UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

ATOMIC SAFETY AND LICENSING APPEAL BOARD

In the Matter of	June 2, 1988
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE, ET AL.	Docket Nos. 50-443-OL-1 50-444-OL-1
(Seabrook Station, Unit 1 and 2)	(Onsite Emergency Planning and Safety Issues)

MOTION FOR LEAVE TO FILE

SECOND SUPPLEMENT TO

MASSACHUSETTS ATTORNEY GENERAL JAMES M. SHANNON'S
PETITION UNDER 10 C.F.R. 2.758 FOR A WAIVER OF OR
AN EXCEPTION FROM THE PUBLIC UTILITY EXEMPTION FROM THE
REQUIREMENT OF A DEMONSTRATION OF FINANCIAL QUALIFICATION

Massachusetts Attorney General James M. Shannon hereby moves for leave to file the accompanying SECOND SUPPLEMENT TO MASSACHUSETTS ATTORNEY GENERAL JAMES M. SHANNON'S PETITION UNDER 10 C.F.R. 2.758 FOR A WAIVER OF OR AN EXCEPTION FROM THE PUBLIC UTILITY EXEMPTION FROM THE REQUIREMENT OF A DEMONSTRATION OF FINANCIAL QUALIFICATION. The Attorney General submits that the information described in the aforementioned document is relevant to the matter under consideration and is necessary to an informed decision on the Attorney General's petition.

RESPECTFULLY SUBMITTED

JAMES M. SHANNON
ATTORNEY GENERAL
COMMONWEALTH OF MASSACHUSETTS

George B. Dean
Assistant Attorney General
Department of The Attorney General
One Ashburton Place
Boston, Massachusetts 02138

DATED: June 2, 1988

SECOND SUPPLEMENTAL
ATTACHMENT I

A PUBLIC CORPORATION

mmwec

MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY

GENERAL MANAGER'S REPORT TO THE BOARD OF DIRECTORS

MAY 26, 1988

SEABROOK STRATEGIC PLAN OF ACTION

EXECUTIVE SUMMARY

This report summarizes and reviews the financial and strategic factors important to assessing the continued involvement of MMWEC and its participating systems in Seabrook Station. Resolution of this Seabrook issue is imperative so that MMWEC can meet its members' future energy needs in a reliable, timely cost-effective manner, and improve the financial integrity of the municipal systems and MMWEC. Based upon this review, the General Manager concludes that it is reasonable, prudent, and in the best interest of MMWEC to get out of Seabrook in a manner which achieves the following strategic objectives:

- Preserve MMWEC's economic interests by recouping the savings which would have been realized through Seabrook's operation.

- Seek to moderate and reduce the rate impacts of Seabrook.

MOODY STREET • POST OFFICE BOX 426 • LUDLOW, MASSACHUSETTS 01056 • 413-589-0141

- Restructure MMWEC debt to further moderate rates with the assistance of the Commonwealth of Massachusetts.

- Recover excess construction expenditures by bringing legal action against the constructors of the Seabrook Project.

- Adequately fund out of project funds the ability to use litigation to achieve these strategic objectives.

To achieve these strategic objectives, the General Manager recommends that the MMWEC Board of Directors adopt the Plan of Action outlined in this report and authorize the General Manager to implement it.

BACKGROUND

MMWEC has issued approximately $875 million of long-term debt in order to finance its 11.59% interest in the project for 28 Massachusetts, six Vermont, one Maine and one Rhode Island consumer-owned utilities. By 1989, MMWEC will be billing its entire Seabrook debt service costs to participating systems. For the 28 Massachusetts participants, this represents an additional $11 million over the $80 million being billed in 1988 without any additional financing, step-up or construction billings. MMWEC's participating systems and their consumers are paying more and more for Seabrook, with continued uncertainty whether commercial operation will be achieved.

The alienation that Seabrook has caused between MMWEC and the Commonwealth has had adverse consequences for Massachusetts public power electric consumers. This includes higher Seabrook costs resulting from the refusal of the Governor to authorize tax exempt financing.

Given the current Seabrook situation, it appears unlikely that the DPU will approve additional long-term debt authority to meet MMWEC's estimated $63 million in construction costs during 1989 and 1990. A failure by the DPU to act before construction funds authorized are expended will force MMWEC to bill these costs to participating systems which would be asked to pay out of their current revenues rather than over the 20-30 years customary with the use of long-term bonds in order to continue investments in the project. The consequence of this action will be a rate spike in the typical customer bill of MMWEC's participating systems averaging 6% (but with a high of 33%.) Such an adverse economic consequence is not in the public interest.

If MMWEC and its members are to maximize their ability to effectively manage this situation, preserve their financial integrity, and implement the strategic objectives outlined, decisions on a plan of action will be needed before the first week of June.

SEABROOK ECONOMIC AND FINANCIAL REALITIES

In January 1987, the DPU issued an order authorizing the use of long-term debt to fund construction completion of Seabrook. The estimated commercial operation date ("COD") at that time was November 1988, and, as a result, the total MMWEC debt relating to Seabrook rose to $875 million. Despite the current slippage in schedule and cost, operation of Seabrook still has positive economic enefits of approximately $161 million not counting sellback at this time. However, it is impossible to predict with needed certainty the Seabrook COD. In fact, given possible NRC rulings and likely appeals, it is possible that the currently stated MMWEC financial planning date of November 1990 Seabrook COD could slip further. This results in declining net present value savings to MMWEC.

