



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

December 29, 1992

Docket No. 50-443

Mr. Ted C. Feigenbaum, Senior Vice President
and Chief Nuclear Officer
North Atlantic Energy Service Corporation
Post Office Box 300
Seabrook, New Hampshire 03874

Dear Mr. Feigenbaum:

SUBJECT: PROPOSED TRANSFER OF CONTROL OF INTEREST IN BANKRUPTCY PROCEEDING
INVOLVING SEABROOK STATION OPERATING LICENSE (TAC NO. M84952)

In a letter dated November 19, 1992, supplemented by letters dated November 25, December 2, and December 9, 1992, North Atlantic Energy Service Corporation (NAESCO) requested that NRC grant approval of a proposed stock redemption, with express recognition that the redemption is only an interim step toward implementation of a reorganization plan filed in a pending bankruptcy proceeding, and that the NRC would retain jurisdiction over any subsequent transfer of control.

NAESCO seeks NRC approval of an indirect transfer of control of the interest of EUA Power, debtor-in-possession, of the Facility Operating License No. NPF-86, issued to NAESCO, for operation of the Seabrook Nuclear Power Station, Unit 1 located in Seabrook, New Hampshire.

The NRC has reviewed the materials describing the proposed stock redemption and related settlement of matters in the bankruptcy proceeding, under which Eastern Utilities Associates (EUA) would pay to its wholly owned subsidiary, EUA Power, \$20 million as part of a divorce between the two companies. The NRC understands that after all EUA Power stock has been redeemed from EUA, EUA Power would then trade all its stock in exchange for the retirement of certain debt obligations as part of an attempt to reorganize. Without knowing either the financial qualifications of the "new" EUA Power, or the identity of its new owners, NRC regulatory approval under 10 CFR 50.80 would be premature. Such information may not yet exist. Assuming that the settlement agreement becomes effective, the NRC will need to address the following issues, among others, in reviewing the reorganization plan as part of a license transfer proceeding:

1. The long-term financial stability and new ownership of EUA Power and any of its successors in interest (collectively, the "License Transferee").
2. The future status of the \$294 million in bondholder claims against the License Transferee.

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3. The effect on Seabrook operations if EUA Service Corporation (EUASCO) withdraws its services from the License Transferee.
4. The status of engineering services for use by the License Transferee as reflected in the settlement agreement.
5. The value of the License Transferee's interest in Seabrook.
6. The value of secured note holders' interests in the License Transferee.
7. The effect EUA's preferential tax benefits over those of the License Transferee will have on the transferee's financial condition (see paragraph 10 of the settlement agreement).
8. The amount of the \$20 million settlement which will go towards the future operating expenses of Seabrook, and the amount which will be used to pay expenses already incurred.
9. The ability of the License Transferee to obtain financing so as to be able to continue supporting Seabrook's operation past the summer of 1993.

Consideration of the transfer of license and the reorganization plan would be subject to notice in the Federal Register, along with a no significant hazards consideration analysis and proposed determination.

Additionally, for the NRC to determine whether the transfer of the license is in the public interest and would adequately ensure the public's health and safety, the NRC would need to review the following documentation and information:

- (a) The third amended reorganization plan dated September 30, 1992, or any later amended plan.
- (b) Any bankruptcy court and Securities & Exchange Commission Orders approving the November 18, 1992 settlement agreement and/or the stock redemption.
- (c) The agreement dated November 1, 1991, assigning certain rights to receive discounted engineering services.
- (d) Office addresses of EUA and EUA Power.
- (e) The corporate charter, articles of incorporation, and minutes of all shareholder meetings of EUA Power.

- (f) Details of the capitalization of EUA Power, including the dates, amounts and sources of capitalization, and the relationship of those sources of capitalization to any owner, member, participant, associate, officer, director, or employee of EUA.
- (g) The face amount of all bonds or other certificates of indebtedness issued by EUA Power, the dates of such issuances, and the gross and net amounts received by EUA Power from such issuances.
- (h) The list of all present and former EUA Power officers and directors, and all EUA officers and directors since EUA Power was formed, with the dates of service of each officer or director.
- (i) The list of any payments or other forms of compensation made to any officers, directors, or employees of EUA Power from EUA or any EUA member, associate, affiliate or subsidiary, including the date, payor and payee, and reasons for making the payment.
- (j) The list of any payments or other forms of compensation made by EUA Power to any officers, directors, or employees of EUA or to any EUA member, associate, affiliate or subsidiary, including the date, payor and payee, and reasons for making the payment.
- (k) The list of the owners, officers and directors of EUASCO and the types of services performed by EUASCO for EUA Power.
- (l) The description of EUA, including its organization, its constituent members or associates, and the businesses it is engaged in, including its articles of incorporation.
- (m) The list of individuals or entities who, at any time, owned five or more percent of EUA voting stock.
- (n) The list of all property, accounts, or evidences of indebtedness owned nominally by EUA Power, but under the direction or control of EUA.
- (o) The list of all property, accounts, or evidences of indebtedness owned nominally by EUA, but under the direction or control of EUA Power.

G. Edison

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Mr. Ted C. Feigenbaum

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December 29, 1992

If you have any further questions at this time, please do not hesitate to call.

Sincerely,

Original signed by
Walter R. Butler, Director
Project Directorate I-3
Division of Reactor Projects - I/II
Office of Nuclear Reactor Regulation

cc: See next page

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Mr. Ted C. Feigenbaum

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December 29, 1952

If you have any further questions at this time, please do not hesitate to call.

Sincerely,

A handwritten signature in cursive script, reading "Walter R. Butler".

Walter R. Butler, Director
Project Directorate I-3
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Office of Nuclear Reactor Regulation

cc: See next page

Mr. Ted C. Feigenbaum

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