

Public Service  
Electric and Gas  
Company

Corbin A. McNeill, Jr.  
Vice President -  
Nuclear

Public Service Electric and Gas Company P.O. Box 236, Hancocks Bridge, NJ 08038 609 339-4800

MAR 13 1987

NLR-N87043

United States Nuclear Regulatory Commission  
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Washington, DC 20555

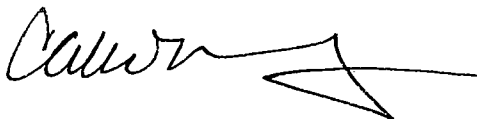
GUARANTEED RETROSPECTIVE PREMIUMS  
FOLLOWING NUCLEAR INCIDENT  
OPERATING LICENSE NOS. DPR-70 AND DPR-75  
SALEM GENERATING STATION  
DOCKET NOS. 50-272 AND 50-311  
HOPE CREEK GENERATING STATION  
OPERATING LICENSE NO. NPF-57  
DOCKET NO. 50-354

As required by the 1975 Amendments to the Price-Anderson Act (Public Law 94-197), the owners of Salem Generating Station, Units No. 1 and 2, and Hope Creek Generating Station, Unit No. 1, submit the following statements and supporting documents to satisfy guarantee requirements as provided under Alternative No. 5:

1. 1986 Stockholders' Annual Report of each owner.
2. Summary of Owners' 1987 Projected Internal Cash Flow Statements supported by individual certified Internal Cash Flow Statements showing 1986 Actual and 1987 Projected with Explanation of Significant Variations.

Similar documents will be filed by Philadelphia Electric Company for the owners of the Peach Bottom Generating Station Units 2 and 3.

Sincerely,



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Enclosures

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C Mr. R. Wood, Financial Analyst (w/o enclosure)  
Office of State Programs

Mr. D. H. Wagner (w/o enclosure)  
Licensing Project Manager - Hope Creek

Mr. R. W. Borchardt (w/o enclosure)  
Senior Resident Inspector - Hope Creek

Mr. D. C. Fischer (w/o enclosure)  
Licensing Project Manager - Salem

Mr. T. J. Kenny (w/o enclosure)  
Senior Resident Inspector - Salem

JOINT OWNERSHIP OF NUCLEAR GENERATING STATIONS

(SALEM AND HOPE CREEK)

SUMMARY

PROJECTED INTERNAL CASH FLOW STATEMENT

FOR THE YEAR 1987

(Thousands of Dollars)

	Public Service Electric and Gas Company	Philadelphia Electric Company	Atlantic City Electric Company	Delmarva Power & Light Company	<u>Total</u>
Net Income	\$ 505 285	\$ 556 299	\$ 61 839	\$ 81 777	\$1 205 200
Less Dividends Paid	<u>445 798</u>	<u>528 815</u>	<u>55 190</u>	<u>71 942</u>	<u>1 101 745</u>
Retained in Business	\$ <u>59 487</u>	\$ <u>27 484</u>	\$ <u>6 649</u>	\$ <u>9 835</u>	\$ <u>103 455</u>
Adjustments:					
Unrecovered Revenue	\$ -	\$(181 962)	\$ -	\$ -	\$ (181 962)
Levelized Energy Clause - Net	-	-	(19 707)	-	(19 707)
Depreciation	429 402	258 703	51 944	62 819	802 868
Amortization and Other	(38 726)	(9 781)	(11 822)	9 980	(50 349)
Deferred Income Taxes and Investment Tax Credits	158 890	196 112	19 286	27 720	402 008
SFAS 90 Effect	(15 011)	-	-	-	(15 011)
Allowance for Funds Used During Construction	<u>(59 329)</u>	<u>(118 004)</u>	<u>(3 734)</u>	<u>(3 277)</u>	<u>(184 344)</u>
Total Adjustments	\$ <u>475 226</u>	\$ <u>145 068</u>	\$ <u>35 967</u>	\$ <u>97 242</u>	\$ <u>753 503</u>
Internal Cash Flow	\$ <u>534 713</u>	\$ <u>172 552</u>	\$ <u>42 616</u>	\$ <u>107 077</u>	\$ <u>856 958</u>
Average Quarterly Cash Flow	\$ <u>133 678</u>	\$ <u>43 138</u>	\$ <u>10 654</u>	\$ <u>26 769</u>	\$ <u>214 239</u>
Nuclear Generating Stations Percentage of Ownership					
Salem 1	42.59%	42.59%	7.41%	7.41%	100%
Salem 2	42.59%	42.59%	7.41%	7.41%	100%
Hope Creek 1	95.00%	-	5.00%	-	100%
Maximum Contingent Liability (Severally and not Jointly)	\$ <u>18 018</u>	\$ <u>8 518</u>	\$ <u>1 982</u>	\$ <u>1 482</u>	\$ <u>30 000</u>

