

**UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION**

In the Matter of)

North Atlantic Energy Service Corporation and)
Great Bay Power Corporation)

(Seabrook Station, Unit No. 1))

Docket No. 50-443
(License No. NPF-86)

**SUPPLEMENT TO
GREAT BAY POWER CORPORATION'S PETITION
FOR PARTIAL RECONSIDERATION OF EXEMPTION ORDER
TO SUBMIT REQUESTED COST DATA AND TO REQUEST,
IN THE ALTERNATIVE, A FURTHER EXEMPTION**

Great Bay Power Corporation ("Great Bay") hereby files this Supplement to its February 21, 1997, Petition (the "Petition") with the Nuclear Regulatory Commission's ("NRC") Office of Nuclear Reactor Regulation (hereinafter referred to as "Staff"). This Supplement is in response to the Staff's letter in the above-captioned matter,^{1/} which offered Great Bay an opportunity to submit additional information that would demonstrate its ability to recover its cost of generating electricity at Seabrook Station. It also requests a further exemption as an alternative to the Staff's reconsideration of its previous determination that Great Bay is not an "electric utility."

I. Great Bay Has The Ability To Recover Its Costs of Generating Electricity at Seabrook Station and Is An Electric Utility

Attached hereto as Exhibit 1 is a Cash Statement of Great Bay Power Corporation reflecting actual, budget and forecast revenues from the sale of electricity, and cash outlays for

^{1/} Letter dated May 15, 1997 from Mr. Albert W. De Agazio, Senior Project Manager in the Office of Nuclear Reactor Regulation to Mr. Ted C. Feigenbaum, Executive Vice President and Chief Nuclear Officer, North Atlantic Energy Service Corporation.

the cost of generating electricity, for the years 1996 through 2001.^{2/} This exhibit conclusively demonstrates that Great Bay is and will be able to recover its cost of generating electricity at Seabrook Station.

As shown on page 1 of Exhibit 1, in 1996, Great Bay experienced cash revenues in excess of its total cost of generating electricity (including its required Decommissioning Trust Fund payment) in excess of \$900,000. The same page shows that Great Bay has budgeted and is projecting that its revenues from the sale of electricity will exceed its cash costs of generating that electricity during calendar years 1997 through 2001 by approximately \$25 million.

Page 4 of Exhibit 1 sets out the conservative average price assumptions for spot market sales and for Seabrook capacity factors for the relevant calendar years. The market price assumptions are conservative and are significantly below the market price projections offered by Richard LaCapra, the expert for the New Hampshire Public Utilities Commission, in the New Hampshire Statewide Electric Utility Restructuring proceeding, Docket No. 96-150.

Pages 2 and 3 of Exhibit 1 present relevant projections of BayCorp Holdings' (Great Bay's parent) Income Statement and Statement of Cash Flows.

As the NRC is aware, Great Bay, through the end of calendar year 1996, had already accumulated \$6.2 million in the Seabrook Decommissioning Trust Fund. Together with interest, that amount, as of April 30, 1997, was \$6.7 million. Page 1 of Exhibit 1 shows that from 1997 through 2001, Great Bay will contribute an additional \$6.6 million, and interest income on those

^{2/} A redacted version of the Exhibit is attached to this document deleting sensitive commercial and financial information. The unredacted version is being filed separately together with an affidavit of Frank W. Getman, Jr., Vice President and Chief Operating Officer for Great Bay, requesting that the NRC maintain the sensitive commercial and financial information contained in Exhibit 1 in confidence under 10 C.F.R. § 2.790.

amounts will total an additional \$2.5 million as of the end of 2001. Accordingly, by the end of 2001, Great Bay will have over \$15 million in the Decommissioning Trust Fund.³² These amounts will continue to increase during the life of operation of the Seabrook unit, whose license expires in 2026.

The Great Bay Petition dated February 21, 1997, demonstrated that Great Bay's rates are "established by a separate regulatory authority," i.e., the Federal Energy Regulatory Commission. This Supplement to the Petition shows that, under the rates filed with FERC, Great Bay recovers the cost of the electricity it generates. For these reasons, Great Bay satisfies the NRC's definition of "electric utility" and again requests that the NRC reconsider its January 22, 1997, Exemption Order and determine that Great Bay is not subject to the decommissioning funding requirements of 10 CFR § 50.75 (e) 2.

In the unlikely event that the NRC staff declines to make the finding requested above by Great Bay, Great Bay again respectfully requests an opportunity to orally argue this matter before the NRC.

II. Great Bay's Response to NRC's Exemption Order

In response to the NRC's Exemption Order, dated January 22, 1997, Great Bay initiated an effort to determine the extent to which it could obtain a surety bond or other allowable decommissioning funding assurance mechanism. Great Bay asked Alexander and Alexander, a leading insurance brokerage service, and now owned by AON Risk Services ("AON"), to consider the development of such a surety bond or an alternative decommissioning funding

³² The Commission is also aware that Great Bay possesses from Eastern Utilities Associates, the former parent of Great Bay, a guarantee in the amount of \$10 million for decommissioning the Seabrook Station.

assurance mechanism. In response, AON has initiated a program to try to obtain traditional and/or non-traditional insurance or surety products to fund Great Bay's decommissioning obligation. AON's underwriting specifications, which it has issued to the insurance marketplace, are set forth in Exhibit 2, attached hereto. Great Bay will keep the NRC informed of responses, if any, to the AON underwriting specifications. Of course, in the absence of a pool of utilities requiring such financial assurance mechanisms such as a surety, it is not unlikely that the cost of a single surety would be so high that it would unduly prejudice a single electricity generator in today's increasingly competitive marketplace.⁴¹ This, of course, remains to be determined, and itself provides a basis for the exemption requested in the next section.

III. Request For Exemption

The current exemption granted by the NRC's Exemption Order issued on January 22, 1997, expires on July 22, 1997. Recognizing that the NRC might require additional time to (a) evaluate the Petition as supplemented by this submittal, (b) consider its ongoing proposed rulemaking to determine whether the decommissioning funding requirements for the electric utility industry should be modified in view of the ongoing restructuring and deregulation of the utility industry, and (c) evaluate the responses to the AON surety market survey, if any, Great Bay respectfully submits that an additional exemption would be appropriate as an alternative to reconsideration of the January 22, 1997 Exemption Order. An additional exemption, for a period of five years, as provided in 10 CFR § 50.12 (a) (1), would not present an undue risk to the

⁴¹ Indeed, as shown on Exhibit 3, in November 1996, Alexander & Alexander advised Great Bay that there were "no economically feasible alternatives" then available.

public health and safety and would be consistent with the common defense and security,² and would allow time to implement the new requirements, if any, which would ensue from completion of the proposed rulemaking.

The "special circumstances" requirement of § 50.12 (a) (2) is satisfied in this case. A five-year exemption would be consistent with the data shown in Exhibit 1 which demonstrates that the Seabrook Station will generate sufficient funds to Great Bay to cover its share of operating costs including its payments into the decommissioning fund. Therefore, the underlying purpose of the decommissioning rule would not be affected by a five-year exemption (§ 50.12 (a) (2) (ii)). Moreover, any imposition of a specific surety obligation on Great Bay would only impose on Great Bay an additional cost. While the magnitude of that incremental cost has not yet been determined by the AON work, it surely would prejudice the ability of Great Bay to compete successfully in the competitive electricity sales market now prevailing in New England and the rest of the United States. This would subject Great Bay to costs significantly in excess of those incurred by other utilities owning interests in nuclear power plants (§ 50.12 (a) (2) (iii)). A five-year exemption would permit the NRC to complete its proposed decommissioning rule making and would provide Great Bay only temporary relief from the requirements of § 50.75 (e)(2). Finally, the AON activities in response to Great Bay's urging demonstrates Great Bay's good faith efforts to comply with § 50.75 (e) (2) (§ 50.12 (a) (2) (v)).

For these reasons, a five-year exemption under 10 CFR § 50.12 would be appropriate in this instance.

² In its Exemption, dated January 22, 1997, the NRC found that "Great Bay has demonstrated that it possesses or has reasonable assurance of obtaining the funds necessary to cover estimated operations costs for the period of the license as required by 10 CFR 50.33 (f)(2)." (pp. 3-4)

IV. Conclusion

In conclusion, Great Bay respectfully requests that the NRC find that:

- (a) Great Bay is an "electric utility" as defined in 10 CFR § 50.2; or that
- (b) in the alternative, a five-year exemption from the decommissioning funding requirements of 10 CFR § 50.75 (e) (2) should be granted to Great Bay.

Respectfully submitted,

GREAT BAY POWER CORPORATION

By: 

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June 4, 1997

447761-04 / DOCSDC1

GREAT BAY POWER CORPORATION

Cash Statement

Revenues from the Sale of Electricity and Costs of Generating Electricity
(000's)

	<u>1996</u> <i>Actual</i>	<u>1997</u> <i>Budget</i>	<u>1998</u> <i>Forecast</i>	<u>1999</u> <i>Forecast</i>	<u>2000</u> <i>Forecast</i>	<u>2001</u> <i>Forecast</i>
REVENUE						
Sales	\$30,269.6					
Other Revenues	54.6					
<i>Total Operating Revenues</i>	<i>30,324.2</i>					
COSTS OF GENERATING ELECTRICITY						
Production	12,775.1					
Nuclear Fuel	5,143.8					
Transmission	880.1					
Plant Admin & General	4,240.4					
Capital Expenditures	1,486.1					
Taxes Other than Income	4,206.1					
Decommissioning Trust Fund Payments	993.7					
Decommissioning Trust Fund Interest	(328.0)					
<i>Total Cost of Generating Electricity</i>	<i>29,397.3</i>					
<i>Total Cash Generated from the Sale of Electricity</i>	<i>\$926.9</i>					

This Statement does not include BayCorp or Great Bay corporate administrative costs, marketing expenses, corporate office depreciation or payroll taxes on corporate salaries.

BAYCORP HOLDINGS, LTD.

INCOME STATEMENT

(000's)

	<u>1996</u> <i>Actual</i>	<u>1997</u> <i>Budget</i>	<u>1998</u> <i>Forecast</i>	<u>1999</u> <i>Forecast</i>	<u>2000</u> <i>Forecast</i>	<u>2001</u> <i>Forecast</i>
REVENUE						
Sales	\$30,269.6					
Other Revenues	54.6					
<i>Total Operating Revenues</i>	<i>30,324.2</i>					
OPERATING EXPENSES						
Production	12,775.1					
Nuclear Fuel Amortization	4,366.0					
Transmission	880.1					
Administration & General	6,864.6					
Plant Depreciation	3,450.8					
Taxes Other than Income	4,226.7					
<i>Total Operating Expenses</i>	<i>32,563.3</i>					
<i>Operating Income</i>	<i>(2,239.1)</i>					
Other Income (Expenses)						
Interest Expense	(6.3)					
Interest Income	1,600.9					
Decommissioning Accretion	(2,260.8)					
Other Income(Deductions)	7,005.0					
<i>Total Other Income/(Expense)</i>	<i>6,338.8</i>					
<i>Income Before Taxes</i>	<i>4,099.7</i>					
Income Tax	0.2					
<i>Net Income</i>	<i>\$4,099.5</i>					

BAYCORP HOLDINGS, LTD.
STATEMENT OF CASH FLOWS
(000's)

	<u>1996</u> <i>Actual</i>	<u>1997</u> <i>Budget</i>	<u>1998</u> <i>Forecast</i>	<u>1999</u> <i>Forecast</i>	<u>2000</u> <i>Forecast</i>	<u>2001</u> <i>Forecast</i>
CASH FLOWS FROM OPERATING ACTIVITIES:						
Net Income (Loss)	\$4,099.5					
Adjustments to reconcile Net Income To						
Net Cash provided by Operating Activities:						
Depreciation & Amortization	3,450.8					
Nuclear Fuel Amortization	4,366.0					
Deferred Taxes	0.0					
Asset Write Downs	0.0					
Decommissioning Trust Accretion	2,260.8					
Decommissioning Trust Interest	(356.6)					
Gain on Sale of Assets	(7,061.0)					
Change in Assets/Liabilities						
(Increase)Decrease in:						
Accounts Receivable	(1,392.6)					
Materials & Supplies	(70.4)					
Prepayments & Deferred Debits	818.4					
Increase (Decrease) in:						
Accounts Payable	(107.0)					
Taxes Accrued	211.2					
Other	3,165.2					
<i>Net Cash Provided(Used In) Operating Activities</i>	<i>9,384.3</i>					
CASH FLOWS FROM INVESTMENT ACTIVITIES:						
Gross Additions to Utility Plant	(1,486.1)					
Gross Additions to Nuclear Fuel	(5,143.8)					
Decommissioning Fund Payments	(993.7)					
Proceeds from Sale of Fixed Assets	7,061.0					
Holding Gain /Loss	43.4					
Decrease/(Increase) in ST Investments	(4,724.5)					
<i>Net Cash Provided From (Used In) Investment Activities</i>	<i>(5,243.7)</i>					
CASH FLOWS FROM FINANCING ACTIVITIES:						
Reacquired Capital Stock - Common	(632.8)					
Warrants Exercise	4,073.6					
<i>Net Cash Provided From (Used In) Financing Activities</i>	<i>3,440.8</i>					
NET INCR (DECR) IN:						
CASH AND EQUIVALENTS	7,581.4					
SHORT TERM INVESTMENTS	4,724.5					
TOTAL CASH & INVESTMENTS	12,305.9					
TOTAL CASH AT BEGINNING OF PERIOD	16,468.7					
TOTAL CASH AT END OF OF PERIOD	\$28,774.6					

GREAT BAY POWER CORPORATION

Spot and Short Term Market Sale Price and
Capacity Factor Assumptions Underlying
Net Income and Cash Flow Projections

YEAR	AVERAGE PRICE FOR SPOT MARKET SALES	SEABROOK CAPACITY FACTOR
1996	\$23.16/MWh	96.5%
1997		
1998		
1999		
2000		
2001		

GREAT BAY POWER CORPORATION

Table of Contents

	Pages
I. Executive Summary and Overview	1
II. Cash Flow Considerations	3
III. Nuclear Regulatory Commission Requirements	4
IV. Traditional and Non-Traditional Insurance Marketplace Alternatives	5
V. Conclusion	7
VI. Appendix	
• 1996 Annual Report and 10-K	
• First Quarter 1997 10-Q	
• Joint Ownership Agreement	

GREAT BAY POWER CORPORATION

I. Executive Summary and Overview

We are pleased to enclose underwriting specifications applicable to Great Bay Power Corporation's (hereinafter referred to as Great Bay) decommissioning liability.

There are three groups whose interests must be met in order to successfully develop an insurance/non-insurance product for the decommissioning of the Seabrook Nuclear Facility. These three groups are:

- ❖ **Great Bay**
- ❖ **Nuclear Regulatory Commission ("NRC")**
- ❖ **Insurance Marketplace (traditional insurance and non-insurance)**

Recent Developments

On January 27, 1997, the NRC issued a temporary six month exemption related to Great Bay's status as an "electric utility". In the exemption, the NRC staff stated that it believes that Great Bay does not currently satisfy the definition of an "electric utility". If Great Bay is an "electric utility", then the NRC decommissioning requirements are satisfied by Great Bay making monthly payments into the decommissioning trust fund. If Great Bay is not an "electric utility", the NRC can require that Great Bay provide a surety bond or other allowable decommissioning funding mechanisms. The NRC has defined financial assurance as follows:

- Prepayment
- External sinking fund
- Surety Bond
- Insurance or other guarantee method

Each group stated above has unique concerns which must be met to adequately fund for the decommissioning of Seabrook. The following are various concerns addressed in this submission:

- Smooth out Great Bay's cash outflow for the decommissioning costs associated with Seabrook.
- Satisfy NRC's requirements associated with the decommissioning of Seabrook.
- Design a product which the market place can respond too.