Meanwhile, MMWEC and its participating systems are faced with the reality that currently authorized and available construction funds will be used up by November 1988. Moreover, if litigation options are to be preserved and if they are to be funded from project funds, the remaining funds available for construction payments will be exhausted as early as June 1988.

It seems unlikely that the DPU will approve, within this time frame, a financing request for additional construction funds, even on an emergency basis. Nor is it likely that Governor Dukakis ill change his opposition to the use of lower cost tax-exempt bonds for Project No. 6 for this purpose.

As a consequence of this and the possible non-payment by some participants due to the step-up requirement, MMWEC is unlikely to be able to access the capital markets, even for short-term loans, at interest rates that are reasonable. The only remaining alternative to continue construction payments is to bill construction costs to the project participants. This will cause serious rate increases for some participants on top of the participants' already high rate levels caused by Seabrook. MMWEC and its Seabrook participants are, thus, faced with a decision on whether or not to continue to make substantial and painful additional capital investments in a project with uncertain economic benefits. Further delays in the November 1990 COD will seriously erode the projected economic benefits, unless there are very substantial offsetting economic events such as a surge in oil prices.

V.

Massachusetts Seabrook participants who have contracts with MMWEC are currently paying $80 million per year in Seabrook-related debt service and will be paying $91 million per year for debt service beginning in 1989. On average, by 1989, 22% of Massachusetts MMWEC Seabrook participants' customers' bills will go to pay for Seabrook debt service. Additionally, a number of Massachusetts municipal light departments already have rates higher than the highest rates paid by customers of investor-owned utilities. Because of the Seabrook-related debt service burden, some cities and towns, whose light departments are enjoying substantial economic development, will either be precluded from issuing needed debt or will have to pay a premium for bonds-- bonds which would be issued to finance non Seabrook-related additions to their distribution or transmission systems, including local generation options, load management and conservation efforts and the like.

In order to maintain its ownership interest in Seabrook, MMWEC is faced with a choice of incurring additional debt or billing participants. The difficulty in maintaining ownership interest is compounded by the fact that current Seabrook debt service payments have placed a burden on Massachusetts MMWEC participant rates which is detrimental to their economic interests. Replacement and additional capacity are needed in order to sustain the demand for energy and the economic growth being experienced by the cities and towns served by municipal light departments. Unfortunately, the cost of that needed additional capacity and energy will likely be increased as a result of problems associated with Seabrook.

CONCLUSION

Based upon this review and analysis, the General Manager concludes that it is reasonable, prudent and in the best interests of MMWEC to get out of Seabrook in a manner which achieves the strategic objectives outlined previously. The General Manager recommends that the Board of Directors adopt these strategic objectives and the plan of action to achieve them and authorize the General Manager with advice of General Counsel to implement that plan.

RECOMMENDATION

In my judgment, the strategic objectives outlined in this report can most likely be achieved through the following plan of action. I recommend that you adopt this plan of action along with the strategic objectives upon which it is based.

PROPOSED SEABROOK PLAN OF ACTION

1. SEEK TO SELL SEABROOK SHARE TO JOINT OWNERS OR OTHER INVESTORS

MMWEC should formally ask the other joint owners to step-up for MMWEC's share of Seabrook construction costs as provided in Section 33.1 of the JOA, and agree to buy out MMWEC's share of the Seabrook Project at a reasonable price to be negotiated. In the alternative, MMWEC should solicit or entertain reasonable proposals from other investors, if any, to take MMWEC out of Seabrook.

If any individual participating system wants to retain its proportionate share of the project, it should be permitted to do so as part of any sale of MMWEC's share; but MMWEC itself would not be part of Seabrook.

2. DRAWDOWN PRE-FUNDED CONSTRUCTION PAYMENTS

MMWEC should inform the joint owners that it intends to begin drawing down its pre-funded construction payments by not making additional payments beginning with the current payment due June 2, 1988. Sufficient funds are available in these pre-funded payments to meet current construction obligations for two to three months at current levels of expenditures.

3. RESTRUCTURE OUTSTANDING DEBT

MMWEC should petition the DPU for authority to refund and refinance the outstanding taxable bonds and high interest bonds with lower cost tax-exempt bonds.

MMWEC should seek approval from Governor Dukakis or the state legislature to use tax-exempt bonds to refinance and restructure existing outstanding debt to moderate rates.

In addition, MMWEC should seek direct assistance from the Commonwealth of Massachusetts in moderating participating system rates including Commonwealth backing of MMWEC debt refunding and restructuring in order to improve MMWEC's credit rating and lower borrowing costs, and thus, rates.

4. <u>MODIFY PENDING DPU FINANCING FILING</u>

MMWEC should authorize the General Manager to revise its petition to the DPU, withdrawing its request for authority to finance additional construction costs, if such action is judged to be in the best interest of MMWEC. The revised petition should seek expeditious approval of authority to finance, with long-term debt, the costs of the step-up for non-paying out-of-state participants and related litigation costs. The financing could provide funds to cover other litigation costs associated with pursuing and achieving the stated strategic objectives beyond those amounts set aside of out currently available project funds. The use of long-term financing, rather than billing from current revenues, will prevent further rate spikes.

