

**PUBLIC SERVICE**

Company

of New Hampshire

1000 Elm Street, Manchester, N. H. 03105



*Signed*

October 16, 1978

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

Attention: Director, Directorate of Licensing

Re: Supplement No. 1 to Amendment 39 to License  
Application Dated March 30, 1973 (Docket Nos.  
50-443 & 50-444) and Request for Partial Trans-  
fer of Construction Permits Nos. CPPR-135 and  
CPPR-136

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Gentlemen:

Pursuant to the Atomic Energy Act of 1954, as amended,  
and the Commission's Rules and Regulations thereunder, Public  
Service Company of New Hampshire, on behalf of itself and the  
other licensees named in the above Construction Permits, hereby  
supplements Amendment 39 to the above License Application as  
filed on June 5, 1978. To supplement the information sup-  
plied in Amendment 39, the Applicants hereby supply the fol-  
lowing information:

A. Requested Transfers

In addition to the transfers described in Section A of  
Amendment 39, approval of the following transfers is also re-  
quested:

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1. The transfer by The Connecticut Light and Power Company (CL&P) of a portion of its Ownership Share to Fitchburg Gas and Electric Light Company (Fitchburg).
2. The transfer by Vermont Electric Power Company, Inc. (Velco) of its Ownership Share to Vermont Electric Cooperative, Inc. (VE Coop).

B. Supporting Material

In support of this supplemental request for partial transfer and in partial response to the "Request for Additional Financial Information" dated October 4, 1978 received from the Commission's Staff (the "Request"), the Applicants herewith supply the following information:

1. Twenty-five copies of revised pages 1 to 7 for Part I of the "General and Financial Information" section of the License Application, describing the present status of ownership and the proposed transfers (Attachment A). These pages supersede the enclosure in Amendment 39 under Tab 1 and should be substituted therefor.
2. With respect to the transfer from Velco to VE Coop, twenty-five copies of the Agreement to Transfer Ownership Shares dated September 26, 1978 between those companies and twenty-five copies of revised pages describing VE Coop's estimated cost of participation reflecting its increased share, both of which should be inserted in Attachment 4 to Amendment 39.

3. With respect to the transfer from CL&P to Fitchburg, information supporting Fitchburg's acquisition was filed as part of Amendment 39 (see Tab. 16) and further information will be filed in response to the Request.
4. With respect to Question 1 and Questions 2b 3e and 4a of the Request, the Applicants note that a copy of the "Agreement for Joint Ownership, Construction and Operation of New Hampshire Units", dated as of May 1, 1973, is contained in Amendment 14 to the above Application. Under that Agreement each "Participant" is obligated to pay its Ownership Share of capital costs (§ 11) and operation and maintenance expenses (§ 13) and is entitled to receive its same Ownership Share of capacity and hourly generation of the Units (§ 15). In connection with these proposed transfers, the transferees will be reimbursing their respective transferors for the moneys already expended as of the date of the transfers.

C. General

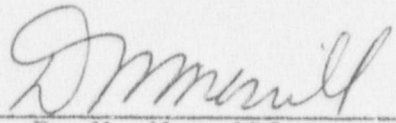
This supplement to Amendment 39 (three signed originals, under oath, and twenty-two copies) is being submitted by Public Service Company of New Hampshire on behalf of all the current participants in the project. Copies of the Appointment of Agent forms authorizing Public Service Company of New Hampshire to act on behalf of the participants have previously been filed.



The Applicants submit that the proposed transferees are qualified to be holders of the Construction Permits and that the transfers would be consistent with applicable provisions of law, regulations and orders of the Commission.

Respectfully submitted,

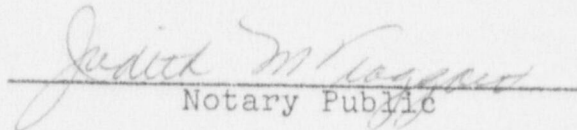
PUBLIC SERVICE COMPANY OF NEW  
HAMPSHIRE

By   
D. N. Merrill  
Executive Vice President



STATE OF NEW HAMPSHIRE  
COUNTY OF HILLSBOROUGH

Personally appeared before me this *26th* day of October, 1978, D. N. Merrill, who, being duly sworn, did state that he is Executive Vice President of Public Service Company of New Hampshire, an applicant herein, that he is duly authorized to execute and file the foregoing supplement in the name and on behalf of Public Service Company of New Hampshire, and that the statements in said supplement are true to the best of his knowledge and belief.

