



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

APR 2 1980

Docket Nos.: 50-443
50-444

POOR ORIGINAL

Mr. W. C. Tallman, President
Public Service Company of New Hampshire
1000 Elm Street
Manchester, New Hampshire 03105

Dear Mr. Tallman:

SUBJECT: PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE, ET AL: SEABROOK
STATION, UNITS 1 AND 2 - REQUESTS FOR ADDITIONAL FINANCIAL
INFORMATION

By Amendment No. 40, and Supplements Nos. 1, 2, 3 and 4, to the License Application, the applicants requested Commission approval of the partial transfers of the Construction Permits for Seabrook Station, Units 1 and 2. To complete our reevaluation of the financial capability of applicants proposing to increase their ownership participation and our initial evaluation of the financial capability of proposed new owners, we need the additional information requested in the enclosure. The requested information should be provided by May 1, 1980. If this date cannot be met, please advise us of an alternate date by when the requested information will be provided.

Sincerely,

A handwritten signature in cursive script, appearing to read "L. S. Rubenstein".

L. S. Rubenstein, Acting Chief
Light Water Reactors Branch No. 4
Division of Project Management

Enclosure:
Request for Additional
Financial Information

cc w/enclosure:
See next page.

8004170263

Public Service Company of New Hampshire

ccs:

John A. Ritscher, Esq.
Ropes and Gray
225 Franklin Street
Boston, Massachusetts 02110

Ralph H. Wood, Esq.
General Counsel
Public Service Company of New Hampshire
1000 Elm Street
Manchester, New Hampshire 03105

Mr. John Haseltine, Project Manager
Yankee Atomic Electric Company
20 Turnpike Road
Westborough, Massachusetts 01581

Mr. Bruce B. Beckley, Project Manager
Public Service Company of New Hampshire
1000 Elm Street
Manchester, New Hampshire 03105

Ms. Elizabeth H. Weinhold
3 Godfrey Avenue
Hampton, New Hampshire 03842

Robert A. Backus, Esq.
O'Neill, Rackus, and Spielman
116 Lowell Street
Manchester, New Hampshire 03105

Norman Ross, Esq.
30 Francis Street
Brookline, Massachusetts 02146

Karin P. Sheldon, Esq.
Sheldon, Harmon & Weiss
1725 I Street, N. W.
Washington, D. C. 20006

Laurie Burt, Esq.
Office of the Assistant Attorney General
Environmental Protection Division
One Ashburton Place
Boston, Massachusetts 02108

Public Service Company of New Hampshire

ccs (continued)

E. Tupper Kinder, Esq.
Assistant Attorney General
Office of Attorney General
208 State House Annex
Concord, New Hampshire 03301

Samuel Chilk
Secretary of the Commission
U.S. Nuclear Regulatory Commission
Washington, D. C. 20555

Alan S. Rosenthal, Esq.
Atomic Safety and Licensing Appeal Board
U.S. Nuclear Regulatory Commission
Washington, D. C. 20555

Dr. John J. Buck
Atomic Safety and Licensing Appeal Board
U.S. Nuclear Regulatory Commission
Washington, D. C. 20555

Michael C. Farrar, Esq.
Atomic Safety and Licensing Appeal Board
U.S. Nuclear Regulatory Commission
Washington, D. C. 20555

Ivan W. Smith, Esq.
Atomic Safety and Licensing Board
U.S. Nuclear Regulatory Commission
Washington, D. C. 20555

Dr. Ernest Salo, Professor
Fisheries Research Institute - WH-10
College of Fisheries
University of Washington
Seattle, Washington 98195

ENCLOSURE

SEABROOK STATION, UNITS 1 AND 2

DOCKET NOS. 50-443 & 50-444

REQUEST FOR ADDITIONAL FINANCIAL INFORMATION

Responses to each of the information items should be provided for each owner and proposed owner if the applicable code letter, i.e., A, B, or C from the following list, is shown in the parenthesis following the information number.

A. Investor-Owned Applicants

Finchburg Gas and Electric Light Company
Montaup Electric Company
New Bedford Gas & Edison Light Company
Bangor Hydro-Electric Company
Central Maine Power Company

B. Municipal and Governmental Applicants

Town of Hudson, Massachusetts, Light and Power Department
Massachusetts Municipal Wholesale Electric Company
Taunton Municipal Lighting Plant Commission

C. Cooperatives

New Hampshire Electric Cooperative, Inc.

REQUEST FOR ADDITIONAL FINANCIAL INFORMATION

SEABROOK STATION, UNIT NOS. 1 & 2

- 1 (A,B,C) Provide copies of the joint ownership agreement (contract) among the applicants. The staff will later require copies of the agreement after it is executed. The executed agreement must necessarily be in substantial conformity with the agreement previously approved.

Provide a detailed explanation of the provision governing progress payments to be made to the main applicant by each additional participant for its share of all costs of design and construction of Seabrook Station Units 1 and 2. This may be accomplished by reference to pertinent portions of the joint ownership agreement.

- 2 Provide the following information for each applicant:

- a(A) Complete the attached schedule entitled, "Sources of Funds for System-Wide Construction Expenditures During the Period of Construction of Subject Nuclear Power Plant," through the years of earliest estimated completion of Unit Nos 1 and 2. Indicate the assumptions upon which the "Sources of Funds" statement is based. These assumptions include, but are not necessarily limited to: (a) rate of return on average common stock equity; (b) preferred stock dividend rate; (c) long-term and short-term debt interest rates; (d) market/book ratio with respect to the projected common stock offerings; (e) common stock dividend payout ratio; (f) target and year by year capital structure; (g) resultant SEC and indenture interest coverages during each year of the period of construction; and (h) annual growth rate in kWh sales and price per kWh. Provide a brief explanation of the basis for each assumption.

