

Public Service
Electric and Gas
Company

Leon R. Ellason
Chief Nuclear Officer & President
Nuclear Business Unit

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

APR 12 1995
LR-N95053

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

Gentlemen:

**GUARANTEED RETROSPECTIVE PREMIUMS
FOLLOWING A NUCLEAR ACCIDENT
SALEM AND HOPE CREEK GENERATING STATIONS
DOCKET NOS. 50-272, 50-311 & 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, Unit Nos. 1 and 2, and the Hope Creek Generating Station submit the following statements and supporting documents to satisfy guarantee requirements as provided under Alternative No. 5:

1. 1994 Stockholders' Annual Report of each owner.
2. Individual certified Internal Cash Flow Statements showing 1994 Actual and 1995 Projected with Explanation of Significant Variations.

Sincerely,



Enclosures (8)

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C All w/o 1994 Stockholders' Annual Reports (unless indicated)

Mr. T. T. Martin, Administrator - Region I
U. S. Nuclear Regulatory Commission
475 Allendale Road
King of Prussia, PA 19406

Mr. David H. Moran
Licensing Project Manager - Hope Creek
U. S. Nuclear Regulatory Commission

Mr. Leonard N. Olshan
Licensing Project Manager - Salem
U. S. Nuclear Regulatory Commission

USNRC Resident Inspector Office (S09)
(with 1994 Stockholders' Annual Reports)

Mr. K. Tosch, Manager IV
N.J. Department of Environmental Protection

Ms. Pamela J. Curham
Manager - Joint Generation
Atlantic Electric Company
P.O. Box 1264
Pleasantville, NJ 08232

Ms. Robbie Kankus
Nuclear Strategic Support
PECO Energy Company, 63-C-5
965 Chesterbrook Blvd.
Wayne, PA 19087-5691

Mr. Carl D. Schafer
Manager - External Operations
Delmarva Power & Light Company
800 King Street
P.O. Box 231
Wilmington, DE 19899

Mr. Robert Wood
U. S. Nuclear Regulatory Commission
One White Flint North
11555 Rockville Pike
Mail Stop 12E4
Rockville, MD 20852



PUBLIC SERVICE ELECTRIC AND GAS COMPANY
(Salem and Hope Creek)
Projected Internal Cash Flow Statement
For Year 1995 Compared to 1994 Actual
(Thousands of Dollars)

	<u>Actual - 1994</u>	<u>Projected</u>	<u>Explanation of Significant Variations</u>
Net Income	\$659,406	\$630,194	
Less: Dividends Paid	<u>545,767</u>	<u>533,850</u>	
Retained in Business	<u>\$113,639</u>	<u>\$ 96,344</u>	
Adjustments:			
Depreciation	\$547,032	\$561,869	
Amortization of Nuclear Fuel	95,173	100,649	Anticipated additional outages.
Deferred Income Taxes and Investment Tax Credits	34,788	66,396	Primarily Deferred Taxes on Liberalized Depreciation and Company Owned Life Insurance.
Statement of Financial Accounting Standards No. 90 - Regulated Enterprises - Accounting for Abandonments and Disallowance of Plant Costs (SFAS 90)			
	\$ (4,213)	\$ (3,685)	Accretion to Income related to various abandonments.
Allowance for Funds Used During Construction	\$(38,108)	\$(23,544)	Reduced construction expenditures.
Total Adjustments	<u>\$634,672</u>	<u>\$701,685</u>	
Internal Cash Flow	<u>\$748,311</u>	<u>\$798,029</u>	
Average Quarterly Cash Flow	<u>\$187,078</u>	<u>\$199,507</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. The presentation of this statement is consistent with that of prior years' filings.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BY: Patricia A. Rado
Patricia A. Rado
Vice President and Controller

DATE: 3/29/95

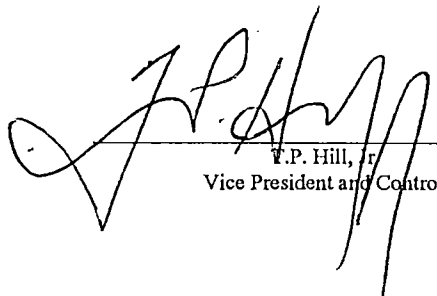
PECO ENERGY COMPANY SYSTEM
 Projected Internal Cash Flow Statement
 For Year 1995 - Compared to 1994 Actual
 (Thousands of Dollars)