  
Notary Public

My Commission Expires

*My commission expires April 21, 1982*

CERTIFICATE OF SERVICE

I, John A. Ritsher, one of the attorneys for the applicants herein, hereby certify that on October 27, 1978, I made service of the within Supplement to Amendment 39 by mailing copies thereof, postage prepaid, first class, to:

Alan S. Rosenthal, Chairman  
Atomic Safety and Licensing  
Appeal Board  
U.S. Nuclear Regulatory Commission  
Washington, D. C. 20555

Dr. John H. Buck  
Atomic Safety and Licensing  
Appeal Board  
U.S. Nuclear Regulatory Commission  
Washington, D. C. 20555

Michael C. Farrar, Esquire  
Atomic Safety and Licensing  
Appeal Board  
U.S. Nuclear Regulatory Commission  
Washington, D. C. 20555

Ivan W. Smith, Esquire  
Atomic Safety and Licensing  
Board Panel  
U.S. Nuclear Regulatory Commission  
Washington, D. C. 20555

Joseph F. Tubridy, Esquire  
4100 Cathedral Avenue, N.W.  
Washington, D. C. 20016

Dr. Marvin M. Mann  
Atomic Safety and Licensing  
Board Panel  
U.S. Nuclear Regulatory Commission  
Washington, D. C. 20555

Dr. Ernest O. Salo  
Professor of Fisheries  
Research Institute  
College of Fisheries  
University of Washington  
Seattle, Washington 98195

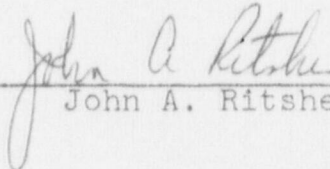
Dr. Kenneth A. McCollum  
1107 West Knapp Street  
Stillwater, Oklahoma 74074

Lawrence Brenner, Esquire  
Office of the Executive Legal  
Director  
U.S. Nuclear Regulatory Commission  
Washington, D. C. 20555

Karin P. Sheldon, Esquire  
Sheldon, Harmon, Roisman & Weiss  
1025 15th Street, N.W.  
Washington, D. C. 20005

Robert A. Backus, Esquire  
O'Neill Backus Spielman  
116 Lowell Street  
Manchester, New Hampshire 03101

Laurie Burt, Esquire  
Office of the Assistant Attorney  
General  
Environmental Protection Division  
Commonwealth of Massachusetts  
One Ashburton Place  
Boston, Massachusetts 02111

  
\_\_\_\_\_  
John A. Ritsher

I. GENERAL INFORMATION AS TO APPLICANTS

A. Background

Seabrook Station Units No. 1 and No. 2 are being constructed as part of the regional construction program for generation facilities for utilities participating in the New England Power Pool and other New England utilities. The Units are being constructed pursuant to an Agreement for Joint Ownership, Construction and Operation of New Hampshire Nuclear Units, dated May 1, 1973 (the "Joint Ownership Agreement") and will be owned in the same proportions by the group of participating New England utilities, each participant owning the same percentage of both Units.

The original License Application for the Construction Permits (filed March 30, 1973) indicated that nine participants were then firmly committed to become owners, collectively of 100% of both Units, and that thirteen other utilities were then potential additional participants which might subsequently acquire ownership shares by transfer of fractional interests from eight of the committed participants. As noted in the License Application, there were unresolved issues, involving legislative changes and municipal authorization, which affected these additional participants.

As of March 30, 1973, the nine committed participants and their ownership shares were as follows:



5/1/78

<u>Participant</u>	<u>Ownership Share</u>
Public Service Company of New Hampshire	50.0000%
The United Illuminating Company	20.0000
Central Maine Power Company	2.5505
The Connecticut Light and Power Company	11.9776
Fitchburg Gas and Electric Light Company	.1716
Montaup Electric Company	1.9064
New Bedford Gas and Edison Light Company	1.3539
New England Power Company	8.9430
Vermont Electric Power Company, Inc.	<u>3.0970</u>
	100.0000%

The thirteen potential additional participants were:

<u>Applicant</u>	<u>Ownership Share</u>
Ashburnham Municipal Light Plant	.01195%
Burlington Electric Light Department	.22175
Eastern Maine Electric Cooperative, Inc.	.00256
Holyoke Gas and Electric Department	.09946
Hudson Light and Power Department	.05780
Hull Municipal Lighting Plant	.01345
Marblehead Municipal Light Department	.05565
Middleborough Gas & Electric Department	.05598
Middleton Municipal Light Department	.02563
New Hampshire Electric Cooperative, Inc.	2.41542
North Attleborough Electric Department	.03648
South Norwalk Electric Works	.00855
Templeton Municipal Light Plant	<u>.03023</u>
	3.03491%

