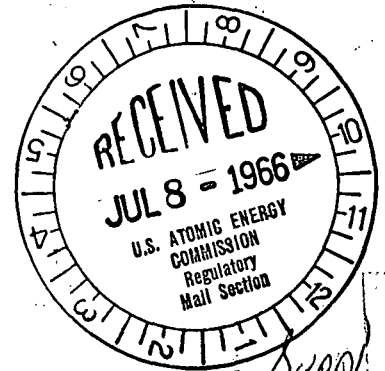


# Commonwealth Edison Company

72 WEST ADAMS STREET \* CHICAGO 90, ILLINOIS

July 8, 1966



Dr. R. L. Doan, Director  
Division of Reactor Licensing  
U. S. Atomic Energy Commission  
Washington, D. C. 20545

In the Matter of the Application )  
of Commonwealth Edison Company )

Docket No. 50-249

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for file*  
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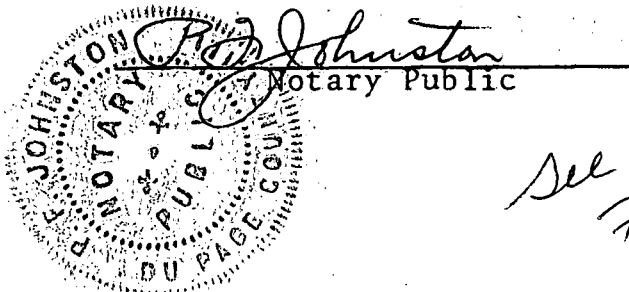
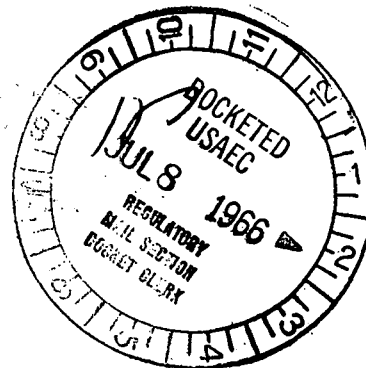
Dear Sir:

In support of the application of Commonwealth Edison Company for a construction permit, Amendment No. 4 to the Unit 3 Plant Design and Analysis Report is submitted herewith. Said Amendment No. 4 consists of additional information regarding the rod block function of the reactor control system, secondary containment design bases and a memorandum regarding financial responsibility of Commonwealth Edison Company.

Very truly yours,

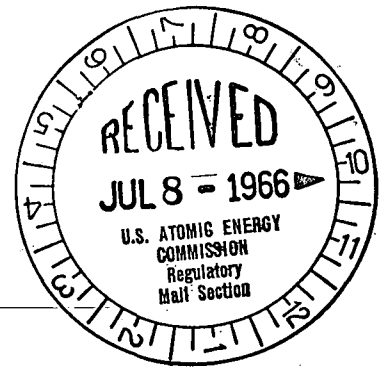
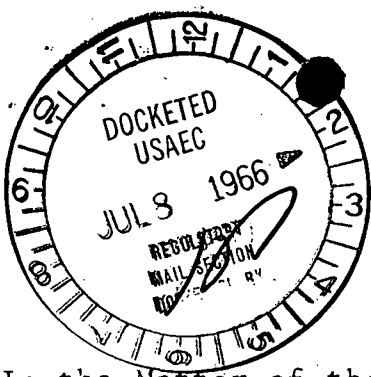
*Murray Joslin*  
M. Joslin  
Vice President

Subscribed and sworn  
to before me this  
8<sup>th</sup> day of July, 1966.



*See Repts  
File for 1965 annual Report*

1967



UNITED STATES  
ATOMIC ENERGY COMMISSION

In the Matter of the Application of:

COMMONWEALTH EDISON COMPANY

Docket No. 50-249

*(Handwritten)*  
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MEMORANDUM RE FINANCIAL QUALIFICATIONS OF  
COMMONWEALTH EDISON COMPANY

Commonwealth Edison Company ("Commonwealth") is an Illinois corporation engaged in the production, purchase, transmission, distribution and sale of electricity in an 11,000 square mile area of northern Illinois extending from Lake Michigan to the Mississippi River. For Commonwealth's financial statements, its consolidated subsidiaries comprise Commonwealth Edison Company of Indiana, Inc. (the "Indiana Company") and two small companies the operations of which are not significant in relation to the operations of Commonwealth and its subsidiaries as a whole. The Indiana Company is principally engaged in the production of electricity which is sold to Commonwealth and to Northern Indiana Public Service Company, the latter purchasing about 10% of the output.