PHILADELPHIA ELECTRIC COMPANY SYSTEM  
 Projected Internal Cash Flow Statement  
 For Year 1987 - Compared to 1986 Actual  
 (Thousands of Dollars)

	<u>Projected- 1987</u>	<u>Actual - 1986</u>	<u>Explanation of Significant Variations (1)</u>
Net Income	\$556,299	\$566,323	
Less: Dividends Paid	<u>528,815</u>	<u>494,916</u>	
Retained in Business	<u>\$ 27,484</u>	<u>\$ 71,407</u>	
Adjustments:			
Unrecovered Revenue	\$(181,962)	\$(112,472)	Full year of revenue phase-in plan.
Depreciation	258,703	217,723	Limerick #1 in service for full year.
Deferred Income Taxes and Investment Tax Credits	196,112	162,062	Increase due to Deferred Fuel.
Allowance for Other Funds Used During Construction	(118,004)	(157,980)	Limerick #1 in service for full year.
Nuclear Fuel - Limerick	36,928	77,232	Scheduled refueling for Limerick #1 in 1987.
Amortization and Other	<u>(46,709)</u>	<u>195,925</u>	Decrease in Deferred Fuel.
Total Adjustments	<u>\$145,068</u>	<u>\$382,490</u>	
Internal Cash Flow	<u>\$172,552</u>	<u>\$453,897</u>	
Average Quarterly Cash Flow	<u>\$ 43,138</u>	<u>\$113,474</u>	

(1) Significant variation equals \$10 million and 10%.

The Company has sufficient cash flow to ensure that its respective premiums would be available for payment.

Certified by:



M. W. Rimerman  
 Vice President

Finance and Accounting

Date Feb. 12, 1987

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

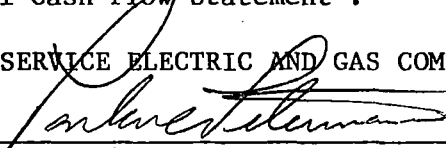
Projected Internal Cash Flow Statement  
For Year 1987 - Compared to 1986 Actual  
(Thousands of Dollars)

	<u>Actual-1986</u>	<u>Projected-1987</u>	<u>Explanation of Significant Variations</u>
Net Income	\$ 428 283	\$ 505 285	Rate relief, lower interest charges.
Less Dividends Paid	<u>453 932</u>	<u>445 798</u>	Reacquisition of Preferred Stock, conversion of \$1.40 Dividend Preference Common.
Retained in Business	\$ (25 649)	\$ 59 487	
<b>Adjustments:</b>			
Depreciation and Nuclear Fuel Burnup	\$ 320 461	\$ 429 402	Principally in-service of Hope Creek No. 1.
Amortization and Other	74 833	(38 726)	Temporary cessation of amortization of Hope Creek No. 2 cancellation. Will resume in 1988.
Deferred Income Taxes and Investment Tax Credits	59 922	158 890	Lower Deferred Fuel Recovery offset by lower Investment Tax Credits.
Statement of Financial Accounting Standards No. 90 - Regulated Enterprises - Accounting for Abandonments and Disallowances of Plant Costs (SFAS 90)	183 826	(15 011)	The Company preadopted SFAS 90. Figures represent the effect of SFAS 90 on the direct and indirect disallowances for Hope Creek in 1986, and the accretion to income of the discount in 1987.
Allowance for Funds Used During Construction	<u>(241 317)</u>	<u>(59 329)</u>	Principally in-service of Hope Creek No. 1
Total Adjustments	<u>\$ 397 725</u>	<u>\$ 475 226</u>	
Internal Cash Flow	<u>\$ 372 076</u>	<u>\$ 534 713</u>	
Average Quarterly Cash Flow	<u>\$ 93 019</u>	<u>\$ 133 678</u>	

As indicated by this statement, the Average Quarterly Cash Flow fully covers the maximum contingent liability of Public Service Electric and Gas Company which amounts to \$18,018,000 as shown on the Summary Sheet "Projected Internal Cash Flow Statement".

