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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

OFFICE OF SECRETARY
DOCKETING & SERVICE
BRANCH

before the

ATOMIC SAFETY AND LICENSING APPEAL BOARD

In the Matter of)
)
PUBLIC SERVICE COMPANY OF)
NEW HAMPSHIRE, et al.)
)
(Seabrook Station, Units 1 and 2))
_____)

Docket Nos. 50-443-OL-1
50-444-OL-1
On-site Emergency
Planning Issues

APPLICANTS' ADVICE TO APPEAL BOARD

Applicants enclose herewith a press release of one of the joint owners, Massachusetts Municipal Wholesale Electric Company ("MMWEC"), which owns 11.5934% of Seabrook Station. At present we do not have information additional to that contained in the press release. We are advised by project management, however, that MMWEC's announcement will have no immediate effect on meeting projected project requirements. We will, of course, keep this Appeal Board advised as to future developments concerning this matter.

Respectfully submitted,



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~~news release~~

mmwec

June 1, 1988

FOR IMMEDIATE RELEASE

MMWEC plans Seabrook withdrawal, debt restructuring

LUDLOW - Directors of the Massachusetts Municipal Wholesale Electric Co. (MMWEC) today adopted a plan of action that calls for withdrawal from the Seabrook Station nuclear project and restructuring of the company's Seabrook debt to moderate rate impacts.

Under the plan recommended by General Manager Gary L. Hunt, MMWEC will seek an agreement with other project owners "to take MMWEC out of the project in a financially responsible manner."

MMWEC, which owns an 11.59 percent share of Seabrook, also will seek state cooperation in restructuring its debt in order to moderate rates.

In addition, the plan leaves open the possibility of legal action by MMWEC to recover its \$875 million Seabrook investment.

As the first step toward withdrawal, MMWEC will not make a payment of approximately \$2 million due to the project today. The company has prepaid about three months worth of Seabrook payments and will draw from those prepayments while it pursues negotiations with other project owners.

Hunt said that details regarding MMWEC's withdrawal from the project will be determined by the course of negotiations with other project owners.

more

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Board Chairman George Leary said the decision is based on a sound business judgment of the economics and mounting uncertainties associated with Seabrook.

"After taking a hard look at the growing costs and uncertain benefits, and watching the obstacles to plant licensing grow almost daily, this is the best decision for MMWEC from a business standpoint," Leary said.

Leary stressed that MMWEC intends to repay the money it has borrowed for Seabrook.

"MMWEC bondholders should take heart in today's action," he said. "It actually improves their security by reducing the uncertainty and financial stress associated with Seabrook.

An important factor in MMWEC's decision is the Jan. 28 bankruptcy filing by Public Service of New Hampshire (PSNH), Seabrook's principal owner. The bankruptcy jeopardizes an agreement between MMWEC and PSNH that adds nearly \$200 million in value to the project for MMWEC.

In addition, slippage in the schedule for Seabrook's operation caused by legal delays in licensing the plant have cut deeply into the value of Seabrook to MMWEC.

"The risks have just become too high to justify continued investment in the project," Leary said.

As part of its plan to moderate rate impacts, MMWEC will file a petition with the state Department of Public Utilities requesting authority to refinance its high-interest and taxable Seabrook debt. It also will seek approval from Gov. Michael S. Dukakis to refinance using tax-exempt bonds.

In addition, MMWEC will seek state backing for its refinancing, which would reduce borrowing costs substantially and lead to further rate moderation.

"It is in everyone's best interest to lower the cost of paying for Seabrook," Hunt said.

"I think today we have established the basis for a new era of cooperation between MMWEC and the Commonwealth," Leary said. "Seabrook has consumed too much of our time for too long, and the time has come to begin our life after Seabrook."

Hunt said today's decision will enable MMWEC to devote more time to finding solutions to the power supply problems facing its members, the state and New England.

"There is a lot of work to be done in the areas of power supply, conservation, demand management and a wide range of other energy services and policies," he said.

"Working in a spirit of cooperation with the Commonwealth, we can help to ensure that Massachusetts has a sound and secure energy future," he said.

CERTIFICATE OF SERVICE

I, Kathryn A. Selleck, one of the attorneys for the Applicants herein, hereby certify that on June 2, 1988, I made service of the within document by depositing copies thereof with Federal Express, prepaid, for delivery to (or where indicated, by depositing in the United States mail, first class, postage paid, addressed to):

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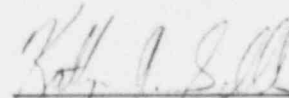
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