UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In The Matter of	)	
	)	
THE CINCINNATI GAS & ELECTRIC COMPANY, ET AL.	)	Docket No. 50-358
	)	
(Wm. H. Zimmer Nuclear Power Station)	)	

APPLICANTS' RESPONSES TO "INTERVENOR MIAMI VALLEY POWER PROJECT'S INTERROGATORIES TO APPLICANT REGARDING CONTENTION 13"

November 27, 1979

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Interrogatory #1

Please specify each design, construction, engineering, safety, quality, installation, or other problem contributing to the delay of the fuel loading date of the Zimmer Station announced by CG&E in July, 1979.

Response

Objection Taken

Interrogatory #2

CG&E has stated that these delays will increase the total cost at the Zimmer project to $850 Million, $186 Million beyond the previous estimate. Please specify the means by which this additional money will be raised, (eg., stock issuance, loans, bond issuance, etc.). For each method employed, please specify quantities, amounts, interest rates, and what percentage of the total increase in the Zimmer construction costs has been or will be obtained through each means identified.

Response of CG&E

Of the $186 Million increase, $75.6 Million represents The Cincinnati Gas & Electric Company's share. Additional Allowance for Funds Used During Construction will amount to $20.6 Million and the balance of $55.0 Million represents additional money that will have to be raised.

Construction costs for Zimmer Station are included in the overall requirements for capital and have been or will be financed as a part of CG&E's overall needs. In 1979, CG&E issued $100 Million of 10% first mortgage bonds to finance part of its construction program including Zimmer Station. The issuance of additional common stock through the Employee Incentive Thrift Plan, Employee Stock Ownership Plan and Dividend Reinvestment and Stock Purchase Plan is expected to provide an additional $10 Million in both 1979 and 1980. Presently, the Company is raising capital through the issuance of short-term debt obligations at interest rates ranging from 13% to 15-3/4%. However, this money has not been specifically raised for construction of the Zimmer Station.

Interrogatory #2 - Response of CG&E (continued)

Determination of future financings are subject to several factors, including the amount and timing of rate increases, internal generation of funds, and the course of CG&E's construction program. Present estimates indicate that CG&E will sell approximately $60 Million of common stock in the first half of 1980 and $75 Million of first mortgage bonds in the second half of 1980. It presently is expected that any additional capital which may be required in 1980 would be provided from short-term bank loans or the issuance of commercial paper. Prices and terms of these securities would be determined by the financial market at the time of sale.

Response of C&SOE

Of the $186 million increase, $53.8 million represents the Columbus and Southern Ohio Electric Company's share. Additional Allowance for Funds Used During Construction will amount to $16.2 million and the balance of $37.6 million represents additional money that has already been or will have to be raised.

Construction costs for Zimmer Station are included in the overall requirements for capital and have been or will be financed as a part of C&SOE's overall needs. In 1979, C&SOE issued $60 million of 10-1/4% first mortgage bonds to finance part of its construction program including Zimmer Station. The issuance of additional common stock through the Employee Thrift Plan and Dividend Reinvestment Plan is expected to provide an additional $4.5 million in both 1979 and 1980. Presently, the Company is raising capital through the issuance of short-term debt obligations at interest rates ranging from 13% to 15-3/4%. However, the Company does not identify any particular source of funds with specific construction projects, including the Zimmer Station.

Determination of future financings are subject to several factors, including the amount and timing of rate increases, internal generation of funds, and the course of C&SOE's construction program. Present estimates indicate that C&SOE will sell approximately $40 million of securities to finance construction expenditures in 1980. The type of security and timing of sale have not been determined and will depend on the factors already mentioned, as well as market conditions at the time of sale. It presently is expected that any additional capital which may be required in 1980 would be provided from the sale of not more than $30 million of first mortgage bonds and from short-term bank loans. Prices and terms of these securities would be determined by the financial market at the time of sale.

Response of DP&L

Construction costs for Zimmer Station are included in the overall requirements for capital and have been or will be financed as a part of DP&L's overall needs. In 1979, to finance part of its construction program including Zimmer Station, DP&L issued $15 million of 9½% first mortgage bonds, $45.0 million of 9 3/8% Series I preferred stock, $30 million of 10½% first mortgage bonds, $48 million of pollution control obligations and approximately $7.2 million will be raised through the issuance of common stock pursuant to DP&L's Employee Stock Plans and the Automatic Dividend Reinvestment and Stock Purchase Plan. In addition, the Company has filed a registration statement for the sale of $65 million of first mortgage bonds in December 1979. Presently, DP&L is raising capital through the issuance of short-term debt obligations at interest rates ranging from 14% to 15½%.

Other than the sale of $15 million of 10½% first mortgage bonds in January 1980 (arranged in August 1979) DP&L has not finalized its 1980 financing program. Determination of future financings are subject to several factors, including the amount and timing of rate increases, internal generation of funds and the course of DP&L's construction program.

Interrogatory #3

Specify the schedule for amortization for each of above newly incurred debts for each applicant.

Response of CG&E

See Response to Interrogatory #2. Historically, CG&E's first mortgage bonds have been sold with thirty-year maturities. Bank loans and commercial paper generally have maturities of 90 days or less.

