

Public Service  
Electric and Gas  
Company

**Steven E. Miltenberger**

Public Service Electric and Gas Company P.O. Box 236, Hancocks Bridge, NJ 08038 609-339-1100

Vice President and Chief Nuclear Officer

NLR-N91062

APR 15 1991

United States Nuclear Regulatory Commission  
Document Control Desk  
Washington, DC 20555

Gentlemen:

GUARANTEED RETROSPECTIVE PREMIUMS  
FOLLOWING NUCLEAR ACCIDENT  
SALEM AND HOPE CREEK GENERATING STATIONS  
DOCKET NOS. 50-272, 50-311 AND 50-354  
FACILITY OPERATING LICENSE NOS. DPR-70, 75 AND NPF-57

Pursuant to the 1975 Amendments to the Price-Anderson Act (Public Law 94-197), the owners of Salem Generating Station, Units Nos. 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. 1990 Stockholders' Annual Report of each owner.
2. Summary of Owners' 1991 Projected Internal Cash Flow Statements supported by individual certified Internal Cash Flow Statements showing 1990 Actual and 1991 Projected with Explanation of Significant Variations.

Similar documents will be filed by Philadelphia Electric Company for the owners of the Peach Bottom Atomic Power Station, Unit Nos. 2 and 3.

Sincerely,



Enclosures

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C Mr. J. C. Stone  
Licensing Project Manager - Salem

Mr. Stephen Dembek  
Project Manager - Hope Creek

Mr. T. Johnson  
Senior Resident Inspector

Mr. T. Martin, Administrator  
Region I

Mr. Kent Tosch, Chief  
New Jersey Department of Environmental Protection  
Division of Environmental Quality  
Bureau of Nuclear Engineering  
CN 415  
Trenton, NJ 08625

Mr. R. Wood, Financial Analyst  
Office of State Programs

PSE&G Co-Owners

JOINT OWNERSHIP OF NUCLEAR GENERATING STATIONS  
 (SALEM AND HOPE CREEK)  
 Projected Internal Cash Flow Statement  
 For the Year 1991  
 (Thousands of Dollars)

	<u>Public Service Electric and Gas Company</u>	<u>Philadelphia Electric Company</u>	<u>Atlantic City Electric Company</u>	<u>Delmarva Power &amp; Light Company</u>	<u>Total</u>
Net Income	\$505,491	\$469,772	\$ 97,022	\$78,284	\$1,150,569
Less Dividends Paid	<u>500,262</u>	<u>327,852</u>	<u>83,464</u>	<u>85,397</u>	<u>996,975</u>
Retained in Business	<u>5,229</u>	<u>141,920</u>	<u>13,558</u>	<u>(7,113)</u>	<u>153,594</u>
Adjustments:					
Unrecovered Purchased Power Costs			(12,938)		(12,938)
Deferred Revenue		123,791			123,791
Levelized Energy Clause - Net Depreciation	477,126	386,738	1,388 68,934	86,304	1,019,102
Early Retirement Plan		(36,000)			(36,000)
Amortization and Other	75,453	(1,829)	(21,125)	2,436	54,935
Deferred Income Taxes and Investment Tax Credits	49,966	102,181	9,927	4,251	166,325
SFAS 92 Effect		(7,055)			(7,055)
SFAS 90 Effect	(6,788)				(6,788)
Nuclear Fuel-Limerick Allowance for Funds Used During Construction	<u>(36,658)</u>	<u>(7,739)</u>	<u>(5,735)</u>	<u>(9,308)</u>	<u>(59,440)</u>
Total Adjustments	<u>\$559,099</u>	<u>\$635,085</u>	<u>\$ 40,451</u>	<u>\$83,683</u>	<u>\$1,318,318</u>
Internal Cash Flow	<u>\$564,328</u>	<u>\$777,005</u>	<u>\$ 54,009</u>	<u>\$76,570</u>	<u>\$1,471,912</u>
Average Quarterly Cash Flow	<u>\$141,082</u>	<u>\$194,251</u>	<u>\$ 13,502</u>	<u>\$19,143</u>	<u>\$ 367,978</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>

PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
 (SALEM AND HOPE CREEK)  
 Projected Internal Cash Flow Statement  
 For Year 1991 - Compared to 1990 Actual  
 (Thousands of Dollars)

