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

DOCKETED
USNRC

December 11, 1990

'90 DEC 12 P1:58

Diane Curran, Esq.
Harmon, Curran & Tousley
2001 S Street, NW
Suite 430
Washington, DC 20009-1125

OFFICE OF SECRETARY
DOCKETING & SERVICE
BRANCH

In the Matter of
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE, ET AL.
(Seabrook Station, Units 1 and 2)
Docket Nos. 50-443, 50-444 Off-Site Emergency Planning - *al*

Dear Ms. Curran:

I am responding to your letter of October 31, 1990 to Joseph Scinto of this office concerning EAU Power Corporation's release of a \$10 million decommissioning bond for Seabrook and Commission's requirement that there be a \$72.1 million surety bond to cover possible early decommissioning costs, pending a final non-appealable determination in the Seabrook proceeding.

We made inquiries of the licensee concerning this matter and received the enclosed reply, wherein it appears that the \$72.1 million surety bond the Commission required remains in effect, and that the EAU bond released was for the intercorporate purpose of assuring that EAU would meet decommissioning cost obligations to other owners of the Seabrook facility. It further appears that the release of this latter bond does not effect the obligations of the surety to pay any decommissioning costs up to \$72.1 million should they not be paid by Seabrook's owners.

If you have any contrary information, please communicate it to us. Thank you for your interest in this matter.

Sincerely,

Edwin J. Reis
Deputy Assistant General
Counsel for Reactor Licensing

Attachment: As stated

cc: Service List w/encl

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PDR ADDCK 05000443
G PDR

DS07

New Hampshire Yankee

Ted C. Feigenbaum
President and
Chief Executive Officer

NYN- 90203

November 26, 1990

United States Nuclear Regulatory Commission
Washington, D.C. 20555

Attention: Document Control Desk

- References:
- (a) Facility Operating License No. NPF-86, Docket No. 50-443
 - (b) NRC letter dated November 15, 1990, "Seabrook Decommissioning Bond", E. J. Leeds to T. C. Feigenbaum
 - (c) Letter dated October 31, 1990 from D. Curran to J. Scinto, with enclosed pages from Form 10-Q for the period ended June 30, 1990 filed by EUA Power Corporation
 - (d) Surety Bond No. 80 S 100556633, dated March 20, 1989, issued by The Aetna Casualty and Surety Company

Subject: Seabrook Decommissioning Bond

Gentleman:

This correspondence responds to your letter of November 15, 1990 (Reference b) requesting information as to the status of the \$72.1 million Surety Bond (Reference d) in light of the questions raised by Ms. Curran in her letter of October 31, 1990 (Reference c).

First, let me assure you that the Surety Bond remains in full force and effect, and by its own terms will extend until the earlier of "a final non-appealable regulatory or judicial determination that Seabrook Project has been granted a license by the NRC to operate in any manner (whether at "full power" or otherwise) other than as contemplated by the issuance of the license for low power testing" or a final decision that "no further Pre-Op Decommissioning is required". Neither of those events has yet occurred. The Aetna Casualty and Surety Company (Aetna) continues to be obligated under the Surety Bond (Reference d) and the Seabrook Joint Owners, including EUA Power, continue to be obligated to pay their respective shares of decommissioning costs, including the "Pre-Op Decommissioning" costs.

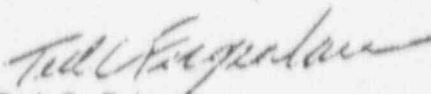
The "decommissioning fund" to which Ms. Curran alludes in her letter was established by EUA Power Corporation in November, 1986, at the time it purchased interests in Seabrook Project from five other utilities (the "Departing Participants"). In connection with that transfer, EUA Power Corporation assumed all the obligations of the Departing Parti-

participants with respect to Seabrook Project. As a condition to their consent to the transaction, however, the remaining Seabrook Joint Owners required that EUA Power provide a \$10 million escrow fund for the benefit of the other Seabrook Joint Owners to secure its assumed decommissioning obligations. This collateral was to continue until either Eastern Utility Associates (EUA) unconditionally guaranteed EUA Power's obligation or EUA Power entered into "take or pay" power contracts with other utilities acceptable to the remaining Joint Owners. In March, 1989, when the Surety Bond was issued, since Aetna was providing assurance against defaults by any Joint Owner, Aetna requested and obtained a beneficial interest in that escrow fund in order for Aetna to assure that such fund would be applied toward EUA Power's decommissioning obligations.

As described in the Form 10-Q forwarded to the NRC by Ms. Curran, in May, 1990, EUA furnished to the other Seabrook Joint Owners and Aetna an unconditional guaranty of EUA Power's decommissioning obligations with respect to Seabrook which was substituted for the 1986 escrow fund and permitted the release of that fund to EUA Power in accordance with the agreement among the parties. That release in no way affected the obligation of Aetna under the Surety Bond to pay any "defaulted payments" up to the aggregate of \$72.1 million.

I trust this explanation clarifies the distinction between the "Surety Bond" issued in 1989 to comply with CLI-88-10 and the "decommissioning fund" established in 1986 to satisfy conditions imposed by the other Joint Owners. If you have any further questions, please do not hesitate to contact Mr. John Hart at (603) 474-9521, extension 2762.

Very truly yours,


Ted C. Feigenbaum

TCF:JBH/tad

cc: Mr. Thomas T. Martin
Regional Administrator
United States Nuclear Regulatory Commission
Region I
475 Allendale Road
King of Prussia, PA 19406

Mr. Noel Dudley
NRC Senior Resident Inspector
P.O. Box 1149
Seabrook, NH 03874

Eric J. Leeds, Active Project Manager
Project Directorate I-3
Division of Reactor Projects - 1/II
United States Nuclear Regulatory Commission
Washington, DC 20555

November 26, 1990

NYN-90203

SEABROOK DECOMMISSIONING BOND

Garfield, G	DB&H
Gram, G. R.	04-44
Kacich, R. M.	NUSC
Kline, G. J.	02-08
Krohn, R. L.	49-CE
Maglatblin, L. E., Jr.	PSNH
McLain, D. G.	02-10
Moody, D. E.	49-SS
Opeka, J. F.	NUSC
Sweeney, R. E.	Bethesda
Richardson, P. M.	09-15
Temple, W. J.	01-48
Tsouderos, G	YAEC
Vargas, J. M.	01-62
Warnock, J. J.	02-07
Ropes and Gray Executive Offices	Boston 01-40
LIC Routing Offices	01-48
File 0800	01-48
File 0001	01-48
RMD	02-06