

Docket Nos. 50-329
and 50-330
50-255

Consumers Power Company
ATTN: Mr. S. H. Howell
Vice President
212 West Michigan Avenue
Jackson, Michigan 49201

MAY 29 1974

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Gentlemen:

It has come to our attention that Consumers Power Company has cancelled a proposed common stock offering and may be experiencing difficulty in attracting funds for construction purposes. In view of these developments, we require current information on Consumers Power Company's financial conditions and financing plans so that we may ascertain the status of the Company's financial qualifications with respect to the Midland and Palisades facilities.

The specific information we require is set forth in Enclosure 1 to this letter. We request that you respond within ten (10) days from receipt of this letter, so that we may determine as promptly as possible, whether any additional action or information is required.

Sincerely,

Original signed by

R.S. Boyd for/

A. Giambusso, Deputy Director
for Reactor Projects
Directorate of Licensing

Enclosure:
Request for Additional
Financial Information

ccs: See next page

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ccs: Harold F. Reis, Esquire
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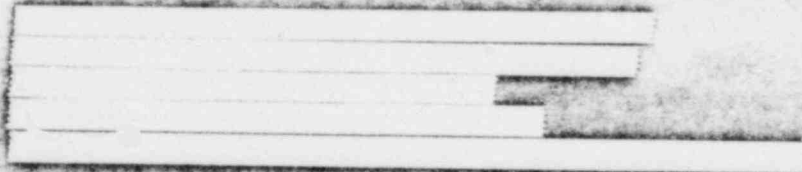
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ENCLOSURE 1REQUEST FOR ADDITIONAL FINANCIAL INFORMATION
CONSUMERS POWER COMPANY
PALISADES AND MIDLAND UNITS 1 AND 2
DOCKET NOS. 50-255, 50-329, 50-330

1. Identify and state the amount of each major system-wide source of construction funds which will be realized during the twelve months' period beginning June 1, 1974 assuming all of the following:
 - (a) Palisades is returned to service at the earliest probable date (please specify).
 - (b) Construction of the Midland units continues on schedule.
 - (c) Fuel costs and interest rates remain at their present levels.
2. If the aggregate amount of the estimated construction funds developed for item 1 above is less than the construction budget for the twelve months' period beginning June 1, 1974 using the assumptions described in item 1, indicate whether or not certain construction projects (describe and state the dollar amounts involved) could be delayed to bring about a parity between estimated construction funds and the construction budget.
3. Provide copies of Consumers Power Company's income and sources of construction funds 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.
4. Provide copies of the most recent Officer's Certificate prepared in connection with the issuance of mortgage bonds and showing interest coverage and debt ratio calculations pursuant to the applicable indenture.
5. Provide an estimate with detailed calculations of the amount of additional first mortgage bonds which could be issued at the present time pursuant to the applicable indenture and assuming a realistic range of current interest costs.
6. Provide projections of coverages of interest on long-term debt to be outstanding based on definitions included in the applicable bond indenture for each successive twelve month period beginning with the twelve months' period ending May 31, 1974 and ending with the twelve months' period terminating May 31, 1975.
7. Provide copies of the most recent prospectus prepared in connection with the issuance of securities.

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8. Indicate the dollar amount on an annualized basis of requests for rate increases still pending before state and Federal regulatory agencies.
9. Indicate the present and maximum amount of bank credit and explain those factors, such as interest coverage and capital structure ratios, which tend to limit an expansion of such credit.
10. Indicate the average age of accounts receivable applicable to electric service and gas service with the electric service accounts receivable classified as (a) residential, (b) commercial-industrial, (c) public authorities, and (d) other electric utilities as of the latest available date and the corresponding date of the previous year.