Commonwealth is subject to regulation by Illinois Commerce Commission as to rates and charges, issuance of securities, service and facilities, classification of accounts, transactions with affiliated interests (as defined in the Illinois Public Utilities Act) and other matters. Commonwealth is subject to the jurisdiction of Federal Power Commission and, in respect of Dresden Nuclear Power Station, to the jurisdiction of the Atomic Energy Commission. The Indiana Company, an "affiliated interest" of Commonwealth within the

*See Reports Section for Appendix B,  
"1965 Annual Report", 1967*

meaning of the Illinois Public Utilities Act, is subject to regulation by Public Service Commission of Indiana and to the jurisdiction of Federal Power Commission. Commonwealth is exempt by order of Securities and Exchange Commission from, and none of its subsidiaries is subject to, the Public Utility Holding Company Act of 1935.

The Boards of Directors of Commonwealth and Central Illinois Gas and Electric Co. ("Central") have approved a Plan of Merger (the "Plan") under which Central is to be merged into Commonwealth. Central serves about 95,000 electric and 87,000 gas customers in the Rockford area and in downstate Illinois areas surrounding Lincoln, Tuscola and Albion. Revenues in the year 1965 were approximately \$41,000,000 and earnings per share of common stock were \$1.40.

The Rockford area now served by Central is part of the rapidly growing northern Illinois area outside Chicago, virtually all of which, except the Rockford area, is now provided with electric service by Commonwealth. The merger will bring to Commonwealth the growth potential of this prosperous urban and rural area. It will make possible the integration of the electric supply facilities in Central's Rockford Division with Commonwealth's own system, which now adjoins Central's Rockford service territory on three sides. There will thus be made available to the Rockford area the economies and efficiencies afforded by large generating and transmission facilities as well as additional economies in planning, construction and operation, working to the advantage of Commonwealth and the Rockford area alike.

Under the Plan, one share of a new \$1.425 Convertible Preferred Stock of Commonwealth, as the surviving corporation, will, upon and by the effectiveness of the merger, become issued in substitution for each share of Central's common stock, of which not more than 4,357,908 shares are to be outstanding immediately prior to the merger. Each share of such \$1.425 Convertible Preferred Stock will be convertible at any time following the effectiveness of the merger into 6/10ths of a share of Commonwealth's Common Stock and will be callable after five years at \$42 per share. Central will redeem all of its outstanding preferred stock prior to the merger. Commonwealth will assume Central's liabilities.

The Plan was submitted and approved by the requisite affirmative vote of stockholders of Commonwealth at a meeting held on May 17, 1966. Central had intended to submit the Plan to its stockholders at a meeting scheduled for the same date in the expectation that, before then, it would have received the necessary regulatory approvals for the merger and have called its preferred stock for redemption. However, in view of the Federal Power Commission's notification of a July 11, 1966 formal hearing on the merger, Central has adjourned its meeting to September 20, 1966. As Central's management now holds stockholders' proxies for the requisite affirmative votes, approval of the Plan is expected when submitted at the September 20, 1966 or any subsequent adjournment of the meeting. Upon the filing by Commonwealth and Central of the Articles of Merger in the office of the Secretary of State of the State of Illinois, and the issuance by the Secretary of State of a Certificate of Merger, the merger will become effective.

The following tabulation shows the kilowatthour sales of electricity, operating revenues and number of customers of Commonwealth and subsidiaries consolidated for the five years beginning with 1961, and the 12-month period ended April 30, 1966:

