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THE COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF THE ATTORNEY GENERAL

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JAMES M. SHANNON
ATTORNEY GENERAL

May 17, 1988

OFFICE OF THE ATTORNEY GENERAL
DOCKET BRANCH

Alan S. Rosenthal, Chairman
Atomic Safety and Licensing
Appeal Board
U.S. Nuclear Regulatory Commission
Washington, DC 20555

RE: Public Service Company of New Hampshire, et al
Seabrook Station, Units 1 and 2
Docket Nos. 50-443-OL-1 and 50-444-OL-1

Dear Judge Rosenthal:

Through inadvertance, Supplemental Appendix III was
incorrectly copied. Enclosed is a full and correct copy.
I have sent corrected copies to all persons on the service
list.

Very truly yours,

Stephen A. Jonas/bm

Stephen A. Jonas
Assistant Attorney General
Deputy Chief
Public Protection Bureau
(617) 727-4878

SAJ:bm

VIA TELEFAX

cc: Service list/
via First Class Mail

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PDR ADDCK 05000443
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UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW HAMPSHIRE

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In re	:	
	:	
PUBLIC SERVICE COMPANY	:	
OF NEW HAMPSHIRE, a/k/a	:	
"Public Service of	:	Chapter 11 Case
New Hampshire"	:	No. 88-00043
"PSNH"	:	
"New Hampshire Yankee"	:	
	:	
Debtor.	:	
	:	
-----	X	

MOTION FOR ADEQUATE PROTECTION
IN THE FORM OF CURRENT AND CONTINUING INTEREST
PAYMENTS DUE UNDER THE THIRD MORTGAGE BONDS

First Fidelity, N.A., New Jersey ("First Fidelity"), as trustee under the Third Mortgage Bond Indenture, Citicorp, Consolidated Utilities & Communications, Inc. ("CUC"), and Amoskeag Bank ("Amoskeag"), as trustee under the Pollution Control Revenue Bond Indenture, 1986 Series A (all as further defined herein at Schedule A) (collectively, the "Movants"), hereby move pursuant to Sections 506(b), 361, and 363(e) of the Bankruptcy Code for an order authorizing and requiring Public Service Company of New Hampshire ("PSNH") to make payments of interest on the Third Mortgage Bonds as and when such payments are due, including any payments which have become due and have not been paid subsequent to the filing of this Chapter 11 proceeding.

real estate, plants, transmission facilities, machinery and equipment, subject only to certain excepted property and permitted encumbrances described in the respective indentures and loan and lease agreements (collectively, the "Bond Collateral").

5. Generally, the Bond Collateral consists of (i) that property which will be used by Seabrook to generate and distribute nuclear power (the "Seabrook assets"), and (ii) that property used by PSNH currently to generate and/or distribute electricity (the "Non-Seabrook assets"). The Bond Collateral will be used by PSNH in the ordinary course of business pursuant to Section 363(c)(1) of the Bankruptcy Code, and is essential to the continued operations of PSNH.

6. The Secured Borrowings are secured by the Bond Collateral as follows:

- a) The First Mortgage Bonds are secured by a first lien on the Bond Collateral;
- b) The G&Rs are secured by a second lien on the Bond Collateral, and a pledge of \$52,999,000 of First Mortgage Bonds, which serve as additional security for the G&Rs;
- c) The Eurodollar Term Loan, Domestic Term Loan and Prulease Financing, totaling \$112,500,000, are secured by the pledge of \$112,500,000 of G&Rs;
- d) The Third Mortgage Bonds are secured by a third lien on the Bond Collateral; and
- e) The PCRBs are secured by a pledge of \$100,000,000 of Third Mortgage Bonds.

which have become due since the filing of the petition, but which have not been paid.

