

SHEEHAN  
PHINNEY  
BASS +  
GREEN

PROFESSIONAL  
ASSOCIATION



ATTORNEYS AT LAW

1000 ELM STREET  
PO BOX 3701  
MANCHESTER  
NEW HAMPSHIRE  
03105-3701  
603-668-0300  
FAX 603-627-8121

143 NORTH MAIN STREET  
SUITE 103  
CONCORD  
NEW HAMPSHIRE  
03301-5089  
603-223-2020  
FAX 603-224-8899

OLD CITY HALL  
126 DANIEL STREET  
PORTSMOUTH  
NEW HAMPSHIRE  
03801-3856  
603-433-2111  
FAX 603-433-3126

TOLL FREE:  
1-800-625-SPBG

WORLD WIDE WEB SITE:  
<http://www.sheehan.com>

Writer's Direct Dial  
(603) 627-8115  
[ehaffer@sheehan.com](mailto:ehaffer@sheehan.com)

December 2, 1999

Douglas Patch, Chairman  
Nuclear Decommissioning Financing Committee  
NH Public Utilities Commission  
8 Old Suncook Road  
Concord, NH 03301

Dear Chairman Patch:

Following up on my November 15 letter, I enclose a copy of a letter dated November 16, 1999 from North Atlantic to State Treasurer Thomas concerning the Montaup/Little Bay transfer.

Sincerely,

A handwritten signature in black ink that reads 'Edward A. Haffer'.

Edward A. Haffer

EAH/lmm

cc: Attached Service List

A001

PPR A001 05000443

**NDFC**  
**SERVICE LIST (as of August 1998)**

Douglas L. Patch, Chairman\*  
NH Public Utilities Commission  
8 Old Suncook Road  
Concord, NH 03301

Rep. Jeb E. Bradley  
630 South Main Street  
Wolfeboro, NH 03894

Lt. Col. Willard F. Boyle\*  
463 New Zealand Road  
Seabrook, NH 03874

John Stephen, Asst.  
Commissioner\*  
Dept. of Safety  
10 Hazen Drive  
Concord, NH 03301

Paul W. Ruse, Jr.\*  
Chief Deputy State Treasurer  
State House Annex, Rm. 121  
Concord, NH 03301

James P. Fredyma, Asst. Commissioner\*  
Health & Human Services  
6 Hazen Drive  
Concord, NH 03301

Kirk Stone  
Governor's Office of Energy and  
Community Services  
57 Regional Drive, Suite 3  
Concord, NH 03301-8506

Sen. Gary R. Francoeur  
23 Woodcrest Drive  
Hudson, NH 03051

Mr. Winslow Melvin  
NDFC Admin. Assistant  
88 Pleasant Street  
Concord, NH 03301

Alexander Kalinski, Esq.  
NDFC Legal Counsel  
PO Box 1136  
Manchester, NH 03105-1136

Gary Epler, Esquire  
General Counsel  
NHPUC  
8 Old Suncook Road  
Concord, NH 03301

Thomas B. Getz  
Executive Director  
NHPUC  
8 Old Suncook Road  
Concord, NH 03301

Michael W. Holmes, Esq.  
Office of Consumer Advocate  
NHPUC  
117 Manchester Street  
Concord, NH 03301-5141

Wynn E. Arnold, Esquire  
Assistant Attorney General  
33 Capitol Street  
Concord, NH 03301

Robert A. Backus, Esq.  
Backus Meyer Solomon Rood  
116 Lowell Street  
PO Box 516  
Manchester, NH 03105-0516

Mary K. Metcalf  
Seacoast Anti-Poll League  
PO Box 1136  
Portsmouth, NH 03802-1136

Seabrook Selectmens Office  
Seabrook Town Offices  
Seabrook, NH 03874

Document Control Desk  
U.S. Nuclear Regulatory Commission  
Washington, DC 20555-0001

Mr. John T. Harrison, Project Manager  
Mail Stop O-14B-20  
Project Directorate I-2  
Division of Licensing/Project Management  
U.S. Nuclear Regulatory Commission  
Washington, DC 20555-0001

Robert Cushing, Jr.  
395 Winnacunnet Road  
Hampton, NH 03842

Joshua L. Gordon, Esq.  
Campaign For Ratepayers' Rights  
26 South Main St., #175  
Concord, NH 03301

John Crosier  
NHBLA  
122 N. Main Street  
Concord, NH 03301

Kenneth J. Aupperle, Vice-President  
Team Associates, Inc.  
5935 Buford Hwy, Suite 200  
Norcross, GA 30071