	Years ended December 31,					12-month period ended April 30, 1966
	1961	1962	1963	1964	1965	
<u>Sales of electricity - in millions of kilowatthours:</u>						
Residential	5,953	6,331	6,782	7,361	7,858	8,026
Commercial and industrial	15,051	16,378	17,380	18,709	20,205	20,763
Other ultimate consumers	1,834	2,030	2,213	2,338	2,575	2,656
Sales for resale	500	619	540	729	999	828
Total sales	23,338	25,358	26,915	29,137	31,637	32,273
Increase over preceding year or 12-month period	<u>5.3%</u>	<u>8.7%</u>	<u>6.1%</u>	<u>8.3%</u>	<u>8.6%</u>	<u>6.5%</u>
<u>Operating revenues - in millions of dollars:</u>						
Residential	\$179.1	\$185.9	\$194.6	\$206.6	\$216.6	\$220.2
Commercial and industrial	275.1	291.3	302.6	312.8	325.9	332.4
Other ultimate consumers	28.5	31.2	33.4	34.5	37.2	38.3
Sales for resale	5.3	7.4	5.4	6.2	8.7	7.2
Miscellaneous	4.2	4.4	4.6	4.8	4.8	4.8
Total revenues	\$492.2	\$520.2	\$540.6	\$564.9	\$593.2	\$602.9
Increase over preceding year or 12-month period	<u>4.9%</u>	<u>5.7%</u>	<u>3.9%</u>	<u>4.5%</u>	<u>5.0%</u>	<u>4.9%</u>
<u>Number of customers at end of year or 12-month period - in hundreds:</u>						
Residential	18,883	19,310	19,681	20,103	20,526	20,711
Commercial and industrial	2,128	2,128	2,122	2,122	2,122	2,127
Other ultimate consumers	71	74	76	78	79	80
Sales for resale (only 7±1)	-	-	-	-	-	-
Total	21,082	21,512	21,879	22,303	22,727	22,918
Increase over end of preceding year or 12-month period	<u>1.7%</u>	<u>2.0%</u>	<u>1.7%</u>	<u>1.9%</u>	<u>1.9%</u>	<u>1.9%</u>

The net generating capability of the Commonwealth and the Indiana Company stations as of June 16, 1966, is considered to be 7,764 megawatts. The peak load of 6,740 MW<sup>ø</sup> occurred on July 1, 1966.

Under its program for increasing generating capability, Commonwealth completed construction and placed in service on March 21, 1966 a coal-fired 530,000-kilowatt unit at Joliet Station and has authorized five new generating units as follows: two coal-fired 600 MW units for Kincaid, a new minemouth station under construction in Central Illinois near Kincaid, for service in 1967 and 1968; Dresden Unit 2 for service in 1969 with an expected initial 715 MW net electrical generating capability, the construction permit for which was issued by the Commission on January 10, 1966; the new Dresden Unit 3 for which, in this proceeding, a construction permit is being sought covering its installation at Dresden Nuclear Power Station for service in 1970 with an expected initial 715 MW net electrical generating capability; and a nuclear unit for service in 1970, substantially identical to Dresden Units 2 and 3, with an expected initial net electrical generating capability of 715 MW, to be constructed by Commonwealth as Unit 1 of a new generating station near Cordova, Illinois, to be known as Quad-Cities Station. Present plans are that Iowa-Illinois Gas and Electric Company will acquire a 400 MW interest in the new station which, however, is to be operated by Commonwealth. In another proceeding before this Commission, Commonwealth is seeking a construction permit for the first unit at Quad-Cities Station. Commonwealth also has a fixed-price option to buy a second nuclear unit for such station. As parts of Commonwealth's program, 33 MW combined net capability of diesel-driven generators, for system start-up and peaking uses, is to be installed by the Summer of 1967 and 378 MW net capability of coal-fired generating equipment is scheduled to be retired by the end of 1969. In 1970, net generating capability would total

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<sup>ø</sup>Preliminary figure.

about 10,364 MW, including Dresden Units 2 and 3 and Quad-Cities Unit 1, each at its estimated initial 715 MW net capability, and after deducting the contemplated 400 MW interest of Iowa-Illinois in the Quad-Cities station.

The total direct costs to be incurred by Commonwealth for Dresden Unit 3 including related transmission line and other facilities are estimated and have been budgeted at \$83,805,000<sup>+</sup>. More than 90% of this total estimate is a cost fixed by contract between Commonwealth and General Electric Company ("General Electric"). This contract obligates General Electric to design, engineer and construct Unit 3 for an ultimate generating capability up to approximately 809 MW net electrical (gross - about 850 MW electrical and 2,600 MW thermal), at a price not to exceed \$79,260,000<sup>+</sup>. The contract is basically for a "turn-key" plant, i.e., General Electric is responsible for constructing a safe, operable and licensable power plant, complete except for certain specified and existing items to be used in common by two or more of the station's units. Such items are identified in Section I-7 of the Plant Design and Analysis Report.