10. As demonstrated in the accompanying Memorandum of Law and the affidavit of John P. Merrill, Jr., Managing Director of Putnam, Hayes & Bartlett, Inc., under the appropriate methods of valuation, which include the market value of PSNH securities, market-based earnings multiple, and market-to-book ratio, the Third Mortgage Bonds are fully secured on the value of the Non-Seabrook assets alone. As of January 28, 1988, the total principal outstanding value of the Secured Borrowings was \$765,604,000. The fair market value of the Non-Seabrook assets alone was approximately \$825 million. The Non-Seabrook assets, therefore, exceed the amount of indebtedness by approximately \$59 million.

11. This slim equity cushion is, however, subject to erosion. The Bond Collateral will continue to be used by PSNH and is subject to depreciation and deterioration as a result of the continued use by the debtor-in-possession and the passage of time. At current rate levels, PSNH's cash flow over the next three years is inadequate to pay anticipated Seabrook pre-operating expenses, non-Seabrook capital expenditures, bankruptcy costs, and the interest accruing on the Secured Borrowings. Therefore, if rates remain unchanged and if expenditures occur at PSNH's forecast levels, the excess of the value of the non-Seabrook assets over the amount owed on the Secured Borrowings (including

Third Mortgage Bonds are fully secured and duly perfected, non-payment will result in accrual of interest under Section 506(b) of the Bankruptcy Code, as well as reasonable fees, costs or charges provided for under the agreement under which the respective claims arose. If PSNH can expense rather than accrue current obligations as they arise, this will enable PSNH to avoid unnecessary accumulation of debt and to obtain a more realistic view of its current cash flow situation.

14. Moreover, requiring the payment of current interest at this point in the Chapter 11 proceeding will obviate the need for constant monitoring of the value of the collateral (which would require periodic examination of PSNH), as well as subsequent application to this Court for adequate protection and the litigation expenses attendant thereto.

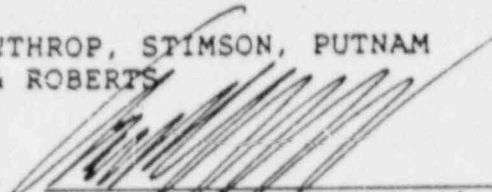
15. WHEREFORE, for the foregoing reasons, as well as the reasons stated in the accompanying Memorandum of Law in support hereof, Movants respectfully request that this Court grant the following relief:

a. Order that PSNH may and shall, pending further order of this Court, make periodic payments of interest as and when due on account of the Third Mortgage Bonds and the PCRBs, including any periodic payments which become due and have not been paid subsequent to the filing of this Chapter 11 Proceeding, for the period beginning January

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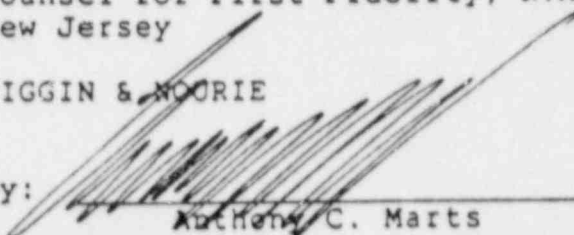
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Limited, as agent, and under Public Service Company of New Hampshire's promissory notes issued pursuant to that Term Loan Agreement.

"PruLease Financing" means the Amended and Restated Nuclear Material Lease and Security Agreement, dated as of August 28, 1985 between Public Service Company of New Hampshire and PruLease, Inc.

"Third Mortgage Bonds" means bonds issued under the Third Mortgage Bond Indenture, dated as of February 15, 1986, and as amended and supplemented as of August 19, 1986, between Public Service Company of New Hampshire and First Fidelity, N.A., New Jersey, as trustee.

"PCRBs" means Pollution Control Revenue Bonds, 1986 Series A issued under the Indenture and Trust Agreement, dated as of February 1, 1986, among the Industrial Development Authority of the State of New Hampshire, Public Service Company of New Hampshire, and Amoskeag Bank, as successor to Amoskeag Bank, as successor, to Amoskeag National Bank & Trust Co., as trustee.