GREAT BAY POWER CORPORATION

We are interested in securing a traditional and/or non-traditional insurance or surety product. This could be accomplished by the following:

- Pooling of similar entities to develop a ratable insurance product.
- Create a wholly owned captive, or rent-a-captive for Great Bay.
- Develop a stand alone insurance product by ascertaining the appropriate self-insured retention (SIR) level and limit of liability (i.e. a \$10 MM SIR w/ a \$43.0MM limit of liability at a discounted premium which equal the limits of liability over time.)
- Fund the \$53MM to an insurer at \$92,000/mo. for 30 years.
- Pyramid renewable policy limits at \$8.83MM at a monthly discounted premium.
- Ascertain a Surety Bond in the amount of the decommissioning liability which declines as payments are made to the decommissioning trust fund.

GREAT BAY POWER CORPORATION

II. Cash Flow Considerations

Smooth out Great Bay's cash outflow for the decommissioning costs associated with Seabrook.

The current estimated cost to decommission Seabrook, based on a study performed in 1996 for the lead owner of the Plant, is approximately \$439MM in 1996 dollars and future value of \$2.3B in 2026 dollars, assuming a 30-year life for the facility and a 5.0% escalation rate. Based on this estimate and the current value of Great Bay's (Great Bay) share of this value in 1996 dollars is approximately \$53.2MM.

Great Bay is currently under a sixth month exemption with respect to its status as an "electric utility". Great Bay meets its current decommissioning obligation by monthly funding into a decommissioning trust at a level of approximately \$92,000/month.

The enclosed Exhibit 1, outlines the cumulative value of funding \$92,000/month over 30 years at four interest rates of 4.5%, 6.0%, 8.0% and 10.0%. Over 30 years the cumulative value of each fund would equal the following:

(4.5%)	\$70,124,191
(6.0%)	\$92,874,704
(8.0%)	\$138,020,494
(10.0%)	\$209,682,847

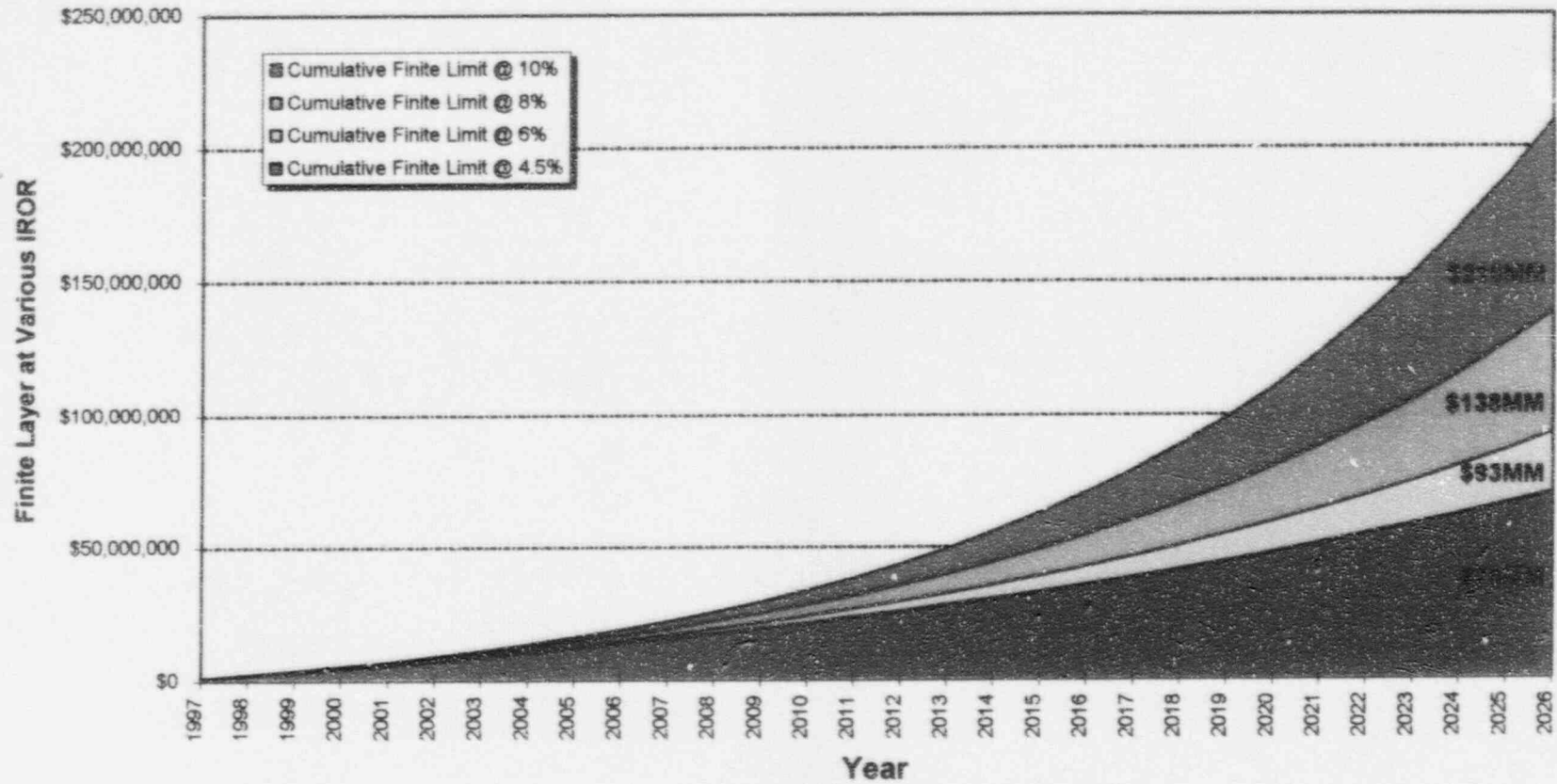
Exhibits 2a, 2b, 2c, 2d, and 2e identify the equilibrium points of each payment stream over a 30 year funding period and the point where the cumulative fund equals a pledged limit. Every five years, a limit of \$8.83MM will be pledged until the anticipated obligation or limit of \$53.0MM, is reached. These results could lead to the following alternatives:

- Establish a baseline internal rate of return perhaps at 4.5%. At 4.5%, the estimated obligation of \$53.0MM would be satisfied in year 2019.
- Great Bay would fund the decommissioning liability through a third party assuming the third party can guarantee rates of return greater than 4.5%.
- If we assume investment return spreads of 1.5% (4.5% to 6.0%), 2.0% (6.0% to 8.0%) and 2.0% (8.0% to 10.0%) the equilibrium points of each alternative materially change from 2019 to 2014 to 2010 to 2008, respectively.
- The potential investment income spread could represent an opportunity for a third party insurer to guarantee and participate in certain levels of increased investment income, thereby increasing their level of interest in the project. This forecasted investment income stream could be the basis of a traditional insurance product or non-insurance finite product.

Great Bay Power Corporation

Finite Limit of Liability at Various IROR

Exhibit 1



Great Bay Power Co Cumulative Value of Decommission

Variables	
Return on investment:	4.5%
Monthly Payments:	\$2,000

5 Years

10 Years

15 Years

Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Year End Carry Over	0	1,130,924	2,314,162	3,551,758	4,846,208	6,200,126	7,616,242	9,097,414	10,646,631	12,267,019	13,961,848	15,734,536	17,588,661	19,527,965	21,556,359
Balance per Month:															
July	92,000	1,227,510	2,414,185	3,657,422	4,956,727	6,315,721	7,737,148	9,223,875	10,778,901	12,405,380	14,106,549	15,885,885	17,746,964	19,693,540	21,729,541
August	184,890	1,334,458	2,516,587	3,763,462	5,067,859	6,431,750	7,858,507	9,350,806	10,911,667	12,544,231	14,251,794	16,037,802	17,905,860	19,859,735	21,903,372
September	277,728	1,421,770	2,618,369	3,869,940	5,179,194	6,546,214	7,969,322	9,478,220	11,044,931	12,683,517	14,397,583	16,180,289	18,055,352	20,026,554	22,077,854
October	371,114	1,519,448	2,720,533	3,978,797	5,290,774	6,665,115	8,102,593	9,606,108	11,178,694	12,823,525	14,543,919	16,343,348	18,225,442	20,193,999	22,250,991
November	464,551	1,617,489	2,823,080	4,084,055	5,402,960	6,782,454	8,225,322	9,734,476	11,312,950	12,963,858	14,690,804	16,496,960	18,386,132	20,362,071	22,428,785
December	558,930	1,715,900	2,926,012	4,191,716	5,515,566	6,900,233	8,348,512	9,863,325	11,447,728	13,104,918	14,836,239	16,651,189	18,547,426	20,530,774	22,605,238
January	653,360	1,814,680	3,026,329	4,299,780	5,628,594	7,018,454	8,472,164	9,992,658	11,583,002	13,246,407	14,986,228	16,805,876	18,709,323	20,700,110	22,782,353
February	748,175	1,913,630	3,133,034	4,408,249	5,742,046	7,137,119	8,596,280	10,122,475	11,716,783	13,384,426	15,134,771	16,961,343	18,871,829	20,870,080	22,960,131
March	843,328	2,013,352	3,237,125	4,517,125	5,855,924	7,256,228	8,720,861	10,252,779	11,855,074	13,530,977	15,283,872	17,117,293	19,034,942	21,040,888	23,138,577
April	938,633	2,113,247	3,341,612	4,626,409	5,970,220	7,375,784	8,845,908	10,383,572	11,991,875	13,674,963	15,433,531	17,273,828	19,198,968	21,211,935	23,317,682
May	1,034,699	2,213,516	3,445,488	4,736,103	6,084,962	7,495,788	8,971,426	10,516,856	12,126,190	13,817,688	15,583,752	17,430,950	19,363,008	21,383,825	23,497,478
June	1,130,924	2,314,162	3,551,758	4,846,208	6,200,126	7,616,242	9,097,414	10,646,631	12,267,019	13,961,848	15,734,536	17,588,661	19,527,965	21,556,359	23,677,938
Cumulative Sub-Total:	1,130,924	2,314,162	3,551,758	4,846,208	6,200,126	7,616,242	9,097,414	10,646,631	12,267,019	13,961,848	15,734,536	17,588,661	19,527,965	21,556,359	23,677,938

Return on investment		8.0%													
Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Year End Carry Over	0	1,140,060	2,350,923	3,636,469	5,001,304	6,450,320	7,988,707	9,621,979	11,355,988	13,196,947	15,151,452	17,226,506	19,429,545	21,768,463	24,251,641
Balance per Month:															
July	92,000	1,238,220	2,493,137	3,747,111	5,118,771	6,575,031	8,121,111	9,762,549	11,505,228	13,355,391	15,319,869	17,405,069	19,619,153	21,968,796	24,460,359
August	184,920	1,336,872	2,599,873	3,858,306	5,236,824	6,700,368	8,254,176	9,903,822	11,655,214	13,514,828	15,488,727	17,584,584	19,809,709	22,172,075	24,680,148
September	278,305	1,436,016	2,665,132	3,970,058	5,355,469	6,826,328	8,387,907	10,045,801	11,805,950	13,674,662	15,658,631	17,764,967	20,001,217	22,375,395	24,896,006
October	372,156	1,535,656	2,770,918	4,082,368	5,474,706	6,952,820	8,522,307	10,188,490	11,957,440	13,836,495	15,829,384	17,946,252	20,193,684	22,574,732	25,119,940
November	466,477	1,635,794	2,877,233	4,195,240	5,594,539	7,080,144	8,657,378	10,331,893	12,109,687	13,997,132	16,000,991	18,128,443	20,387,112	22,785,091	25,330,971
December	561,269	1,736,433	2,984,078	4,308,678	5,714,972	7,208,005	8,793,125	10,478,012	12,262,896	14,159,578	16,173,456	18,311,545	20,581,508	22,991,478	25,550,086
January	656,536	1,837,575	3,091,459	4,422,580	5,836,007	7,336,505	8,926,551	10,620,852	12,418,469	14,322,836	16,346,783	18,495,563	20,776,975	23,198,893	25,770,298
February	752,278	1,939,223	3,199,736	4,537,253	5,957,847	7,465,648	9,066,550	10,766,416	12,571,012	14,480,910	16,520,977	18,690,501	20,973,219	23,407,348	25,911,808
March	848,500	2,041,379	3,307,833	4,652,399	6,079,895	7,595,436	9,204,452	10,912,708	12,726,327	14,651,905	16,696,042	18,868,363	21,170,544	23,618,845	26,214,026
April	945,022	2,144,046	3,418,832	4,768,121	6,202,755	7,725,873	9,342,934	11,058,732	12,882,418	14,817,524	16,871,982	19,053,155	21,368,858	23,827,389	26,437,556
May	1,042,388	2,247,227	3,526,377	4,884,422	6,326,228	7,856,963	9,482,106	11,207,491	13,038,290	14,984,071	17,048,802	19,240,881	21,568,163	24,038,868	26,662,204
June	1,140,060	2,350,923	3,636,469	5,001,304	6,450,320	7,988,707	9,621,979	11,355,988	13,196,947	15,151,452	17,226,506	19,429,545	21,768,463	24,251,641	26,887,875
Cumulative Sub-Total:	1,140,060	2,350,923	3,636,469	5,001,304	6,450,320	7,988,707	9,621,979	11,355,988	13,196,947	15,151,452	17,226,506	19,429,545	21,768,463	24,251,641	26,887,875

Return on investment:		8.0%														
Year		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Year End Carry Over		0	1,152,369	2,401,045	3,753,359	5,217,915	6,804,029	8,521,789	10,382,122	12,396,863	14,578,825	16,941,890	19,501,087	22,272,897	25,274,349	28,525,137
Balance per Month:																
July		92,000	1,252,665	2,509,965	3,870,995	5,345,315	6,942,002	8,671,214	10,543,950	12,572,122	14,766,831	17,147,449	19,723,708	22,513,795	25,535,458	28,719,616
August		185,227	1,353,630	2,619,009	3,989,415	5,473,564	7,080,890	8,821,636	10,706,856	12,748,549	14,959,702	17,354,379	19,947,813	22,756,500	25,796,308	29,056,584
September		279,075	1,455,267	2,729,083	4,108,624	5,602,967	7,220,715	8,973,060	10,870,449	12,926,153	15,152,046	17,562,688	20,173,411	23,000,824	26,062,910	29,375,148
October		373,549	1,557,582	2,839,890	4,228,628	5,732,632	7,361,496	9,125,494	11,035,934	13,104,941	15,345,873	17,772,306	20,400,514	23,248,778	26,329,276	29,687,722
November		468,652	1,660,579	2,951,436	4,349,433	5,863,463	7,503,158	9,278,944	11,202,121	13,284,920	15,540,591	17,963,482	20,626,131	23,494,368	26,607,418	29,958,610
December		564,396	1,764,263	3,063,725	4,471,042	5,995,166	7,645,791	9,433,417	11,369,415	13,468,100	15,736,808	18,195,985	20,859,272	23,743,610	26,867,347	30,250,353
January		660,766	1,868,638	3,176,784	4,593,483	6,127,747	7,789,376	9,588,919	11,537,824	13,648,487	15,934,334	18,409,905	21,090,947	23,994,514	27,130,078	30,544,635
February		757,784	1,973,709	3,290,555	4,716,898	6,261,212	7,933,918	9,745,456	11,707,356	13,832,090	16,133,176	18,625,251	21,324,167	24,247,091	27,412,817	30,840,880
March		855,450	2,079,461	3,405,106	4,840,757	6,395,567	8,079,425	9,903,042	11,878,019	14,018,918	16,333,344	18,842,033	21,558,941	24,501,352	27,687,961	31,139,099
April		953,766	2,185,957	3,520,420	4,985,642	6,532,917	8,225,901	10,061,676	12,049,819	14,202,977	16,534,846	19,060,259	21,795,281	24,757,307	27,965,181	31,439,309
May		1,052,738	2,293,144	3,636,503	5,081,360	6,666,969	8,373,363	10,221,367	12,222,784	14,390,277	16,737,692	19,278,941	22,033,196	25,014,969	28,244,229	31,741,515
June		1,152,369	2,401,045	3,753,359	5,217,915	6,804,029	8,521,789	10,382,122	12,396,863	14,578,825	16,941,890	19,501,087	22,272,897	25,274,349	28,525,137	32,045,738
Cumulative Sub-Total:		1,152,369	2,401,045	3,753,359	5,217,915	6,804,029	8,521,789	10,382,122	12,396,863	14,578,825	16,941,890	19,501,087	22,272,897	25,274,349	28,525,137	32,045,738