The contract price is not subject to escalation for changes in price levels or construction costs. However, there are provisions for a reduction in price if the plant does not achieve its intended ultimate capability within a specified period of time. The contract price includes the costs of site preparation and of supervision for preoperational testing, fuel loading and plant startup. As set forth in the contract, the price for the turbine-generator is \$16,670,000. The contract does not itemize the cost of any other specific items of plant (excluding fuel) and consequently such information is not

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<sup>+</sup>Comparable currently budgeted estimates for the Dresden Unit 2 project are \$85,130,000 and \$76,775,000, respectively--see Appendix A hereto.

currently available. However, after construction is completed, an allocation of costs will be made to classifications of plant structures and equipment established by the Uniform Systems of Accounts for Electric Utilities prescribed by Federal Power Commission and Illinois Commerce Commission.

Unit 3 is to be constructed by General Electric at the Dresden Nuclear Power Station adjacent to its existing Unit 1 and to Unit 2, now under construction. The station site of approximately 953 acres, and the corridors for electric transmission lines emanating from the site, have been owned by Commonwealth for a number of years and are large enough to accommodate all requirements for Unit 2 and 3. Accordingly, it is not necessary to acquire any additional land, easements or other land rights for either of these Units.

In addition to the contract price described above, other direct costs to be incurred for the Unit 3 project by Commonwealth, as now estimated and budgeted by it, are as follows:

345 KV transmission terminal* for Unit 3		\$2,250,000
Payroll costs* for Commonwealth personnel in - Construction liaison and engineering work on the Unit 3 addition	\$275,000	
Preoperational testing of 345 KV transmission terminal circuitry, protective devices and control equipment	50,000	
Training for Unit 3 (incremental expense)	<u>50,000</u>	375,000
Construction power and 34.5 KV electric supply facilities for general and auxiliary purposes*		115,000
Allowance for spare parts and contingencies		<u>325,000</u>
Total "other direct costs" of the Unit 3 addition		\$3,065,000
345 KV transmission facilities* to connect Unit 3 into the Commonwealth bulk power system		<u>1,480,000</u>
Total "other direct costs" of the Unit 3 project with related transmission facilities <sup>+</sup>		<u><u>\$4,545,000<sup>+</sup></u></u>

\*Each of these costs is based on engineering estimates for work and facilities customarily included in Commonwealth's engineering and planning for electric generating unit additions.

<sup>+</sup>For comparable currently budgeted estimates for the Dresden Unit 2 project, see Appendix A hereto.



The estimated incremental cost of personnel training of \$50,000, of course, reflects the fact that Commonwealth now has an operating organization, including managers, engineers, technical staff, supervisors and operators, qualified to operate and maintain Unit 1, a General Electric BWR basically similar to Units 2 and 3, and that additional training and experience will have been gained in connection with the installation, preoperational testing and first-year operation of Unit 2. Particular training on Unit 3 equipment will be provided through the planned preoperational test program which will be conducted by Dresden plant personnel under General Electric supervision.

Beyond all the foregoing direct costs, aggregating \$83,805,000 as estimated and budgeted on a project basis by Commonwealth, for the Unit 3 plant and its related transmission facilities, Commonwealth's total capitalized investment therein will, of course, include the indirect costs properly attributable to these plant and facilities projects. Such indirect costs - comprising those for engineering and supervision, employe pensions and benefits, payroll taxes, injuries and damages, administrative and legal, interest during construction and Illinois taxes applicable to construction - are estimated, budgeted and accounted for on an overall annual basis for Commonwealth's entire construction program. While Commonwealth neither has nor will have a separately estimated and budgeted amount for its indirect costs on the Unit 3 plant and related transmission facilities, Commonwealth's experience on recent large additions to its electric generating capacity shows that total indirect costs, allocable to the Unit 3 plant and related transmission facilities, should come within a range of 12% to 16% of their aggregate direct costs as now budgeted.

