

August 8, 1979

United States Nuclear Regulatory  
Commission  
Directorate of Licensing  
Office of Regulation  
Washington, D. C. 20045

Attention: Director, Directorate of Licensing

Re: Supplement No. 2 to Amendment 40 to License  
Application Dated March 30, 1973 (Docket Nos.  
50-443 & 50-444) and Request for Partial  
Transfer of Construction Permits Nos. CPPR-  
135 and CPPR-136

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Gentlemen:

Pursuant to the Atomic Energy Act of 1954, as amended,  
and the Commission's Rules and Regulations thereunder, Public  
Service Company of New Hampshire, on behalf of itself and the  
other licensees named in the above Construction Permits, hereby  
supplements Amendment 40 to the above License Application as  
filed on May 16, 1979 as follows:

1. As to Bangor Hydro-Electric Company - enclosed  
herewith are 25 copies of revised pages which  
supersede material filed as part of Supplement  
No. 1 to Amendment 40 (and should be substituted  
therefor) as follows:
  - (a) Four pages dated 7/30/79 which respond  
to the first item under clause 1(d)(1)  
of Supplement No. 1; and

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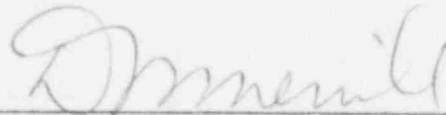
- (b) A table of construction expenditures dated 7/30/79 which responds to the next to the last item under clause 1 (d)(1) of Supplement No. 1.

This supplement to Amendment 40 (three signed originals, under oath, and twenty-two copies) is being submitted by Public Service Company of New Hampshire on behalf of all the current participants in the project. Copies of the Appointment of Agent forms authorizing Public Service Company of New Hampshire to act on behalf of the participants have previously been filed.

Respectfully submitted,

PUBLIC SERVICE COMPANY OF NEW  
HAMPSHIRE

By

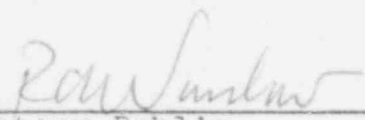


D. N. Merrill  
Executive Vice President

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STATE OF NEW HAMPSHIRE  
COUNTY OF HILLSBOROUGH

Personally appeared before me this 8<sup>th</sup> day of August, 1979, D. N. Merrill, who, being duly sworn, did state that he is Executive Vice President of Public Service Company of New Hampshire, an applicant herein, that he is duly authorized to execute and file the foregoing supplement in the name and on behalf of Public Service Company of New Hampshire, and that the statements in said supplement are true to the best of his knowledge and belief.

  
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Notary Public

My Commission Expires: 2/22/82

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Item:

Provide the following information for each applicant:

Complete the attached schedule entitled, "Sources of Funds for System-Wide Construction Expenditures During the Period of Construction of Subject Nuclear Power Plant", through the years of earliest estimated completion of Units Nos. 1 and 2. Indicate the assumptions upon which the "Sources of Funds" statement is based. These assumptions include, but are not necessarily limited to: (a) rate of return on average common equity: (b) preferred stock dividend rate: (c) long-term and short-term debt interest rates: (d) market/book ratio with respect to the projected common stock offerings: (e) common stock dividend payout ratio: (f) target and year by year capital structure: (g) resultant SEC and indenture interest coverages during each year of the period of construction; and (h) annual growth rate in KWH sales and price per KWH. Provide a brief explanation of the basis for each assumption.

If nuclear fuel for the facility is to be acquired by lease or other arrangement than purchase, briefly describe the terms of the lease or other arrangement.

Response:

The attached schedule shows Sources of Funds for System-Wide Construction Expenditures for Bangor Hydro-Electric Company ("BH") during the Period of Construction of the Seabrook Nuclear Units. The table is based on the following assumptions:

## (1) Return on average common stock equity:

1979 -	11.2%
1980 -	13.8%
1981 -	13.25%
1982 -	13.25%
1983 -	13.25%
1984 -	13.25%
1985 -	13.25%

(2) Preferred Stock dividend rate - 10%

(3) Long-term debt interest rates - 11%

(4) Short-term debt interest rates - 10%

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- (5) Market-to-book ratio for projected common stock offerings - 1.0
- (6) Common stock dividend payout ratio - the goal of BH is to achieve and maintain a payout ratio of 70%-80%.
- (7) Target capital structure - 50% Long-Term Debt, 10% Preferred Stock, 40% Common Stock Equity.
- (8) Year by Year Capital Structure -

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Long-term debt	50%	48%	48%	48%	49%	49%	49%
Preferred stock	14%	13%	13%	13%	12%	12%	12%
Common stock equity	36%	39%	39%	39%	39%	39%	39%

- (9) Net earnings interest coverage (including AFDC) will vary as follows:

1979	-	2.1
1980	-	3.2
1981	-	2.8
1982	-	2.7
1983	-	2.8
1984	-	2.8
1985	-	2.8

- (10) The average annual growth rate in KWH sales - is 4.4%.
- (11) Average price per KWH:

	<u>Mills/KWH</u> <u>With Fuel Costs</u>
1979	38.06
1980	41.14
1981	41.32
1982	45.54
1983	49.97
1984	50.94
1985	54.77

7/30/79

Assumptions (1) through (8) above are based upon management's considered judgment and best estimates, relying upon experience and consultation with the Company's investment bankers and other members of the financial community.

BH may enter into lease agreements for the acquisition of nuclear fuel, but no such agreements have been made at this time. It is expected that such transactions would be actually conducted on behalf of the Company and the other participants by the lead owner.

