

APR 10 1975

Project No. F9-302

Mr. J. T. Rodgers
Assistant Vice President
and Nuclear Project Manager
Florida Power Corporation
P.O. Box 17042
St. Petersburg, Florida 33733

Dear Mr. Rodgers:

In your telephone conversation on May 14, 1975, with Mr. L. Engle, Licensing Project Manager for Crystal River, Unit 3 (CR-3), you requested that we review the Draft Participation Agreement (DPA) which would form the basis for the proposed joint ownership of CR-3 by the Florida Power Corporation (FPC) and approximately 16 additional utilities.

We have completed our review of the DPA and find that additional financial information will be required from FPC and the other participating utilities. This information will enable us to evaluate the financial qualifications of FPC and the new participants to purchase an undivided 10% ownership interest in CR-3.

We will also need to evaluate the financial qualifications of FPC and the new participants to operate and to permanently shutdown and maintain the facility in a safe shutdown condition, should that become necessary.

It is our opinion that financial qualification findings will be required for the CR amendment admitting the additional participants as co-holders of the permit, and for a SAR supplement addressing the OL issues.

It may be expeditious for FPC and the new participants to submit the CR information prior to submitting the OL information. Therefore, we have separated the requested information into one list applicable to the CR amendment in Enclosure 1, and a second list for the OL license in Enclosure 2.

FPC has already responded to some of the information being requested at this time. If previous responses by FPC are timely and up-to-date for cost estimates and financial data, an adequate response to Enclosures 1 & 2 can be made by referencing previously supplied information which is documented in an amendment to the SAR for CR-3.

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Complete responses to both enclosures should be submitted to us five weeks prior to the date that a finding on financial qualifications is required. We request that you notify us by letter when the proposed joint ownership of CR-3 will take place and also provide us a list of all participating utilities.

Please call Mr. L. Earle or Mr. A. Schwencer if you have any questions regarding these matters.

Sincerely,

Voss A. Moore
Voss A. Moore

Voss A. Moore, Assistant Director
for Light Water Reactors Group 2
Division of Reactor Licensing

Enclosures:

1. Request for additional financial information - Construction Permit-Crystal River, Unit 3
2. Request for additional financial information - Operating License-Crystal River, Unit 3

cc: S. A. Swainson
Vice President & General Counsel
P. O. Box 14042
St. Petersburg, Florida 33733

DISTRIBUTION

- Docket File
- NRC PDR
- Local PDR
- LWR 2-3 Bdg
- VAMoore
- RDeYoung
- FSchroeder
- AKenneite
- MWilliams
- RKlocker
- OELD
- OIEE (3)
- EGoulbourne
- ASchwencer
- DSkovholt
- MKarman, OELD
- ACRS (14)
- JRBuchanan, ORNL
- TBAbernathy, DTIE
- JPeterson
- AGianbusso
- REoyd
- LEngle

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*Please direct all mail to
Voss A. Moore
as well as the file*

request 6/1/75

OFFICER	x7886/LWR2-3	RL:AD/0060	OELD	RL:C-LWR2-3	RL:AD/LWR-2
SUPERVISOR	LEngle	DSkovholt	MKarman	ASchwencer	VAMoore
DATE	6/10/75	6/10/75	6/10/75	6/10/75	6/10/75

ENCLOSURE 1

REQUEST FOR ADDITIONAL
FINANCIAL INFORMATION -
CONSTRUCTION PERMIT
CRYSTAL RIVER UNIT 3
DOCKET NO. 50-302

1. Indicate the total estimated cost to complete the design and construction of Crystal River Unit 3 including nuclear production plant costs; transmission, distribution and general plant costs; and the nuclear fuel inventory cost for the first core.
2. If nuclear fuel for the facility is to be acquired by lease or other arrangement than purchase, submit copies of the lease or documents relating to the "other arrangement".
3. Provide the earliest and latest estimated dates for completion of construction of the unit.
4. What is the aggregate dollar amount that will be payable by the additional participants at the date of closing the sale? What is the total estimated dollar amount that the additional participants will pay to Florida Power Corporation after closing the sale and through completion of the unit?

If the total estimated cost to complete the unit (per item 1 above) exceeds the total dollar contribution to be made by the additional participants, provide a detailed explanation of the source(s) of funds to finance the difference. Indicate the nature and amount of the additional source(s), if any, and indicate the assumptions upon which the ability to raise such funds is based.

