



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

August 11, 1980

Docket No. 50-289

Mr. R. C. Arnold
Senior Vice President
Metropolitan Edison Company
100 Interpace Parkway
Parsippany, New Jersey 07054

Dear Mr. Arnold:

You have responded in part to our requests for financial information of September 21 and December 6, 1979, but additional information as identified in the enclosure is needed to complete the previous responses and to account for subsequent developments which will change your financing plan and cost estimates. The item numbers referenced in the enclosure correspond to our earlier requests and your responses. In order to comply with our schedule, your response to these requests is required by August 25, 1980.

Sincerely,

A handwritten signature in cursive script, appearing to read "T M Novak".

Thomas M. Novak, Assistant Director
for Operating Reactors
Division of Licensing

Enclosure:
Request for Additional
Information

cc w/enclosure:
See next page

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THIS DOCUMENT CONTAINS
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-1-

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U.S. NUCLEAR REGULATORY COMMISSION

REQUEST FOR ADDITIONAL FINANCIAL INFORMATIONTHREE MILE ISLAND NUCLEAR STATION, UNIT NO. 1RESTART PROCEEDING-DOCKET NO. 50-289

1. (1.) Provide an updated detailed statement showing the estimated costs required to complete each of the plant modifications and other actions identified in the Commission's August 9, 1979 order in this proceeding. Indicate amounts attributable to engineering fees, physical services (specifying description) stating the cost estimate for each modification or other action and the aggregate total cost estimate for all such actions. Indicate for each such action whether it will be treated as an operating expense or a capital requirement. These estimates should be summarized by major feature and/or component following, where feasible, the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission, and should be sufficiently detailed so that the Commission can make a judgment as to the reasonableness of the cost.
2. (2.) Provide a detailed schedule stating the amounts and timing of projected expenditures resulting from the cost estimates in request item 1, above, showing total annual capital and total annual operating expense requirements for the modifications and other completed and projected actions for each period incurred.
3. Provide a detailed statement of the estimated cost required to safely decontaminate and complete fuel removal from TMI-2. Indicate amounts

attributable to engineering fees, outside contractors and consultants, physical installations, purchase of equipment, other construction expenditures or physical services (specifying description), and contingencies, showing the cost estimate for each separate item as well as the aggregate total cost estimate for all such items. These estimates should be summarized by major feature and/or component following, where feasible, the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission, and should be sufficiently detailed so that the Commission can make a judgment as to the reasonableness of the costs.

4. Provide a detailed schedule stating the amounts and timing of projected expenditures resulting from the cost estimates in request item No. 3, above, showing total annual capital and total annual operating expense requirements for the cleanup and describing completed and projected actions for each period incurred.

5. (3.) Complete the attached form entitled, "Pro-Forma Statement of Sources and Uses of Funds," on an annual basis for each licensee and GPU, through the year of estimated completion of the cleanup activities of TMI-2. Note that this statement should encompass all necessary construction expenditures including capital expenditures relating to both TMI-1 and TMI-2. Indicate the assumptions upon which the "Sources and Uses of Funds" statement is based. These assumptions should include, but are not necessarily limited to the following: (a) rates of return on average common stock equity, (b) preferred stock dividend rates, (c) long and short-term debt

interest rates, (d) market/book ratios for any projected issuances of common stock, (e) common stock dividend payout ratios, (f) target and year by year capital structure, and (g) resultant annual SEC and indenture coverages on interest charges and preferred dividend coverages over the period. Provide a brief explanation of the basis for each assumption.

6. Provide a list of all necessary generating units, transmission and distribution facilities and general plant projects to be constructed during the period of cleanup of TMI-2, showing the type of facility, net capacity of each generating unit, the estimated capital expenditures for each facility during each of the years involved, and the projected in-service date of each facility.

