

REGULATORY INFORMATION DISTRIBUTION SYSTEM (RIDS)

ACCESSION NBR: 8804040116 DOC. DATE: 88/03/25 NOTARIZED: YES DOCKET #
 FACIL: 50-387 Susquehanna Steam Electric Station, Unit 1, Pennsylv 05000387
 50-388 Susquehanna Steam Electric Station, Unit 2, Pennsylv 05000388
 AUTH. NAME AUTHOR AFFILIATION
 KEISER, H. W. Pennsylvania Power & Light Co.
 RECIP. NAME RECIPIENT AFFILIATION
 RODRIGUEZ, J. Division of Accounting & Finance (Post 870413)

SUBJECT: Forwards 1988 internal cash flow projection to demonstrate cash flow for payment of deferred premiums per 10CFR140.21(e).

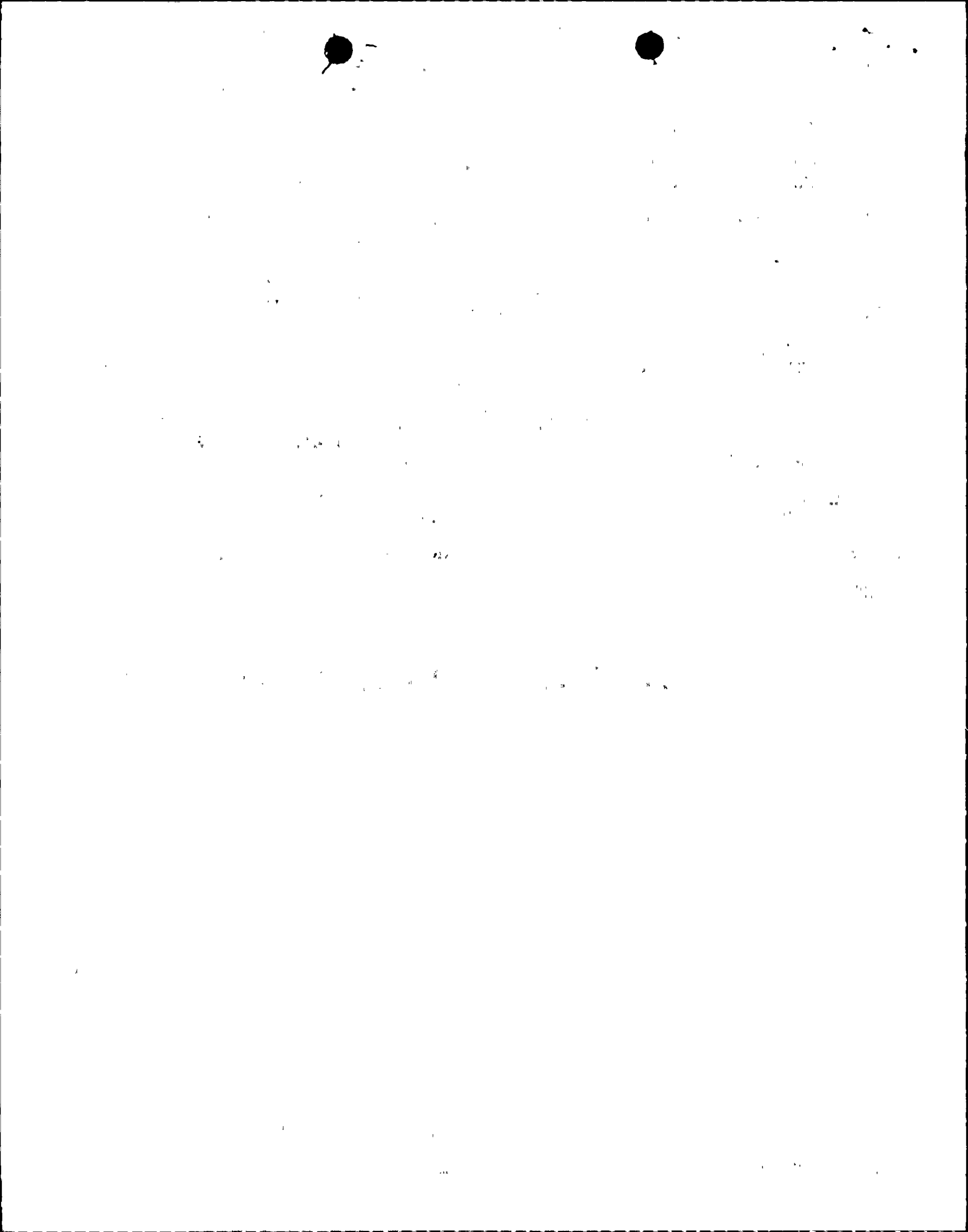
DISTRIBUTION CODE: M004D COPIES RECEIVED: LTR 1 ENCL 1 SIZE: 2
 TITLE: 50.71(b) Annual Financial Report