Return on Investment		10.0%													
Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Year End Carry Over	0	1,164,826	2,452,464	3,874,935	5,446,357	7,182,328	9,100,078	11,218,640	13,550,045	16,144,520	19,000,728	22,156,018	25,641,708	29,492,396	33,746,301
Balance per Month:															
July	92,000	1,267,299	2,565,668	3,999,993	5,584,510	7,334,947	9,265,618	11,404,896	13,764,803	16,371,824	19,251,834	22,433,418	25,948,156	29,830,933	34,120,287
August	185,533	1,370,627	2,679,815	4,126,093	5,723,815	7,488,830	9,438,684	11,592,703	13,972,277	16,601,022	19,505,032	22,713,150	26,257,157	30,172,291	34,497,390
September	279,846	1,474,816	2,794,914	4,253,244	5,864,280	7,644,012	9,610,106	11,782,076	14,181,479	16,832,131	19,780,341	22,965,173	26,588,734	30,516,493	34,877,635
October	374,945	1,579,872	2,910,971	4,381,454	6,005,915	7,800,479	9,782,957	11,973,026	14,367,425	17,065,165	20,017,777	23,279,566	26,882,906	30,883,564	35,261,048
November	470,836	1,685,805	3,027,696	4,510,733	6,148,731	7,958,250	9,957,248	12,165,568	14,518,128	17,100,142	20,027,359	23,568,329	27,199,697	31,213,527	35,647,653
December	567,526	1,762,820	3,145,996	4,641,089	6,292,738	8,117,335	10,132,992	12,350,715	14,819,604	17,307,078	20,039,103	23,055,482	27,519,128	31,922,226	36,437,483
January	665,022	1,900,325	3,284,679	4,772,631	6,437,944	8,277,748	10,310,200	12,555,479	15,031,868	17,776,985	20,803,029	24,147,044	27,841,221	31,922,226	36,437,483
February	763,331	2,006,927	3,384,954	4,905,969	6,584,360	8,439,499	10,485,885	12,752,875	15,311,933	18,176,885	21,069,154	24,641,036	28,165,998	32,281,012	36,826,932
March	862,459	2,118,435	3,505,929	5,038,711	6,731,906	8,602,580	10,669,059	12,951,915	15,473,616	18,256,793	21,337,487	24,737,478	28,493,481	32,642,787	37,226,573
April	962,412	2,228,856	3,627,912	5,173,467	6,880,863	8,787,045	10,850,735	13,162,615	15,695,931	18,304,724	21,608,078	25,030,380	28,829,693	33,071,577	37,629,565
May	1,063,199	2,340,190	3,750,911	5,309,346	7,030,970	8,932,870	11,033,924	13,354,980	15,918,094	18,751,697	21,880,910	25,337,793	29,156,657	33,375,406	38,035,911
June	1,164,826	2,452,464	3,874,935	5,446,357	7,182,328	9,100,078	11,218,640	13,550,045	16,144,520	19,000,728	22,156,018	25,641,708	29,492,396	33,746,301	38,445,646
Cumulative Sub-Total:	1,164,826	2,452,464	3,874,935	5,446,357	7,182,328	9,100,078	11,218,640	13,550,045	16,144,520	19,000,728	22,156,018	25,641,708	29,492,396	33,746,301	38,445,646

Corporation
ing Payments Over Time

ANSTEC APERTURE CARD

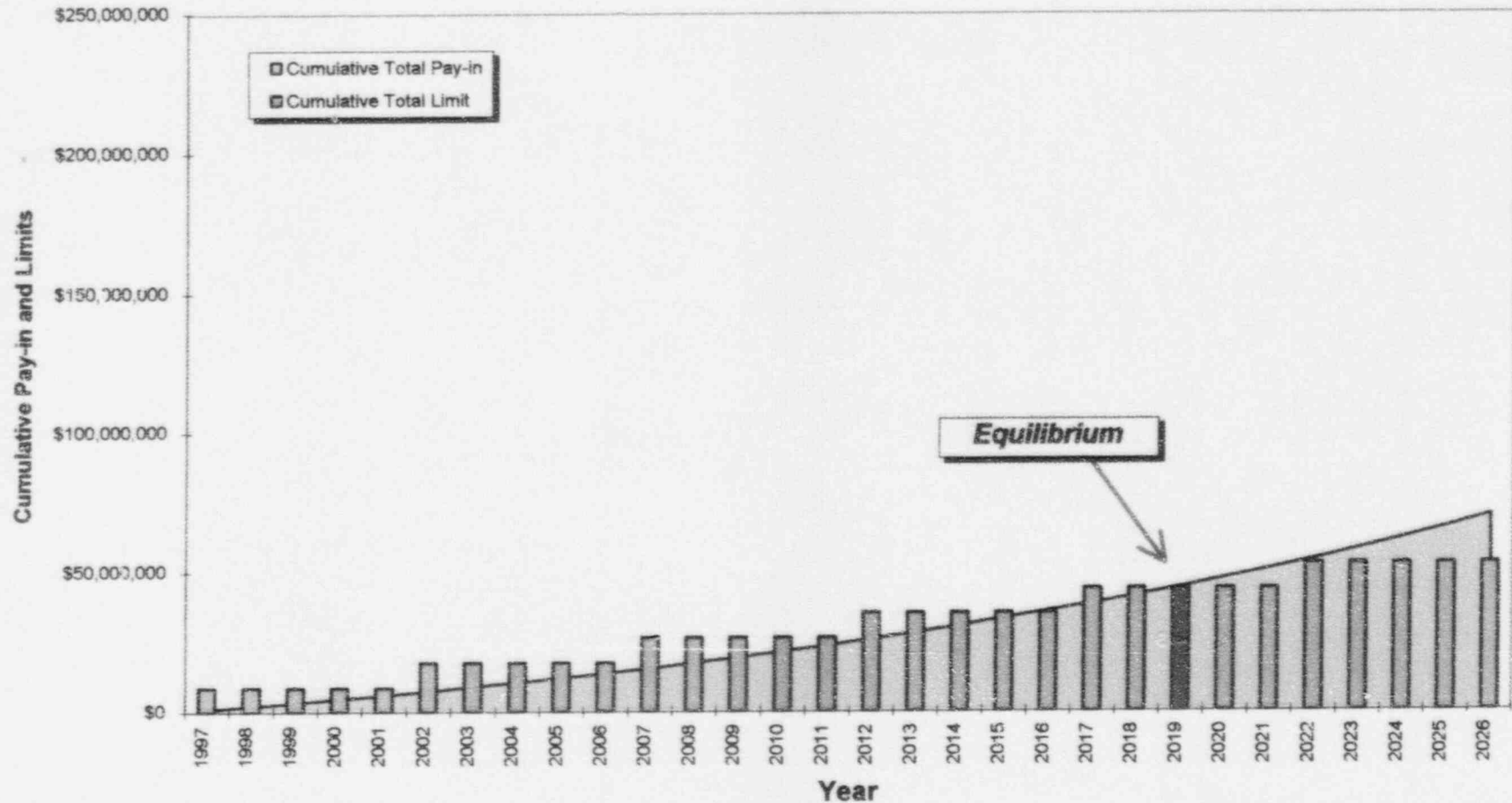
Also Available on
Aperture Card

20 Years												25 Years												30 Years														
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
31,677,938	25,996,982	28,217,969	30,645,581	33,184,717	35,840,500	38,618,290	41,523,691	44,562,566	47,741,048	51,065,545	54,542,770	58,179,739	61,983,790	65,962,598	70,124,191	74,468,514	78,992,566	83,700,344	88,596,950	93,687,406	98,978,814	104,477,184	110,180,616	116,086,111	122,191,769	128,505,591	135,025,578	141,750,731	148,680,151	155,812,848	163,148,822	170,689,074	178,434,704	186,384,811	194,540,494	202,902,752	211,471,313	
23,859,078	28,086,441	28,416,131	30,852,847	33,401,504	36,067,247	38,855,454	41,771,750	44,822,020	48,012,420	51,349,385	54,830,851	58,460,258	62,238,574	66,165,281	70,240,400	74,464,921	78,839,942	83,366,563	88,046,784	92,881,605	97,873,026	103,023,147	108,338,968	113,821,489	119,481,710	125,320,531	131,340,952	137,545,073	143,935,894	150,514,515	157,284,036	164,247,557	171,407,078	178,765,599	186,325,120	194,088,641	202,059,162	
24,040,802	26,276,810	28,615,036	31,060,890	33,618,105	36,290,844	39,093,507	42,020,739	45,082,448	48,284,811	51,634,291	55,137,644	58,801,942	62,634,576	66,643,281	70,829,040	75,193,851	79,738,712	84,465,623	89,377,594	94,477,625	99,768,716	105,253,867	110,936,078	116,819,349	122,906,670	129,193,041	135,683,462	142,381,933	149,292,554	156,419,325	163,766,246	171,346,317	179,163,538	187,221,909	195,523,430	204,072,001	212,871,622	
24,223,391	26,467,492	28,814,688	31,269,713	33,837,522	36,523,295	39,332,452	42,270,662	45,343,852	48,558,224	51,920,254	55,436,755	59,114,794	62,961,801	66,985,536	71,190,000	75,577,191	80,149,022	84,907,493	89,854,604	94,992,355	100,322,746	105,847,877	111,570,748	117,494,469	123,622,040	129,957,461	136,503,832	143,264,153	150,242,524	157,441,945	164,865,416	172,517,937	180,402,508	188,523,129	196,882,700	205,484,221	214,331,742	
24,406,173	26,659,090	29,015,088	31,478,319	34,056,757	36,752,602	39,572,294	42,521,522	45,606,237	48,832,583	52,207,310	55,736,968	59,428,819	63,285,252	67,320,779	71,538,490	75,940,381	80,530,452	85,312,703	90,291,134	95,469,745	100,851,526	106,440,477	112,141,608	118,059,929	124,199,450	130,574,171	137,187,992	144,044,913	151,150,934	158,511,155	166,130,576	174,013,197	182,154,018	190,560,239	199,235,860	208,184,881	217,413,902	
24,590,443	26,851,407	29,218,239	31,689,712	34,278,815	36,982,770	39,813,035	42,773,323	45,869,605	49,108,130	52,496,433	56,038,347	59,744,022	63,619,936	67,673,908	71,919,029	76,359,250	80,996,561	85,834,972	90,878,483	96,131,094	101,596,805	107,279,716	113,185,827	119,320,148	125,686,111	132,292,390	139,131,111	146,203,832	153,515,553	161,072,274	168,879,995	176,933,716	185,240,437	193,806,158	202,637,879	211,741,600	221,125,321	
24,775,902	27,044,445	29,418,145	31,890,893	34,497,698	37,213,800	40,054,879	43,026,067	46,133,961	49,384,631	52,784,635	56,340,838	60,060,407	63,958,856	68,032,030	72,285,001	76,722,672	81,350,143	86,172,514	91,194,885	96,417,256	101,844,627	107,481,998	113,335,369	119,401,740	125,686,111	132,195,482	138,934,853	145,909,224	153,125,595	160,589,996	168,309,337	176,289,708	184,536,079	193,055,450	201,853,821	210,937,192	220,311,563	
24,960,253	27,238,206	29,620,808	32,112,867	34,719,410	37,445,697	40,297,229	43,279,780	46,389,308	49,652,168	53,074,923	56,664,459	60,337,979	64,198,010	68,251,481	72,504,002	76,962,573	81,632,144	86,518,715	91,627,286	96,964,857	102,547,428	108,381,999	114,474,570	120,832,141	127,460,712	134,275,283	141,334,656	148,576,827	156,005,998	163,728,169	171,750,340	180,079,511	188,721,682	197,683,853	206,963,024	216,567,195	226,501,366	
25,146,199	27,432,695	29,824,231	32,325,655	34,941,952	37,678,483	40,540,689	43,534,404	46,665,651	49,940,746	53,366,299	56,949,221	60,696,741	64,616,423	68,714,173	72,996,004	77,468,925	82,138,946	87,012,117	92,094,288	97,391,459	102,919,630	108,685,801	114,696,972	120,960,143	127,483,314	134,272,485	141,334,656	148,576,827	156,005,998	163,728,169	171,750,340	180,079,511	188,721,682	197,683,853	206,963,024	216,567,195	226,501,366	
25,332,843	27,627,912	30,028,417	32,539,201	35,165,330	37,912,102	40,785,061	43,796,003	46,932,992	50,200,369	53,606,767	57,158,125	60,862,979	64,736,800	68,778,491	72,996,002	77,396,353	81,986,564	86,773,735	91,764,866	96,967,957	102,390,048	108,040,139	113,925,230	120,053,321	126,432,412	133,070,503	139,975,594	147,156,685	154,620,776	162,376,867	170,432,958	178,797,049	187,477,140	196,479,231	205,810,322	215,478,413	225,489,504	
25,520,178	27,823,862	30,233,869	32,753,568	35,385,545	38,146,618	41,030,390	44,048,581	47,201,336	50,501,040	53,952,333	57,562,177	61,337,857	65,286,991	69,417,547	73,734,008	78,243,469	82,953,930	87,873,391	93,011,852	98,386,313	104,014,774	109,904,235	116,063,696	122,503,157	129,284,612	136,261,079	143,596,540	151,245,001	159,213,462	167,509,923	176,141,384	185,115,845	194,441,306	204,026,767	213,871,228	224,083,689	234,662,150	
25,706,231	28,020,547	30,439,049	32,968,739	35,614,601	38,382,013	41,278,968	44,304,080	47,470,888	50,782,784	54,246,999	57,870,390	61,669,219	65,643,180	69,801,541	74,152,002	78,703,463	83,463,924	88,441,385	93,644,846	99,083,307	104,774,768	110,728,229	116,953,690	123,469,151	130,284,612	137,409,073	144,843,534	152,595,995	160,676,456	169,093,917	177,857,378	186,977,839	196,454,300	206,296,761	216,514,222	227,106,683	238,083,144	
25,896,982	28,217,989	30,645,581	33,184,717	35,840,500	38,618,290	41,523,691	44,562,566	47,741,048	51,065,545	54,542,770	58,179,739	61,983,790	65,962,598	70,124,191	74,468,514	78,992,566	83,700,344	88,596,950	93,687,406	98,978,814	104,477,184	110,180,616	116,086,111	122,191,769	128,505,591	135,025,578	141,750,731	148,680,151	155,812,848	163,148,822	170,689,074	178,434,704	186,384,811	194,540,494	202,902,752	211,471,313	220,351,874	229,559,435