	<u>Actual-1990</u>	<u>Projected</u>	<u>Explanation of Significant Variations</u>
Net Income	\$537 619	\$505 491	
Less Dividends Paid	<u>532 512</u>	<u>500 262</u>	
Retained in Business	<u>\$ 5 107</u>	<u>\$ 5 229</u>	
Adjustments:			
Depreciation	\$474 431	\$477 126	
Amortization of Nuclear Fuel	89 031	75 453	Anticipated additional outages
Deferred Income Taxes and Investment Tax Credits	54 483	49 966	Primarily Deferred Taxes on Cost of Removal and Amortization of Rate Differential
Statement of Financial Accounting Standards No. 90 - Regulated Enterprises - Accounting for Abandonments and Disallowance of Plant Costs (SFAS 90)	(7 716)	(6 788)	Accretion to Income of the discount related to Hope Creek and various abandonments
Allowance for Funds Used During Construction	<u>(34 220)</u>	<u>(36 658)</u>	Increased construction expenditures
Total Adjustments	<u>\$576 009</u>	<u>\$559 099</u>	
Internal Cash Flow	<u>\$581 116</u>	<u>\$564 328</u>	
Average Quarterly Cash Flow	<u><u>\$145 279</u></u>	<u><u>\$141 082</u></u>	

As indicated by this statement, the Average Quarterly Cash Flow covers the maximum contingent liability of Public Service Electric and Gas Company, as defined by the Nuclear Regulatory Commission, which amounts to \$18,018,000 as shown on the Summary Sheet "Projected Internal Cash Flow Statement". The presentation of this statement is consistent with that of prior years' filings.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BY

*Richard E. Hallert*

DATE

*4/11/91*

PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
 (PEACH BOTTOM)  
 Projected Internal Cash Flow Statement  
 For Year 1991 - Compared to 1990 Actual  
 (Thousands of Dollars)

	<u>Actual-1990</u>	<u>Projected</u>	<u>Explanation of Significant Variations</u>
Net Income	\$537 619	\$505 491	
Less Dividends Paid	<u>532 512</u>	<u>500 262</u>	
Retained in Business	<u>\$ 5 107</u>	<u>\$ 5 229</u>	
Adjustments:			
Depreciation	\$474 431	\$477 126	
Amortization of Nuclear Fuel	89 031	75 453	Anticipated additional outages
Deferred Income Taxes and Investment Tax Credits	54 483	49 966	Primarily Deferred Taxes on Cost of Removal and Amortization of Rate Differential
Statement of Financial Accounting Standards No. 90 - Regulated Enterprises - Accounting for Abandonments and Disallowance of Plant Costs (SFAS 90)	(7 716)	(6 788)	Accretion to Income of the discount related to Hope Creek and various abandonments
Allowance for Funds Used During Construction	<u>(34 220)</u>	<u>(36 658)</u>	Increased construction expenditures
Total Adjustments	<u>\$576 009</u>	<u>\$559 099</u>	
Internal Cash Flow	<u>\$581 116</u>	<u>\$564 328</u>	
Average Quarterly Cash Flow	<u><u>\$145 279</u></u>	<u><u>\$141 082</u></u>	

As indicated by this statement, the Average Quarterly Cash Flow covers the maximum contingent liability of Public Service Electric and Gas Company, as defined by the Nuclear Regulatory Commission, which amounts to \$8,498,000 as shown on the Summary Sheet "Projected Internal Cash Flow Statement". The presentation of this statement is consistent with that of prior years' filings.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BY

Richard D. Hallatt

DATE

4/11/91

**PHILADELPHIA ELECTRIC COMPANY SYSTEM**

**Projected Internal Cash Flow Statement**

**For Year 1991 - Compared to 1990 Actual**

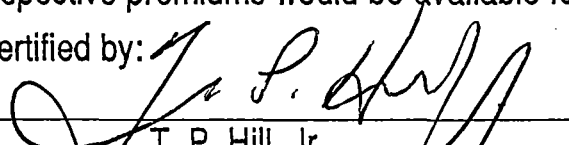
(Thousands of Dollars)

	<u>Actual - 1990</u>	<u>Projected - 1991</u>	<u>Explanation of Significant Variations</u> <sup>(1)</sup>
Net Income	\$214,190	\$469,772	
Less: Dividends Paid	398,192	327,852	
Retained in Business	<u>\$(184,002)</u>	<u>\$141,920</u>	
<u>Adjustments:</u>			
Deferred Revenue	\$ 57,345	\$ 123,791	Increase in cash associated with Limerick rate increase phase-in plans.
Early Retirement Plan	211,380	(36,000)	Costs (net of cash payments) reflected in 1990.
Cumulative Effect of			Estimated cash payments in 1991.
Accounting Change	\$(108,413)	-	Reflects adoption of unbilled revenue.
Adjustment to Limerick			
Plant Costs	263,860	-	Write-off resulting from Penn. Public Utility
			Comm. disallowances in Limerick No. 2 rate case.
Depreciation	341,529	386,738	Full year of Limerick No. 2 in service.
Deferred Income Taxes			
and Investment Tax Credits	(52,221)	102,181	Decrease in 1990 primarily due to aforementioned
			write-offs. Increase in 1991 due to additional
Allowance for Other Funds			phase-in revenue and elimination of 1990 write-offs.
Used During Construction	23,086	(7,739)	Construction completed on Limerick No. 2.
Nuclear Fuel - Limerick	99,450	74,998	Limerick No. 2 in service.
Statement of Financial			
Accounting Standards No. 92	(15,325)	(7,055)	
Amortization and Other	44,603	(1,829)	Change in Deferred Fuel Expense.
Total Adjustments	<u>\$865,294</u>	<u>\$635,085</u>	
Internal Cash Flow	<u>\$681,292</u>	<u>\$777,005</u>	
Average Quarterly Cash Flow	<u>\$170,323</u>	<u>\$194,251</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:

  
 T. P. Hill, Jr.  
 Vice President and Controller

Date March 20, 1991

ATLANTIC CITY ELECTRIC COMPANY  
PROJECTED INTERNAL CASH FLOW STATEMENT  
FOR YEAR 1991 - COMPARED TO 1990 ACTUAL  
(Thousands of Dollars)

	<u>Actual 1990</u>	<u>Projected 1991</u>	<u>Explanation of Significant Variations</u>
Net Income	\$ 80,176	\$ 97,022	Projected includes an increase in KWH sales offset in part by an increase in net energy and other purchased power costs.
Less Dividends Retained in Business	<u>77,884</u> <u>2,292</u>	<u>83,464</u> <u>13,558</u>	Projected reflects effects of a new issuance of preferred stock.
Major Adjustments:			
Depreciation and Amortization	62,141	68,934	
Levelized Energy Clause - Net	20,136	1,388	Projected reversal of previously accrued overrecovered fuel costs.
Deferred Income Taxes and Investment Tax Credits	4,360	9,927	Change associated with reversal of overrecovered fuel costs.
Unrecovered Purchased Power Costs Allowance for Funds Used During Construction	(21,840)	(12,938)	Projected is lower due to turnaround of costs previously deferred.
Other	(3,953)	(5,735)	
Total Adjustments	<u>11,822</u> <u>72,666</u> <u>\$ 74,958</u>	<u>(21,125)</u> <u>40,451</u> <u>\$ 54,009</u>	Primarily net changes in working capital items.
Average Quarterly Cash Flow	<u>\$ 18,740</u>	<u>\$ 13,502</u>	
Near 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.

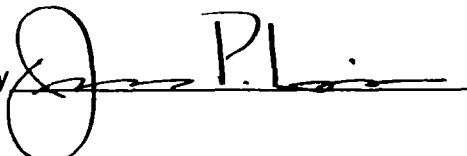
ATLANTIC CITY ELECTRIC COMPANY

By *L. E. Cooper* Date 2-25-91  
L. E. Cooper, Vice President - Control

DELMARVA POWER & LIGHT COMPANY  
PROJECTED INTERNAL CASH FLOW STATEMENT  
FOR YEAR 1991 COMPARED TO 1990 ACTUAL  
(\$000's)

	<u>Actual - 1990</u>	<u>Projected - 1991</u>	Explanation of Significant Variations
Net Income	\$ 37,311	\$ 78,284	Note 1
Less Dividends Paid	<u>81,905</u>	<u>85,397</u>	Note 2
Retained in Business	<u>(44,594)</u>	<u>(7,113)</u>	
Adjustments:			
Write-off of Joint Venture Investments	62,534	0	
Equity in Net Loss of Joint Ventures	12,772	0	
Depreciation	82,439	86,304	
Amortization and Other	322	2,436	
Deferred Income Taxes and Investment Tax Credits	(3,327)	4,251	Note 3
Allowance for Funds Used During Construction	<u>(5,844)</u>	<u>(9,308)</u>	Note 4
Total Adjustments	<u>148,896</u>	<u>83,683</u>	
Internal Cash Flow	<u>\$104,302</u>	<u>\$ 76,570</u>	
Average Quarterly Cash Flow	\$ 26,076	\$ 19,143	

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

By 

Date February 25, 1990



Delmarva Power & Light Company  
Variance Explanations

Note 1

1990 net income was reduced by \$42.5 million due to a write-off of subsidiary joint venture investments. After excluding the effect of this write-off, net income is expected to decrease due to higher expected operation, maintenance, and depreciation expenses.

Note 2

During 1991, additional common shares are projected to be issued through a public offering and the Company's dividend reinvestment and common stock purchase plan.

Note 3

1990 deferred taxes were reduced by \$20.0 million due to the write-off of subsidiary joint venture investments. Excluding the effect of the 1990 subsidiary write-off, deferred taxes and ITC are expected to decrease due to lower tax closings, higher deferred fuel expense, and lower tax depreciation from subsidiary operations in 1991.

Note 4

AFUDC is expected to increase from 1990 to 1991 due to higher construction work-in-progress balances.