Response of C&SOE

See Response to Interrogatory #2. Historically, C&SOE's first mortgage bonds have been sold with maturities of anywhere from five to thirty years. Bank loans and other short-term debt instruments have maturities of 30 to 180 days.

Response of DP&L

See answer to Interrogatory #2.

Interrogatory #4

Please specify any anticipated changes in the total amount of stock dividend payments for each of the next five years for each applicant.

Response of CG&E

Future dividends will depend upon CG&E's earnings and financial condition and the determination by CG&E's Board of Directors at the time of declaration.

Response of C&SOE

Future dividends on C&SOE's common stock will depend upon C&SOE's earnings, financial condition and determination by the Board of Directors at the time of declaration.

Response of DP&L

The timing of the issuance of additional shares of common stock for the next five years is not now determinable (see answer to Interrogatory #2). The dividend rate and any changes therein are determined by the Board of Directors and depend upon various factors such as future earnings and financial condition.

Interrogatory #5

Please specify a revised schedule for amortization of the total capital indebtedness incurred for each applicant resulting from the construction costs at the Zimmer Station.

Response

See Response to Interrogatories #2 and #3.

Interrogatory #6

Please specify the amounts and the percentages of the increased costs mentioned above that has been or will be met by funds obtained by means of deferred income tax credits.

Response of CG&E

Presently, total funds generated by means of deferred income tax credits are minimal as the Public Utilities Commission of Ohio has not allowed the use of such deferrals, including those which may be associated with construction costs, in determining CG&E's cost of service. Therefore, it can be stated at this time that it is anticipated that none of the increased costs of construction will be met by funds obtained through deferred income tax credits.

Response of C&SOE

Presently, total funds generated by means of deferred income tax credits are minimal. The Public Utilities Commission of Ohio has allowed C&SOE the use of such deferrals since May 1978, based on plant facilities placed in service since January 1, 1977. Therefore, C&SOE believes it can be stated that a minimal amount of the increased costs of construction will be considered met by funds obtained through deferred income tax credits.

Response of DP&L

Presently, total funds generated by means of deferred income tax credits are minimal as The Public Utilities Commission of Ohio has only allowed The Dayton Power and Light Company the use of such deferrals since January 1978, based on plant facilities placed in service since December 31, 1975. Therefore, DP&L believes it can be stated that a minimal amount of the increase in costs of construction could be considered met by funds obtained through deferred income tax credits.

Interrogatory #7

Please specify the amounts and percentages of the above mentioned costs to be met by funds obtained by means of construction work in progress (CWIP) charges. Please indicate if the availability of any of these anticipated revenues is still pending Public Utilities Commission of Ohio decisions.

Response of CG&E

At the present time, CG&E has not obtained any funds by means of CWIP charges. Inclusion of Zimmer Unit #1 and certain other projects in CG&E's rate base as CWIP is currently pending before the Public Utilities Commission of Ohio in Case NO. 79-11-EL-AIR.

Response of C&SOE

At the present time, C&SOE has not obtained any funds by means of CWIP charges. Inclusion of Zimmer Unit #1 and certain other projects in C&SOE's rate base as CWIP is currently pending before the Public Utilities Commission of Ohio in Case No. 78-1438-EL-AIR.

Response of DP&L

At the present time, DP&L has obtained minimal funds by means of CWIP charges. Inclusion of Zimmer Unit #1 and certain other projects in DP&L's rate base as CWIP is currently pending before The Public Utilities Commission of Ohio in Case No. 79-510-EL-AIR.

Interrogatory #8

Please specify a revised schedule for payment of total deferred income tax obligations resulting from the costs of construction at the Zimmer Station for each applicant.

Response of CG&E

As noted in our response to Interrogatory #6, CG&E presently has no deferred income tax obligations resulting from the costs of construction at the Zimmer Station. As such, there is no repayment schedule.

Response of C&SOE

As noted in our response to Interrogatory #6, C&SOE presently has no deferred income tax obligations resulting from the costs of construction at the Zimmer Station, because that Station is not yet in service. Thus, there is no repayment schedule.

Response of DP&L

It is anticipated that any deferred income taxes resulting from the costs of construction at the Zimmer Station would be reflected in the rates charged to the customer over the tax life of the property.

Interrogatory #9

Please identify probable and reasonable sources of revenue for paying the above specified deferred income tax obligations for each applicant.

Response of CG&E

As noted in our response to Interrogatories #6 and #8, CG&E presently has no deferred income tax obligations resulting from the increased cost of construction of the Zimmer Station.

Response of C&SOE

As noted in our response to Interrogatories #6 and #8, C&SOE presently has no deferred income tax obligations resulting from the increased cost of construction of the Zimmer Station.

Response of DP&L

The source of any revenues that are or may be granted by the applicable regulatory agency for deferred income taxes would be reflected in the rates charged to the Company's customers.

Interrogatory #10

Please state, in a clear affirmative or negative declarative statement, whether funds from CWIP charges on current, planned, or future construction will be or are anticipated to be used in meeting some deferred income tax obligations.