5. <u>PREPARE TO SUE PSNH</u>

MMWEC should file a proof of claim in the PSNH bankruptcy proceeding, designed to place MMWEC in a position to recover its investment in Seabrook, and seek the support of the Commonwealth of Massachusetts in such litigation.

6. LEGAL ACTION AGAINST CONSTRUCTORS OF SEABROOK

MMWEC should take legal action against the constructors of Seabrook in an effort to recover its investment and damages associated with its involvement in the project. MMWEC should encourage other joint owners to join in this action.

7. RECONCILIATION BETWEEN MMWEC AND THE COMMONWEALTH

MMWEC should reach out and seek a reconciliation with the Governor and other officials of the Commonwealth and establish a new partnership and spirit of cooperation on power supply, conservation and demand management and a wide range of other energy services and policies.

8. MEET ALL CURRENT DEBT SERVICE PAYMENTS TO BONDHOLDERS

MMWEC and its participating systems should continue to honor and pay the principal and interest on all outstanding bonds, and take steps to assure bondholders, bond trustee and the financial community that this Seabrook plan of action is in their best interests and improves their security by eliminating the uncertainty, acrimony and financial stress associated with Seabrook.

A PUBLIC CORPORATION
mmwec
MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY

TO: MMWEC Board of Directors and Officers

FROM: Cary L. Hunt, General Manager

DATE: May 26, 1988

SUBJECT: Recommendation - Seabrook Plan of Action

Enclosed please find my report and recommendation concerning adoption of strategic objectives and a strategic plan of action for consideration at your meeting June 1, 1988.

I am also providing a second report on Seabrook Options Analysis which summarizes the options which were considered in arriving at this recommendation.

Copies of these reports are being provided simultaneously to the Seabrook participants.

Gary L. Hunt
General Manager

GLH:jrj

Enclosures

cc: Participants

MOODY STREET • POST OFFICE BOX 426 • LUDLOW, MASSACHUSETTS 01056 • 413-589-0141

A PUBLIC CORPORATION
mmwec
MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY

GENERAL MANAGER'S REPORT TO THE BOARD OF DIRECTORS

MAY 26, 1988

SEABROOK OPTIONS ANALYSIS

Executive Summary

This report supplements the SEABROOK STRATEGIC PLAN OF ACTION report by providing the details of the options analyses performed to reach the conclusion that it is reasonable, prudent and in the best interests of MMWEC to get out of Seabrook.

The Problem

1. Rate Impacts and Seabrook Burden on Towns

As approved by the DPU, MMWEC has nearly $1.5 billion of debt outstanding, of which $875 million is Seabrook related. MMWEC's Seabrook participants (including those out of state) are currently paying $92 million per year in Seabrook-related debt service and will be paying $105 million per year for debt service beginning in 1989. MMWEC's Massachusetts Seabrook participants are currently paying $80 million per year in Seabrook-related debt service and will be paying $91 million per year for debt service beginning in 1989 (Table 1). On

MOODY STREET • POST OFFICE BOX 426 • LUDLOW, MASSACHUSETTS 01056 • 413-589-0141

average, by 1989, 22% of every MMWEC Massachusetts participants' customer's bill will go to pay for Seabrook debt service. Projected debt service burdens range from 5.60% to 52.98% of revenue as shown on Table 1. Additionally, a number of Massachusetts municipal light departments already have rates higher than the highest rates paid by customers of investor-owned utilities (Tables 2 and 3). Because of this Seabrook-related debt service burden, some cities and towns whose light departments are enjoying substantial development, may either find it difficult to issue additional debt or will have to pay a higher premium for bonds to be issued to finance non-Seabrook-related facilities. Several systems require additions to their distribution or transmission systems, such as transportation equipment, warehousing facilities, substations and other capital expenditures, excluding generation facilities. We can not determine, at this time, whether these risks will adversely affect the ability of participant towns to finance general obligation capital needs.

2. Step-up Requested for Out-of-State Cooperatives

In addition to the rate impacts cited above, MMWEC must also step-up and pay the costs of Seabrook debt service for defaulting out-of-state cooperatives. These costs total $7.4 million in 1988, $9.1 million in 1989 and $255.1 million for the remaining 28 year projected life of the Project (Table 4).

3. MMWEC is Running Out of Seabrook Construction Funds

Funds currently authorized and available for Seabrook construction will be exhausted by November 1988, at current rates of expenditures. If monies are preserved from available construction funds for litigation, then construction funds will be exhausted earlier, perhaps as early as June 1988.

4. Additional Construction Financing Unlikely, Direct Billing May be Required

Given the current Seabrook situation, it appears unlikely the DPU will approve additional long-term debt authority to meet the estimated remaining construction costs, which MMWEC is contractually obligated to pay. A failure by the DPU to act within the timeframe needed will force action to bill these costs to participating systems payment which will come out of their current utility revenues rather than over the customary 30 year long-term bond repayment period. The consequence of this action will be an average 6% (and a high of 33%) rate spike in the typical residential customer bill of MMWEC's participating systems. These rate spikes would be in addition to the already high rate levels referenced above resulting from present debt service payments to bondholders. Such an adverse economic consequence is not in the public interest.