If nuclear fuel for the facility is to be acquired by lease or other arrangement than purchase, briefly describe the terms of the lease or other arrangement.

- b(A) Indicate the percentage ownership in the facility and any difference between this and the participant's percentage entitlement to the electrical capacity and output of the units. Explain the reason for the difference, if any.

- c(A) Provide copies of the 1979 Report to Stockholders, copies of the prospectus for the Company's most recent security issue and copies of the most recent SEC Form 10-K. 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).

d (A) Provide copies of the most recent Officer's Certificate or Net Earnings Certificate prepared in conjunction with the issuance of mortgage bonds or debentures and showing interest coverage calculations using the tests set forth in the applicable indenture. Explain bondable property addition provisions as they relate to restrictions on the issuance of new long-term debt. Provide copies of the portions of the indenture relating to interest coverage tests or alternative earnings tests and bondable property additions. Provide calculations of net earnings and interest coverage for the most recent 12-month period using the definitions of net earnings and annual interest requirements (on debt presently outstanding) using the most restrictive test set forth in the mortgage bond indenture. Assuming a range of interest rates considered realistic by the utility, state the additional amount of first mortgage bonds which could be issued under the most restrictive test based on net earnings as defined by the indenture for the most recent 12-month period.

If the corporate charter contains a preferred stock coverage requirement, provide copies of that portion of the charter. Assuming a range of dividend yields considered realistic by the utility, state the additional amount of preferred stock that could be issued by applying the most restrictive test for preferred dividend coverage for the most recent 12-month period.

f (A) Provide a detailed explanation of all other restrictions or constraints on the issuance of short and long-term debt, preferred stock, preference stock and common stock. Short-term debt should include bank lines of credit and commercial paper, if any. Indicate compensating balance requirements for bank loans.

g (A) Describe the nature and amount of the Company's most recent rate relief action and the anticipated effect on revenues. 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. Provide copies of the submitted, financially-related testimony and exhibits of the staff and company in the most recent rate relief action or pending rate relief request.

Describe aspects of the Company's regulatory environment including, but not necessarily limited to, the following: 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); accounting for deferred income taxes and investment tax credits; and fuel adjustment clauses in effect or proposed.

h (A) Provide a list of generating units, transmission and distribution facilities and general plant projects to be constructed during the period of construction of the subject nuclear power plant, showing the type of facility, net capacity of each generating unit, the dollar amounts to be expended for each facility during each of the years involved, and in-service date of each facility.

i(A) Complete the attached form entitled, "Financial Statistics" for the most recent 12-month period and for the years ending December 31, 1978 and December 31, 1977.

3(B) For each municipal and governmental applicant:

- a. Provide a detailed statement of the projected sources of funds and respective dollar amounts for the applicant's total contributions to the capital costs of Seabrook Station, Units 1 and 2. Include a detailed explanation of the assumptions upon which the projected sources of funds are based.
- b. If the applicant is to finance its ownership share with bonds, indicate the source of funds for payment of interest charges and principal.
- c. Describe the nature, amount, rating, and success of the applicant's most recent revenue and general obligation bond sales. Indicate the current total outstanding indebtedness in each category for each entity.
- d. Provide copies of the most recent (December, 1979 Annual and most recent six-month and 12-month) Financial Statements of the applicant.
- e. Is each 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.
- f. Describe the rate-setting authority of the applicant and how that authority may be used to ensure the satisfaction of financial obligations under the Purchase and Ownership Participation Agreements for Seabrook Station.

4(C) For the cooperative applicant:

- a. Indicate the percentage ownership in the facility and any difference between this and the cooperative's percentage entitlement to the electrical capacity and output of the units. Explain the reason for the difference if any.
- b. Provide a detailed statement of the projected sources of funds and respective dollar amounts for the cooperative participant's total contribution to the subject project. Include a detailed explanation of the assumptions upon which the projected sources of funds are based.

- c. Indicate the amounts of the respective dollar payments to be made by the cooperative system participant upon execution of the ownership agreement. Provide estimates of the total additional payments to be made subsequent to the execution of the agreement and through completion of the units.
 - d. If financing is to be provided through REA guaranteed sources, the applicant must provide copies of favorable letters of intent from REA regarding the proposed REA loans. These must be provided prior to issuance of amendments to the construction permits. Indicate whether the REA has provided loans to the applicant in the past.

Provide copies of excerpts from state statutes on which the cooperative is relying as authority to incur debt and to take other actions necessary to acquire partial ownership of the subject facility.
 - e. Describe the rate-setting authority and rate covenants of the cooperative and how that authority will be used to ensure the satisfaction of financial obligations in relation to the design and construction of Seabrook Station, Units 1 and 2.
 - f. Provide copies of the December 1979 and the most recent twelve months financial statements and other relevant financial information.
- 5 In the event that the cost estimates submitted with Amendment No. 40, dated May 14, 1979 have changed significantly, provide the most recent cost estimate grouped as follows: (a) total nuclear production plants' costs; (b) transmission, distribution, and general plant costs; and (c) nuclear fuel inventory cost for the first core. The cost estimates should be in dollars escalated through the year of construction completion. Also, complete the attached schedule entitled, "Plant Capital Investment Summary," using the most recent cost estimates. Indicate the estimated site labor requirements expressed as "man-hours/kWe." Indicate the average site labor pay rate in dollars per hour (including fringe benefits) effective at month and year of NSSS purchase. Also, indicate any changes in the estimated month and year of construction start for each unit and the earliest and latest estimated dates for completion of construction of the unit.