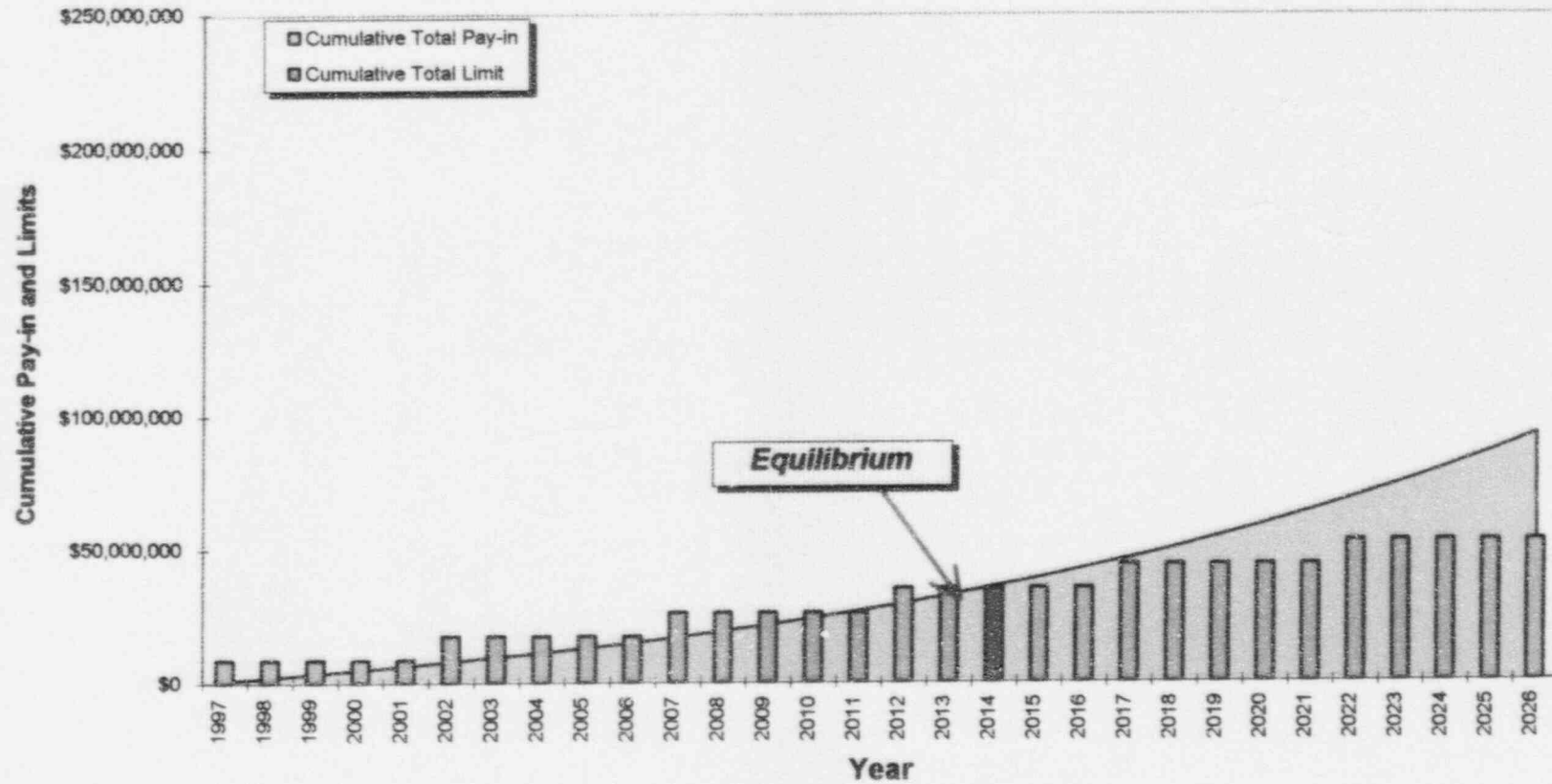
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
21,887,915	29,886,912	32,658,482	35,813,332	39,182,796	42,718,786	46,484,133	50,522,336	54,757,756	59,215,640	64,072,178	69,164,556	74,571,021	80,310,944	86,404,893
27,114,875	29,827,807	32,814,235	36,084,859	39,481,040	43,024,840	46,819,064	50,847,308	55,124,004	59,664,478	64,484,969	69,602,839	75,036,336	80,804,956	86,929,378
27,342,808	30,168,906	33,171,266	36,357,743	39,740,795	43,332,424	47,145,813	51,194,034	55,492,084	60,055,261	64,889,684	70,043,313	75,503,977	81,301,443	87,456,465
27,572,284	30,413,218	33,429,562	36,631,992	40,031,919	43,641,546	47,473,807	51,542,434	55,952,005	60,647,967	65,536,843	70,685,969	76,193,957	82,001,873	88,166,227
27,802,404	30,657,742	33,689,190	36,907,612	40,324,559	44,052,214	47,903,637	51,892,806	56,233,775	60,942,597	65,935,688	71,230,879	76,846,287	82,801,873	89,116,816
28,033,878	30,903,490	33,950,095	37,184,610	40,618,821	44,264,435	48,135,115	52,244,529	56,607,404	61,239,371	66,157,027	71,377,994	76,920,978	82,805,842	89,150,671
28,266,905	31,150,468	34,212,307	37,462,993	40,814,174	44,578,217	48,466,250	52,598,212	56,982,901	61,639,027	66,580,272	71,827,344	77,396,043	83,312,331	89,591,400
28,501,298	31,398,980	34,470,928	37,742,768	41,211,205	45,093,568	49,030,052	53,133,893	57,500,275	62,136,678	67,065,834	72,278,941	77,877,494	83,821,353	90,131,817
28,736,261	31,648,134	34,740,667	38,023,942	41,508,721	45,420,486	49,362,527	53,510,891	57,974,537	62,641,331	67,533,122	72,732,795	78,359,341	84,332,920	90,674,936
28,971,396	31,898,834	35,006,521	38,306,521	41,809,730	45,725,000	49,677,684	53,965,906	58,520,694	63,345,980	68,462,747	73,888,619	79,643,598	85,763,740	92,220,770
29,206,713	32,150,788	35,274,325	38,690,514	42,111,239	46,049,114	50,011,633	54,030,715	58,503,758	63,252,688	68,294,521	73,647,324	79,370,278	85,503,740	92,000,334
29,447,216	32,404,902	35,543,136	38,975,927	42,414,255	46,170,619	50,159,081	54,193,329	58,888,737	63,661,411	68,725,454	74,106,020	79,819,367	85,883,018	92,320,841
29,689,912	32,658,482	35,813,332	39,182,796	42,718,786	46,484,133	50,522,336	54,757,756	59,215,640	64,072,178	69,164,556	74,571,021	80,310,944	86,404,893	92,874,704

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
32,045,736	35,836,548	39,987,819	44,452,617	49,302,980	54,548,142	60,228,640	66,380,617	73,043,205	80,258,784	88,073,252	96,536,316	105,701,814	115,628,041	126,378,141
32,351,990	36,190,218	40,347,018	44,848,820	49,724,289	55,004,410	60,722,778	66,918,788	73,622,773	80,886,456	88,753,021	97,272,507	106,499,106	116,491,508	127,313,275
32,660,283	36,524,100	40,708,811	45,240,435	50,148,368	55,463,719	61,220,210	67,454,486	74,206,204	81,518,312	89,437,321	98,013,803	107,301,713	117,360,732	128,254,844
32,970,632	36,980,207	41,172,815	46,034,651	50,575,334	55,926,091	61,720,958	67,996,796	74,793,528	82,154,381	90,126,183	98,759,641	108,106,671	118,236,590	129,202,286
33,283,049	37,188,555	41,438,696	46,331,496	51,005,116	56,391,845	62,225,044	68,542,721	75,384,763	82,797,690	90,816,636	99,510,652	109,923,016	119,716,802	130,196,250
33,597,550	37,538,154	41,607,920	46,430,986	51,437,764	56,860,102	62,732,491	69,092,286	75,979,941	83,436,268	91,517,715	100,286,668	109,741,783	120,003,326	131,116,872
33,914,147	37,882,333	42,179,252	47,033,139	51,873,295	57,331,782	63,343,321	69,645,515	76,578,084	84,136,143	92,220,447	101,027,727	110,586,006	120,895,961	132,083,296
34,232,854	38,227,193	42,553,061	47,337,973	52,311,731	57,806,698	63,757,587	70,202,432	77,182,228	84,741,344	92,927,863	101,793,856	111,395,728	121,794,548	133,056,456
34,553,687	38,574,055	42,929,361	47,745,500	52,753,289	58,284,596	64,275,220	70,783,061	77,789,389	85,396,900	93,639,985	102,565,996	112,230,980	122,691,125	134,036,121
34,878,856	38,924,432	43,308,170	48,055,756	53,187,360	58,765,776	64,796,335	71,327,428	78,400,599	86,050,830	94,356,875	103,341,478	113,071,799	123,609,732	135,022,308
35,201,762	39,278,432	43,689,505	48,468,741	53,644,952	59,250,161	65,320,924	71,895,556	79,015,883	86,721,191	95,078,534	104,123,035	113,918,225	124,526,410	136,010,270
35,528,074	39,630,909	44,073,381	48,884,480	54,094,396	59,737,775	65,849,010	72,467,475	79,635,269	87,387,968	95,805,095	104,900,802	114,770,203	125,440,200	137,014,451
35,856,546	39,987,819	44,458,817	49,302,989	54,548,142	60,228,640	66,380,617	73,043,205	80,258,784	88,073,252	96,536,316	105,701,814	115,628,041	126,378,141	138,020,494
35,856,546	39,987,819	44,458,817	49,302,989	54,548,142	60,228,640	66,380,617	73,043,205	80,258,784	88,073,252	96,536,316	105,701,814	115,628,041	126,378,141	138,020,494

Great Bay Power Corporation
Summary of Payments Made vs. Limits
Assuming a 4.5% IROR
Exhibit 2a



Great Bay Power Corporation
Summary of Payments Made vs. Limits
Assuming a 6% IROR
Exhibit 2b

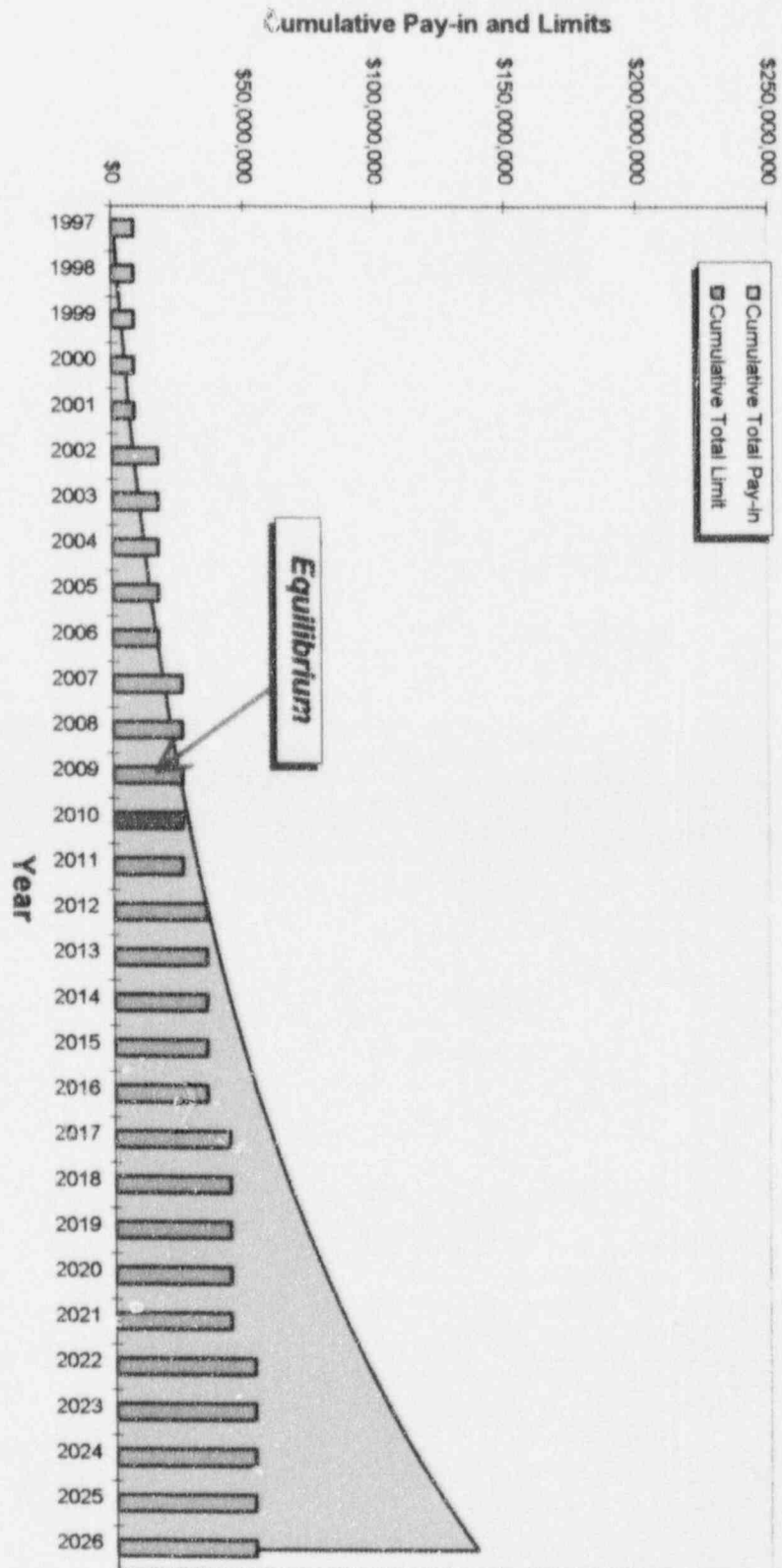


Great Bay Power Corporation

Summary of Payments Made vs. Limits

Assuming a 8% IROR

Exhibit 2c

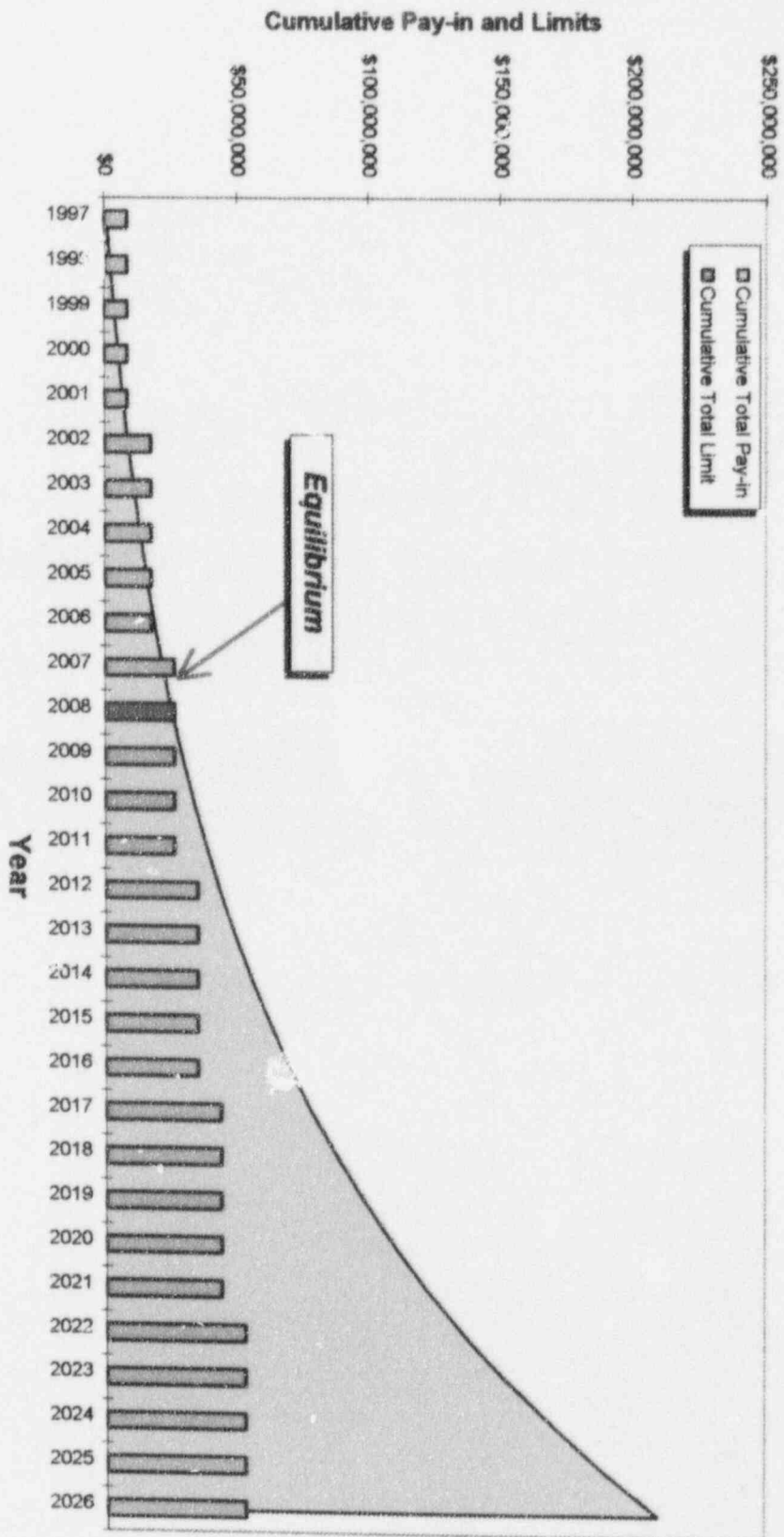


Great Bay Power Corporation

Summary of Payments Made vs. Limits

Assuming a 10% IROR

Exhibit 2d



Great Bay Power Corporation
Summary of Payments Made vs. Limits
Equilibrium of Payments to Limits at Various IROR
Exhibit 2e