NOTES: LPDR 2 cys Transcripts. 05000387
 LPDR 2 cys Transcripts. 05000388

	RECIPIENT ID CODE/NAME	COPIES LTTR ENCL	RECIPIENT ID CODE/NAME	COPIES LTTR ENCL
	PD1-2 PD	1 1	THADANI, M	1 0
INTERNAL:	AEOD/DOA	1 1	AEOD/DSP/TPAB	1 1
	NRR/PMAS/PTSB12	1 1	<u>REG FILE</u> 01	1 1
EXTERNAL:	LPDR	2 2	NRC PDR	1 1
NOTES:		2 2		

ADD: JANET RODRIGUEZ LTR ENC
 1 1

TOTAL NUMBER OF COPIES REQUIRED: LTTR 12 ENCL 11





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 25 1988

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-3005 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 pursuant to 10CFR140.21(e). The attached affidavit provides PP&L's certified financial statement.

Since PP&L guarantees assessments against Allegheny Electric Cooperative, Inc., only PP&L should be invoiced for the annual fee.

Very truly yours,

H. W. Keiser
Vice President-Nuclear Operations

Attachments

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

Mo04
1/1
Add: 222/Janet Rodriguez
lt. Encl

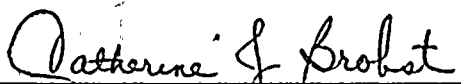
8804040116 880325
PDR ADDCK 05000387
I PDR

COMMONWEALTH OF PENNSYLVANIA)
) SS
COUNTY OF LEHIGH)

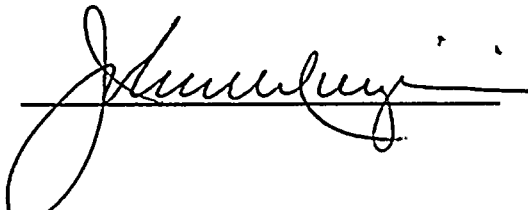
John P. Kierzkowski, being duly sworn according to law, deposes and says that he is Vice President and Treasurer of Pennsylvania Power & Light Company (the "Company"); that he is authorized to and does make this affidavit to the Nuclear Regulatory Commission (the "Commission") for the Company; and that 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, 1987 and projection for the year ending December 31, 1988, prepared in accordance with the 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 18th day of March, 1988.



Notary Public
Allentown, Lehigh County, PA

.....


My Commission Expires:

September 9, 1991

PENNSYLVANIA POWER & LIGHT COMPANY
 1988 INTERNAL CASH FLOW PROJECTION
 FOR THE SUSQUEHANNA NUCLEAR POWER STATION

(Thousands of Dollars)

	<u>1987</u> <u>Actual</u>	<u>1988</u> <u>Projected</u>
Net Income After Taxes	\$ 302,461	\$ 312,785
Less Dividends Paid	<u>(254,429)</u>	<u>(259,912)</u>
Retained Earnings	48,032	52,873
Adjustments:		
Depreciation & Amortization	169,792	183,770
Deferred Income Taxes and Investment Tax Credit	144,598	103,562 ⁽¹⁾
Allowance for Funds Used During Construction	<u>(12,261)</u>	<u>(13,696)</u>
Total Adjustments	<u>302,129</u>	<u>273,636</u>
Internal Cash Flow	<u>\$ 350,161</u>	<u>\$ 326,509</u>
Average Quarterly Cash Flow	<u>\$ 87,540</u>	<u>\$ 81,627</u>
Percentage Ownership In All Operating Nuclear Units	Susquehanna #1 - 90%	Susquehanna #2 - 90%
Maximum Total Contingent Liability		\$20,000

(1) 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.