



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

NRC/PDR

September 21, 1979

Docket No. 50-289

Mr. R. C. Arnold
Senior Vice President
Metropolitan Edison Company
260 Cherry Hill Road
Parsippany, New Jersey 07054

Dear Mr. Arnold:

In order to assure complete conformance with Section II.7 of the Commission Order of August 9, 1979, we intend to review your financial qualifications to operate Three Mile Island-1 safely, including (1) your ability to finance plant modifications and other actions identified in the Order, and (2) the safety implications, if any, of present and planned cost reductions at the Three Mile Island site.

Please respond to the enclosed request for financial information by October 15, 1979.

Sincerely,

A handwritten signature in dark ink, appearing to read "R. Vollmer".

Richard H. Vollmer, Director
Three Mile Island-2 Support

Enclosure:
Eight Page Financial Information
Request

cc: w/Enclosure:
See next page

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R. C. Arnold
Metropolitan Edison Company

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REQUEST FOR FINANCIAL INFORMATION

THREE MILE ISLAND NUCLEAR STATION, UNIT NO. 1

DOCKET NO. 50-289

1. Provide a detailed statement of the estimated costs required to complete each of the plant modifications and other actions identified in the Commission's August 9, 1979 order related to this proceeding. Indicate amounts attributable to engineering fees, physical installations, and other construction expenditures or physical services (specifying nature), indicating the cost estimate for each modification or other action and the aggregate total cost estimate for all such actions. Indicate for each such action whether it is an operating expense or a capital requirement.
2. Provide a detailed schedule stating the amounts and timing of projected expenditures resulting from the cost estimates in item 1 above, and showing total monthly capital and total monthly operating expense requirements for the modifications and other actions.
3. Complete the attached form entitled, "Pro-Forma Sources of Funds," on a monthly basis for each licensee and GPU, through the month of estimated completion of long-term modifications and other actions related to Unit No. 1 as identified in the Commission's August 9, 1979 order. Note that this statement is for system-wide expenditures including capital expenditures related to TMI-1 and TMI-2. Indicate the assumptions upon which the "Sources of Funds" statement is based. These assumptions include, but are not necessarily limited to: (a) rates of return on average common stock equity, (b) preferred stock dividend rates, (c) long-term and short-term debt interest rates, (d) market/book ratios, (e) common stock dividend payout ratios, (f) target and month-by-month capital structure, and (g) resultant monthly

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SEC and indenture coverages over the period. Provide a brief explanation of the basis for each assumption.

4. a. Indicate the estimated annual cost by year to operate the subject facility for the first five full years of commercial operation following restart. The types of costs included in the estimates should be indicated and include (but not necessarily be limited to) operation and maintenance expense (with fuel costs shown separately), depreciation, taxes and a reasonable return on investment. (Enclosed is a form which should be used for each year of the five year period.) Indicate the projected plant capacity for the unit for each year.
- b. Indicate the expected source(s) of funds to cover costs in 4.a., above. Indicate the unit price per kWh experienced by each licensee and by GPU on system-wide sales of electric power to all customers for the most recent 12-month period. Indicate the portion of this unit price attributable to purchased power.
5. Indicate the estimated costs of permanently shutting down the facility, a listing of what is included in such costs, the assumptions made in estimating the costs, the type of shutdown contemplated, and the expected source(s) of funds to cover these costs.
6. Provide an estimate of the annual cost to maintain the shutdown facility in a safe condition. Indicate what is included in the estimate, assumptions made in estimating costs, and the expected source(s) of funds to cover these costs.
7. Provide copies of any orders and directives issued by the Pennsylvania Public Utility Commission (PPUC) and the New Jersey Board of Public Utilities (NJBPB) that relate to funding of costs in items 5 and 6, above.