During the course of the construction permit proceedings, some adjustment of participations occurred: Amendment 28 to

the License Application, dated January 17, 1975, documented the transfer by Vermont Electric Power Company, Inc. of portions of its ownership interest to two other Vermont utilities, Central Vermont Public Service Corporation and Green Mountain Power Corporation; testimony presented during the course of the hearing (Appl. Direct No. 1, post Tr. 1177) noted the pending transfer by Green Mountain Power Corporation of its interest to New England Power Company and Amendment No. 36 to the License Application, dated October, 1975, contained a copy of the Agreement to Transfer Ownership in Seabrook Units between those two companies. The latter transfer was actually consummated on December 17, 1975, after the hearing record in this proceeding was closed but prior to issuance of the Initial Decision. Therefore, as of July 7, 1976, the date the Construction Permits were issued, the ownership shares were as follows:

<u>Participant</u>	<u>Ownership Share</u>
Public Service Company of New Hampshire	50.0000%
The United Illuminating Company	20.0000
Central Maine Power Company	2.5505
Central Vermont Public Service Corporation	1.7971
The Connecticut Light and Power Company	11.9776
Fitchburg Gas & Electric Light Company	0.1716
Montaup Electric Company	1.9064
New Bedford Gas & Edison Light Company	1.3539
New England Power Company	10.1103
Vermont Electric Power Company, Inc.	<u>0.1326</u>
	100.0000%

The firmly committed participants are parties to the Joint Ownership Agreement (Appl. Ex. 1, Amend. 14, Question 3) which sets out their respective rights and obligations, including the obligation under Paragraph 3 thereof to make portions of their ownership interests available to the additional participants. Financial information as to both the firmly committed and the additional participants was submitted as part of the License Application. But determinations by the Commission Staff (SER, pp. 20 et seq.) and the Atomic Safety and Licensing Board (I.D., pp. 23-26, 199) as to the financial qualifications of applicants were only made with respect to the utilities firmly committed to the project.

B. Proposed Transfers

The uncertainties relating to participations by certain of the other utilities have now been resolved. Pursuant to the Joint Ownership Agreement, eight of the licensees desire to transfer portions of their ownership shares in the Units to Town of Hudson, Massachusetts Light and Power Department ("Hudson"), and to Massachusetts Municipal Wholesale Electric Company ("MMWEC"), a new entity created to act as the bulk power supplier for its participants which are Massachusetts municipal utilities (of which nine were named potential participants); Central Vermont Public Service Corporation proposes to transfer a portion of its interest to Vermont Electric Cooperative, Inc. ("VE Coop"); and Vermont Electric Power Company, Inc. proposes to transfer the balance of its interest to VE Coop. Those eight committed utilities will each sell and transfer to these new participants a fractional share as follows:



<u>Transferor</u>	<u>Transferee</u> :		
	<u>MMWEC</u>	<u>Hudson</u>	<u>VE Coop</u>
Central Maine Power Company	.00498%	.00374%	-
Central Vermont Public Service Corporation	.00351	.00263	.20000%
The Connecticut Light and Power Company	.02339	.01752	-
Fitchburg Gas & Electric Light Company	.00035	.00025	-
Montaup Electric Company	.00372	.00279	-
New Bedford Gas and Edison Light Company	.00265	.00198	-
New England Power Company	.12394	.02870	-
Vermont Electric Power Company, Inc.	<u>.00026</u>	<u>.00019</u>	<u>.13215</u>
	.16280%	.05780%	.33215%

The transferors will thus reduce their ownership interests and their financial obligations to the project and the three new participants will assume full responsibility for their respective ownership interests under the Joint Ownership Agreement.

In addition to the foregoing adjustments of participations, which were anticipated in the original License Application, there are some other transfers which are proposed, namely:

In December, 1975, prior to the issuance of the Construction Permits, The Connecticut Light and Power Company ("CL&P") announced its desire to sell its 11.9776% ownership share of the Seabrook Units and offered to sell that share to any interested New England utilities. As a result of the subsequent negotiations resulting from that offer (including the decision by Fitchburg Gas & Electric Light Company to exercise its right of first refusal referred to in Amendment 39), CL&P has contracted to sell the entire balance of its ownership share, after deducting the 0.04091% referred to above, as follows:

<u>Transferee</u>	<u>Ownership Share</u>
Massachusetts Municipal Wholesale Electric Company	5.42969%
Montaup Electric Company	1.03542
New Bedford Gas and Edison Light Company	3.02443
Maine Public Service Company	1.46056
Bangor Hydro-Electric Company	0.37249
Taunton Municipal Lighting Plant Commission	0.10034
Vermont Electric Cooperative, Inc.	0.08044
Fitchburg Gas and Electric Light Company	<u>0.43332</u>
	11.93669%

All of the foregoing transfers are subject to approval by state regulatory agencies in Connecticut, Massachusetts or New Hampshire and the transfers are conditioned upon obtaining such approvals as well as Commission approval of the financial qualifications of the transferees.