5. Uncertainty in Seabrook Commercial Operation Date

It is very difficult to predict a Seabrook COD with needed certainty. Further, slippage in the COD will substantially increase the cost of the project and seriously erode the remaining economic benefits MMWEC could expect to receive from Seabrook.

6. Financial Market Access Uncertain

MMWEC is unlikely to be able to access the capital markets for either a one-year bond or BAN because of the uncertainty that participants will be willing to pay the high costs of borrowing those funds given the adverse rate impacts of doing so.

7. Other MMWEC/Member Strategic Issues

Without a clear, timely resolution of these Seabrook issues, MMWEC's ability to finance or provide additional capacity or energy either through supply-side or demand-side options is severely limited.

Options Considered

Given these problems, the following options were analyzed and considered:

1. DPU approval of long-term bond financing in the amount of $98.5 million designed to fund co-op induced step-up, ongoing construction obligations and interest on this new debt to 1991.

2. Direct billing to Project 4, 5 and 6 participants of Seabrook construction obligations.

3. Joint owner cancellation of Seabrook project with bond financing for MMWEC cancellation costs.

4. Commonwealth of Massachusetts-supported restructuring of MMWEC's Seabrook-related debt.

5. MMWEC abandonment of its Seabrook investment, without joint owners' cancellation of Seabrook.

6. A JOA Paragraph 33.1 agreement with joint owners to support MMWEC's continuing Seabrook construction payment obligations with a pro-rata reduction of MMWEC's Seabrook ownership.

Summary of Analysis of Options Considered

Each of these options has advantages and disadvantages to MMWEC and its Seabrook participants.

Option 1 - DPU-approved Long-term Bond Financing

Advantages

1. Avoids default under the JOA, CBR and PSA's
2. Provides funding for co-op debt service billing in 1989 and 1990 eliminating the need to bill other participants for the defaulting co-ops' shares
3. Retains MMWEC's Seabrook ownership interest

Disadvantages

1. Does not address current Municipal Light Department (MLD) rate situation; increases future debt service billings
2. No guarantee this money will be adequate to bring Seabrook into operation since Seabrook COD is not predictable
3. MMWEC's access to financial markets is difficult, requiring payment of high interest costs
4. Additional financing not supported by some participants
5. Does not address new capacity problem

Option 2 - Direct Billing to Participants of Seabrook Construction Costs

Advantages

1. Avoids default under GBR, PSA, and JOA
2. No need to access financial markets
3. Supports participants which do not want additional debt
4. Does not hinder MMWEC's ability to obtain additional capacity

Disadvantages

1. Exacerbates the already higher rate situation being experienced by some MLDs
2. Adds to rate burden of MLDs given 100% debt service billings and co-op step-up
3. High rates are incurred without any certainty that Seabrook will be allowed to operate
4. Not supported by all participants.

Option 3 - Joint Owner Cancellation of Seabrook Project

Advantages

1. Avoids a default on JOA and GBR since Seabrook is terminated

2. Seabrook COD prediction is not needed
3. MMWEC's ability to finance additional capacity may not be impaired

Disadvantages

1. Not under MMWEC control; sufficient owners' votes to cause cancellation not currently obtainable
2. Cancellation costs would result in additional Seabrook costs to participants
3. Some participants may fight the obligation to pay PSA costs for a cancelled plant.

Option 4 - Massachusetts Assistance for Debt Restructuring

Advantages

1. Will tend to lower rates due to lower debt service
2. Step-up and 100% debt service impact may be mitigated
3. Access to financial markets is improved

Disadvantages

1. Massachusetts support is presumed to require MMWEC to get out of Seabrook

2. Lengthy process to obtain state credit support including legislative approval.

3. Does not address problem of continued obligations under JOA, GBR, and PSA.

<u>Option 5 - Non-Payment of Construction Cost Under JOA</u>

<u>Advantages</u>

1. Retention of litigation funds
2. No need to access financial markets
3. No additional Seabrook debt

<u>Disadvantages</u>

1. Exposes MMWEC to legal action from owners and, possibly, from some participants
2. Fails to address current high MLD rates
3. Fails to address 100% debt service billing and step-ups
4. Diminishes economic value of Seabrook interest
5. Impairs MMWEC ability to finance additional capacity

Option 6 - MMWEC JOA Paragraph 33.1 Agreement

Advantages

1. No rate increases required to meet new Seabrook construction expenditures
2. Long-term financing for step-up for co-ops may be obtainable; no other new debt required
3. Participants will retain more than 90% of current Seabrook entitlement

Disadvantages

1. Concessions may be required to get other joint owners to agree to Paragraph 33.1 procedure.
2. No guarantee that Seabrook will be allowed to operate
3. No rate mitigation, no help with co-op step-up

Strategic Objectives

These options were tested against an emerging set of Strategic Objectives which are most likely to produce an economic and prudent result for MMWEC and its participating systems in addressing the problems identified:

1. Preserve MMWEC's economic interests by recouping the savings which would have been realized through Seabrook's operation.

2. Moderate and reduce the rate impacts of Seabrook.

3. Restructure MMWEC debt to further moderate rates with the assistance of the Commonwealth.

4. Recover excess construction expenditures by bringing legal action against the constructors of the Seabrook Project.

5. Maintain the necessary funds for litigation, if necessary, to achieve these strategic objectives.

Each of the objectives is further developed below.

