calculations of net earnings and interest coverage for the most recent twelve-month period using the definitions of net earnings and annual interest requirements (on debt presently outstanding) using the most restrictive test set forth in the mortgage bond indenture.

3. (4f.) Describe the nature and amount of the Company's most recent rate relief action and the anticipated effect on revenues. In addition, indicate the nature, status, and amount of any pending rate relief proceedings. Use the previously attached form to provide this information. Provide copies of the hearing examiner's report and recommendation and the interim and final rate orders and opinions, including all financially-related exhibits referred to therein. Provide copies of the submitted, financially-related testimony and exhibits of the staff and company in the most recent rate relief action or pending rate relief request.

Describe aspects of the Company's regulatory environment including, but not necessarily limited to, the following: test year utilized (describe nature and timing); prescribed treatment of allowance for funds used during construction and of construction work in progress (indicate percentage and amount included in rate base); form of rate base [original cost, fair value, other (describe)]; accounting for deferred income taxes and investment tax credits; and fuel adjustment clauses in effect or proposed.

TOWN OF HUDSON POWER AND LIGHT DEPARTMENT

1. (5e.) Provide copies of the most recent interim financial statements.
2. (5g.) Describe the nature and amount of the most recent rate relief action and the anticipated effect upon revenues. Indicate the nature and amount of any pending rate relief action.

MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY

1. (5d.) Provide copies of the most recent interim financial statements.

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BANGOR HYDRO-ELECTRIC COMPANY

1. (4a.) Revision or justification of the following assumptions underlying the pro forma statement of sources and uses of funds:
 - (A). Rates of return on common equity.
 - (B). Interest rates on short-term borrowings.
 - (C). Interest rates on long-term debt.
 - (D). Dividend yield on preferred stock.

2. (4b.) Provide copies of:
 - (A). The most recent interim financial statements.
 - (B). The most recent SEC Form 10-Q.

3. (4c.) Provide calculations of net earnings and interest coverage for the most recent twelve-month period using the definitions of net earnings and annual interest requirements (on debt presently outstanding) using the most restrictive test set forth in the mortgage indenture.

TAUNTON MUNICIPAL LIGHTING PLANT COMMISSION

1. (5e.) Provide copies of the most recent interim financial statements.
2. (5g.) Describe the nature and amount of the most recent rate relief action and the anticipated effect upon revenues. Indicate the nature and amount of any pending rate relief action.