5. Provide a list of the additional participants. Indicate their respective ownership shares in the facility and the dollar contribution to be made by each at closing of the sale. Also indicate the estimated additional total dollar contribution to be made by each participant through the completion of the unit.
6. For each municipal and cooperative electric system applicant, identify the sources upon which the applicant plans to rely for the funds necessary to pay the total cost of its ownership share in the subject facility and the amount to be obtained from each source. The summation of these sources should equal the total contribution of each applicant through the year of completion of Crystal River Unit 3.

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7. Provide copies of excerpts from state statutes on which each municipal and cooperative electric system is relying as authority to issue revenue bonds, general obligation bonds, or other forms of indebtedness and to take other actions necessary to acquire ownership shares in the subject facility. Also, submit copies of municipal ordinances, resolutions, regulations, or documents of a similar nature which permit each of the municipal and cooperative electric system applicants to use public or cooperative funds for acquiring ownership shares.
8. Is each additional participant's percentage ownership share in the facility equal to its percentage entitlement in the electrical capacity and output of the plant? If not, explain the difference(s) and any resultant effect on any participant's obligation to provide its share of design and construction costs, and its share of operating cost subsequent to the completion of the unit.
9. Explain the procedure to be used by Florida Power Corporation for billing the additional participants for construction progress payments subsequent to closing. This may be answered by reference to pertinent portions of an agreement between the parties that is submitted in support of the application.
10. Provide copies of the final "Participation Agreement" including all exhibits referred to therein, none of which were attached to the preliminary submission. Provide copies of any other final documents of conveyance of the ownership interest (referenced in the preliminary Participation Agreement, Section 1.b.). In addition, the Commission will require executed copies of the above agreements subsequent to the closing of the sale.
11. Provide the following for each municipal and cooperative applicant:
 - (a) Copies of the most recent annual financial statements. Continue to submit copies of the annual financial statements for each year thereafter as required by 10 CFR 50.71(b).
 - (b) Copies of the most recent interim financial statements.
12. Provide the following for Florida Power Corporation:
 - (a) Copies of the 1974 Annual Report to Stockholders and copies of the prospectus for the company's most recent security issue. Provide copies of the preliminary prospectus for any pending security issue. Continue to submit copies of the Annual Report for each year thereafter as required by 10 CFR 50.71(b).
 - (b) Copies of the 1975 1st quarter (and 2nd quarter, when available) income and retained earnings statements and balance sheet. Provide the same statements for the most recent 12 months period. Also provide copies of similar statements for the corresponding periods ended in the previous year.

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13. Provide the following for any additional applicant that is an investor-owned utility (other than Florida Power Corporation): (a) copies of the 1974 annual report with financial statements (b) copies of income and retained earnings statements for the most recent twelve months' period and balance sheet dated as of the end of the same period. Copies of similar statements for the corresponding twelve months' period ended in the previous year should also be submitted; (c) prospectus for the most recent security issue; (d) most recent Officer's Certificate or Net Earnings Certificate prepared in connection with the issuance of mortgage bonds or debentures and showing interest coverage and debt ratio calculations pursuant to the applicable indenture; (e) calculations of interest coverage for the most recent twelve months' period using the definitions of net earnings and annual interest requirements (on debt presently outstanding) set forth in the mortgage bond indenture. Assuming a range of interest costs considered realistic, state the additional amount of first mortgage bonds which could be issued based on net earnings as defined by the indenture for the most recent twelve months' period; (f) the attached schedule titled, "Sources of Funds for System-Wide Construction Expenditures During Period of Construction of Subject Nuclear Power Plant," completed through the earliest year in which the facility is expected to be completed. Provide a detailed explanation of the assumptions upon which the Sources of Funds Statement is based.

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"ATTACHMENT FOR CP ITEM NO. 13"

Applicant: _____ Nuclear Plant: _____

Sources of Funds for System-Wide Construction Expenditures During Period
of Construction of Subject Nuclear Power Plant
(millions of dollars)

	19__	19__	19__	19__	19__	19__	19__	19__
Security issues and other funds								
Common stock	\$	\$	\$	\$	\$	\$	\$	\$
Preferred stock								
Long-term debt								
Notes payable								
Contributions from parent-net								
Other funds								
Total								
Internal funds								
Net income								
Less:								
preferred dividends								
common dividends								
Retained earnings								
Deferred taxes								
Invest. tax cred.-deferred								
Depreciation and amort.								
Less: AFDC								
Total	\$	\$	\$	\$	\$	\$	\$	\$
TOTAL FUNDS	\$	\$	\$	\$	\$	\$	\$	\$
Construction expenditures*	\$	\$	\$	\$	\$	\$	\$	\$
Nuclear power plants	\$	\$	\$	\$	\$	\$	\$	\$
Other	\$	\$	\$	\$	\$	\$	\$	\$
Total const. exp's.	\$	\$	\$	\$	\$	\$	\$	\$
Subject nuclear plant	\$	\$	\$	\$	\$	\$	\$	\$