The growth rate is derived from a detailed analysis by BH's planning department of population trends, characteristics of electrical load, economic development, and underlying assumptions and projections covering such matters as appliance efficiency and increased self-generation for industrial customers.

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ATTACHMENT FOR ITEM NO. 2.a

7/30/79

APPLICANT: BANGOR HYDRO-ELECTRIC COMPANY NUCLEAR PLANT: SEABROOK UNITS  
PRO FORMA SOURCES OF FUNDS FOR SYSTEM-WIDE CONSTRUCTION EXPENDITURES AND CAPITAL STRUCTURE  
DURING PERIOD OF CONSTRUCTION OF SUBJECT NUCLEAR POWER PLANT  
(Millions of Dollars)

	Construction Years of Subject Nuclear Power Plant													
	1979		1980		1981		1982		1983		1984		1985	
<u>EXTERNAL FINANCING</u>														
Common stock	-		7,710		4,370		3,100		2,020		3,540		5,900	
Preferred stock	3,000		2,000		1,330		1,040		.800		1,210		1,840	
Long-term debt	7,000		10,299		6,820		6,390		4,170		7,200		10,870	
Notes payable	(2,143)		-		3,280		2,176		1,220		1,721		1,061	
Total External Funds	7,857		20,009		15,800		12,706		8,210		13,671		19,671	
<u>INTERNALLY GENERATED CASH</u>														
Net income	3,409		4,838		5,611		6,360		6,940		7,570		8,530	
Less:														
Preferred dividends	(.591)		(.732)		(.732)		(.820)		(.910)		(1.010)		(1.170)	
Common dividends	(2,736)		(2,925)		(3,950)		(4,460)		(4,850)		(5,270)		(5,900)	
Retained earnings	.082		1,181		.929		1,080		1,180		1,290		1,460	
Deferred taxes	.130		.220		.240		.220		.480		.720		.900	
Invest. tax cred.-deferred	.650		1,930		1,430		.710		.630		1,110		1,960	
Depreciation and amort.	2,835		2,976		3,100		3,210		3,750		4,300		4,860	
Change in working capital	(2,268)		(1,250)		(.550)		(2,900)		(2,120)		(2,540)		(1,160)	
Other	(1,849)		.750		-		-		-		-		-	
Less: AFUDC	(.677)		(1,635)		(2,280)		(3,140)		(2,780)		(2,570)		(2,940)	
Total Internal Funds	(1,097)		4,172		2,869		(.820)		1,140		2,300		5,080	
TOTAL FUNDS	6,760		24,181		18,669		11,886		9,350		15,971		24,751	
<u>CONSTRUCTION EXPENDITURES</u>														
Nuclear power plants	.690		16,311		14,799		6,720		4,864		7,834		10,126	
Other	5,900		5,700		3,700		3,996		4,316		6,967		12,955	
Total const. exp's.	6,590		22,011		18,499		10,716		9,180		14,801		23,081	
Subject nuclear plant	.619		16,136		14,363		5,807		3,116		2,390		.070	
<u>OTHER CAPITAL REQUIREMENTS</u>														
Redemption of Maturing Bonds	.170		2,170		.170		1,170		.170		1,170		1,670	
TOTAL CAPITAL REQUIREMENTS	6,760		24,181		18,669		11,886		9,350		15,971		24,751	
<u>CAPITAL STRUCTURE (\$ &amp; %)</u>														
Long-term debt	\$34.3	50%	\$42.4	48%	\$49.1	48%	\$54.3	48%	\$58.3	49%	\$64.3	49%	\$73.5	49%
Preferred stock	9.7	14%	11.7	13%	13.0	13%	14.1	13%	14.9	12%	16.1	12%	17.8	12%
Common equity	25.3	36%	34.2	39%	39.5	39%	43.7	39%	46.9	39%	51.7	39%	59.1	39%
TOTAL	69.3	100%	88.3	100%	101.6	100%	112.1	100%	120.1	100%	132.1	100%	150.4	100%

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BANGOR HYDRO-ELECTRIC COMPANY  
CONSTRUCTION EXPENDITURES  
1979-1985  
(\$'s in Thousands)

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>Total</u>
1) Company T & D and other	\$5900	\$5700	\$3700	\$3996	\$4316	\$4661	\$5034	\$33307
2) Public Service of New Hampshire's Seabrook Units, Total Output 2300 MW, BHE share-50 MW: Unit #1 Completion 1983, Unit #2 Completion 1985	619	16136	14363	5807	3116	2390	70	42501
3) NEPCO 1 & 2 (100MW) Two nuclear 1150 MW units Unit #1 completion date 1987. Unit #2 1989 BHE share - 100 MW	71	175	436	913	1748	5444	10056	18843
4) Other Generation (40MW) No commitments made as of this date	-	-	-	-	-	2306	7921	10227
TOTAL	\$6590	\$22011	\$18499	\$10716	\$9180	\$14801	\$23081	\$104878

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CERTIFICATE OF SERVICE

I, John A. Ritsher, one of the attorneys for the applicants herein, hereby certify that on August 10, 1979 I made service of the within Supplement No. 2 to Amendment 40 by mailing copies thereof, postage prepaid, first class, to:

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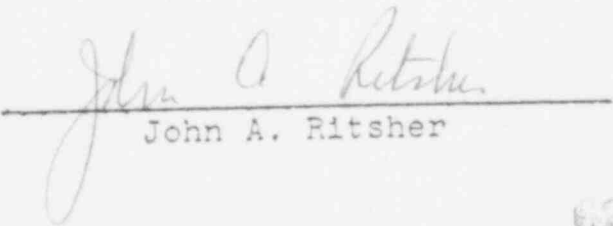
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