Year	Cumulative Total Limit	Cumulative Total Pay-in			
		4.5%	6.0%	8.0%	10.0%
1997	8,833,000	1,130,924	1,140,060	1,152,369	1,164,826
1998	8,833,000	2,314,162	2,350,923	2,401,045	2,452,464
1999	8,833,000	3,551,758	3,636,469	3,753,359	3,874,935
2000	8,833,000	4,846,208	5,001,304	5,217,915	5,446,357
2001	8,833,000	6,200,126	6,450,320	6,804,029	7,182,328
2002	17,666,000	7,616,242	7,988,707	8,521,789	9,100,078
2003	17,666,000	9,097,414	9,621,979	10,382,122	11,218,640
2004	17,666,000	10,646,631	11,355,988	12,396,863	13,559,045
2005	17,666,000	12,267,019	13,196,947	14,578,825	16,144,520
2006	17,666,000	13,961,848	15,151,452	16,941,890	19,000,728
2007	26,499,000	15,734,536	17,226,506	19,501,087	22,156,018
2008	26,499,000	17,588,661	19,429,545	22,272,697	25,641,708
2009	26,499,000	19,527,965	21,768,463	25,274,349	29,492,396
2010	26,499,000	21,556,359	24,251,641	28,525,137	33,746,301
2011	26,499,000	23,677,938	26,887,975	32,045,738	38,445,646
2012	35,332,000	25,896,982	29,686,912	35,858,548	43,637,073
2013	35,332,000	28,217,969	32,658,482	39,987,819	49,372,111
2014	35,332,000	30,645,581	35,813,332	44,459,817	55,707,682
2015	35,332,000	33,184,717	39,162,766	49,302,989	62,706,670
2016	35,332,000	35,840,500	42,718,786	54,548,142	70,438,544
2017	44,165,000	38,618,290	46,494,133	60,228,640	78,980,046
2018	44,165,000	41,523,691	50,502,336	66,380,617	88,415,955
2019	44,165,000	44,562,566	54,757,756	73,043,205	98,839,926
2020	44,165,000	47,741,046	59,275,640	80,258,784	110,355,424
2021	44,165,000	51,065,545	64,072,178	88,073,252	123,076,745
2022	52,998,000	54,542,770	69,164,556	96,536,318	137,130,154
2023	52,998,000	58,179,739	74,571,021	105,701,814	152,655,139
2024	52,998,000	61,983,790	80,310,944	115,628,041	169,805,793
2025	52,998,000	65,962,598	86,404,893	126,378,141	188,752,344
2026	52,998,000	70,124,191	92,874,704	138,020,494	209,682,847

GREAT BAY POWER CORPORATION

III. Nuclear Regulatory Commission Requirements

Satisfy the NRC's requirements associated with the decommissioning of Seabrook .

There are a number of risks that could affect the existing funding mechanism as follows:

- While the joint ownership agreement provides for pro-rata liability among the owners, the NRC could try to impose joint and several liability among co-owners of nuclear facilities.
- If a co-owner was not able to make its monthly payments, Great Bay might be required to pay a greater portion of Seabrook expenses.
- If Great Bay loses its status as an "electric utility", it could result in greater decommissioning expenses due to the need to provide additional financial assurance.
- The NRC could require the owners of Seabrook to close the plant prior to its planned closure in 2026.
- A change in the NRC's requirements or technology could increase or decrease decommissioning costs.
- The result of the above actions in whole or part could result in a change or decrease in the funding of Great Bay's decommissioning liability.
- Deregulation could cause Seabrook to be an uncompetitive power supply alternative.

These points are underwriting considerations which should be an integral part of a third party insurer evaluation.

SHAW, PITTMAN, POTTS & TROWBRIDGE

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

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GERALD CHARNOFF, P.C.

February 21, 1997

NRC Operating License No. NPF-86
Docket No. 50-443
NYN-96031

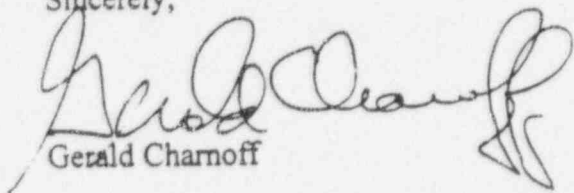
United States Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, D.C. 20555

Re: Seabrook Station, Unit No. 1
Petition of Great Bay Power Corporation
For Partial Reconsideration of Exemption Order

Gentlemen:

I am enclosing on behalf of Great Bay Power Corporation ("Great Bay") a petition for partial reconsideration of the Exemption Order issued on January 22, 1997 by the Office of Nuclear Reactor Regulation with respect to Great Bay. In the enclosed petition, Great Bay seeks reconsideration of the Staff's preliminary finding that Great Bay is not an "electric utility" as defined in 10 C.F.R. § 50.2 and that Great Bay must therefore meet the decommissioning funding requirements for non-electric utilities in 10 C.F.R. § 50.75(e)(2). As set forth in the enclosed petition, Great Bay believes that it is an "electric utility" under 10 C.F.R. § 50.2 and therefore is not subject to the decommissioning funding requirements of 10 C.F.R. § 50.75(e)(2).

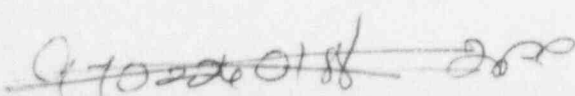
Sincerely,


Gerald Charnoff

Attachment

cc: Frank J. Miraglia, Jr.
Acting Director
Office of Nuclear Reactor Regulation

RECEIVED
FEB 26 1997



United States Nuclear Regulatory Commission
February 21, 1997
Page 2

Dr. Shirley Ann Jackson, Chairman
Office of the Chairman

Nils J. Diaz, Commissioner
Office of the Commissioners

Greta J. Dicus, Commissioner
Office of the Commissioners

Edward McGaffigan, Jr., Commissioner
Office of the Commissioners

Kenneth C. Rogers, Commissioner
Office of the Commissioners

Mr. Hubert J. Miller
Regional Administrator, NRC Region 1

Mr. Albert W. DeAgazio
Senior NRC Project Manager

Mr. John B. MacDonald
Senior NRC Resident Inspector

Steven R. Horn, Esq.
NRC Office of General Counsel

Mr. Robert S. Wood
NRC Office of Nuclear Reactor Regulation

United States Nuclear Regulatory Commission
February 21, 1997
Page 3

bcc: Mr. John A. Tillinghast
Mr. Frank W. Getman, Jr.
Great Bay Power Corporation

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of

North Atlantic Energy Service Corporation and
Great Bay Power Corporation

(Seabrook Station, Unit No. 1)

Docket No. 50-443
(License No. NPF-86)

**PETITION OF GREAT BAY POWER CORPORATION
FOR PARTIAL RECONSIDERATION OF EXEMPTION ORDER**

Great Bay Power Corporation ("Great Bay") hereby petitions the Nuclear Regulatory Commission's ("NRC") Office of Nuclear Reactor Regulation (hereinafter referred to as "Staff") for partial reconsideration of its Exemption Order issued on January 22, 1997 in the above-captioned proceeding ("Exemption Order"). Specifically, Great Bay seeks reconsideration of the Staff's preliminary finding that Great Bay is not an "electric utility" as defined by the NRC in 10 C.F.R. § 50.2, and therefore Great Bay must meet the NRC's decommissioning funding requirements contained in 10 C.F.R. § 50.75(e)(2).

The Exemption Order's conclusion is based on a supposed distinction between long-term and short-term rates. In fact, all of Great Bay's rates -- including those for long-term sales and spot market sales at market-based prices -- are "established by . . . a separate regulatory authority" -- the Federal Energy Regulatory Commission ("FERC" or "Commission"). As set forth fully below, no distinction can be drawn between FERC's establishment of long-term and short-term rates for Great Bay. Both are equally subject to FERC jurisdiction and regulation.

9702270208 LRP

Great Bay, therefore, is an "electric utility" under 10 C.F.R. § 50.2, and is not subject to the decommissioning funding requirements of 10 C.F.R. § 50.75(e)(2).

I. ARGUMENT

A. Prior To The Exemption Order, The NRC Had Recognized Great Bay To Be An Electric Utility Under Its Current Regulations.

Great Bay is currently an investor-owned public utility organized under the laws of New Hampshire.⁴² It owns an undivided 12.13240 percent ownership interest in the Seabrook Station (equivalent to approximately 140 megawatts of capacity). It sells its share of the electrical output of Seabrook at wholesale as a public utility subject to the jurisdiction and regulation of the FERC, as described below. Prior to its reorganization under bankruptcy, Great Bay held the license for its 12.13240 percent ownership interest in Seabrook as EUA Power Corporation ("EUA Power") and was similarly organized as a New Hampshire public utility.

Prior to the January 22, 1997 Exemption Order, the NRC had always recognized Great Bay and its predecessor, EUA Power, as an electric utility. The Seabrook Operating License issued March 15, 1990 identified EUA Power as one of the Seabrook licensees and referred to the licensees for the plant as "utilities." Similarly, the NRC's "Safety Evaluation . . . Supporting

⁴² The New Hampshire statutes define an electric "public utility" as follows:

362:2 Public Utility. The term "public utility" shall include every corporation, company, association, joint stock association, partnership and person, their lessees, trustees or receivers appointed by any court, except municipal corporations and county corporations operating within their corporate limits, owning, operating or managing any plant or equipment or any part of the same for . . . the generation, transmission or sale of electricity ultimately sold to the public

N.H.R.S.A. 362:2. Great Bay falls within this definition.

Amendment No. 10 To [The Seabrook] Operating License" of May 29, 1992 describes Seabrook as "being operated on behalf of the licensees, a group of investor-owned and municipal utilities."² After EUA Power was reorganized and renamed as Great Bay, the Seabrook license was amended to delete EUA Power and to add Great Bay as one of the Seabrook licensees. The license as amended continued to refer to Great Bay and the other Seabrook licensees (except for North Atlantic Service Company) as "utilities."³

B. The Staff's Ruling That Great Bay Is No Longer An "Electric Utility" Is Incorrect As A Matter Of Fact And Of Law And Persisting In It Would Be Arbitrary And Capricious.

According to the Exemption Order, at the time the NRC approved Great Bay's plan for emergence from bankruptcy in 1993 the NRC believed that:

Great Bay would continue to be an electric utility based upon its status as such prior to bankruptcy and upon the expectation that the reorganized entity would be successful with obtaining long-term contracts for the sale of most of its share of power from Seabrook.

Exemption Order at 2. The Exemption Order goes on to find, however, that Great Bay "no longer" meets the definition of "electric utility" set forth in 10 C.F.R. § 50.2 of the NRC's regulations. *Id.* at 3.⁴ According to the Exemption Order:

² "Safety Evaluation By The Office Of Nuclear Reactor Regulation Supporting Amendment No. 10 To Facility Operating License No. NPF-86, Public Service Company Of New Hampshire, Seabrook Station, Unit No. 1, Docket No. 50-443," May 29, 1992 (emphasis added).

³ Amendment No. 23 to Facility Operating License No. NPF-86, for the Seabrook Station Unit No. 1, August 16, 1993.

⁴ In pertinent part, the relevant statute provides:

Electric utility means any entity that generates or distributes electricity and which recovers the cost of this electricity, either directly or indirectly through rates . . . established by a separate regulatory authority. (emphasis in original). Investor-owned utilities . . . are included within the meaning of "electric utility."

Great Bay has successfully entered into one long-term contract, which is for 10MWe. Great Bay sells its remaining 130MWe share of Seabrook power on the spot wholesale market, which by definition is subject to market-set rates. The staff believes that although FERC may exercise general regulatory oversight over spot market rates, such rates cannot be considered to be "rates established by . . . a separate regulatory authority."

Id. (emphasis in original).

The Staff's attempt to distinguish between long-term and short-term sales and its characterization of FERC's establishment of such rates simply is incorrect. As set forth in detail below, Great Bay's market-based rates for spot market sales were established by a separate regulatory authority -- the FERC -- in its May 17, 1996 letter order in FERC Docket Nos. ER96-726-000, ER96-728-000 and ER96-1204-000 ("May 17 Order").² FERC's jurisdictional authority and the rate-setting standard it must apply are precisely the same for long-term and short-term transactions. All of Great Bay's sales are pursuant to rates established by FERC.

Given that the Staff has not "articulate[d] a satisfactory explanation" for its finding, nor has it set forth "a rational connection between the facts found and the choice made," its conclusion that Great Bay is not an "electric utility" under 10 C.F.R. § 50.2 is arbitrary and capricious and must be reconsidered. See Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto Ins., 463 U.S. 29, 43 (1983); Burlington Truck Lines, Inc. v. United States, 371 U.S. 156, 168 (1962).

The Staff's observation that Great Bay "no longer" meets the definition of "electric utility" set forth in 10 C.F.R. § 50.2 is also at odds with the final sentence of § 50.2, which explicitly provides that "[i]nvestor-owned utilities . . . are included within the meaning of

² Appendix 1 of this Petition contains a copy of the FERC's May 17 Order.

'electric utility.'" Without consideration of this inclusive statement in the regulatory definition, the Staff's position is patently arbitrary and capricious, for there surely is no dispute that Great Bay is an investor-owned utility.

C. The FERC Has Jurisdiction Over Great Bay's Rates For Both Long-Term And Short-Term Market-Based Sales To Assure Just And Reasonable Rates.

Pursuant to Section 201 of the Federal Power Act ("FPA"), the FERC has jurisdiction over (1) the transmission of electric energy in interstate commerce; (2) sales of electric energy at wholesale in interstate commerce; and (3) all facilities used for such transmission or sales. 16 U.S.C. § 824(b)(1). The FPA defines "public utility" as any person² who owns or operates facilities subject to the FERC's jurisdiction. 16 U.S.C. § 824(e). Because Great Bay sells its share of the electric output from Seabrook at wholesale in interstate commerce and owns and operates facilities used for such sales, Great Bay is a public utility subject to the FERC's FPA jurisdiction.

Section 205 of the FPA grants FERC jurisdiction over "[a]ll rates and charges made, demanded, or received by any public utility for or in connection with the transmission or sale of electric energy subject to the jurisdiction of the Commission" 16 U.S.C. § 824d(a) (emphasis added). Nothing in this jurisdictional statement of FERC's authority and responsibility over interstate wholesale rates creates a distinction between spot market and long-term wholesale sales. Rather, as the FPA states, "all" sales of electricity at wholesale in interstate commerce are subject to FERC's rate jurisdiction.

² Section 3(4) of the FPA defines "person" as an individual or corporation. 16 U.S.C. § 796(4).

Under Section 205 of the FPA, the FERC is required to ensure that a public utility's rates for the sale of electricity at wholesale are "just and reasonable." Through this Section, "Congress delegated ratemaking authority to FERC in broad terms." Farmers Union Cent. Exch., Inc. v. FERC, 734 F.2d 1486, 1501 (D.C. Cir.), cert. denied, 469 U.S. 1034 (1984). Thus, in arriving at a "just and reasonable" rate "no single method need be followed." Wisconsin v. FPC, 373 U.S. 294, 309 (1963). Indeed, the United States Supreme Court "has repeatedly held that the just and reasonable standard does not compel the Commission to use any single pricing formula" Mobil Oil Exploration v. United Distribution Co., 498 U.S. 211, 224 (1991).