- 7.a (4.a.) In accordance with Appendix C, Section I.B., to 10 CFR Part 50, provide a statement of the estimated annual cost by year to operate the subject facility for the first five full years of commercial operation following restart. The types of costs included in the estimates should be indicated and include (but not necessarily be limited to) operation and maintenance expense (with fuel costs shown separately), depreciation, taxes and a reasonable return on investment. (Enclosed is a form which should be used for each year of the five year period.) Indicate the projected plant capacity for the unit for each year. Also provide similar operating cost estimates assuming plant capacity factors of 50 percent and 60 percent.

- b. (4.b.) State the expected source(s) of funds to cover costs in 7.a., above, also showing the financial effect to GPU and each of the licensees of a postulated restart of TMI-1. Provide a statement summarizing all Federal and State Laws which authorize said source(s) of funds with relevant excerpts of Federal and State statutes, court decisions, and Administrative Law orders. Indicate the average unit price per kWh experienced by each licensee and by GPU on system-wide sales of electric power to all customers for the most recent 12-month period. Indicate the portion of this average unit sales price attributable to power purchased to cover the TMI-1 outage and the average unit cost of all purchased power.
8. (5.) Provide a statement of 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 expected source(s) of funds to cover these costs.
9. (6.) 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 costs, and the expected source(s) of fund to cover these costs.
10. (7.) Provide copies of any recent orders and directives issued by the Pennsylvania Public Utility Commission (PaPUC) and the New Jersey

Board of Public Utilities (NJBPU) that relate to funding of costs in items 8 and 9, above. Continue to provide copies of any such future orders and directives, when issued.

11. (8.) Provide copies of the joint participation agreements (and any amendments thereto) setting forth the procedure by which the licensees will share TMI-1 modification expenses, operating expenses and, if necessary, decommissioning costs, as well as cleanup expenses for TMI-2.

12. (9.) Provide an updated detailed itemization of all actions which are related to safe operation of the TMI-1 facility that Metropolitan Edison has taken since the TMI-2 incident to reduce costs. Include any such actions related to facilities shared with TMI-2. Also, provide an updated itemization of any additional such cost reduction actions that would be in effect when TMI-1 resumes operation. Provide a detailed analysis of the safety implications of each of the identified present and planned cost reduction actions. Describe the criteria used to determine which cost reduction actions are related to safe operation of the TMI-1 facility.

13. (10.) In accordance with the provisions of 10 CFR 50.54(f) and Section IV of Appendix C to 10 CFR Part 50, provide copies of the following for each licensee and for GPU:
 - a) All future filings relating to the finances of GPU and of each of the licensees when filed, to the Securities Exchange Commission,

- b) the most recent interim and all future periodic financial statements, when issued,
- c) the preliminary and final prospectuses for all future security issues, and
- d) the most recent SEC Form 10-Q and 8-K.

Continue to submit copies of the annual report for each year thereafter as required by 10 CFR 50.71(b).

- 14. Provide copies of any recent and all future documentation relating to any change in the limits of credit or other terms and conditions to the licensees and GPU's Revolving Credit Agreement (RCA). File monthly reports of credit balances for each company under the RCA and its respective borrowing limit.
- 15. Provide a detailed statement of all insurance coverage associated with the TMI facility, both existing and contemplated. Indicate total coverages and unused coverage amounts where applicable.
- 16. (10.b.) Describe updated aspects of each licensee's regulatory environment including, but not necessarily limited to, the following: test year utilized (describe nature and timing), prescribed treatment of allowance for funds used during construction and of construction work in progress (indicate percentage and amount included in rate base), form of rate base [original cost, fair value, other (describe)], accounting for deferred income taxes and investment tax credits, and fuel adjustment clauses in effect or proposed.