D. Dickinson Henry, Jr., Pres.  
Bellwether Solutions LLC  
1 South Street  
Concord, NH 03301

Steven V. Camerino, Esq.  
McLane, Graf, Raulerson & Middleton  
15 North Main Street  
Concord, NH 03301

Tracy Guyette  
NH Public Utilities Commission  
8 Old Suncook Road  
Concord, NH 03301

Georgie A. Thomas  
State Treasurer  
Room 121  
State House Annex  
Concord, NH 03301

Lisa K. Shapiro, Ph.D.  
Chief Economist  
Gallagher, Callahan & Gartrell  
PO Box 1415  
Concord, NH 03302-1415

Carlos A. Gavilondo  
NE Power Co.  
25 Research Drive  
Westborough, MA 01852

\* Committee Members  
Rev. 8/31/98

**For Notification of Meetings  
and Hearings Only**

James Walker  
777 Laconia Road  
Tilton, NH 03276

Aileen Katz  
League of Women Voters  
35 Tremont Street  
Concord, NH 03301-4429

Patricia Skibbee  
39 Walnut Road  
S. Hamilton, MA 01982-1925

**For Notification of Hearings Only**

Sam Gray  
Court Reporter  
30 Highland Avenue  
Derry, NH 03038

*updated May 7, 1999*



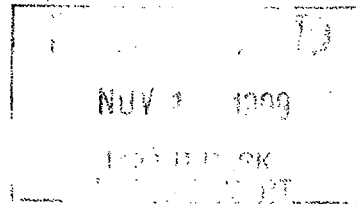
**North  
Atlantic**

North Atlantic Energy Service Corporation  
P.O. Box 300  
Seabrook, NH 03874  
(603) 474-9521

The Northeast Utilities System

November 16, 1999  
NA #990461

Ms. Georgie A. Thomas  
New Hampshire State Treasurer  
Room 121 State House Annex  
Concord, New Hampshire 03301



Dear Georgie:

Montaup Electric Company, a 2.89989% joint owner of Seabrook Station (Montaup), is selling its entire ownership share of Seabrook Station to Little Bay Power Corporation (Little Bay). Little Bay is a wholly owned subsidiary of BayCorp Holdings, Ltd. and an affiliate of Great Bay Power Corporation (Great Bay), an existing 12.13240% joint owner of Seabrook Station. It is my understanding that this sale has been approved by all applicable state and federal regulatory agencies, including the Nuclear Regulatory Commission whose review included decommissioning funding assurance.

Pursuant to the Nuclear Decommissioning Fund Assignment and Assumption Agreement between Montaup and Great Bay, dated June 24, 1998, Montaup will transfer its decommissioning trust fund balances to Little Bay at the closing date of the sale, currently planned for November 19, 1999. Additionally, Montaup will deposit approximately \$9.13 million to Little Bay's decommissioning trust fund. Montaup's existing fund balances and their additional prefunding will bring Little Bay's fund balances to approximately \$12.4 million at the closing date. This balance is significantly higher than what would be required to prefund Montaup's decommissioning funding obligations per the funding assumptions reflected in the approved Report and Order NDFC 98-1. In exchange, Little Bay will assume full responsibility for all current and future decommissioning obligations of Montaup.

Little Bay intends to retain the balances in the existing funds currently held by Montaup, both qualified and nonqualified (see enclosed Instruction Letter). Montaup's prefunding will be deposited directly into Little Bay's elected non-qualified accounts. As a result of two recent private letter rulings relating to recent nuclear plant sales (Pilgrim and TMI nuclear plants), the IRS has exercised its discretion and did not disqualify the qualified funds of the seller when transferred to the buyer. The buyer was allowed to "step into the shoes" of the seller with respect to the transfer of qualified funds. As these two transactions are similar to, but significantly exceed the value of, the pending Montaup sale it is very unlikely that Little Bay will receive negative future tax treatment from the IRS. I have discussed this issue with tax experts representing both parties as well as with tax experts from Arthur Andersen LLP who was independently retained by North Atlantic.

Ms. Georgie A. Thomas  
New Hampshire State Treasurer

November 16, 1999  
Page Two

Section 5.01 of the Seabrook Nuclear Decommissioning Financing Fund Master Trust Agreement requires your approval of all transfers of fund balances. Please designate your approval by signing in the space below.

Sincerely,



Brad A. Jacobson  
Financial & Accounting Services Manager

BAJ:jsl

Enclosure

Approved:



Georgie A. Thomas  
State Treasurer

baj99019