Traditionally, the FERC has set just and reasonable rates through cost-of-service regulation. Nevertheless, the Supreme Court consistently has recognized that the FERC is not required "to adhere 'rigidly to a cost-based determination of rates . . .'" FERC v. Pennzoil Producing Co., 439 U.S. 508, 517 (1979), quoting, Mobil Oil Corp. v. FPC, 417 U.S. 283, 308 (1974). In fact, courts have specifically found that when there is a competitive market, FERC may rely upon market-based prices to assure just and reasonable rates. Elizabethtown Gas Co. v. FERC, 10 F.3d 866, 870 (D.C. Cir. 1993); see also Tejas Power Corp. v. FERC, 908 F.2d 998, 1004 (D.C. Cir. 1990); Farmers Union, 734 F.2d at 1510. The rationale behind these findings is that market-based rates will assure that consumers are not being charged monopolistic prices.

In Elizabethtown Gas Co. v. FERC, for example, the U.S. Court of Appeals for the D.C. Circuit upheld FERC's authorization of market-based rates for natural gas sales under the "just and reasonable standard" contained in Section 4 of the Natural Gas Act ("NGA"), which is

analogous to Section 205 of the FPA.² In that case, the D.C. Circuit held that the FERC's authorization of market-based rates satisfied its statutory obligation to ensure just and reasonable rates. Importantly, the Elizabethtown court also rejected petitioners' contentions -- similar to those implied by the NRC in the Exemption Order -- that FERC's approval of market-based pricing constituted "virtual deregulation" of natural gas sales rates. Elizabethtown, 10 F.3d at 870.

Similarly, the FERC itself has specifically rejected challenges to its authority to authorize market-based rates for sales of electricity. Thus, the FERC has found that "the FPA does not require the Commission to use any particular methodology in determining whether a proposed rate satisfies the statutory standards of section 205". Enron Power Enterprise Corp., 52 FERC ¶ 61,193, 61,709 (1990); see also Public Serv. Co. of Indiana, 51 FERC ¶ 61,367 (1990), Commonwealth Atlantic Ltd. Partnership, 51 FERC ¶ 61,368 (1990). The FERC also has concluded that authorizing the use of non-cost factors in setting rates is consistent with its obligations to ensure that electric utilities charge "just and reasonable" rates. Enron, 52 FERC at 61,709-10; Public Serv. Co., 51 FERC at 62,221-23; Commonwealth Atlantic, 51 FERC at 62,246-47.

In fact, the FERC, like the courts, has rejected contentions that accepting an electric utility's market-based rates "is tantamount to deregulation of wholesale sales of electricity. . . ." Public Serv. Co., 51 FERC ¶ 62, 220. As these court and FERC precedents demonstrate, FERC

² It is well-established that "[p]recedents interpreting Section 205 of FPA are applicable to Section 4 of the NGA and vice versa." Tennessee Gas Pipeline Co., 77 FERC ¶ 61,215, 61,876, n.22 (1996); Northern Natural Gas Co., 77 FERC ¶ 61,035, 61,137, n.25 (1996); see also Municipal Light Boards v. FPC, 450 F.2d 1341, 1347 (D.C. Cir. 1971), cert. denied, 405 U.S. 989 (1972).

can fulfill its FPA Section 205 statutory obligation to establish "just and reasonable" rates for wholesale sales of electricity -- both long-term and short-term -- by authorizing electric utilities to charge market-based rates, without compromising its obligation under FPC v. Hope Natural Gas Co., 320 U.S. 591, 605 (1944), to establish rate which "enable the company to operate successfully, to maintain its financial integrity, to attract capital, and to compensate its investors for the risks assumed".¹²

D. FERC Has "Established" Great Bay's Rates For Both Long-Term And Spot Market Sales.

As set forth above, under the plain language of the FPA, Great Bay, as a "public utility," was required to seek FERC's prior rate authorization to sell at wholesale its share of the electricity generated at Seabrook, regardless of whether those sales would be made pursuant to long-term or spot market contracts. Consistent with this requirement, by letters dated December 29, 1995, February 28, 1996 and March 15, 1996, Great Bay submitted for filing with FERC a power sales tariff and related service agreements that provide for wholesale sales at market-based rates or electricity generated at Seabrook. The request for market-based rates was applicable to both Great Bay's long-term and short-term sale of electricity. Upon its review of Great Bay's filings, the FERC on May 17, 1996 issued a letter order accepting and making effective Great Bay's tariff, including the market-based rates to be charged thereunder for both long-term and short-term sales.

¹² In setting rates, FERC has followed the Supreme Court's decision in Bluefield Waterworks & Improvement Co. v. Public Service Comm'n., 262 U.S. 679, 692 (1923) by accepting rates which permit a utility to earn a return equal to that on "investments in other business undertakings which are attended by corresponding risks and uncertainties."

As the court has recognized in Farmers Union and Elizabethtown, and as the FERC has found in Enron and Public Service Co. of Indiana, by accepting and making effective Great Bay's market-based rates, the FERC fulfilled its statutory obligation to ensure that those rates would satisfy the ratemaking standard set out in the FPA for all rates established by FERC.² Thus, in the May 17 Order the FERC "established" Great Bay's rates under the same legal standard it previously applied to "establish" rates based on long-term sales contracts. Indeed, by Order of April 30, 1993 in FERC Docket No. ER93-495-000, the FERC similarly accepted a long-term power purchase agreement between Great Bay and UNITIL Power Corp.,¹⁰ which the NRC has correctly accepted as being established by FERC.¹¹

The conclusion that the FERC "established" Great Bay's wholesale rates is further supported by the fact that the rates accepted on May 17-- including the rates Great Bay may charge for spot market sales -- remain subject to FERC's jurisdiction. For example, the rates, terms and conditions for all of Great Bay's wholesale sales in interstate commerce must be

² One procedural aspect of the FERC's review of Great Bay's rate filings at FERC should be noted. Great Bay filed its rates pursuant to Section 205 of the FPA, as does every electric utility subject to FERC jurisdiction. Here, there being no opposition to Great Bay's rate filing, the Commission permitted the filed rates to go into effect without suspension or hearing. It need not have done so. Nor is its practice with regard to suspending a rate prior to its becoming effective in any way related to whether the rate is short-term or long-term or to whether the rate is market-based or cost-of-service. It is, rather, an exercise of the Commission's discretion as to whether the rate as filed appears to be just and reasonable and whether any party has raised questions concerning it. The crucial point, with regard to the Exemption Order's analysis is that, under Section 205, these rates, upon acceptance for filing, are established as Great Bay's lawful rates, and remain such until changed by Commission action. Any Commission-initiated action to change them would have prospective effect only.

¹⁰ Appendix 2 of this Petition contains a copy of the April 30, 1993 Order.

¹¹ Both the April 30, 1993 and May 17, 1996 Orders contain language which states "[t]his acceptance for filing does not constitute approval of any service, rate, charge classification, or any rule, regulation, contract, or practice affecting such rate or service provided for in the filed documents; . . ." April 30 Order at 2; May 17 Order at 2. Given that the FERC maintains the right to initiate its own investigation of the rates, or to investigate the rates based upon the complaint of a third party, FERC traditionally "accepts" but does not "approve" rate filings. The fact that FERC accepted these filings and made them effective after review demonstrates that FERC established these rates, even if they are subject to subsequent review or reconsideration by FERC.

consistent with the tariff accepted by the FERC's May 17 Order. 16 U.S.C. § 824d(c). In addition, the FERC, on its own initiative or upon complaint by a third party, may conduct a new proceeding at any time to determine whether any of Great Bay's rates are just and reasonable or unduly discriminatory. 16 U.S.C. § 824e(a). Furthermore, if Great Bay desires to change its rates, Great Bay cannot do so without seeking prior authorization from the FERC, upon proper notice and hearing. 16 U.S.C. § 824d(d)f(e).¹²

The FERC's prior review, acceptance and placing into effect, of Great Bay's spot market rates in the May 17 Order, coupled with the FERC's ongoing obligation to comprehensively regulate those rates, clearly amounts to more than the "general regulatory oversight over spot market rates" which the Exemption Order apparently assumes. Exemption Order at 3. Rather, FERC has "established" Great Bay's rates, including rates for both long-term and spot market sales, as required by 10 C.F.R. § 50.2.¹³

E. Denial Of This Petition Would Constitute An Improper Departure From Past NRC Practice Without Sufficient Explanation.

It is well-established that an administrative agency bears the burden of explaining the reasonableness of any departure from a long-standing practice, and any facts underlying its

¹² Section 1.5 of Great Bay's FERC Electric Tariff Original Volume No. 1, First Revised Sheet No. 3, explicitly states that Great Bay has the right "to unilaterally make application to the Commission for a change in rates or in any term or condition under Section 205 of the Federal Power Act"

¹³ The only distinction the FERC has made between Great Bay's long-term and short-term sales relates to reporting requirements. According to the May 17 Order, if Great Bay enters into long-term service agreements at market-based rates, such agreements must be filed with the FERC within 30 days of service commencement. For short-term transactions, Great Bay may file "umbrella service agreements" within 30 days of service commencement and quarterly transaction reports. May 17 Order at 1. This distinction was developed by the FERC for administrative convenience, see Southern Co. Servs., Inc., 75 FERC ¶ 61,130 (1996), and has no impact on the rates to be charged for such transactions. Therefore, this distinction has no bearing on the question of whether the FERC has "established" Great Bay's spot market rates.

explanation must be supported by substantial evidence. Public Service Comm'n v. FERC, 813 F.2d 448, 451 (D.C. Cir. 1987); Columbia Gas Transmission Corp. v. FERC, 628 F.2d 578, 585-86 (D.C. Cir. 1979). The Staff's denial of Great Bay's Petition for partial reconsideration would violate these principles.

The January 22 Exemption Order is the only NRC or Staff decision of which Great Bay is aware in which the NRC has found that rates accepted and made effective by the FERC are not "established . . . by a separate regulatory authority" for purposes of 10 C.F.R. § 50.2. FERC's jurisdictional authority under the FPA over sales of electricity at wholesale in interstate commerce, its statutory obligation to set rates based on a statutory standard, and its procedure for accepting and making effective rates through a tariff filing and subsequent orders, are exactly the same for every other entity which the NRC considers to be an "electric utility." Nevertheless, the Staff has singled out Great Bay for disparate treatment. This abrupt departure from past NRC practice is not only the result of an incorrect interpretation of the FERC's jurisdictional authority, but the fact that it is unsupported by substantial evidence also contravenes basic principles of administrative law.

Furthermore, given the lack of substantial evidence supporting the Exemption Order's finding, it is arbitrary and capricious for the Staff to use this proceeding as a vehicle for modifying its decommissioning funding requirements. The Staff cannot arbitrarily impose different decommissioning funding requirements on Great Bay alone, when Great Bay's rates are "established" pursuant to the same regulatory scheme as other electric utilities. Such an action would be particularly egregious in view of the fact that Great Bay is fully meeting its obligations

and is committed to put aside sufficient funds on an annual basis to cover the decommissioning costs for its ownership share of the Seabrook Station.

The NRC has been following electric utility deregulation and restructuring for several years. Last spring, the NRC issued an Advance Notice of Proposed Rulemaking to obtain comments on whether decommissioning funding requirements for electric utilities should be modified in view of the ongoing restructuring and deregulation of the utility industry. If the NRC wishes to modify the decommissioning funding requirements for electric utilities in light of industry restructuring, this modification should be considered in the context of the Proposed Rulemaking, not in this proceeding. To do otherwise, *i.e.*, to persist in this *ad hoc* ruling based on a patently incorrect characterization of FERC's jurisdictional authority and ratemaking procedures, will cause confusion and uncertainty among nuclear-generating utilities as they shape their strategies for responding to the current thrust toward restructuring the electric industry. Great Bay, of course, would be obliged to comply with any modified rule to the extent it would be applicable.

III. CONCLUSION

Wherefore, for the foregoing reasons, Great Bay respectfully requests that the Staff reconsider the challenged portion of its January 22, 1997 Exemption Order issued in the above-captioned proceeding, and issue a finding that Great Bay is an "electric utility" pursuant to 10 C.F.R. § 50.2 which is not subject to the decommissioning funding requirements of 10 C.F.R. § 50.75(e)(2).

In the alternative, Great Bay respectfully requests an opportunity to orally argue this matter before the Nuclear Regulatory Commission.

Respectfully submitted,

GREAT BAY POWER CORPORATION

By: 

Gerald Charnoff
Shaw, Pittman, Potts & Trowbridge
2300 N Street, N.W.
Washington, D.C. 20037
(202) 663-8032

February 21, 1997

410537-01



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

Mr. Ted C. Feigenbaum
Executive Vice President and
Chief Nuclear Officer
Northeast Utilities Service Company
c/o Mr. Terry L. Harpster
Director - Nuclear Licensing Services
P.O. Box 128
Waterford, CT 06385

SUBJECT: TEMPORARY EXEMPTION FROM CERTAIN REQUIREMENTS OF 10 CFR 50.75:
REPORTING AND RECORDKEEPING FOR DECOMMISSIONING PLANNING - SEABROOK
STATION, UNIT 1 (TAC NO. M95476)

Dear Mr. Feigenbaum:

By letter dated May 8, 1996, North Atlantic Energy Service Corporation (North Atlantic) requested approval for the indirect transfer of control of Great Bay Power Corporation's (Great Bay) interest in the Seabrook Station, Unit 1. The indirect transfer would result from a proposed corporate restructuring of Great Bay that would result in the creation of a holding company named Great Bay Holdings Corporation of which Great Bay would become a wholly-owned subsidiary. The staff has not completed action on that request because it appears that Great Bay does not meet the definition of *electric utility* as provided in 10 CFR 50.2. As a non-electric utility, Great Bay must meet the requirements of 10 CFR 50.75(e)(2) for additional assurance for decommissioning funding. Currently, Great Bay does not meet these requirements.

It is our understanding that the proposed holding company, if approved, could seek business opportunities in electricity markets that Great Bay is prohibited from entering because of its status as an exempt wholesale generator. Thus, delaying action on Great Bay's request limits Great Bay's financial opportunities, which ultimately could have an adverse effect on protecting public health and safety. Therefore, so that the staff may act upon the May 8, 1996, request without further delay, the enclosed temporary exemption from the requirements of 10 CFR 50.75(e)(2) has been issued. The exemption is effective for a period of 6 months from the date of issue. We find that granting the temporary Exemption from the requirements of 10 CFR 50.75(e)(2) is authorized by law, will not present an undue risk to public health and safety, is consistent with the common defense and security, and meets the special circumstances described in 10 CFR 50.12.

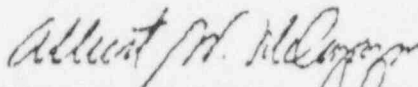
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Mr. Ted C. Feigenbaum

- 2 -

A copy of the Exemption is enclosed. The Exemption has been forwarded to the Office of the Federal Register for publication.