17. (10.c.) Describe the nature and amount of each licensee's most recent rate relief action and the anticipated effect on revenues. In addition, indicate the nature, status, and amount of pending rate relief proceedings, if any. Use the attached form to provide this information. Provide copies of any financially-related hearing examiner's report and recommendation and any interim and final rate orders and opinions, including all exhibits referred to therein, which have been issued or may be issued after May 19, 1980 for the NJBPU and after May 23, 1980 for the PaPUC. Provide timely copies of all other orders, opinions, and directives issued by the PaPUC, the NJBPU, after said dates, and FERC related to the financing of any of the licensees' or GPU's operations, including activities at TMI. Provide copies of the submitted, financially-related testimony and exhibits of the PUC staff and company in any pending rate relief request, as well as timely copies of all such future filings with any other State or Federal Utility Commission proceeding directly relating to finance.

18. (10.d.) Complete the enclosed form entitled "Financial Statistics," for the calendar years 1979, 1978, 1977, and for the most recent 12-month period.

U.S. NUCLEAR REGULATORY COMMISSION
THREE MILE ISLAND NUCLEAR STATION, UNIT NO. 1
RESTART PROCEEDING - DOCKET NO. 50-289
ATTACHMENT FOR ITEM NO. 5

STATEMENT OF PRO FORMA SOURCES AND USES OF FUNDS FOR PLANT
MODIFICATIONS, CLEANUP ACTIVITIES, CONSTRUCTION EXPENDITURES AND CAPITAL STRUCTURE

(MILLIONS OF DOLLARS)

<u>YEARS</u>	_____	_____	_____	_____	_____	_____	_____
<u>EXTERNAL FINANCING</u>	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Common stock	_____	_____	_____	_____	_____	_____	_____
Preferred stock	_____	_____	_____	_____	_____	_____	_____
Long-term debt:	_____	_____	_____	_____	_____	_____	_____
Notes payable	_____	_____	_____	_____	_____	_____	_____
Contributions from parent-net	_____	_____	_____	_____	_____	_____	_____
Other funds (describe)	_____	_____	_____	_____	_____	_____	_____
Total External Funds	_____	_____	_____	_____	_____	_____	_____
<u>INTERNALLY GENERATED CASH</u>	_____	_____	_____	_____	_____	_____	_____
Net Income	_____	_____	_____	_____	_____	_____	_____
Less:	_____	_____	_____	_____	_____	_____	_____
preferred dividends	_____	_____	_____	_____	_____	_____	_____
common dividends	_____	_____	_____	_____	_____	_____	_____
Retained earnings	_____	_____	_____	_____	_____	_____	_____
Deferred taxes	_____	_____	_____	_____	_____	_____	_____
Invest. tax cred. deferred	_____	_____	_____	_____	_____	_____	_____
Depreciation and amort.	_____	_____	_____	_____	_____	_____	_____
Change in working capital	_____	_____	_____	_____	_____	_____	_____
Less: AFDC	_____	_____	_____	_____	_____	_____	_____
Total Internal Funds	_____	_____	_____	_____	_____	_____	_____
TOTAL FUNDS	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
<u>CONSTRUCTION EXPENDITURES*</u>	_____	_____	_____	_____	_____	_____	_____
TMI-1 Modifications	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
TMI-2 Cleanup	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Other Construction Exp.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
TOTAL	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
<u>OTHER CAPITAL REQUIREMENTS</u>	_____	_____	_____	_____	_____	_____	_____
Redemption of Maturing Bonds	_____	_____	_____	_____	_____	_____	_____
Acquisition of Bonus for Sinking Funds	_____	_____	_____	_____	_____	_____	_____
Miscellaneous Require- ments (detail)	_____	_____	_____	_____	_____	_____	_____
TOTAL CAPITAL REQUIRE- MENTS	_____	_____	_____	_____	_____	_____	_____
<u>CAPITAL STRUCTURE (\$ & %)</u>	_____	_____	_____	_____	_____	_____	_____
Long-term debt	\$ _____ %	\$ _____ %	\$ _____ %	\$ _____ %	\$ _____ %	\$ _____ %	\$ _____ %
Preferred stock	_____	_____	_____	_____	_____	_____	_____
Common equity	_____	_____	_____	_____	_____	_____	_____
TOTAL	_____	_____	_____	_____	_____	_____	_____
Short-term Debt	_____	_____	_____	_____	_____	_____	_____