Current financial information with respect to each of the above transferees is found in the succeeding sections of this material.

After consummation of the foregoing transfers, the ownership share of each participant in Seabrook will be as follows:

<u>Participant</u>	<u>Ownership Share</u>
Public Service Company of New Hampshire	50.00000%
The United Illuminating Company	20.00000
Central Maine Power Company	2.54178
Fitchburg Gas and Electric Light Company	0.60432
Montaup Electric Company	2.93531
New England Power Company	9.95766
Central Vermont Public Service Corporation	1.59096
New Bedford Gas & Edison Light Company	4.37370

10/6/78

Town of Hudson, Massachusetts Light and Power Department	0.05780
Vermont Electric Cooperative, Inc.	0.41259
Massachusetts Municipal Wholesale Electric Company	5.59249
Maine Public Service Company	1.46056
Bangor Hydro-Electric Company	0.37249
Taunton Municipal Lighting Plant Commission	<u>0.10034</u>
	100.00000%

These transfers will result in no change or a net decrease in the ownership shares of all participants except the six new participants and Montaup and New Bedford which are increasing their shares.

The foregoing discussion of proposed transfers by CL&P does not reflect the possible exercise by Fitchburg Gas and Electric Light Company of its right of first refusal as to a pro rata share of the transferred interests. If and when that right is exercised, a further amendment will be filed.



AGREEMENT TO TRANSFER OWNERSHIP SHARES

This Agreement made as of this 26<sup>th</sup> day of September, 1978, by and between Vermont Electric Power Company, Inc. (the "Seller") and Vermont Electric Cooperative, Inc. (the "Purchaser"):

W I T N E S S E T H     T H A T

WHEREAS, the Seller owns an undivided joint ownership interest in the nuclear generating units (the "Units") known as Seabrook Units Nos. 1 and 2 to be constructed in Seabrook, New Hampshire, and the subject of the Agreement for Joint Ownership, Construction and Operation of New Hampshire Nuclear Units dated as of May 1, 1973, as amended (the "Seabrook Agreement"); and

WHEREAS, by the Seller's Offer dated July 11, 1978, (hereinafter referred to as the "Offer"), the Seller has offered to sell or transfer its Ownership Share, as defined in the Offer, in the Units; and

WHEREAS, the Seller and the Purchaser have reached agreement for the transfer of Ownership Shares in the Units;

NOW, THEREFORE, in consideration of the mutual undertakings set forth herein, the parties agree as follows:

1.    Definitions

With respect to the Units, the term "Ownership Shares" shall include all the remaining interests of the Seller in Seabrook Units Nos. 1 and 2, if any. Unless otherwise defined in this Agreement, all other terms used herein shall have the definitions thereof set forth in the Seabrook Agreement.

2. Transfer by the Seller to the Purchaser

Promptly upon receipt of all necessary approvals and mortgage indenture releases, the Seller will transfer and convey to the Purchaser, the portion of the Ownership Shares in the Units specified below:

<u>Unit</u>	<u>Ownership Share To Be Sold Expressed As A Percentage Of The Total Ownership Interest Of All Participants And/Or Owners In The Units</u>
Seabrook Units Nos. 1 and 2	<u>VELCO</u> <u>0.13215      %</u>

Subject to the limitations referred to in this Section 2, the transfer shall take place on the thirtieth (30th) day after the issuance of the last of the approvals referred to above (or if such date is not a business day the first business day thereafter) or on such earlier or later date as the Seller and the Purchaser may agree (the "Closing Date"); the transfer shall take place at an hour and at a place mutually agreed upon by the Seller and the Purchaser.

In connection with said transfer and conveyance, each party to this Agreement agrees to cooperate and to use its best efforts

- (i) to obtain, any necessary mortgage indenture releases, and
- (ii) to take any other action necessary to implement this Agreement.

