

Docket No. 50-29

July 7, 1978

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Mr. A. R. Soucy, Assistant Treasurer
Yankee Atomic Electric Company
20 Turnpike Road
Westborough, MA 01581

Dear Mr. Soucy:

Since August 1, 1977, we have been in continuous discussion with you with respect to our review of the financial information in the form of financial statements and projections that you have submitted to demonstrate the necessary cash flow to meet the retrospective premium guarantee requirements relating to financial protection under the 1975 amendments to the Price-Anderson Act. Our review of both the 1977 cash flow statement and the 1978 cash flow projection that you submitted indicates that despite the use of a combination of cash flow projections from both your company and your sponsoring companies, you have failed to demonstrate a sufficient cash flow in either 1977 or 1978 to guarantee the payment of a \$10 million retrospective premium as required in our regulations.

You have chosen to meet our requirements for guaranteeing the payment of retrospective premiums as stated in 10 CFR Part 140.21 through the use of the cash flow alternative but you have not been able as required to show that a cash flow can be generated and would be available for payment of retrospective premiums within three months after submission of the statement. Therefore, please indicate to us by July 20, 1978, the alternative manner by which you intend to comply with our guarantee requirements. These guarantees, for both the years 1977 and 1978 should be provided by August 10, 1978. If you have any questions, you may call me or Ira Dinitz at (301) 492-8336.

Sincerely,

/s/ JEROME SALTZMAN

Jerome Saltzman, Chief
Antitrust & Indemnity Group
Office of Nuclear Reactor Regulation

cc: Edson G. Case
Howard Shapar, Esq.
John Ritsher, Esq.

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SURNAME	IDinitz/ced	JSaltzman				
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