



UNITED STATES
ATOMIC ENERGY COMMISSION
WASHINGTON, D.C. 20545

Docket File
50-263
PDR

Jan 3 1973

100-20703/7/73

W. E. Campbell
D. L. Ziemann, Chief
Operating Reactors Branch #2, Licensing
THRU: W. E. Campbell, Asst. Contr. for Accounting

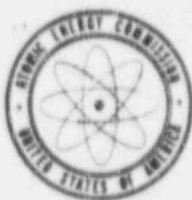
NORTHERN STATES POWER COMPANY, MONTICELLO NUCLEAR GENERATING
PLANT, UNIT 1, DOCKET NO. 50-263

Enclosed is my financial testimony on the subject matter.
The testimony has been prepared for inclusion in the main
body of the staff's Safety Evaluation with a financial
analysis of the applicant attached as an appendix.

Ray L. Carroll
Raymond L. Carroll
Staff Accountant
Accounting Procedures Branch, OC

Enclosures:
As stated

cc: J. Gallo, OGC
R. Diggs, Licensing
P. Fine, Licensing



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FINANCIAL QUALIFICATIONS

The Commission's regulations which relate to the financial data and information required to establish financial qualifications for an applicant for an operating license are 10 CFR 50.33(f) and 10 CFR 50, Appendix C. The basic application of Northern States Power Co., as amended, and its certified annual financial statements provide the financial information required by the Commission's regulations. This information includes the estimated annual costs of operating the Monticello Nuclear Generating Plant for the five-year period 1973-1977 plus the estimated costs of permanently shutting down the facility and maintaining it in a safe shutdown condition.

Our evaluation of the financial data submitted by the applicant, summarized below, provides reasonable assurance that the applicant possesses or can obtain the necessary funds to meet the requirements of 10 CFR 50.33(f) to operate the Monticello Nuclear Plant, and if necessary permanently shut down the facility and maintain it in a safe shutdown condition.

The Monticello Plant is used to augment NSP's other electrical generating capacity. The total costs to operate the facility will come from operating revenues. The estimated annual costs to operate the Monticello Nuclear Generating Plant for the five-year period 1973 through 1977 are (in millions of dollars): \$26.2, \$26.5, \$26.1, \$26.5, and \$26.0 in that order. These costs include interest,

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depreciation, return, taxes, maintenance and miscellaneous supplies, operating and maintenance labor, insurance, and fuel costs. In addition, the applicant estimates the cost of permanently shutting down the unit at the end of its useful life will be about \$10 million. It is estimated that an annual cost of \$5,000 will be incurred thereafter to maintain the facility in a safe shutdown condition. Amounts required to permanently shut down the plant and maintain it in a safe shutdown condition following retirement will be obtained from the company's pool of funds. Approximately one-half of these funds are derived from internal sources and one-half from sale of securities.

We examined the financial information submitted by Northern States Power to determine whether it is financially qualified to meet its estimated costs. The information contained in Northern States Power Company's (NSP) calendar year 1971 financial report indicates that operating revenues for 1971 totaled \$386.6 million; operating expenses were \$308.5 million, of which \$38.8 million represented depreciation. The interest on long-term debt was earned 2.7 times; and the net income for the year was \$58.2 million, of which \$42.2 million was distributed as dividends to stockholders and the remainder of \$16.0 million was retained for use in the business. As of December 31, 1971, the Company's assets totaled \$1,433.6 million, most of which was invested in utility plant (\$1,344.6 million); retained earnings amounted to \$146.9 million. Financial ratios computed from the 1971 statements indicate an adequate financial condition, e.g., long-term debt to total capitalization - .54, and to net utility plant - .50;

net plant to capitalization - 1.08; the operating ratio - .80; and the rates of return on common - 13.0%, on stockholders' investment - 10.1%, and on total investment - 6.7%. The record of NSP's operations over the past 4 years reflects that operating revenues increased from \$270.7 million in 1967 to \$386.6 million in 1971; net income increased from \$38.5 million to \$58.2 million; and net investment in plant from \$850.4 million to \$1,344.6 million; while the number of times interest earned declined from 3.1 to 2.7. Moody's Investors Service rates the Company's first mortgage bonds as Aa (high quality). The Company's current Dun and Bradstreet credit rating is 5A1.

A copy of our financial analysis of the company reflecting these ratios and other pertinent financial data is attached as an appendix.

FINANCIAL ANALYSIS

Calendar Year Ended December 31

Moody's Bond Rating:	First Mortgage Debentures	Aa A
Dun & Bradstreet Credit Rating:		5A1

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