Fuel assemblies for the Unit 3 reactor's initial and second cores are to be fabricated and delivered by General Electric at non-escalable fixed prices under a separate fuel agreement between Commonwealth and General Electric that provides warranted fuel costs which, after the initial years of operation, level off at about 14-1/4¢<sup>φ</sup> per million Btu. Effectively, General Electric warrants the performance of the Unit 3 fuel that it is committed to fabricate at fixed prices, while Commonwealth takes the risk of changes in uranium, enrichment and reprocessing prices, as well as in recovered uranium and plutonium values.

Commonwealth's inventory cost of the 724 initial core fuel assemblies planned for the Unit 3 reactor is estimated, as of the scheduled date for placing the unit in commercial operating service, to total \$12,962,500<sup>+</sup>. This inventory cost (a) includes procurement, transportation, the Commission's use charges on special nuclear material (UO<sub>2</sub> enriched) leased from the Commission and all other fabrication charges by General Electric ending with delivery at Dresden and totaling \$12,387,600<sup>+</sup> pursuant to the above mentioned fuel agreement between Commonwealth and General Electric, and also includes provisions for the State of Illinois sales and use tax and for the Commission's use charges (at the current rate) for an estimated average four-month period between delivery at Dresden and the Unit 3 scheduled service date, but (b) excludes the \$22,613,500<sup>+</sup> aggregate value (at the Commission's current base price) of the leased enriched UO<sub>2</sub> material to be initially contained in such fuel assemblies, and also excludes interest and other carrying charges, estimated to total as of the Unit 3 scheduled service date about \$637,000<sup>+</sup> which will be incurred by Commonwealth on its funds invested in such fuel

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<sup>φ</sup> Likewise applicable to Dresden Unit 2 as stated in Appendix A hereto.

<sup>+</sup> Comparable estimated amounts for Dresden Unit 2 are shown in Appendix A hereto.

assemblies. On an annual basis, the Commission's use charges on such leased special nuclear material content of the Unit 3 reactor's initial core, as loaded, are estimated to total \$1,074,100<sup>+</sup>.

Commonwealth carries on a continuous construction program, the nature and extent of which are based upon current and estimated future electrical loads on its system. This program is subject to continuous review and modification as necessary for adaptation to changing business conditions, revisions in Federal income tax laws, and variations in prices and delivery schedules. The construction program for the electric utility system of Commonwealth and the Indiana Company for the five-year period 1966-1970, as scheduled when Commonwealth's 1965 Annual Report to Stockholders (copy attached hereto as Appendix B) went to press on January 27, 1966, called for property addition expenditures totaling approximately \$800,000,000. Since then, largely in anticipation of the proposed Quad-Cities Station with related transmission system extensions, Commonwealth's 1966-1970 construction program has been increased to \$850,000,000. This program contemplates expenditures approximating \$160,000,000 in 1966, \$180,000,000 in 1967, \$170,000,000 in 1968, \$175,000,000 in 1969, and \$165,000,000 in 1970. These estimated expenditures comprise \$430,000,000 for generating facilities (including all Dresden Unit 2, Dresden Unit 3 and Quad-Cities Unit 1 expenditures estimated to occur within the 1966-1970 period, as well as the reimbursements anticipated from Iowa-Illinois Gas and Electric Company for its share of such Quad-Cities Unit 1 expenditures), \$405,000,000 for transmission (including those within Commonwealth's Dresden Unit 2, Dresden Unit 3 and Quad-Cities Unit 1 budgeted projects) and distribution facilities, and \$15,000,000 for general plant.

Of the funds required for the five-year program, it is estimated that approximately \$600,000,000 will be provided out of (a) cash resources at the end of 1965, (b) the net proceeds of sales in 1966 of

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<sup>+</sup>Comparable estimated amount for Dresden Unit 2 is shown in Appendix A hereto.

approximately 70,000 shares of Commonwealth's Common Stock under its Employee Stock Purchase Plan, and (c) earnings not distributed in cash, depreciation accruals and other sources over the five year period. This would leave about \$250,000,000 to be provided through the sale of additional securities of Commonwealth of which the \$50,000,000 of 5-1/4% First Mortgage Bonds sold in March, 1966, were a part.