1. <u>Preserve MMWEC's Economic Interest</u>

MMWEC's economic analysis shows that Seabrook will yield net present value ("PV") savings of approximately $160 million in power supply costs for MMWEC member participants over the first 20 years of Seabrook commercial operation, assuming a November 1990 COD and no sellback agreement. The PV savings decline by about $30 million with each year's delay in commercial operation. There would be no savings if COD occurs after 1996. If Seabrook operates and the Sellback Agreement is honored by PSNH an additional $190 million of PV savings could be realized. Because neither Seabrook operation nor the Sellback are certainties, discounting of the savings, to account for the risk, is appropriate.

The objective of preserving MMWEC's economic interest can be restated as placing MMWEC in a position to realize the risk-adjusted, projected net PV savings. Thus, if MMWEC could liquidate its Seabrook interest and realize the same projected PV savings which would result from operation it should choose the alternative with less uncertainty.

2. Moderate and Reduce Rate Impacts

Any action which will (1) prevent sharp increases in Participant revenue requirements, and, hence, Participant rates or (2) reduce revenue requirements needed to service current debt will result in stronger Participant finances and competitiveness and will help MMWEC and the Participants deal with the uncertainty of Seabrook related matters. Selective use of financing for the costs of the step-up for non-paying out-of-state participants and the costs of other litigation, rather than billing from current revenues, will prevent further rate spikes.

3. Restructure MMWEC Debt

Authority from the DPU to refund existing high coupon debt and approval from the Governor to refund existing Project 6 taxable debt with tax-exempt securities will lower the annual participant debt service burden and result in lower, more competitive rates. Some form of credit support or guaranty by the Commonwealth would yield greater market access and lower interest costs resulting in a further reductions in annual debt service and rates.

4. <u>Recover Excess Construction Expenditures</u>

Published studies prepared for state regulatory commissions have identified cost overruns and a schedule delays due to imprudent management practices by PSNH and its contractors. To the extent that PSNH and its contractors did not meet their obligations to MMWEC under the JOA and other contracts MMWEC can seek recovery. Because PSNH is currently under the jurisdiction of the federal Bankruptcy Court MMWEC must file a proof of claim with the court before the bar date to be established by the court. Successful prosecution of the case by MMWEC would give MMWEC a court judgement which would establish MMWEC as a major unsecured creditor of PSNH with approval authority related to any plan of reorganization which is proposed. Recovery of money damages from contractors would be applied to reduce outstanding debt and would reduce debt service.

5. <u>Maintain the Necessary Funds to use Litigation to Achieve these Strategic Objectives</u>

In order to achieve sufficient negotiating strength to effect maximum value from liquidation of its Seabrook interest and in order to successfully defend its proof of claim in the PSNH Bankruptcy MMWEC must maintain the necessary funds to pay the significant costs of attorneys and expert witnesses needed to complete each case. Such funds should be reserved from available bond proceeds and, thus, not spent for construction costs.

Analysis Team

In addition to the MMWEC Seabrook Strike Task Force and staff, the analysis team for MMWEC consisted of the following who were assembled by the General Counsel's office under direction from the Board of Directors.

Name of Firm	Role in Analysis
Spiegel & McDiarmid (Alan Roth)	Construction Claims
Miller, Canfield, Paddock & Stone (Tom Heiden, Russ Pitts)	Analysis
Looney & Grossman (Stewart Grossman, Don Farrell)	Bankruptcy Counsel
Keohane & DeTore (Hank Keohane)	Special Counsel
Wood & Dawson (Steve Turner)	Bond Counsel
Palmer & Dodge (Jeff Jones)	Participant Litigation & Arbitration
Dillon Read & Company (Jamie Traudt)	Financial Advisor
Goldman Associates (Michael Goldman)	Communications

Conclusions

Based on this analysis, a Strategic Plan of Action was developed which addresses of the problems listed and positions MMWEC and its participating systems to bring the maximum focus and leverage to bear on achieving their strategic objectives.