Such transfer and conveyance shall be made in accordance with the terms of this Agreement and is expressly subject to all of the applicable provisions of the Seabrook Agreement.

### 3. Conditions to Purchaser's Obligations

Unless otherwise waived by the Purchaser, the obligations of the Purchaser to purchase the Ownership Shares pursuant to this Agreement are subject to the fulfillment, prior to or at the time of the transfer, of the following conditions:

(a) The Purchaser shall have obtained the approvals, if any, referred to in Section 2 hereof, such approvals shall be in full force and effect on the Closing Date and such approvals shall not contain any provision which, in the opinion of the Purchaser, is unduly burdensome to it; provided, however, no provision in any such approval shall be deemed unduly burdensome to the Purchaser unless, within seven (7) days of the date of issuance of the approval, the Purchaser shall have given the Seller written notice that, in its opinion, such provision is unduly burdensome.

(b) On the Closing Date the Seller shall have delivered to the Purchaser:



(i) Certified copies of resolutions duly adopted by its Board of Directors approving the execution and delivery of this Agreement, authorizing the performance by the Seller of this Agreement, and authorizing all other corporate action necessary to enable the Seller to comply with the terms of this Agreement.

(ii) To the extent that the transfer of Ownership Shares includes the transfer by the Seller of a fee simple interest in a portion of the site of the Units, a good and sufficient quitclaim deed warranting only against defects in the title based on any actions by the Seller during its period of ownership and conveying said interest free of any mortgage or other lien created by, or arising during the period of ownership by the Seller.

(iii) An opinion, dated the Closing Date, of Messrs. Carroll, George, Hill & Anderson, counsel for the Seller, in form and substance satisfactory to the Purchaser and its counsel, to the effect that:

(A) The Seller is a corporation duly organized and validly existing in good standing under the laws of the State of Vermont and it has the corporate power to sell, transfer and deliver the Ownership Shares and to carry out its obligations under this Agreement and has taken all necessary corporate actions to comply with the terms of this Agreement.

(B) This Agreement has been duly authorized, executed and delivered by the Seller and is the legal, valid and binding obligation of the Seller enforceable in accordance with its terms, subject to the provisions of any applicable bankruptcy, insolvency or other laws generally affecting creditors' rights;

(C) The execution and delivery by the Seller of this Agreement, and the performance by the Seller of its other obligations under this Agreement, do not violate or conflict with, or result in any default under, any provision of the Articles of Association or By-laws of the Seller or of any agreement known to such counsel to which the Seller is a party or to which it or any of its properties is subject;

(D) All appropriate federal and state regulatory agencies have issued and there are in effect all required appropriate orders as to the Seller with respect to the sale of the Ownership Shares; such orders are sufficient therefor; the sale of the Ownership Shares is in conformity with the terms of such orders; and no other approval or consent of any governmental authority is legally required for the sale by the Seller of the Ownership Shares and the carrying out by the Seller of the provisions of this Agreement.

(E) The Ownership Shares have been transferred and conveyed to the Purchaser free and clear of the lien of the Seller's mortgage indentures and free of any recorded lien, option, right of first refusal, defect in title, or other charge, resulting from any action of the Seller.

(iv) The applicable express release(s) with respect to the Purchaser referred to in paragraph 32.5 of the Seabrook Agreement.

(v) An affidavit of an officer of Seller, in form and substance satisfactory to the Purchaser and its counsel to the effect that:

(A) Seller is the owner of Ownership Shares in the Units.

(B) Seller has conveyed to Purchaser a portion of said Joint Ownership Shares, and any rights associated therewith, pursuant to the terms hereof.

(C) The Seabrook Agreement provides that Owners of said Unit shall be afforded a reasonable opportunity to purchase on equal or better terms than those offered to a prospective purchaser such undivided interests as have been conveyed by Seller to Purchaser.



(D) That each of the Owners of the Units have waived their rights to purchase the interests conveyed by Seller to Purchaser.

(vi) An affidavit of an officer of Seller, in form and substance satisfactory to the Purchaser and its counsel to the effect that:

(A) The expenditures of Seller in the Units as shown on an Exhibit attached to such affidavit are true and accurate to the best of such officer's knowledge; and

(B) The allowance for funds used during construction (AFUDC) shown on said Exhibit fairly represents the net costs, during the period of Seller's ownership of the Units, of funds used to finance construction by Seller, and that the rate used is that used by Seller for all similar construction expenditures and is that recorded in their books of account pursuant to the Uniform System of Accounts.