Changes during the five-year period 1966-1970 in construction costs and the need for additional facilities, as well as variations from currently anticipated levels of net earnings, dividend disbursements, tax payments and other factors affecting cash requirements, may increase or decrease the additional financing now estimated to be necessary. No offering of additional Common Stock to the public is now anticipated. However, the nature of each additional financing step and the time at which it will be undertaken will be determined in the light of conditions prevailing.

Commonwealth anticipates no difficulty in carrying out the expected financings above indicated. Its capitalization (in millions of dollars) at the end of each of the last five years and at April 30, 1966 was:

	December 31,										April 30,	
	1961		1962		1963		1964		1965		1966	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
First Mortgage Bonds	\$ 590	37.2	\$ 590	36.8	\$ 590	36.0	\$ 590	35.3	\$ 590	34.7	\$ 640	36.1
Sinking Fund Debentures	255	16.0	252	15.7	244	14.9	236	14.1	230	13.5	228	12.9
Total Long-term Debt	\$ 845	53.2	\$ 842	52.5	\$ 834	50.9	\$ 826	49.4	\$ 820	48.2	\$ 868	49.0
Preferred Stock (Non-convertible)	25	1.6	-	-	-	-	-	-	-	-	-	-
Common Stock Equity #	719	45.2	762	47.5	805	49.1	847	50.6	882	51.8	904	51.0
Total Capitalization	<u>\$1,589</u>	<u>100.0</u>	<u>\$1,604</u>	<u>100.0</u>	<u>\$1,639</u>	<u>100.0</u>	<u>\$1,673</u>	<u>100.0</u>	<u>\$1,702</u>	<u>100.0</u>	<u>\$1,772</u>	<u>100.0</u>

# Includes retained earnings and premium on common stock.

The following Commonwealth ratios for the same year-ends or years, and for April 30, 1966 or the 12-month period then ended, are significant indicators of its top-quality credit:

	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>12-month period ended April 30, 1966</u>
At End of Each Year or Period -						
Percent mortgage debt of depreciated plant(1)	35.2	34.0	33.6	32.7	31.5	33.6
Percent long-term debt of depreciated plant(1)	50.3	48.6	47.4	45.8	43.8	45.5
For Each Year - or Period -						
Percent of operating revenues(2):						
Operating expenses and taxes except income taxes ("Operating ratio")	62.6	62.9	62.9	63.8	63.8	63.4
Operating expenses and taxes	78.6	78.1	77.7	78.4	77.6	77.5
Depreciation	11.2	11.9	12.7	12.6	12.6	12.7
Maintenance	5.6	5.6	5.3	5.6	6.9	6.4
Net income on common stock	16.2	16.8	17.2	17.8	18.4	18.5
Interest on long-term debt - times earned:						
Before income tax	6.87	6.75	7.07	7.43	7.74	7.93
After income tax	3.89	3.94	4.20	4.45	4.77	4.86

(1) Excludes acquisition adjustments as of December 31, 1961.

(2) Rate reductions were made in 1962, 1963, 1964, 1965 and 1966. Such reductions amount to more than \$31,000,000 on an annual basis, the most significant being a \$13,000,000 reduction in June 1964, which reduced 1964 revenues by approximately \$7,500,000.

Of Commonwealth's \$640,000,000 aggregate principal amount of first mortgage bonds now and at April 30, 1966 outstanding, a total of \$465,000,000 were sold through public offerings in eight of the 17 years during the period 1944 through 1960, and \$50,000,000 were sold publicly in March, 1966. Each of these nine bond issues, from the \$155,000,000 largest to the \$30,000,000 smallest, when initially offered and ever since then, has been rated Aaa by Moody's Investors Service and given similar top ratings by Standard & Poor's Corporation and Fitch Investors Service.

Separate issues, aggregating \$308,000,000 principal amount, of Commonwealth's sinking fund debentures were sold through public offerings in seven of the 13 years during the period 1949 through 1961. Each of these seven debenture issues, from the \$50,000,000 largest ones to the \$20,000,000 smallest, when initially offered and ever since then, has been rated Aa by Moody's Investors Service and given similar next-to-top ratings by Standard & Poor's Corporation and Fitch Investors Service. Over the years, reacquisitions, cancellations and redemptions from the seven issues of debentures for sinking fund purposes have reduced their outstanding total principal amount to \$227,953,000 at April 30, 1966. None of the seven separate indentures, under which these debentures were issued

and are outstanding, provides for, and none of such debentures are entitled to, any lien against any physical property or license or franchise owned by Commonwealth.