8. Provide copies of the joint participation agreement setting forth the procedure by which the licensees will share TMI-1 modification expenses, operating expenses and, if necessary, decommissioning costs.
9. Provide a detailed itemization of all actions which are related to safe operation of the TMI-1 facility that Metropolitan Edison has taken since the TMI-2 incident to reduce costs. Include any such actions related to facilities shared with TMI-2. Also, provide an itemization of any additional such cost reduction actions that will be in effect when TMI-1 resumes operation. Provide a detailed analysis of the safety implications of each of the identified present and planned cost reduction actions. Describe the criteria used to determine which cost reduction actions are related to safe operation of the TMI-1 facility.
10. For each licensee and for GPU:
 - a. Provide copies of:
 - 1) the 1977 and 1978 annual reports to stockholders,
 - 2) the most recent interim financial statements,
 - 3) the prospectus for the company's most recent security issue,
 - 4) the preliminary prospectus for any pending security issue, and
 - 5) the 1977 and 1978 SEC Form 10-K and the most recent SEC Form 10-Q.

Continue to submit copies of the annual report for each year thereafter as required by 10 CFR 50.71(b).

- b. Describe aspects of each licensee'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.

- c. Describe the nature and amount of each licensee's most recent rate relief action and the anticipated effect on revenues. In addition, indicate the nature, status, and amount of pending rate relief proceedings, if any. 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 exhibits referred to therein. Provide copies of all other orders and directives issued by the PPUC and NJBPU related to financing the licensee's operations, including activities at TMI. Provide copies of the submitted, financially-related testimony and exhibits of the PUC staff and company in the most recent rate relief action or pending rate relief request.
- d. Complete the enclosed form entitled, "Financial Statistics," for the calendar years 1978, 1977, 1976, and for the most recent 12-month period.

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POOR ORIGINAL

ATTACHMENT FOR ITEM NO. 3

Applicant: _____ Nuclear Plant: Three Mile Island, Unit 1

PRO FORMA SOURCES OF FUNDS FOR SYSTEM-WIDE CONSTRUCTION EXPENDITURES AND CAPITAL STRUCTURE

(Millions of Dollars)

EXTERNAL FINANCING										
Common stock	\$	_____	\$	_____	\$	_____	\$	_____	\$	_____
Preferred stock	_____	_____	_____	_____	_____	_____	_____	_____	_____	
Long-term debt:	_____	_____	_____	_____	_____	_____	_____	_____	_____	
Notes payable	_____	_____	_____	_____	_____	_____	_____	_____	_____	
Contributions from parent-net	_____	_____	_____	_____	_____	_____	_____	_____	_____	
Other funds (describe)	_____	_____	_____	_____	_____	_____	_____	_____	_____	
Total External Funds	_____	_____	_____	_____	_____	_____	_____	_____	_____	
INTERIALLY GENERATED CASH										
Net Income	_____	_____	_____	_____	_____	_____	_____	_____	_____	
Less:	_____	_____	_____	_____	_____	_____	_____	_____	_____	
preferred dividends	_____	_____	_____	_____	_____	_____	_____	_____	_____	
common dividends	_____	_____	_____	_____	_____	_____	_____	_____	_____	
Retained earnings	_____	_____	_____	_____	_____	_____	_____	_____	_____	
Deferred taxes	_____	_____	_____	_____	_____	_____	_____	_____	_____	
Invest. tax cred.-deferred	_____	_____	_____	_____	_____	_____	_____	_____	_____	
Depreciaton and amort.	_____	_____	_____	_____	_____	_____	_____	_____	_____	
Change in working capital	_____	_____	_____	_____	_____	_____	_____	_____	_____	
Less: AFDC	_____	_____	_____	_____	_____	_____	_____	_____	_____	
Total Internal Funds	_____	_____	_____	_____	_____	_____	_____	_____	_____	
TOTAL FUNDS	\$	_____	\$	_____	\$	_____	\$	_____	\$	_____
CONSTRUCTION EXPENDITURES*										
Nuclear power plants	\$	_____	\$	_____	\$	_____	\$	_____	\$	_____
Other	_____	_____	_____	_____	_____	_____	_____	_____	_____	
Total const. exp's.	\$	_____	\$	_____	\$	_____	\$	_____	\$	_____
Subject nuclear plant	\$	_____	\$	_____	\$	_____	\$	_____	\$	_____
OTHER CAPITAL REQUIREMENTS										
Redemption of Maturing Bonds	_____	_____	_____	_____	_____	_____	_____	_____	_____	
Acquisition of Bonds for Sinking Funds	_____	_____	_____	_____	_____	_____	_____	_____	_____	
Miscellaneous Requirements (detail)	_____	_____	_____	_____	_____	_____	_____	_____	_____	
TOTAL CAPITAL REQUIREMENTS	_____	_____	_____	_____	_____	_____	_____	_____	_____	
CAPITAL STRUCTURE (\$ & %)										
Long-term debt	\$	_____ %	\$	_____ %	\$	_____ %	\$	_____ %	\$	_____ %
Preferred stock	_____	_____	_____	_____	_____	_____	_____	_____	_____	
Common equity	_____	_____	_____	_____	_____	_____	_____	_____	_____	
TOTAL	_____	_____	_____	_____	_____	_____	_____	_____	_____	