(c) With respect to the Units, the Lead Participants shall not have taken, any corporate action to (i) cancel the Units, or (ii) postpone for more than two (2) years the commercial operation date of the Units. Seabrook Units Nos. 1 and 2 are presently scheduled for commercial operation in June, 1982, and June, 1984, and an officer's certificate, dated no more than fourteen (14) days prior to the closing date, shall be delivered by each of the Lead Participants in the Units to Purchaser at the closing to that effect.

(d) All of the representations by the Seller contained in this Agreement shall be true and correct at and as of the Closing Date, except for changes contemplated and permitted by this Agreement, with the same force and effect as though made at and as of the Closing Date, and the Seller shall have delivered to the Purchaser an officer's certificate of the Seller to that effect.

4. Conditions to Seller's Obligations

Unless otherwise waived by the Seller, the obligations of the Seller to sell the Ownership Shares are subject to the fulfillment, prior to or at the time of the transfer, of the following conditions:

(a) The Seller shall have obtained all required approvals, such approvals shall be in full force and effect on the Closing Date and such approvals shall not contain any provision which, in the opinion of the Seller, is unduly burdensome to it; provided, however, no provision in any such approval shall be deemed unduly burdensome to the Seller unless, within seven (7) days of the date of issuance of the approval, the Seller shall have given the Purchaser written notice that, in its opinion, such provision is unduly burdensome.

(b) On the Closing Date the Purchaser shall have delivered to the Seller:

(i) Certified copies of resolutions duly adopted by the Board of Trustees of the Purchaser approving the execution and delivery of this Agreement, authorizing the performance by the Purchaser of this Agreement, and authorizing all other corporate action necessary to enable the Purchaser to comply with the terms of the Agreement.

(ii) An opinion, dated the Closing Date, of Downs, Rachlin & Martin, counsel for the Purchaser, in form and substance satisfactory to the Seller and its counsel, to the effect that:

(A) The Purchaser is an electric cooperative duly organized under 30 V.S.A., Chapter 81, and validly existing in good standing under the laws of Vermont and has adequate corporate power to purchase and own the Ownership Shares and to carry out its obligations under this Agreement and has taken all necessary corporate actions to comply with the terms of this Agreement.

(B) This Agreement has been duly authorized, executed and delivered by the Purchaser and is the legal, valid and binding obligation of the Purchaser in accordance with its terms, subject to the provisions of any applicable bankruptcy, insolvency or other laws generally affecting creditors' rights;



(C) The execution and delivery by the Purchaser of this Agreement, and the performance by the Purchaser of its other obligations under this Agreement, do not violate or conflict with, or result in any default under, any provision of the Articles of Association or By-laws of the Purchaser, known to such counsel.

(D) All appropriate federal and state regulatory agencies, if any, have issued and there are in effect all required appropriate orders, if any, as to the Purchaser with respect to the purchase of the Ownership Shares; such orders are sufficient therefor; the purchase of the Ownership Shares is in conformity with the terms of such orders; and no other approval or consent of any governmental authority is legally required for purchase by the Purchaser of the Ownership Shares and the carrying out by the Purchaser of the provisions of this Agreement.

(c) All of the representations by the Purchaser contained in this Agreement shall be true and correct at and as of the Closing Date, except for changes contemplated and permitted by this Agreement, with the same force and effect as though made at and as of the Closing Date, and the Purchaser shall have delivered to the Seller an officer's certificate of the Purchaser to that effect.

5. Representations of Seller

The Seller hereby represents and warrants to the Purchaser:

(a) The Seller is a corporation duly organized and validly existing in good standing under the laws of the State of Vermont and has adequate corporate power to transfer the Ownership Shares and to carry out its obligations under this Agreement.

(b) Insofar as it may relate directly to the Ownership Shares, there is no material litigation pending and no material litigation threatened against the Seller, other than suits or claims for personal injury or property damage.

(c) The Seller has not created since the acquisition of the Ownership Shares any lien or charge on the Ownership Shares or any part thereof except as permitted or contemplated by the Seabrook Agreement.

(d) That as a result of the vote of the Board of Directors of Seller taken at the regularly scheduled meeting of Seller's Board of Directors held on July 11, 1978, the Seller has full right, power and authority to execute and deliver this Agreement, and all corporate action of the Seller necessary for the execution and delivery of this Agreement has been duly taken. Seller shall furnish Purchaser with a certified copy of said vote taken at the meeting of Seller's Board of Directors held on July 11, 1978.