Section 50.81 of the Commission's regulations, 10 CFR 50.81, provides that consent to the creation of a mortgage lien on a licensed utilization facility is not required provided that certain specified requirements are met. The terms of Commonwealth's mortgage indenture, securing its mortgage bonds, will automatically create a lien on Unit 3 which meets all of the specified requirements set forth in Section 50.81. Accordingly, no consent to such lien is required, though it may be noted that the Third Supplemental Intermediate Decision, issued in AEC Docket 50-10, October 11, 1960, prior to the promulgation of Section 50.81, granted consent to such lien on Unit 1. Pertinent excerpts of the Commonwealth mortgage indenture were received in evidence in AEC Docket No. 50-10, September 26, 1960, as a part of Item 6 of AEC Staff Exhibit No. 1 and are incorporated herein by reference. There have been no changes in such mortgage indenture since that date.

July 5, 1966

Dresden Unit 2 Estimated Cost Data - July 5, 1966

Commonwealth Edison Company's contract for Dresden Unit 2 obligates General Electric Company to design, engineer and construct a unit with an ultimate generating capability up to approximately 809 MW net electrical (gross - about 850 MW electrical and 2600 MW thermal), at a price not to exceed \$76,775,000. In addition to such contract price, other direct costs to be incurred by Commonwealth for the Unit 2 project, as now estimated and budgeted by it, are as follows:

345 KV transmission terminal* for Unit 2		\$1,420,000
Payroll costs* for Commonwealth personnel in - Construction liaison and engineering work on the Unit 2 addition	\$395,000	
Preoperational testing of 345 KV transmission terminal circuitry, protective devices, and control equipment	50,000	
Training for Unit 2 (incremental expense)	<u>50,000</u>	495,000
Construction power and 34.5 KV electric supply facilities for general and auxiliary purposes*		100,000
Administration building addition and other structural work*		125,000
Allowance for contingencies		<u>380,000</u>
Total "other direct costs" of the Unit 2 addition		\$2,520,000
5 KV transmission facilities* to connect Unit 2 into the Commonwealth bulk power system		<u>5,835,000</u>
Total "other direct costs" of the Unit 2 project with related transmission facilities		<u>\$8,355,000</u>

\*Each of these costs is based on engineering estimates for work and facilities customarily included in Commonwealth's engineering and planning for electric generating unit additions.

Fuel assemblies for the Unit 2 reactor's initial and second cores are to be fabricated and delivered by General Electric at non-escalable fixed prices under a separate fuel agreement between Commonwealth and General Electric that provides warranted fuel costs which, after the initial years of operation, level off at about 14-1/4¢ per million Btu.



Effectively, General Electric warrants the performance of the Unit 2 fuel that it is committed to fabricate at fixed prices, while Commonwealth takes the risk of changes in uranium, enrichment and reprocessing prices, as well as in recovered uranium and plutonium values.

Commonwealth's inventory cost of the 724 initial core fuel assemblies planned for the Unit 2 reactor is estimated, as of the scheduled date for placing the unit in commercial operating service, to total \$13,289,500. This inventory cost (a) includes procurement, transportation, the Commission's use charges on special nuclear material ( $UO_2$  enriched) leased from the Commission and all other fabrication charges by General Electric ending with delivery at Dresden and totaling \$12,709,100 pursuant to the above mentioned fuel agreement between Commonwealth and General Electric, and also includes provisions for the State of Illinois sales and use tax and for the Commission's use charges (at the current rate) for an estimated average four-month period between delivery at Dresden and the Unit 2 scheduled service date, but (b) excludes the \$22,613,500 aggregate value (at the Commission's current base price) of the leased enriched  $UO_2$  material to be initially contained in such fuel assemblies, and also excludes interest and other carrying charges, estimated to total as of the Unit 2 scheduled service date about \$654,000 which will be incurred by Commonwealth on its funds invested in such fuel assemblies. On an annual basis, the Commission's use charges on such leased special nuclear material content of the Unit 2 reactor's initial core, as loaded, are estimated to total \$1,074,100.