	Actual 1994	Projected 1995	(1)
			<u>Explanation of Significant Variations</u>
Net Income	\$426,713	\$622,375	Actual reflects charges for Voluntary Retirement and Separation programs.
Less: Dividends Paid	377,883	388,974	
Retained in Business	<u>48,830</u>	<u>233,401</u>	
Adjustments:			
Depreciation	421,845	434,692	
Deferred Income Taxes and Investment Tax Credits	(35,368)	81,626	Increase in Income Taxes due principally to AMT credits.
Allowance for Other Funds Used During Construction	(10,180)	(10,500)	
Early Retirement and Separation Programs	254,106	0	Actual reflects charges for Voluntary Retirement and Separation programs.
Nuclear Fuel - Limerick Statement of Financial Accounting Standards No. 92	75,580 (1,544)	60,215 (1,576)	Decreased average unit cost of fuel.
Amortization and Other	<u>(33,957)</u>	<u>(13,455)</u>	Change in Deferred Fuel Expense.
Total Adjustments	<u>670,482</u>	<u>551,002</u>	
Internal Cash Flow	<u>\$719,312</u>	<u>\$784,403</u>	
Average Quarterly Cash Flow	<u>\$179,828</u>	<u>\$196,101</u>	

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

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

Certified by:



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

Date: 4-5-95

ATLANTIC CITY ELECTRIC COMPANY
PROJECTED INTERNAL CASH FLOW STATEMENT
FOR YEAR 1995 - COMPARED TO 1994 ACTUAL
(Thousands of Dollars)

	<u>Actual 1994</u>	<u>Projected 1995</u>	<u>Explanation of Significant Variations</u>
Net Income	\$ 93,174	\$111,619	Actual reflects special charge for employee separation programs.
Less Dividends	<u>100,198</u>	<u>95,826</u>	Projected reflects effects of common stock repurchase program.
Retained in Business	<u>(7,024)</u>	<u>15,793</u>	
Major Adjustments:			
Depreciation and Amortization	73,344	78,568	Largely due to recently completed scrubber projects.
Levelized Energy Clause - Net	(3,819)	7,519	Projected reflects increased rates to recover deferred costs.
Deferred Income Taxes and Investment Tax Credits	6,116	(4,022)	Reflective of the differences between book and tax income recognition.
Unrecovered Purchased Power Costs	14,920	17,272	
Allowance for Funds Used During Construction	(6,406)	(3,168)	
State Excise Tax	(37,029)	9,560	Actual reflects final installment for additional gross receipts and franchise tax payment required by state law that was deferred, whereas projected reflects the amortization of deferred amounts.
Employee Separation Costs	26,600	-	Actual reflects special charge for employee separation programs.
Other	<u>(17,971)</u>	<u>(22,749)</u>	Primarily changes in working capital components.
Total Adjustments	<u>\$ 48,731</u>	<u>\$ 98,773</u>	
Average Quarterly Cash Flow	<u>\$ 12,183</u>	<u>\$ 24,693</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	

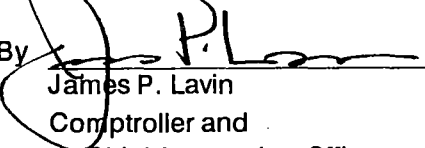
As indicated by this statement, the Average Quarterly Cash Flow fully covers the maximum contingent liability of Atlantic City Electric Company which amounts to \$1,982,000 as shown above.

By: Frank F. Frankowski Date 3/22/95
Frank F. Frankowski
V.P. - Controller & Assistant Treasurer

Delmarva Power & Light Company
Projected Internal Cash Flow Statement
For Year 1995 Compared to 1994 Actual
(\$000)

	1994 Actual	1995 Projected	Explanation of Significant Variances
Net Income	\$108,310	\$116,777	In 1994, an early retirement option offered to employees decreased net income by \$10.7 million.
Common & Preferred Dividends Paid	(100,639)	(102,492)	
Retained in Business	7,671	14,285	
Adjustments:			
Depreciation	109,523	111,152	In 1994, deferred tax expense was reduced by the early retirement offer.
Deferred Income Taxes and Investment Tax Credits	2,931	7,515	
Allowance for Funds Used During Construction	(5,163)	(3,973)	An early retirement offer is not planned for 1995.
Provision for early retirement offer	17,500	0	
Other non-cash expense (income)	(3,282)	(2,654)	
Total Adjustments	121,509	112,040	
Internal Cash Flow	\$129,180	\$126,325	
Average Quarterly Cash Flow	\$32,295	\$31,581	

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

By 
James P. Lavin
Comptroller and
Chief Accounting Officer

Date February 28, 1995