Sincerely,



Albert W. De Agazio, Sr. Project Manager
Project Directorate I-1
Division of Reactor Projects - I/II
Office of Nuclear Reactor Regulation

Docket No. 50-443
Serial No. SEA-96-011

Enclosure: Exemption

cc w/encls: See next page

T. Feigenbaum
Northeast Utilities Service Company

Seabrook Station, Unit No. 1

cc:

Lillian M. Cuoco, Esq.
Senior Nuclear Counsel
Northeast Utilities Service Company
P.O. Box 270
Hartford, CT 06141-0270

Mr. Peter Brann
Assistant Attorney General
State House, Station #6
Augusta, ME 04333

Resident Inspector
U.S. Nuclear Regulatory Commission
Seabrook Nuclear Power Station
P.O. Box 1149
Seabrook, NH 03874

Jane Spector
Federal Energy Regulatory Commission
825 North Capital Street, N.E.
Room 8105
Washington, DC 20426

Town of Exeter
10 Front Street
Exeter, NH 03823

Mr. George L. Iverson, Director
New Hampshire Office of Emergency
Management
State Office Park South
107 Pleasant Street
Concord, NH 03301

Regional Administrator, Region I
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Office of the Attorney General
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Board of Selectmen
Town of Amesbury
Town Hall
Amesbury, MA 01913

Mr. Jack Dolan
Federal Emergency Management Agency
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Mr. David Rodham, Director
ATTN: James Muckerheide
Massachusetts Civil Defense Agency
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Jeffrey Howard, Attorney General
G. Dana Bisbee, Deputy Attorney
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Vice President-Nuclear Oversight
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Mr. J. K. Thayer
Recovery Officer, Nuclear Engineering
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Mr. F. C. Rothen
Vice President - Nuclear Work Services
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Waterford, CT 06385

Mr. A. M. Callandrello
Licensing Manager - Seabrook Station
North Atlantic Energy Service Corp.
P.O. Box 300
Seabrook, NH 03874

T. Feigenbaum
Northeast Utilities Service Company

- 2 -

Seabrook Station, Unit No. 1

cc:

Mr. W. A. DiProffio
Nuclear Unit Director
Seabrook Station
North Atlantic Energy Service Corporation
P.O. Box 300
Seabrook, NH 03874

Mr. Frank W. Getman, Jr.
Cocheco Falls Millworks
100 Main Street, Suite 201
Dover, NH 03820

Mr. B. D. Kenyon
President - Nuclear Group
Northeast Utilities Service Group
P.O. Box 128
Waterford, CT 06385

Mr. B. L. Drawbridge
Executive Director Services &
Senior Site Officer
North Atlantic Energy Service Corp.
Seabrook, NH 03874

7590-01

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of

NORTH ATLANTIC ENERGY SERVICE
CORPORATION AND GREAT BAY POWER
CORPORATION

(Seabrook Station, Unit No. 1)

)
)
)
)
)
)
)Docket No. 50-443
(License No. NPF-86)

EXEMPTION

I.

North Atlantic Energy Service Corporation (North Atlantic or the licensee) is a holder of Facility Operating License No. NPF-86, which authorizes operation of Seabrook Station, Unit No. 1 (the facility or Seabrook), at a steady-state reactor power level not in excess of 3411 megawatts thermal. The facility is a pressurized water reactor located at the licensee's site in Rockingham County, New Hampshire. The license provides among other things, that it is subject to all rules, regulations, and orders of the U.S. Nuclear Regulatory Commission (the Commission or NRC) now or hereafter in effect.

II.

Great Bay Power Corporation (Great Bay) was established in 1994 as a successor to EUA Power Corporation, which had filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code. Great Bay is a non-operating, 12.1324 percent co-owner of Seabrook and sells its proportionate share of power from Seabrook on the wholesale electricity market. Great Bay is an exempt wholesale generator as defined in the Energy Policy Act of 1992.

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- 2 -

On May 8, 1996, North Atlantic submitted to the NRC a request on behalf of Great Bay for Commission consent to the indirect transfer of control of Great Bay Power's interest in the Operating License. Additional information relating to this request was submitted on October 18 and December 9, 1996. Approval of the indirect transfer of control of Great Bay would allow Great Bay, through the formation of several subsidiaries and a merger, to become a wholly owned subsidiary of a new holding company, Great Bay Holdings Corporation. The indirect transfer of control of Great Bay's share of Seabrook is subject to NRC approval pursuant to 10 CFR 50.80.

In its May 8, 1996, submittal, North Atlantic indicated that, after the indirect transfer of control to the new holding company, Great Bay would remain an electric utility as defined by the NRC in 10 CFR 50.2. This conclusion is based on Great Bay's intended approach to market its share of power from Seabrook (approximately 140 Mw) through the implementation of long-term contracts. Great Bay believes that the Federal Energy Regulatory Commission (FERC) would have the ultimate regulatory authority to review rates for these contracts and, thus, Great Bay would meet the definition of "electric utility."

When the NRC staff approved the plan for Great Bay's emergence from bankruptcy in 1993, it did not explicitly address the issue of whether Great Bay met the definition of "electric utility." The staff believed, however, that Great Bay would continue to be an electric utility based upon its status as such prior to bankruptcy and upon the expectation that the reorganized entity would be successful with obtaining long-term contracts for the sale of most of its share of power from Seabrook.

Notwithstanding the staff's earlier actions with respect to Great Bay's

- 3 -

emergence from bankruptcy, the staff now believes that Great Bay does not meet the definition of "electric utility." Great Bay has successfully entered only one long-term contract, which is for 10 MWe. Great Bay sells its remaining 130 MWe share of Seabrook power on the spot wholesale market, which by definition is subject to market-set rates. The staff believes that, although FERC may exercise general regulatory oversight over spot market rates, such rates cannot be considered to be "rates established by...a separate regulatory authority" (emphasis added).

If Great Bay is no longer an electric utility, Great Bay is required to meet the existing financial qualifications review requirements of 10 CFR 50.33(f)(2). This section requires that "the applicant shall submit estimates for the first five years of operation of the facility. The applicant shall also indicate the source(s) of funds to cover these costs." Seabrook has an established operating history and associated costs that are now a matter of record. Based on a review of Great Bay's current financial statements submitted with its May 8, 1996, submittal, and supplemental projections submitted on October 18, 1996, the staff has concluded that Great Bay has complied with the essential requirement of the existing standard, which is to demonstrate reasonable assurance of obtaining its share of Seabrook operating costs. Great Bay has projected operating income and cash flow based on what appear to be reasonable projections of the spot market price of and demand for power from Seabrook for the foreseeable future. Great Bay indicates that these projections would be the same with or without formation of the proposed holding company. Thus, Great Bay has demonstrated that it possesses or has reasonable assurance of obtaining the funds necessary to cover estimated operation costs for the period of the license as required by 10 CFR

- 4 -

50.33(f)(2).

The requirements for indicating to the NRC how reasonable assurance will be provided that funds will be available for decommissioning are identified in 10 CFR 50.75. "Reporting and recordkeeping requirements for decommissioning planning." Acceptable methods for providing this assurance are described at 10 CFR 50.75(e)(1) and the methods that may be used by non-electric utilities are identified at 10 CFR 50.75(e)(2). If Great Bay is no longer an electric utility, it does not meet the requirements of 10 CFR 50.75(e)(2) in that it does not have a surety bond or other surety method in place to provide additional assurance for decommissioning funding. Great Bay, however, does contribute to an external sinking fund, which alone would satisfy the requirements of 10 CFR 50.75 if Great Bay in fact were an electric utility, as it asserts. Great Bay has stated that the current value of Great Bay's share of the decommissioning liability in 1995 dollars is approximately \$50.2 million. As of December 31, 1995, its accumulated decommissioning reserve was approximately \$5.1 million. Great Bay also has in place \$10 million in decommissioning costs guaranteed by Eastern Utility Associates, Great Bay's former corporate parent. However, Great Bay has not provided assurance as required under 10 CFR 50.75(e)(2). In its October 18, 1996, submittal, Great Bay indicated that the projected cash on hand at the end of the current fiscal year would be sufficient to cover most of the \$50.2 million that is not otherwise offset by the \$5.1 million reserve and the \$10 million guarantee.

111

Great Bay currently is a stand-alone entity; that is, it is not itself a subsidiary of another organization and it has no subsidiary organizations

- 5 -

(other than those recently formed to effect the proposed corporate reorganization). Great Bay has requested Commission approval of the indirect transfer of control of its interest in the Seabrook Operating License. This approval would permit Great Bay to become a wholly owned subsidiary of a new entity, Great Bay Holdings Corporation. The current owners of Great Bay would exchange their equity interest in Great Bay for equity interest in the holding corporation; thus, the current owners would own Great Bay indirectly rather than directly. The Great Bay interest in the Seabrook Operating License would remain directly with Great Bay. Great Bay indicated that the proposed restructuring would protect Great Bay's status as a wholesale electric generator and allow management to develop opportunities in additional electricity markets through the holding company, thus, potentially improving Great Bay's financial position.

The staff is, of course, particularly interested in Great Bay's longer-term financial viability with respect to Great Bay's share of operation and decommissioning costs of Seabrook. The staff believes that Great Bay's financial viability will not be diminished but instead likely will be enhanced by the formation of the holding company. By approving the indirect transfer of control now, the staff believes that Great Bay could be in a stronger position to meet both the financial qualifications and decommissioning rules.

Thus, to allow the staff to act upon, without further delay, Great Bay's request for approval of indirect transfer of control of Great Bay, and at the same time afford Great Bay a reasonable opportunity to implement a suitable decommissioning funding assurance method required of a non-electric utility, the staff is granting Great Bay a 6-month exemption from compliance with the provisions 10 CFR 50.75(e)(2) pertaining to the additional surety arrangements

for decommissioning funding assurance for non-electric utility licensees. If, within the effective period of this exemption, Great Bay has been unable to establish itself as an electric utility as defined in 10 CFR 50.2, Great Bay then must obtain a surety bond or other allowable decommissioning funding assurance mechanism for non-electric utility licensees meeting all of the requirements of 10 CFR 50.75(e)(2).

The Commission has determined that pursuant to 10 CFR 50.12(a)(1), this exemption is authorized by law, will not present an undue risk to the public health and safety, and is consistent with the common defense and security. The Commission further has determined that special circumstances as provided in 10 CFR 50.12(a)(2)(ii) and 10 CFR 50.12(a)(2)(v) are present justifying the exemption. Under criterion (ii), special circumstances exist in that application of the regulation in this particular circumstance is not necessary, for the 6-month period, to achieve the underlying purpose of the rule, which is to ensure that funds are available for decommissioning at the end of the license term or in the event of premature shutdown. Here, Great Bay's projected 1996 cash position is nearly sufficient to cover the unfunded decommissioning costs, and its cash position is not likely to deteriorate substantially during the period of the exemption.

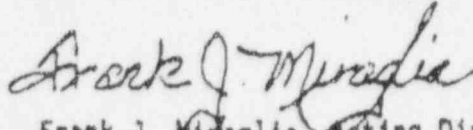
Further, under criterion (v), special circumstances exist because the exemption provides only temporary relief from the applicable regulation(s), and Great Bay has made a good faith effort to comply with 10 CFR 50.75 by making payment into an external sinking fund based on its good faith belief that it is an electric utility.

Pursuant to 10 CFR 51.32, the Commission has determined that granting this Exemption will not have a significant impact on the environment

- 7 -

This Exemption is effective upon issuance and shall expire 6 months from the date of issue.

FOR THE NUCLEAR REGULATORY COMMISSION



Frank J. Miraglia, Acting Director
Office of Nuclear Reactor Regulation

Dated at Rockville, Maryland,
this 22nd day of January 1997

FROM

(FRI) 05. 17 '96 17 49/ST. 17 48/NO. 3560543 173 P 2

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

96 MAY 17 PM 4:22

Docket Nos. ER96-726-000 ER96-728-000
ER96-1204-000

FEDERAL ENERGY
REGULATORY
COMMISSION

LeBoeuf, Lamb, Greene & MacRae L.L.P.
ATTN: Sam Behrends, IV, Esq.
Attorney for Great Bay Power Corporation
1875 Connecticut Avenue, N.W.
Washington, DC 20009-5728

MAY 17 1996

Dear Mr. Behrends:

By letters dated December 29, 1995, and February 28 and March 15, 1996, you submitted for filing with the Commission, on behalf of Great Bay Power Corporation, a power sales tariff which provides for sales at market based rates, and service agreements thereunder with Fitchburg Gas and Electric Light Company, UNITED Power Corporation, and PECO Energy Company. You also request waiver of Part 45 to allow abbreviated filings with respect to interlocking directorships and authorization for blanket approval of issuance of securities or assumptions of liabilities pursuant to Section 204. Authority to act on this matter is delegated to the Director, Division of Applications, under Section 375.308 of the Commission's Regulations; pursuant to Section 375.308(a)(1) the submittal is accepted for filing and is designated and made effective as shown on the Enclosure.

Notice of the filing was published in the Federal Register with comments, protests, or interventions due on or before April 4, 1996. No comments, protests or interventions were filed.

Your requests for waiver of the Commission's filing requirements are hereby granted, along with the requested authorizations, subject to the same conditions provided in Enron Power Enterprise Corp., 52 FERC ¶ 61,193 (1990). Please be advised that, in Southern Company Services, Inc. (Southern), 75 FERC ¶ 61,130 (1996), the Commission stated that, henceforth, public utilities with market-based rates need only file separate service agreements for long-term transactions within 30 days of service commencement. For short-term transactions, they may file umbrella service agreements within 30 days of service commencement and quarterly transaction reports. Your transactions are subject to the filing requirements adopted in Southern:

This action does not constitute approval of any service, rate, charge, classification, or any rule, regulation, contract, or practice affecting such rate or service provided for in the filed documents; nor shall such action be deemed as recognition of any claimed contractual right or obligation affecting or relating to such service or rate; and such action is without prejudice to any findings or orders which have been or may

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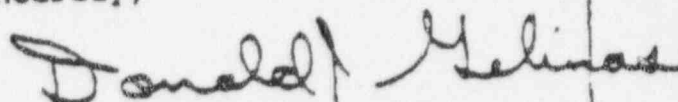
LeBoeuf, Lamb, Greene & MacRae, L.L.P.

hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against Great Bay Power Corporation.

This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 CFR 385.713.

This letter terminates Docket Nos. ER96-726-000, ER96-728-000, and ER96-1204-000.

Sincerely,



Donald J. Gelinas, Director
Division of Applications

Enclosure

Enclosure

Great Bay Power Corporation
Rate Schedule DesignationsDesignationDescription/
Effective DateDocket No. ER96-726-000

- (1) FERC Electric Tariff,
Original Volume No. 2
(Original Sheet Nos. 1
through 6)
(Supersedes FERC Electric
Tariff Original Volume No. 1)

Market Based Power Sales
Tariff/
December 30, 1995

Docket No. ER96-728-000

- (2) Service Agreement No. 1
under FERC Electric Tariff,
Original Volume No. 2

Power Sales to Fitchburg
Gas and Electric Light
Company/
January 1, 1996 --

- (3) Service Agreement No. 2
under FERC Electric Tariff,
Original Volume No. 2

Power Sales to UNITIL
Power Corp./
January 1, 1996

Docket No. ER96-1204-000

- (4) Service Agreement No. 3
under FERC Electric Tariff,
Original Volume No. 2

Power Sales to PECO
Energy Company/
February 1, 1996

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P.22/23

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D. C. 20426

Docket No. ER93-495-000

APR 30 1993

Milbank, Tweed, Hadley & McCloy
Attention: Mr. Michael D. Hornstein
1825 Eye Street, N.W.
11th Floor
Washington, D.C. 20006

Dear Mr. Hornstein:

By letter dated March 26, 1993, you submitted for filing with the Commission, on behalf of Great Bay Power Corporation (Great Bay), a purchased power agreement between Great Bay and UNITIL Power Corp. (UNITIL). Authority to act on this matter is delegated to the Director, Division of Applications, under Section 375.308 of the Commission's Regulations; pursuant to Section 375.308(a)(1), your submittal is accepted for filing and designated as follows:

Great Bay Power Corporation

Rate Schedule FERC No. 16

Supplement No. 1 to Rate
Schedule FERC No. 16

Purchase Power Agreement

Exhibit A, Scenario 2,
justifying rate of
112 mills/kWh, exclusive
of fuel, and this
acceptance letter

Notice of your filing was published in the Federal Register with comments, protests, or interventions due on or before April 16, 1993. On April 16, 1993, UNITIL filed a motion to intervene in support of the filing. Pursuant to Rule 214(c)(1) of the Commission's Rules of Practice and Procedure (18 CFR 385.214), if no answer in opposition to the motion to intervene is filed within fifteen days after the motion is filed, the motion serves to make the UNITIL a party to this proceeding.

Good cause is shown for granting waiver of the notice requirements pursuant to Section 205(d) of the Federal Power Act and Section 35.11 of the Commission's Regulations thereunder; therefore, the rate schedule shall become effective May 1, 1993, as requested.