*Exclusive of AFDC (allowance for funds used during construction)

ENCLOSURE 2

REQUEST FOR ADDITIONAL
FINANCIAL INFORMATION -
OPERATING LICENSE
CRYSTAL RIVER UNIT 3
DOCKET NO. 50-302

1. Indicate the estimated annual costs by year to operate the subject facility for the first five years of commercial operation. The types of costs included in the estimate should be indicated and should include (but not necessarily limited to) operation and maintenance expenses with fuel costs shown separately, depreciation, taxes, and required return on investment. (Attached is a form which should be used for each year of the five-year period.) Indicate the projected plant capacity factor for each year.

Indicate if Florida Power Corporation (FPC) and the additional participants expect to be able to sell power produced by the subject facility at rates which will cover all costs of production plus a reasonable return on investment. Indicate the unit price per KWH experienced on FPC's system-wide sales of electric power to all customers for the most recent 12 months' period.

2. 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 source of funds to cover these costs.
3. 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 the costs, and the source of funds to cover these costs.
4. Provide a statement indicating the additional participants' commitment to provide their respective shares of all operating expenses for Crystal River 3 regardless of the level of power availability from the unit, and to provide their respective shares of expenses for permanent shutdown of the unit and maintenance in a safe condition should that become necessary. Reference pertinent provisions of the Participation Agreement or other agreement between the parties which affirm this commitment. Provide copies of such agreement(s) if not done so previously.
5. Indicate the sources of funds to cover expenses in item 4 above. What assurances do the additional participants have that they will be able to generate revenues sufficient to cover their respective shares of Crystal River Unit 3 operating expenses, including the possibility that such expenses will escalate?

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6. Explain the procedure to be used by Florida Power Corporation for billing the additional participants for their respective shares of the total monthly operating costs of the unit. This may be answered by reference to pertinent portions of an agreement between the parties that is submitted in support of the application.

Indicate differences, if any, between each participant's ownership percentage in the unit and its entitlement percentage in the electrical capacity and output of the plant. If there are such differences, what is the effect on the applicant's percentage responsibility in the operating expenses of the unit?

7. Provide the following for Florida Power Corporation:
 - a. Copies of the most recent interim financial statements and prospectus if they are more current than those submitted in response to the CP request.
 - b. Describe the nature and amount of the company's most recent rate relief action(s) and its anticipated effect on earnings. Provide copies of the rate order and opinion. In addition, indicate the nature and amount of any pending rate relief action(s). Use the attached form to provide this information.
 - c. Complete the attached form entitled "Financial Analysis" for the years ended December 31, 1974 and December 31, 1973.
8. Provide copies of the most recent interim financial statements for each additional participant if they are more current than those submitted in response to the CP request.

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ATTACHMENT

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING UNIT:

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.....	_____
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Administrative and general expenses

Property and liability insurance.....	_____
Other A.&G. expenses.....	_____
Total A.&G. expenses.....	_____

TOTAL O&M EXPENSES.....	_____
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Depreciation expense.....	_____
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Taxes other than income taxes

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

Income taxes - Federal.....	_____
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Income taxes - other.....	_____
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Deferred income taxes - net.....	_____
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Investment tax credit adjustments - net.....	_____
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Return (rate of return: _____%).....	_____
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TOTAL ANNUAL COST OF OPERATION	\$ _____
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RATE DEVELOPMENTS

Electric

Gas

Steam

Granted*

Annual amount - test year basis (000's)
Percent increase
Effective date
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

Pending Requests

Amount (000's)
Percent increase
Date filed
Date by which decision must be issued
Rate of return on rate base requested
Rate of return on common equity requested

*Provide copy of latest rate order

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FINANCIAL ANALYSIS

1974

1973

(dollars in millions)

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

Net income before total interest charges
 Total interest charges
 Times total interest charges earned

Net income before total interest charges
 Interest on long-term debt
 Times long-term interest charges earned¹

Gross income after taxes
 Total interest charges & preferred dividends
 Preferred stock coverage²

AFUDC
 Net income after preferred dividends
 %

Operating expenses (less depr. & total taxes)
 Operating revenues
 Operating ratio

Market price of common
 Book value of common
 Market-book ratio

Cash earnings available for commo.
 Common dividends
 Ratio

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

¹Provide latest Net Earnings Certificate showing interest coverage calculated in accordance with the provisions of the mortgage and/or debenture indenture together with a copy of the indenture(s).

²If the Corporate Charter contains a preferred stock coverage requirement, provide that portion which shows how such coverage is to be calculated.

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