Gary L. Hunt

General Manager

cc: Seabrook Participants

Table 1

MMWEC
SEABROOK DEBT SERVICE BILLED AS PROPORTIONED REVENUES
1988 - 1989

	DEBT SERVICE 1988	REVENUES 1988	% DEBT SERV TO REV	DEBT SERVICE 1989	REVENUES 1989	% DEBT SERV TO REV
ASHBURNHAM	460	2,215	20.77	534	2,292	23.30
BOYLSTON	589	2,067	28.50	673	2,127	31.64
BRAINTREE	4,511	27,262	16.55	4,614	28,419	16.24
DANVERS	8,028	26,779	29.98	9,417	27,600	34.12
GEORGETOWN	682	2,699	25.27	793	2,774	28.59
GROTON	939	3,707	25.33	1,108	3,890	28.48
HINGHAM	3,394	13,601	24.95	3,356	14,318	23.44
HOLDEN	2,867	8,766	32.71	3,361	9,010	37.30
HOLYOKE	1,818	24,683	7.37	1,850	23,891	7.74
HUDSON	12,176	25,192	48.33	14,695	27,739	52.98
HULL	1,182	4,795	24.65	1,380	4,935	27.96
IPSWICH	629	5,459	11.52	640	5,412	11.83
LITTLETON	645	10,529	6.13	656	11,707	5.60
MANSFIELD	5,656	16,486	34.31	6,603	16,986	38.87
MARBLEHEAD	789	7,559	10.44	803	7,684	10.45
MIDDLEBOROUGH	3,235	14,023	23.07	3,516	14,809	23.74
MIDDLETON	2,423	6,352	38.15	2,876	6,769	42.49
NORTH ATTLEBORO	2,566	12,429	20.63	2,862	13,563	21.10
PAXTON	574	2,014	28.50	667	2,051	32.52
PEABODY	8,595	35,164	24.44	10,375	37,078	27.98
READING	3,730	42,932	8.69	3,796	43,008	8.83
SHREWSBURY	4,049	17,785	22.77	4,667	18,471	25.27
SOUTH HADLEY	2,034	10,949	18.58	2,069	12,249	16.89
STERLING	1,324	3,734	35.44	1,444	3,891	37.11
TEMPLETON	1,376	6,164	22.32	1,607	6,448	24.92
WAKEFIELD	2,688	13,911	19.32	3,073	14,168	21.69
WEST BOYLSTON	1,159	4,505	25.73	1,254	4,582	27.37
WESTFIELD	2,154	26,714	8.06	2,192	27,846	7.87
	80,279	378,477		90,881	395,717	

SOURCE OF REVENUES: CASE 787-33A SPRING 87 BASE DRI, NOVEMBER 1989 CANCELLATION.
DEBT SERVICE BILLED INCLUDES PROJECTS 4,5 & 6 PLUS 10% OF NUCLEAR MIX 1 AND 10% R + C BILLINGS.

JPW
FINANCIAL ANALYSIS

RESIDENTIAL RATE COMPARISON
MMWEC AND INVESTOR-WONED UTILITIES
TYPICAL MONTHLY BILL

TOWN	RESIDENTIAL (500 KWH) March, 1988
GROTON	36.75
ASHBURNHAM	38.84
IPSWICH	39.18
TEMPLETON	39.86
WESTFIELD	41.43
EASTERN EDISON *	41.69
MASSACHUSETTS ELECTRIC *	41.74
READING	42.20
PEABODY	42.93
HOLYOKE	43.80
MIDDLEBOROUGH	45.25
NORTH ATTLEBOROUGH	45.25
CAMBRIDGE ELECTRIC *	45.47
WAKEFIELD	46.07
MIDDLETON	46.09
COMMONWEALTH ELECTRIC *	46.64
WESTERN MASSACHUSETTS ELECTRIC CO. *	46.73
MARBLEHEAD	46.74
WEST BOYLSTON	46.75
HINGHAM	48.25

DANVERS	48.64
SHREWSBURY	48.64
BOSTON EDISON *	48.70
GEORGETOWN	49.19
LITTLETON	49.55
SOUTH HADLEY	51.13
PASCOAG	52.25
FITCHBURG GAS & ELECTRIC *	53.14
MANSFIELD	53.46
HOLDEN	54.65
HULL	57.12
HUDSON	57.16
STERLING	58.03
BOYLSTON	60.95
PAXTON	64.40

* Denotes Investor-Owned Utility

NOTE: Summer bills may be even higher in some cases due to impact of seasonal rate structures.

Table 3

INDUSTRIAL RATE COMPARISON
MMWEC AND INVESTOR-WONED UTILITIES
TYPICAL MONTHLY BILL

TOWN	INDUSTRIAL (200,000 KWH/500 KWH) January, 1988
MASSACHUSETTS ELECTRIC *	11,269
COMMONWEALTH ELECTRIC *	13,517
IPSWICH	13,675
BOSTON EDISON *	14,246
EASTERN EDISON *	14,246
CAMBRIDGE ELECTRIC *	14,500
READING	14,729
TEMPLETON	14,892
NORTH ATTLEBOROUGH	15,225
MARBLEHEAD	15,440
FITCHBURG GAS & ELECTRIC *	16,013
GEORGETOWN	16,378
HOLYOKE	16,518
WESTERN MASSACHUSETTS ELECTRIC CO.	16,933
MANSFIELD	16,943
WESTFIELD	16,992
MIDDLETON	17,095
HOLDEN	17,120
GROTON	17,466

HINGHAM	17,726
ASHBURNHAM	17,567
PEABODY	18,420
LITTLETON	18,720
SHREWSBURY	19,386
MIDDLEBOROUGH	19,490
WAKEFIELD	19,653
STERLING	19,817
DANVERS	20,390
HUDSON	20,873
SOUTH HADLEY	21,084
PASCOAG	21,237
HULL	21,290
BOYLSTON	21,420
WEST BOYLSTON	24,480
PAXTON	24,820

* Denotes Investor-Owned Utility.

NOTE: Summer bills may be even higher in some cases due to impact of seasonal rate structures.