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BY

  
Parker C. Peterman

DATE

3/10/87

ATLANTIC CITY ELECTRIC COMPANY  
 PROJECTED INTERNAL CASH FLOW STATEMENT  
 FOR YEAR 1987 - COMPARED TO 1986 ACTUAL  
 (Thousands of Dollars)

	Actual 1986	Projected 1987	Explanation of Significant Variations
Net Income	\$ 69,550	\$ 61,839	
Less Dividends	53,227	55,190	
Retained in Business	<u>16,323</u>	<u>6,649</u>	
Major Adjustments:			
Depreciation and Amortization	42,515	51,944	In-service of Hope Creek Nuclear Generating Station.
Levelized Energy Clause - Net	8,711	(19,707)	Actual represents the net increase in the continuing deferral of excess fuel related revenues collected. Projected represents the giveback of previously deferred revenues and the excess of fuel dollars spent over that collected.
Deferred Income Taxes and Investment Tax Credits	36,769	19,286	Actual includes the deferred tax effects on costs associated with reacquired debt, and Projected reflects the TRA '86 repeal of ITC.
Unrecovered Purchased Power Costs Allowance for Funds Used	(15,700)	(16,910)	
During Construction	(17,020)	(3,734)	In-service of Hope Creek.
Other	14,179	5,088	Primarily net changes in working capital items.
Total Adjustments	<u>69,454</u>	<u>35,967</u>	
	<u>\$ 85,777</u>	<u>\$ 42,616</u>	
 Average Quarterly Cash Flow	 <u>\$ 21,444</u>	 <u>\$ 10,654</u>	
 Nuclear Generating Station Percentage Ownership			
Salem Unit #1		7.41%	
Salem Unit #2		7.41%	
Hope Creek #1		5.00%	
 Maximum Contingent Liability (Severally and not Jointly)		 \$ 1,982	

As indicated by this statement, the Average Quarterly Cash Flow fully covers the maximum contingent liability of Atlantic City Electric Company which amounts to \$1,982,000 as shown above.

ATLANTIC CITY ELECTRIC COMPANY

By J. E. Cooper  
 L. E. Cooper, Vice President - Control

Date 2-26-87

DELMARVA POWER & LIGHT COMPANY

Projected Internal Cash Flow Statement  
For Year 1987 Compared to 1986 Actual  
(Thousands of Dollars)

	<u>Actual - 1986</u>	<u>Projected - 1987</u>	<u>Explanation of Significant Variations</u>
Net Income	\$ 96,123	\$ 81,777	Note 1
Less Dividends Paid	<u>68,979</u>	<u>71,942</u>	Note 2
Retained in Business	<u>27,144</u>	<u>9,835</u>	
Adjustments:			
Depreciation	\$ 64,657	\$62,819	
Amortization and Other	(11,871)	9,980	Note 3
Deferred Income Taxes and Investment Tax Credits	53,579	27,720	Note 4
Allowance for Funds Used During Construction	<u>(3,518)</u>	<u>(3,277)</u>	
Total Adjustments	<u>102,847</u>	<u>97,242</u>	
Internal Cash Flow	<u>\$129,991*</u>	<u>\$107,077</u>	
Average Quarterly Cash Flow	\$ 32,498	\$ 26,769	

The Company has sufficient cash flow to insure that its respective premiums would be available for payment.

\*Per annual report \$157,176. The difference of \$27,185 is due to a different format that was used in annual report, which reflected various working capital items.

By DRM:W  
D. R. McDowell

Date 2/27/87

EXPLANATIONS OF SIGNIFICANT VARIATIONS

- NOTE 1 Net income is expected to decrease due to the full year impact of rate decreases effective in the second half of 1986, higher regular operating expenses, and lower comparative non-regulated income than the previous year.
- NOTE 2 Delmarva increased the annualized common stock dividend rate from \$2.02 to \$2.12 in December 1986. No additional common shares and no additional preferred shares, except possibly for refinancing purposes, are expected to be issued in 1987.
- NOTE 3 Amortization and Other will increase due to the final amortization of the credit in all jurisdictions except Virginia related to the sale of contracts for a nuclear steam supply system.
- NOTE 4 Deferred taxes and ITC, net, are expected to decrease due to the effects of the 1986 Tax Reform Act and lower deferred taxes and ITC associated with non-regulated income.