REGULATORY INFORMATION DISTRIBUTION SYSTEM (RIDS)

ACCESSION NBR: 8703250396 DOC. DATE: 87/03/20 NOTARIZED: YES DOCKET #
FACIL: 50-387 Susquehanna Steam Electric Station, Unit 1, Pennsylva 05000387
50-388 Susquehanna Steam Electric Station, Unit 2, Pennsylva 05000388
AUTH. NAME AUTHOR AFFILIATION
KEISER, H. W. Pennsylvania Power & Light Co.
RECIP. NAME RECIPIENT AFFILIATION
RODRIGUEZ, J. Division of Accounting & Finance

SUBJECT: Forwards certified financial statement per 10CFR140.21 to demonstrate adequate cash flow for payment of deferred premiums in lieu of using credit agreement. Util should be invoiced since guarantees assessment against Allegheny.

DISTRIBUTION CODE: M001D COPIES RECEIVED: LTR 1 ENCL 1 SIZE: 3
TITLE: Insurance: Indemnity/Endorsement Agreements

NOTES: 1cy NMSS/FCAF/PM. LPDR 2cys Transcripts. 05000387
1cy NMSS/FCAF/PM. LPDR 2cys Transcripts. 05000388

	RECIPIENT ID CODE/NAME	COPIES LTTR	COPIES ENCL	RECIPIENT ID CODE/NAME	COPIES LTTR	COPIES ENCL
	BWR PD3 LA	1	1			
INTERNAL:	AEOD/PTB	1	1	REG FILE 01	1	1
	SP	1	1			
EXTERNAL:	LPDR	2	2	NRC PDR	1	1
NOTES:		3	3			

TOTAL NUMBER OF COPIES REQUIRED: LTTR 10 ENCL 10

PP&L Pennsylvania Power & Light Company
Two North Ninth Street • Allentown, PA 18101 • 215 / 770-5151

Harold W. Keiser
Vice President-Nuclear Operations
215/770-7502

MAR 20 1987

Ms. Janet Rodriguez
Division of Accounting and
Finance
Office of Resource Management
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

SUSQUEHANNA STEAM ELECTRIC STATION
GUARANTEE OF PAYMENT OF DEFERRED
PREMIUMS - 10CFR140.21
PLA-2824 FILE R41-2A

Docket Nos. 50-387/NPF-14
50-388/NPF-22

Dear Ms. Rodriguez:

In response to the requirements of 10CFR140.21, Pennsylvania Power & Light Company has opted this year to demonstrate adequate cash flow for payment of deferred premiums in lieu of using a revolving credit agreement as we have in past years. This option is permitted pursuant to 10CFR140.21(e). The attached affidavit provides PP&L's certified financial statement.

It is our understanding that the appropriate fee for this option in accordance with 10CFR140.7 is $1000.00 total. Since PP&L guarantees assessments against Allegheny Electric Cooperative, Inc., only PP&L should be invoiced.

Very truly yours,

H. W. Keiser
Vice President-Nuclear Operations

Attachments

cc: NRC Document Control Desk (original)
NRC Region I
Mr. L. R. Plisco - NRC Resident Inspector
Mr. M. C. Thadani - NRC Project Manager

M001
1/1

COMMONWEALTH OF PENNSYLVANIA)
: SS
COUNTY OF LEHIGH)

John P. Kierzkowski, being duly sworn according to law, deposes and says that he is Vice President and Treasurer of Pennsylvania Power & Light Company (the "Company"); that he is authorized to and does make this affidavit to the Nuclear Regulatory Commission (the "Commission") for the Company; and that the facts set forth below are provided in compliance with the requirements of 10 CFR § 140.21 and are true and correct to the best of his knowledge, information and belief:

(i) The Company is licensed to operate Units No. 1 and No. 2 at the Susquehanna Steam Electric Station pursuant to the terms of Facility Operating Licenses No. NPF-14 and No. NPF-22, respectively, issued by the Commission;

(ii) Units No. 1 and No. 2 of the Susquehanna Steam Electric Station (90% of which are owned by the Company and 10% of which are owned by Allegheny Electric Cooperative, Inc.) are the only nuclear reactors which the Company is licensed to operate;

(iii) Pursuant to Section 140.21(e), the Company has elected to meet the requirement to provide a guarantee for payment of deferred premiums in the form of a cash flow statement and projection;

(iv) The cash flow statement for the year ending December 31, 1986 and projection for the year ending December 31, 1987, prepared in accordance with NRC Regulatory Guide 9.4 (September 1978) and attached hereto, demonstrates that the Company will have sufficient resources for payment of deferred premiums in an amount of up to $20 million which may be assessed against the Company and Allegheny Electric Cooperative, Inc., as owners of Units No. 1 and No. 2 at the Susquehanna Steam Electric Station.

Sworn to and subscribed before me
this 17th day of March, 1987.

Notary Public
Allentown, Lehigh County, Pa.

My Commission Expires:
November 25, 1987

PENNSYLVANIA POWER & LIGHT COMPANY
1987 INTERNAL CASH FLOW PROJECTION
FOR THE SUSQUEHANNA NUCLEAR POWER STATION

(Thousands of Dollars)

	1986 Actual	1987 Projected
Net Income After Taxes	$ 300,108	$ 306,211
Less Dividends Paid	(261,298)	(255,017) 1/
Retained Earnings	38,810	51,194
Adjustments:		
Depreciation & Amortization	155,073	167,726
Deferred Income Taxes and Investment Tax Credit	207,575	145,478 2/
Allowance for Funds Used During Construction 3/	(11,352)	(18,010)
Total Adjustments	351,296	295,194
Internal Cash Flow	$ 390,106	$ 346,388
Average Quarterly Cash Flow	$ 97,567	$ 86,597

Percentage Ownership In All Operating Nuclear Units	Susquehanna #1 - 90% Susquehanna #2 - 90%
Maximum Total Contingent Liability	$20,000

1/ Reduction in dividends paid due to the early redemption of high cost preferred and preference stock.

2/ Decrease primarily due to reduced tax rates and the elimination of new investment tax credit as a result of the Tax Reform Act of 1986.

3/ During 1986, Allowance for Funds was recorded at an after-tax rate. During 1987, Allowance for Funds was recorded at a pre-tax rate due to the nondeductibility of construction interest as a result of the Tax Reform Act of 1986.