REVISED
TABLE 4

MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY
IMPACT OF STEP-UP ON DEBT SERVICE BILLED
PROJECT 6
($000's)

PARTICIPANTS	%	1988	1989	TOTAL 1990-2018
ASHBURNHAM	0.6125	$ 45.6	$ 56.0	$ 1,562.7
BOYLSTON	0.6923	51.6	63.3	1,766.3
BRAINTREE	0.0000	0.0	0.0	0.0
DANVERS	11.6945	871.0	1,069.8	29,836.4
GEORGETOWN	0.9267	69.0	84.8	2,364.3
GROTON	1.4221	105.9	130.1	3,628.2
HINGHAM	4.7025	350.2	430.2	11,997.6
HOLDEN	4.1555	309.5	380.1	10,602.0
HOLYOKE	0.0000	0.0	0.0	0.0
HUDSON	21.6085	1,609.3	1,976.8	55,130.1
HULL	1.6556	123.3	151.5	4,224.0
IPSWICH	0.0000	0.0	0.0	0.0
LITTLETON	0.0000	0.0	0.0	0.0
MANSFIELD	7.9355	591.0	725.9	20,246.0
MARBLEHEAD	0.0000	0.0	0.0	0.0
MIDDLEBORO	2.1118	157.3	193.2	5,387.9
MIDDLETON	3.8481	286.6	352.0	9,817.7
N. ATTLEBORO	2.5399	189.2	232.4	6,480.1
PAXTON	0.7788	58.0	71.2	1,987.0
PEABODY	15.2425	1,135.2	1,394.4	38,888.4
READING	0.0000	0.0	0.0	0.0
SHREWSBURY	5.1197	381.3	468.4	13,062.0
S. HADLEY	0.0000	0.0	0.0	0.0
STERLING	0.9142	68.1	83.6	2,332.4
TEMPLETON	1.9340	144.0	176.9	4,934.2
WAKEFIELD	3.1682	236.0	289.8	8,083.1
W. BOYLSTON	0.7056	52.6	64.5	1,800.2
WESTFIELD	0.0000	0.0	0.0	0.0
LUDLOW	1.1486	85.5	105.1	2,930.4
MORRISVILLE	3.7583	279.9	343.8	9,588.6
LYNDONVILLE	1.2467	92.8	114.0	3,180.7
NORTHFIELD	0.4156	31.0	38.0	1,060.3
WASHINGTON ELEC.	0.0000	0.0	0.0	0.0
VERMONT ELECTRIC	0.0000	0.0	0.0	0.0
PASCOAG FIRE	1.6623	123.8	152.1	4,241.1
EASTERN MAINE	0.0000	0.0	0.0	0.0
	100.0000	$ 7,447.6	$ 9,148.0	$ 255,131.7

This worksheet allocates the 12.8242% share of debt service obligations of the three Cooperatives to the remaining Project Participants.

RECOMMENDED VOTE

(88 -) VOTED: WHEREAS, the Board of Directors has reviewed the current status and uncertainties related to the licensing of Seabrook Station and the funding required to support licensing and station maintenance and operational readiness;

WHEREAS, the Board of Directors has received and reviewed the Seabrook Options Analysis and Seabrook Strategic Plan of Action; has consulted with Participants, the General Manager and Staff, General Counsel and MMWEC's other legal counsel and advisors.

NOW THEREFORE, based upon the economic and technical facts and uncertainties which currently exist, the Board of Directors endorses the Strategic Objectives contained in the Options Analysis and Strategic Plan of Action, adopts the Strategic Plan of Action as it may be amended and authorizes the General Manager, with the advice of Counsel, to negotiate a settlement and resolution of the issues and requirements necessary to achieve these strategic objectives and implement this plan of action, bringing to the Board of Directors for final consideration and action, a proposed settlement package, which in the judgment of the General Manager, is the best settlement achievable.

UNITED STATES OF AMERICA

NUCLEAR REGULATORY COMMISSION

In the Matter of PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE, ET AL. (Seabrook Station, Units 1 and 2)	)	Docket No.(s) 50-443/444-OL

CERTIFICATE OF SERVICE

I, George B. Dean, hereby certify that on June 2, 1988, I made service of the within Motion for Leave to file Second Supplement to Massachusetts Attorney General James M. Shannon's Petition Under 10 C.F.R. § 2.758 For a Waiver of our an Exception to the Public Utility Examption From the Requirement of a Demonstration of Financial Qualification, and Second Supplement to Massachusetts Attorney General James M. Shannon's Petition Under 10 C.F.R. § 2.758 For a Waiver of our an Exception to the Public Utility Examption From the Requirement of a Demonstration of Financial Qualification, by mailing copies thereof, postage prepaid, by first class mail to, or as indicated by an asterisk, by Federal Express, to:

Ivan Smith, Chairman
Atomic Safety & Licensing Board
U.S. Nuclear Regulatory
Commission
East West Towers Building
4350 East West Highway
Bethesda, MD 20814

Gustave A. Linenberger, Jr.
Atomic Safety & Licensing Board
U.S. Nuclear Regulatory Commission
East West Towers Building
4350 East West Highway
Bethesda, MD 20814

Dr. Jerry Harbour
Atomic Safety & Licensing Board
U.S. Nuclear Regulatory
Commission
East West Towers Building
4350 East West Highway
Bethesda, MD 20814

Sherwin E. Turk, Esq.
U.S. Nuclear Regulatory Commission
Office of General Counsel
15th Floor
11555 Rockville Pike
Rockville, MD 20852