6. Representations of Purchaser

The Purchaser hereby represents and warrants to the Seller:

(a) The Purchaser is an electric cooperative duly organized and validly existing in good standing under the laws of the State of Vermont and has adequate corporate power to purchase and own the Ownership Shares and to carry out its obligations under this Agreement.

(b) The Purchaser has full right, power and authority to execute and deliver this Agreement, and all corporate action of the Purchaser necessary for the execution and delivery of this Agreement has been duly taken.

7. Payment By The Purchaser

Concurrently with the transfer pursuant to Section 2 hereof, the Purchaser will pay to the Seller the Purchaser's proportionate share of the actual expenditures made by the Seller in payment of bills rendered to Seller in accordance with the provisions of the Seabrook Agreement, as of the date of transfer, exclusive of any penalties, liquidated damages, legal or other expenses or liabilities incurred in connection with and as a result of a default under the Seabrook Agreement. Such costs shall include Seller's allowance for funds used during construction, associated with its investment in said Unit, as recorded in its books of account pursuant to the Uniform System of Accounts.



The amount paid by the Purchaser hereunder shall be payable to the Seller or its order in funds immediately available at bank to be selected by Seller at least fourteen (14) days prior to the Closing Date.

The Seller shall furnish to the Purchaser at least thirty (30) days in advance of the Closing Date documentation showing in reasonable detail the derivation of the Seller's costs contemplated by this Section 7 and shall make available to the Purchaser for review at the office of the Seller, its books of account and other records which reasonably relate to the determination of the Seller's costs.

The Purchaser's "proportionate share" for purposes of this Section 7 shall be the percentage derived from the ratio that the Purchaser's Ownership Shares being purchased from the Seller bears to the aggregate of the Seller's Ownership Shares immediately preceding the sale.

8. Rights and Obligations under the Seabrook Agreement upon Completion of the Transfer from the Seller to Purchaser

Upon the completion of the transfer to the Purchaser in accordance with the provisions hereof, the Purchaser shall, to the extent of the Ownership Shares acquired, succeed to each of the Seller's rights and obligations under all contracts, leases, insurance policies and other instruments relating to the Units and shall, to such extent, be substituted for the Seller on all such contracts, leases, insurance policies and other instruments.

9. Right of Purchaser to Defer Purchase of the Ownership Shares

With respect to the Ownership Shares to be transferred and conveyed by Seller to Purchaser as set forth in Section 2, if, for any reason, on the Closing Date with respect to the transfer of the Ownership Shares it becomes evident to the Purchaser that it will not be able to purchase the Joint Ownership Shares in accordance with the terms of this Agreement, the Purchaser reserves the right to defer consummation of the transfer as to such Ownership Shares for a period of up to one (1) year from the Closing Date set forth in Section 2 hereof.

10. Limitation of Liability

In no event, as a result of breach of this Agreement, shall either party be liable to the other for consequential losses or damages (including, without limiting the generality of the foregoing, loss of anticipated profits, loss of revenue, inventory or use charges, cost of purchased or replacement power, cost of capital or claims of customers).

11. Termination

Subject to the provisions of Section 9, this Agreement shall terminate on December 31, 1979, if by that date the approvals required by Section 2 hereof have not been obtained; provided, however, the effectiveness of this Agreement may be extended beyond such termination date by a written agreement entered into by the Seller and the Purchaser.

12. Construction

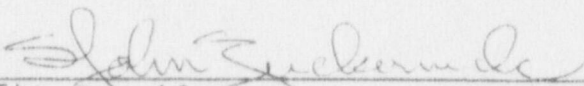
This Agreement shall be construed and enforced in accordance with the laws of the State of Vermont.

13. Entire Agreement

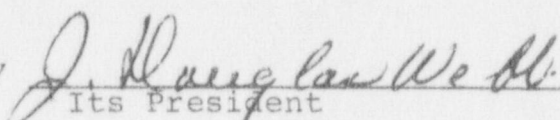
Except to the extent that this Agreement is made subject to the provisions of the Seabrook Agreement, this Agreement shall constitute the entire understanding between the parties, superseding any and all previous understandings pertaining to the subject matter contained herein.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their respective authorized officers or agents and their respective corporate seals to be affixed hereto.

VERMONT ELECTRIC POWER COMPANY

By   
Its President

VERMONT ELECTRIC COOPERATIVE, INC.