Response of CG&E

See response to Interrogatory #7.

Response of C&SOE

As noted in the response to Interrogatory #7, at the present time no funds are being generated by the inclusion of CWIP in C&SOE's rate base.

Response of DP&L

It is anticipated that deferred income tax costs that would be included in rates would be recovered through revenues. See answer to Interrogatory #7.

Interrogatory #11

Identify and estimate for each of the first 5 years of operation any increases in labor costs, fuel costs, fuel receiving, loading, storage or disposal costs, maintenance costs, materials costs, equipment costs, or other operating costs which result from the problems identified in the answer to question #1. Please attach a revised operations and maintenance cost schedule.

Response

There are no cost increases expected in the areas of fuel receiving, loading, or storage resulting from the delay of the fuel loading date of the Zimmer Station. Labor and material equipment costs are expected to increase due to the project delay. The increases will be primarily a result of inflation. A schedule of the estimated operation and maintenance costs is presented below:

Year Of Operation	Operation And Maintenance Costs* (Dollars)
1	34,413,459
2	35,703,382
3	41,064,506
4	41,495,323
5	43,963,766

* Includes nuclear fuel expenses, and operating and maintenance expenses.

Interrogatory #12

Identify and estimate for each of the first 5 years of operation all equipment, safety, security, operating and maintenance cost increases resulting from NRC or Kemeny Commission recommendations or requirements stemming from the Three Mile Island investigations.

Response

The cost increases due to additional NRC requirements will be expended, in large part, prior to the receipt of an operating license.

At this time it is not possible to estimate the increases in the cost of operation, including additional training and manpower, if any, that might be required during the first 5 years of Zimmer operation stemming from the Three Mile Island investigations.

Interrogatory #13

Estimate in dollar amounts, a revised schedule for depreciation costs for the Zimmer Station plant and equipment as they have been, are being, or will be presented to the Internal Revenue Service in computations of the federal income tax obligations of each applicant for the anticipated service life of the Zimmer Station.

Response of CG&E

The following estimates of annual depreciation to be claimed by CG&E on its federal income tax return are based upon current depreciation regulations of the Internal Revenue Code. Actual amounts may vary depending upon final costs and future federal income tax legislation.

Year	Depreciation $
1	31,493,400
2	27,545,875
3	24,094,503
4	21,076,587
5	18,437,436
6	16,136,190
7	14,122,599
8	12,360,707
9	10,791,588
10	10,791,588
11	10,791,588
12	10,791,588
13	10,791,588
14	10,791,588
15	10,791,588
16	10,791,587
Total	251,600,000

Response of C&SOE

The following estimate of annual depreciation to be claimed by Columbus and Southern on its Federal Income Tax return is based on current depreciation regulations of the Internal Revenue Code. Actual amounts may vary depending on final cost and future Federal Income Tax legislation.

Year	Depreciation
1	$ 22,425,000
2	19,621,875
3	17,169,141
4	15,022,998
5	13,145,123
6	11,501,983
7	10,064,235
8	8,806,206
9	7,705,429
10	7,705,430
11	7,705,430
12	7,705,430
13	7,705,430
14	7,705,430
15	7,705,430
16	7,705,430
Total	$179,400,000

Response of DP&L

The Company's share of the estimated depreciable costs ($198,135,000) for the Zimmer project will be recovered in accordance with the prevailing tax law and regulations implementing the same, which law and regulations are subject to change from time to time by Congress and the Internal Revenue Service. In addition, the regulatory treatment to be accorded such costs may also change.

The following summarizes the annual depreciation of the Zimmer Station which will be claimed by DP&L on its federal income tax return beginning in the year the station is placed in service.

Year	Depreciation
1	$ 24,766,875
2	21,671,016
3	18,962,139
4	16,591,871
5	14,517,887
6	12,703,152
7	11,115,258
8	9,725,850
9	8,510,119
10	8,510,119
11	8,510,119
12	8,510,119
13	8,510,119
14	8,510,119
15	8,510,119
16	8,510,119
Total	$198,135,000

VERIFICATION

State of Ohio)
) ss
County of Hamilton)

Earl A. Borgmann, being first duly sworn, states that he is Senior Vice President for The Cincinnati Gas & Electric Company; that he has been duly authorized to execute, verify and file the foregoing document "Applicants' Responses to 'Intervenor Miami Valley Power Project's Interrogatories to Applicant Regarding Contention 13'"; that he has read the contents of same and that the statements contained therein are true and correct to his best information, knowledge and belief.

Earl A. Borgmann

Subscribed and sworn to before me this 27th day of November, 1979.

Virginia P. Muhlhofer
Notary Public

VIRGINIA P. MUHLHOFER
Notary Public, State Of Ohio
My Commission Expires July 28, 1982

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CERTIFICATE OF SERVICE

I hereby certify that copies of "Applicants' Responses to 'Intervenor Miami Valley Power Project's Interrogatories to Applicant Regarding Contention 13'", dated November 27, 1979, in the captioned matter, were served upon the following by deposit in the United States mail this 27th day of November, 1979.

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