

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

Includes tel conv
of 7/30 also.

RECORD OF TELEPHONE CONVERSATION

July 27, 1979

10:00 a.m. - 10:10 a.m.

Mr. Lorin H. (Mike) Drennan
Chief Accountant, FERC
Room 3410 North Building
825 North Capitol Street
Washington, D. C. 20426

275-4031

Since Mike had only a few minutes at this time, I quickly went over the question areas I wanted to discuss later on either with Mike or members of his staff.

1. Since Met Ed anticipated and needed additional financing in 1979 (per SEC Form 10K and FERC Form 1) would having TMI-2 in commercial service by the end of calendar year 1978 affect the financing alternatives available to Met Ed or the cost of the various alternatives?

Mike believed the commercial operation decision would have an impact but could not answer definitively. Perhaps a commercial operation declaration was a precondition to making TMI-2 bondable plant.

2. What are the FERC criteria for changing from CWIP to Plan' in Service?
Merely at end of test period.
3. Does Met Ed receive benefit from Investment Tax Credit or is benefit "flowed through" to rate payers?
(will discuss later)
4. When does FERC's 120-day test period start for a nuclear unit and did Met Ed file with FERC on explanation of why TMI-2 testing extended beyond 120 days.

This report would have been referred to the Office of Electric Power Generation.

5. From the information in the FPC Form 1, it is not clear if Met Ed/GPU was in a surplus or deficit position with the Pa.-N.J.-Md. Pool. What was status before and after declaring TMI-2 to be in commercial operation?

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Will probably need additional information from Met Ed to supplement FERC data to determine position with pool.

6. What was the status of TMI-2 in FERC rate case?

FERC rate people may have answer.

7. Need copy of FERC Uniform System of Accounts with full explanation.

Code of Federal Regulations, Title 18, Parts 0-49 latest edition 4/1/79 contains complete set of accounts for electric utilities and explanations.

Mike Drennan called again, 10:30 a.m. Monday, July 30, and provided the following information:

1. Met Ed did not submit a report indicating that test period extended beyond 120 days so FERC assumes that test period was less than 120 days.
2. FERC conducted audit of Met Ed in 1978 for year ending December 1977. Purpose of audit was to assure compliance with FERC's Uniform System of accounts particularly to assure correct classification and reporting of plant expenditures.
3. Met Ed, per 1978 FERC Form 1, was clearly in a deficit position with respect to Pa-N.J.-Md. Pool. Could have been caused by coal strike.
4. Mr. Gordon Murdock, Office of Electric Power Regulation. 275-4667 has worked on TMI and is available to provide more detailed answers to our questions.

R. L. Vandenberg