

JAN 16 1975

Docket Nos. 50-329 ← and 50-330

THIS DOCUMENT CONTAINS
POOR QUALITY PAGES

Mr. S. H. Howell
Vice President
Consumers Power Company
212 West Michigan Avenue
Jackson, Michigan 44201

Dear Mr. Howell:

We have reviewed Amendment 28 to your application for construction permits and operating licenses for Units 1 and 2 of your Midland Plant. This amendment consists of a third quarter 1974 update of financial information and construction projections required by A. Giambusso's letter dated September 13, 1974.

In light of recent and pending developments which are significant to the financial posture of Consumers Power Company, we request that your next quarterly report, which will include fiscal results of the fourth quarter and calendar year 1974, include the following information and analysis:

1. Copies of the Michigan Public Service Commission (MPSC) rate order and opinion regarding your \$72.2 million requested rate increase.
2. Copies of the MPSC hearing examiner's decision and recommendation for a \$67.0 million rate increase in the above case.
3. Provide an assessment of the effect of this rate order on the overall financial condition of the Consumers Power Company and on your ability to finance continued construction of Midland 1 and 2 and the balance of your construction program. Also provide an assessment of the impact of any forthcoming gas rate increase on the overall financial condition and on the ability to finance construction.

Quantify the assumptions made in your Amendment 28, regarding the favorable effects of the rate increase and the operation of the Palisades plant on your ability to issue \$50 million of first mortgage bonds in the second quarter of 1975 (ref. p.3, supplemental information, Amendment No. 28). Specifically, what is the net projected effect by month of the rate increase and of Palisades' operation on net income, net earnings and on interest coverage, such that the bonds could be issued.

OFFICE →	SEE PREVIOUS	YELLOW FOR CONCURRENCES				
SURNAME →	8006160411		A			APL
DATE →						

Docket Nos. 50-329
and 50-330

Mr. S. H. Howell
Vice President
Consumers Power Company
212 West Michigan Avenue
Jackson, Michigan 44201

Dear Mr. Howell:

We have reviewed Amendment 28 to your application for construction permits and operating licenses for Units 1 and 2 of your Midland Plant. This amendment consists of a third quarter 1974 update of financial information and construction projections required by A. Giambusso's letter dated September 13, 1974.

In light of recent and pending developments which are significant to the financial posture of Consumers Power Company, we request that your next quarterly report, which will include fiscal results of the fourth quarter and calendar year 1974, include the following information and analysis:

1. Copies of the Michigan Public Service Commission (MPSC) rate order and opinion regarding your \$72.2 million requested rate increase.
2. Copies of the MPSC hearing examiner's decision and recommendation for a \$67.0 million rate increase in the above case.
3. Provide an assessment of the effect of this rate order on the overall financial condition of the Consumers Power Company and on your ability to finance continued construction of Midland 1 and 2 and the balance of your construction program. Also provide an assessment of the impact of any forthcoming gas rate increase on the overall financial condition and on the ability to finance construction.

Quantify the assumptions made in your Amendment 28, regarding the favorable effects of the rate increase and the operation of the Palisades plant on your ability to issue \$50 million of first mortgage bonds in the second quarter of 1975 (ref. p.3, supplemental information, Amendment No. 28). ~~In other words,~~ what is the net projected effect of the rate increase and of Palisades' operation on net income, net earnings and on interest coverage, such that the bonds could be issued.

by month

Specifics

JAN 16 1975

Mr. S. H. Howell

- 2 -

4. In Amendment 28, (ref. p.3, supplemental information), you indicated that the successful procurement of short-term bank loans was an assumption made in Consumers' financing projections for its construction program. What is the amount of Consumers' lines of credit and the currently unused portion of these lines? Name the banks extending these lines and indicate the relative percentage of each to the total of the lines of credit. Which of these banks does Consumers expect to utilize first and indicate the anticipated amount of each loan.

Please provide three (3) signed originals and forty (40) conformed copies of the above within thirty (30) days of the issuance of the Consumers Power Company 1974 annual report to stockholders or the rate order, whichever is later.

Original signed by
Voss A. Moore

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

cc: Harold F. Reis, Esquire
Newman, Reis, Axelrad
1025 Connecticut Avenue, N.W.
Washington, D. C. 20036

Honorable William H. Ward
Assistant Attorney General
Topeka, Kansas 66601

Howard J. Vogel, Esquire
Knittle and Vogel
814 Flour Exchange Building
310 Fourth Avenue South
Minneapolis, Minnesota 55415

Myron M. Cherry, Esquire
Jenner and Block
1 IBM Plaza
Chicago, Illinois 60611

James A. Kendall, Esquire
135 N. Saginaw Road
Midland, Michigan 48640

Irving Like, Esquire
Reilly, Like and Schneider
200 West Main Street
Babylon, New York 11702

DISTRIBUTION:

Docket File
Reading File
AGiambusso
RBoyd
RP ADs
RP Br. Chiefs
TR ADs
TR Br.Chiefs
AHMeltz
JCPetersen
DJSkovholt
LBEngle
ASchwencer
VAMoore
OGC
CBoyle, LWR 2-3
DRO, Region 3
ACRS (16)



Comments subject to change marked.

OFFICE →	L:QAO	L:AD/QAO	L:LWR 2-3	L:BC/LWR 2-3	OGC	L:AD/LWR 2-3
SURNAME →	AHMeitz	DJSkovholt	LBEngle	ASchwencer	Cen A	VAMoore
DATE →	1/14/75	1/14/75	1/14/75	1/14/75	1/15/75	1/15/75