By   
Its President





Vermont Electric  
Cooperative Inc.  
Johnson, Vermont  
05656

802/635-2331

October 5, 1978

FINANCIAL QUALIFICATIONS: SEABROOK 1 AND 2

The cost to Vermont Electric Cooperative, Inc., for participation in the project based on its 0.41259% ownership in each of the Seabrook Units is as follows:

SEABROOK UNITS NO. 1 AND 2  
(VERMONT ELECTRIC COOPERATIVE, INC.) EXPENDITURES  
MILLIONS OF DOLLARS

<u>Category</u>	<u>Cash Requirements</u>	<u>AFUDC at 5%</u>	<u>Total</u>
Nuclear Plant	\$6,428,000	\$1,574,000	\$8,002,000
Initial Fuel	<u>550,000</u>	<u>\$ 150,000</u>	<u>\$ 700,000</u>
TOTAL	\$6,978,000	\$1,724,000	\$8,702,000

The Source of Funds Statement (Table 1) lists the estimated yearly expenditures for Vermont Electric Cooperative, Inc.'s portion of the Seabrook 1 and 2 plant construction or acquisition of property, plant and facilities in addition to expenditures for all of Vermont Electric Cooperative, Inc.'s construction of or acquisition of property, plant and facilities.

Table 1 also lists the various sources and estimated amounts of internal and external funds that will be employed to finance the above construction expenditures.

Vermont Electric Cooperative, Inc., has executed a loan agreement with the United States of America, acting through the Rural Electrification Administration which provides for the borrowing by Vermont Electric Cooperative, Inc., from REA of up to \$15,816,000 at a guaranteed rate of interest at 5%, the proceeds of which will be used to finance joint ownership interests by VEC in various NEPOOL planned generating facilities.

The following is a table of Vermont Electric Cooperative, Inc.'s internally generated funds for the period 1978 through 1984.

INTERNALLY GENERATED FUNDS  
1978 THROUGH 1984

<u>Year</u>	<u>Amount (000)</u>
1978	\$ 979
1979	\$1,146
1980	\$1,299
1981	\$2,439
1982	\$2,615
1983	\$2,064
1984	\$1,998

Attached as Table 2 is a summary of internally generated funds for the past ten year period.

Further information concerning the financial condition of Vermont Electric Cooperative, Inc., and its construction program is furnished in the 1977 Annual Report attached as Exhibit \_\_\_\_.

Sources of Funds for System-Wide Construction Expenditures During Period of  
Construction of the Subject Nuclear Power Plants (Millions of Dollars)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
<u>Security Issues and</u> <u>Other Funds</u>							
Long-Term Debt	<u>3,583</u>	<u>2,499</u>	<u>2,759</u>	<u>3,730</u>	<u>4,343</u>	<u>1,656</u>	<u>1,885</u>
Total	<u>3,583</u>	<u>2,499</u>	<u>2,759</u>	<u>3,730</u>	<u>4,343</u>	<u>1,656</u>	<u>1,885</u>
<u>Internal Funds</u>							
Net Income	<u>.373</u>	<u>.431</u>	<u>.446</u>	<u>1.466</u>	<u>1.372</u>	<u>.867</u>	<u>.639</u>
Depreciation & Amort.	<u>.439</u>	<u>.466</u>	<u>.506</u>	<u>.602</u>	<u>.697</u>	<u>1.014</u>	<u>1.112</u>
AFUDC	<u>.167</u>	<u>.249</u>	<u>.347</u>	<u>.371</u>	<u>.546</u>	<u>.183</u>	<u>.247</u>
Total	<u>.979</u>	<u>1.146</u>	<u>1.299</u>	<u>2.439</u>	<u>2.615</u>	<u>2.064</u>	<u>1.998</u>
Total Funds	<u>4.056</u>	<u>3.645</u>	<u>4.058</u>	<u>6.169</u>	<u>6.958</u>	<u>3.720</u>	<u>3.883</u>
<u>Construction Expenditures*</u>							
Nuclear Power Plants	<u>3.245</u>	<u>2,174</u>	<u>2.800</u>	<u>3.848</u>	<u>4.411</u>	<u>1.753</u>	<u>1.780</u>
Other	<u>1.012</u>	<u>1.089</u>	<u>1.034</u>	<u>1.034</u>	<u>1.045</u>	<u>1.045</u>	<u>1.100</u>
Total	<u>4.257</u>	<u>3.263</u>	<u>3.834</u>	<u>4.882</u>	<u>5.456</u>	<u>2.798</u>	<u>2.880</u>
Subject Nuclear Plant	<u>2.228</u>	<u>1.171</u>	<u>1.125</u>	<u>.954</u>	<u>.713</u>	<u>.489</u>	<u>.298</u>

\*Exclusive of AFUDC

10/5/78