*Exclusive of AFDC

U.S. NUCLEAR REGULATORY COMMISSION
THREE MILE ISLAND NUCLEAR STATION, UNIT NO. 1
PART PROCEEDING - DOCKET NO. 50-289

ATTACHMENT FOR ITEM NO. 7.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING
UNIT: THREE MILE ISLAND NUCLEAR STATION, UNIT 1
FOR THE CALENDAR YEAR 19__

Operation and maintenance expenses

Nuclear power generation

Nuclear fuel expense (average plant capacity factor _____%)..... \$ _____
Other operating expenses..... _____
Maintenance expenses..... _____
Total nuclear power generation..... _____

Transmission expenses..... _____

Administrative and general expenses

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

TOTAL O&M EXPENSES..... _____

Depreciation expense..... _____

Taxes other than income taxes

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

Income taxes - Federal..... _____

Income taxes - other..... _____

Deferred income taxes - net..... _____

Investment tax credit adjustments - net..... _____

Return on investment (rate of return: _____%)..... _____

TOTAL ANNUAL ESTIMATED COST OF OPERATION FOR YEAR..... \$ _____

Total Annual Estimated Energy (GWHR) to be produced for year..... _____

Estimated Average Energy Cost (MILLS/KWHR) for year..... _____

U.S. NUCLEAR REGULATORY COMMISSION
THREE MILE ISLAND NUCLEAR STATION, UNIT NO. 1
RESTART PROCEEDINGS - DOCKET NO. 50-289
ATTACHMENT FOR ITEM NO. 17

RATE DEVELOPMENTS

Electric Gas Other

Granted

Test year utilized
Annual amount of revenue increased requested-
test year basis (000's).
Date petition filed
Annual amount of revenue increase allowed-
test year basis (000's)
Percent increase in revenues allowed
Date of final order
Effective Date
Rate base finding (000's)
Construction work in progress included in
Rate base (000's)
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
(If not available, annualize amounts
received in year granted)

Pending Requests

Test year utilized
Amount (000's)
Percent increase
Date petition filed
Date by which decision must be issued
Rate of return on rate base requested
Rate of return on common equity requested
Amount of rate base requested
Amount of construction work in progress
requested for inclusion in rate base

U.S. NUCLEAR REGULATORY COMMISSION

THREE MILE ISLAND NUCLEAR STATION, UNIT NO. 1

RESTART PROCEEDINGS - DOCKET NO. 50-289

ATTACHMENT FOR ITEM NO. 18

FINANCIAL STATISTICS

Earnings available to common equity

Average common equity

Rate of return on average common equity

Times total interest earned before FIT:

Gross income (both including and excluding
AFDC) + current and deferred FIT + total
interest charges + amortization of debt
discount and expense

Times long-term interest earned before FIT:

Gross income (both including and excluding
AFDC) + current and deferred FIT + long-
term interest charges + amortization of
debt discount and expense

Bond ratings (end of period)

Standard and Poor's

Moody's

Times interest and preferred dividends earned
after FIT:

Gross income (both including and excluding
AFDC) + total interest charges + amortization
of debt discount and expense + preferred
dividends.

AFUDC

Net income after preferred dividends

%

Market price of common

Book value of common

Market-book, ratio (end of period)*

Earnings avail. for common less AFDC +
depreciation and amortization, deferred
taxes, and invest. tax credit adjust.-
deferred.

Common dividends

Ratio

Short-term debt

Bank loans

Commercial paper

Capitalization (Amount & Percent)

Long-term debt

Preferred stock

Common equity

* If subsidiary company, use parent's data.