H. Joseph Flynn, Esq.
Assistant General Counsel
Office of General Counsel
Federal Emergency Management
Agency
500 C Street, S.W.
Washington, DC 20472

Docketing and Service
U.S. Nuclear Regulatory
Commission
Washington, DC. 20555

Roberta C. Pevear
State Representative
Town of Hampton Falls
Drinkwater Road
Hampton Falls, NH 03844

Atomic Safety & Licensing
Appeal Board Panel
U.S. Nuclear Regulatory
Commission
Washington, DC 20555

Atomic Safety & Licensing
Board Panel
U.S. Nuclear Regulatory
Commission
Washington, DC 20555

Paul McEachern, Esq.
Matthew T. Brock, Esq.
Shaines & McEachern
25 Maplewood Avenue
P.O. Box 360
Portsmouth, NH 03801

Sandra Gavutis, Chairperson
Board of Selectmen
RFD 1, Box 1154
Rte. 107
E. Kingston, NH 03827

Senator Gordon J. Humphrey
U.S. Senate
Washington, DC 20510
(Attn: Tom Burack)

Senator Gordon J. Humphrey
1 Eagle Square, Suite 507
Concord, NH 03301
(Attn: Herb Boynton)

Stephen E. Merrill
Attorney General
George Dana Bisbee
Assistant Attorney General
Office of the Attorney General
25 Capitol Street
Concord, NH 03301

Paul A. Fritzsche, Esq.
Office of the Public Advocate
State House Station 112
Augusta, ME 04333

Diana P. Randall
70 Collins Street
Seabrook, NH 03874

Robert A. Backus, Esq.
Backus, Meyer & Solomon
116 Lowell Street
P.O. Box 516
Manchester, NH 03106

Jane Doughty
Seacoast Anti-Pollution League
5 Market Street
Portsmouth, NH 03801

J. P. Nadeau
Board of Selectmen
10 Central Road
Rye, NH 03870

Calvin A. Canney
City Manager
City Hall
126 Daniel Street
Portsmouth, NH 03801

Angelo Machiros, Chairman
Board of Selectmen
25 High Road
Newbury, MA 10950

Edward G. Molin
Mayor
City Hall
Newburyport, MA 01950

Donald E. Chick
Town Manager
Town of Exeter
10 Front Street
Exeter, NH 03833

William Lord
Board of Selectmen
Town Hall
Friend Street
Amesbury, MA 01913

Brentwood Board of Selectmen
RFD Dalton Road
Brentwood, NH 03833

Gary W. Holmes, Esq.
Holmes & Ellis
47 Winnacunnet Road
Hampton, NH 03841

Philip Ahrens, Esq.
Assistant Attorney General
Department of the Attorney General
State House Station #6
Augusta, ME 04333

Diane Curran, Esq.
Harmon & Weiss
Suite 430
2001 S Street, N.W.
Washington, DC 20009

Thomas G. Dignan, Esq.
R.K. Gad III, Esq.
Ropes & Gray
225 Franklin Street
Boston, MA 02110

Richard A. Hampe, Esq.
Hampe & McNicholas
35 Pleasant Street
Concord, NH 03301

Beverly Hollingworth
209 Winnacunnet Road
Hampton, NH 03842

Edward A. Thomas
Federal Emergency Management Agency
442 J.W. McCormack (POCH)
Boston, MA 02109

William Armstrong
Civil Defense Director
Town of Exeter
10 Front Street
Exeter, NH 03833

Michael Santosuosso, Chairman
Board of Selectmen
Jewell Street, RFD 2
South Hampton, NH 03827

Robert Carrigg, Chairman
Board of Selectmen
Town Office
Atlantic Avenue
North Hampton, NH 03862

Anne E. Goodman, Chairperson
Board of Selectmen
13-15 Newmarket Road
Durham, NH 03824

Allen Lampert
Civil Defense Director
Town of Brentwood
20 Franklin Street
Exeter, NJ 03833

Sheldon J. Wolfe, Chairperson
Atomic Safety and Licensing Board Panel
U.S. Nuclear Regulatory Commission
Washington, DC 20555

Dr. Emmeth A. Luebke
Atomic Safety & Licensing Board
5500 Friendship Boulevard
Apartment 1923N
Chevy Chase, MD 20815

Charles P. Graham, Esq.
McKay, Murphy & Graham
Old Post Office Square
100 Main Street
Amesbury, MA 01913

Alan S. Rosenthal, Chairman
Atomic Safety & Licensing
Appeal Board
U.S. Nuclear Regulatory
Commission
East West Towers Building
Third Floor Mailroom
4350 East West Highway
Bethesda, MD 20814

Thomas S. Moore
Atomic Safety & Licensing
Appeal Board
U.S. Nuclear Regulatory Commission
East West Towers Building
Third Floor Mailroom
4350 East West Highway
Bethesda, MD 20814

Howard A. Wilber
Atomic Safety & Licensing
Appeal Board
U.S. Nuclear Regulatory
Commission
East West Towers Building
Third Floor Mailroom
4350 East West Highway
Bethesda, MD 20814

George B. Dean
Assistant Attorney General
Department of the Attorney General
Nuclear Safety Unit
One Ashburton Place
Boston, MA 02108
(617) 727-10

Dated: June 2, 1988