Article 16.3 establishes an initial rate of 50 mills/kWh subject to escalation to track certain inflation indices. Article 7 establishes rates applicable to any extension of term implemented under the agreement. Please be advised that

-2-

Milbank, Tweed, Hadley & McCloy

any rates established under Articles 3 or 7 which exceed the sum of the fuel cost of the Seabrook Unit and 112 mills/kwh will constitute a change in rate requiring a timely filing under Part 35 of the Commission's Regulations together with appropriate cost support. Please note that this letter has been designated as a supplement to the rate schedule codifying the filing requirement.

This acceptance for filing does not constitute approval of any service, rate, charge, classification, or any rule, regulation, contract, or practice affecting such rate or service provided for in the filed documents; nor shall such acceptance be deemed as recognition of any claimed contractual right or obligation affecting or relating to such service or rate; and such acceptance is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against Great Bay Power Corporation.

This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 CFR 385.713.

This acceptance for filing terminates Docket No. ER93-495-000.

Sincerely,



Donald J. Gelinas, Director
Division of Applications

cc: UNITIL Power Corp.
Attention: Mr. David Foote
216 Epping Road
Exeter, New Hampshire 03833

GREAT BAY POWER CORPORATION

IV. Traditional and Non-Traditional Insurance Marketplace Alternatives

Design a product which the marketplace can respond too.

We believe that Great Bay's decommissioning liability includes elements that represent an insurable risk. These elements are as follows:

- The predictability of a defined payment stream. From this defined payment stream, the potential for interruption exists (refer to section III). This presents a financial or credit risk.
- The NRC requires Great Bay to address its decommissioning liability through some form of financial assurance mechanism or financial guarantee. In time, the form of the guarantee could change based on Great Bay's status as an "electric utility", and potentially increase Great Bay's decommission funding requirement.

Great Bay would consider assuming, if necessary, levels of retention to share risk with a third party insurer during the early years of funds accumulation (refer to exhibit 2a, 2b, 2c, 2d, and 2e). In other words, create a declining deductible covering the variance between the limit pledged and fund balance.

We are interested in securing limits of liability to meet Great Bay's potential liability of an estimated \$53.0m. This could be accomplished through Great Bay obtaining the following alternatives from the traditional or non-traditional marketplace:

- An insurer agrees to issue a third party guarantee (risk transfer) in the amount of the proposed liability of \$53.0m in consideration of a premium payment (refer to exhibit 3).
- A third party insurer agrees to issue a finite insurance product that builds in limits of liability as the proposed obligation date is reached.
- A sharing relationship is established between Great Bay and the third party insurer which reflects forecasted investment income and the buildup in limits of liability, renewable every five years (refer to section II, exhibits 2a-2e).

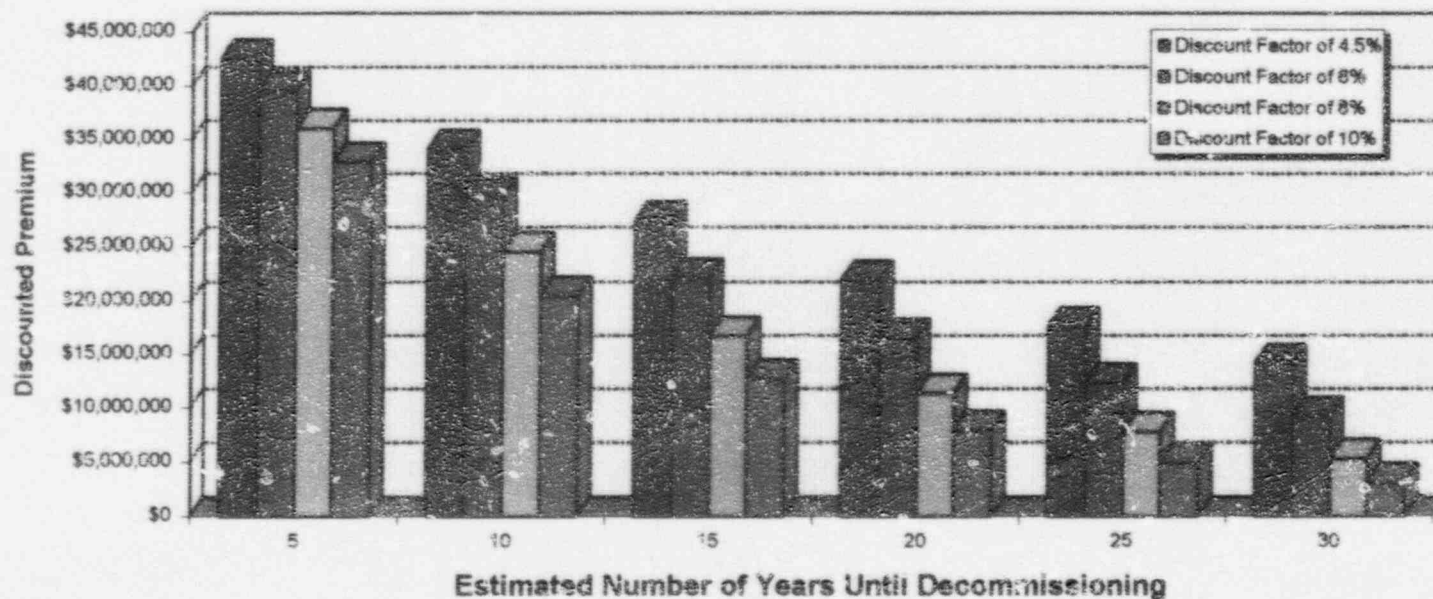
At a future date, it may be feasible to pool similar entities to develop a rotatable insurance product. This could lead to the establishment of a captive insurance company or nuclear decommissioning pool.

GREAT BAY POWER CORPORATION

- Great Bay assumes a self insured retention (for example \$10.0m and purchases excess coverage to \$53.0m (\$43.0m xs of \$10.0m); refer to Exhibit 4.
- Purchase a surety bond in the amount of the estimated decommissioning liability which would decline annually as payments are made to the decommissioning trust fund (refer to Exhibit 5). The term and cost of the surety guarantee would be subject to negotiation. In the event of default, the obligation owed by the surety would be reimbursable by Great Bay.

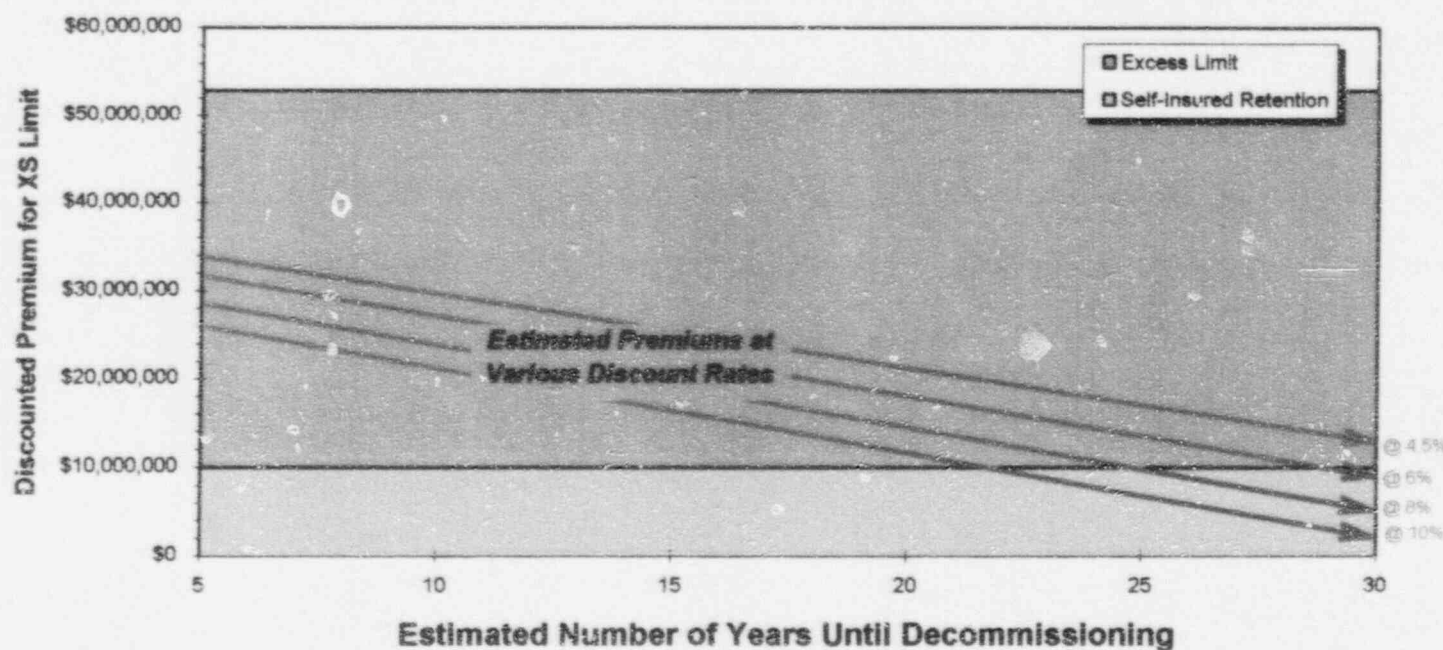
Great Bay Power Corporation
Discounted Premium at Various Discount Rates and Decommission Schedules
Assumes a Limit of Liability of \$53MM
Exhibit 3

Years Until Decommissioning	Discount Factor			
	4.5%	6.0%	8.0%	10.0%
5	42,529,905	39,604,683	36,070,909	32,908,830
10	34,128,167	29,594,923	24,549,255	20,433,794
15	27,386,183	22,115,048	16,707,810	12,687,779
20	21,976,072	16,525,651	11,371,055	7,878,112
25	17,634,722	12,348,927	7,738,949	4,891,688
30	14,151,001	9,227,837	5,266,999	3,037,353



Great Bay Power Corporation
Discounted XS Premium at Various IROR
 Assuming a \$43MM XS Limit with a \$10MM Self-Insured Retention
 Exhibit 4

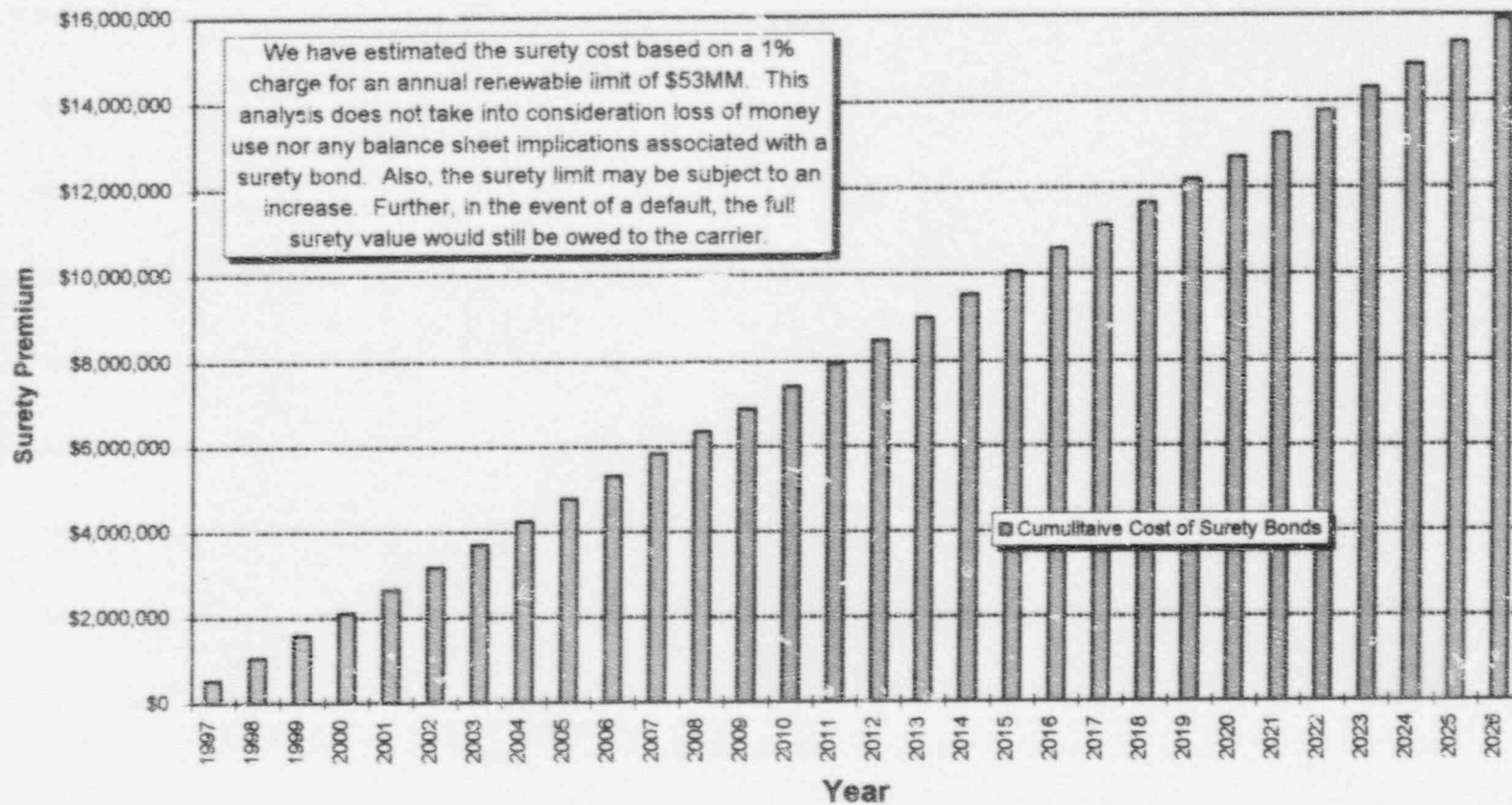
Years Until Decommissioning	Discount Factor			
	4.5%	6.0%	8.0%	10.0%
5	34,505,395	32,132,101	29,265,077	26,693,617
10	27,688,890	24,010,975	19,917,320	16,578,361
15	22,218,979	17,942,398	13,555,393	10,293,858
20	17,829,643	13,407,603	9,225,573	6,391,676
25	14,307,416	10,018,941	6,278,770	3,968,728
30	11,481,001	7,486,736	4,273,225	2,464,268



Great Bay Power Corporation

Estimated Surety Bond Cost

Exhibit 5



GREAT BAY POWER CORPORATION

V. Conclusion

With respect to pricing, we have attempted to forecast future limits of liability based on a defined income stream and investment yield. We understand that the interruption of the defined payment stream, under a finite approach, or a change in the investment yield would materially affect the forecasted result.

We look forward to working with you to ascertain if a program can be developed which satisfies the needs and concerns of Great Bay, the NRC and your company.

THE APPENDIX ITEMS IN TAB 6
CONSIST OF:

A. BAY CORP. HOLDINGS, LTD.

1996 ANNUAL REPORT AND
10-K

B. BAY CORP. HOLDINGS, LTD.

1997 10-Q

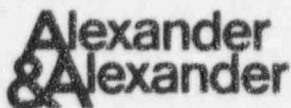
C. AGREEMENT FOR JOINT

OWNERSHIP, CONSTRUCTION

AND OPERATION OF NEW

HAMPSHIRE NUCLEAR UNITS

DATED FEBRUARY 1, 1990



Alexander & Alexander, Inc.
A Massachusetts Corporation
One Constitution Plaza
Boston, MA 02129-2025
Telephone 617 241-2143
FAX 617 241-7404

November 20, 1996

William B LaFrance, CPCU
Senior Vice President

Mr Frank Getman
Vice President
Great Bay Power Corporation
Cocheco Falls Mill Works
100 Main Street
Dover, NH 03820

**RE: Availability of Insurance or Surety to address Decommissioning Expenses at
Seabrook**

Dear Frank:

We have spent the past two months running down possible insurance or surety solutions to transfer the obligation Great Bay has to set aside funds for the eventual decommissioning of Seabrook. We find there are no economically feasible alternatives currently available.

The only alternatives we have found would require that Great Bay fully fund or collateralize the insurance company or surety. These arrangements are therefore not really insurance or surety, but are just tantamount to Great Bay prefunding the obligation.

Let me know if there is anything I can do to be of further assistance.

Best regards,

William B LaFrance

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NOV 26 1996