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ATTACHMENT for Item No. 4.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING
UNIT: THREE MILE ISLAND NUCLEAR STATION, UNIT 1
FOR THE CALENDAR YEAR 19____
(thousands of dollars)

Operation and maintenance expenses

Nuclear power generation

Nuclear fuel expense (plant factor _____%)..... \$ _____
Other operating expenses..... _____
Maintenance expenses..... _____
Total nuclear power generation..... _____

Transmission expenses..... _____

Administrative and general expenses

Property and liability insurance..... _____
Other A.&G. expenses..... _____
Total A.&G. expenses..... _____
TOTAL O&M EXPENSES..... _____

Depreciation expense..... _____

Taxes other than income taxes

Property taxes..... _____
Other..... _____
Total taxes other than income taxes..... _____

Income taxes - Federal..... _____

Income taxes - other..... _____

Deferred income taxes - net..... _____

Investment tax credit adjustments - net..... _____

Return (rate of return: _____%)..... _____

TOTAL ANNUAL COST OF OPERATION \$ _____

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ATTACHMENT FOR ITEM NO. 10.c.

RATE DEVELOPMENTS

Electric Gas Steam

Granted

Test year utilized
Annual amount of revenue increase requested-
test year basis (000's)
Date petition filed
Annual amount of revenue increase allowed-
test year basis (000's)
Percent increase in revenues allowed
Date of final order
Effective date
Rate base finding (000's)
Construction work in progress included in
Rate base (000's)
Rate of return on rate base authorized
Rate of return on common equity authorized

Revenue Effect (000's)

Amount received in year granted
Amount received in subsequent year
(If not available, annualize amounts
received in year granted)

Pending Requests

Test year utilized
Amount (000's)
Percent increase
Date petition filed
Date by which decision must be issued
Rate of return on rate base requested
Rate of return on common equity requested
Amount of rate base requested
Amount of construction work in progress
requested for inclusion in rate base

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ATTACHMENT FOR ITEM NO. 10.d.
FINANCIAL STATISTICS

12 months' ended
1978 1977 1976

(dollars in millions)

Earnings available to common equity
Average common equity
Rate of return on average common equity

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Times total interest earned before FIT:
Gross income (both including and excluding
AFDC) + current and deferred FIT + total
interest charges + amortization of debt
discount and expense

Times long-term interest earned before FIT:
Gross income (both including and excluding
AFDC) + current and deferred FIT + long-
term interest charges + amortization of
debt discount and expense

Bond ratings (end of period)
Standard and Poor's
Moody's

Times interest and preferred dividends earned
after FIT:
Gross income (both including and excluding
AFDC) + total interest charges + amortization
of debt discount and expense + preferred
dividends.

AFUDC
Net income after preferred dividends
%

Market price of common
Book value of common
Market-book ratio (end of period)*

Earnings avail. for common less AFDC +
depreciation and amortization, deferred
taxes, and invest. tax credit adjust.-
deferred.
Common dividends
Ratio

Short-term debt
Bank loans
Commercial paper

Capitalization (Amount & Percent)
Long-term debt
Preferred stock
Common equity

* If subsidiary company, use parent's data.

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