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Public Service Electric and Gas Company P.O. Box 236 Hancocks Bridge, New Jersey 08038-0236

Nuclear Business Unit

APR 14 1999

LR-N99168

United States Nuclear Regulatory Commission
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Washington, DC 20555

**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**

Gentlemen:

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 10CFR140.21(e):

1. 1998 Stockholders' Annual Report of each owner.
2. Individual certified Internal Cash Flow Statements showing 1998 Actual and 1999 Projected with Explanation of Significant Variations.

Should you have any questions regarding this request, we will be pleased to discuss them with you.

Sincerely,

David R. Powell
Director -
Licensing/Regulation & Fuels

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Enclosures (8)

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The power is in your hands.

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C All w/o 1998 Stockholders' Annual Reports

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

Mr. R. Ennis
Licensing Project Manager - Hope Creek
U. S. Nuclear Regulatory Commission
One White Flint North
Mail Stop 14E21
11555 Rockville Pike
Rockville, MD 20852

Mr. P. Milano
Licensing Project Manager - Salem
U. S. Nuclear Regulatory Commission
One White Flint North
Mail Stop 14E21
11555 Rockville Pike
Rockville, MD 20852

USNRC Resident Inspector Office (X24)

Mr. K. Tosch, Manager IV
Bureau of Nuclear Engineering
P. O. Box 415
Trenton, NJ 08625

Mr. Ira Dinitz
U. S. Nuclear Regulatory Commission
Mail Stop 11F10
Washington, DC 20555

JPP

BC All w/o 1998 Stockholder's Annual Reports

Senior Vice President - Nuclear Operations (X04)
Senior Vice President - Nuclear Engineering (N19)
General Manager - Hope Creek Operations (HO7)
General Manager - Salem Operations (S05)
Director - QA/NT/EP (X01)
Director - Licensing/Regulation and Fuels (N21)
Manager - Financial Control & Co-Owner Affairs (N07)
Program Manager - Nuclear Review Board (N38)
J. Keenan, Esq. (N21)
Leslie Sorkin (Newark, T9C)
NBU RM (N64)
Microfilm Copy
File Nos. 1.2.1, 2.9

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

Mr. Carter Kresge
External Operations
DP&L/AE
P.O. Box 6066
Newark, DE 19714-6066

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
 (Salem and Cape Creek)
Projected Internal Cash Flow Statement
For Year 1999 Compared to 1998 Actual
 (Millions of Dollars)

	<u>1998</u> <u>Actual</u>	<u>1999</u> <u>Projected</u>	<u>Explanation of Significant Variations</u>
Net Income	\$ 604	\$ 514 *	Primarily due to higher operation and maintenance expenses expected in 1999. These increased expenses are due to planned nuclear refueling outages in 1999, increased information technology expenses related to Energy Master Plan implementation and Year 2000 remediation, and higher OPEB costs.
Less: Dividends Paid	<u>513</u>	<u>486</u>	Lower funding requirements of parent related to lower shares of common stock outstanding due to parent's common stock repurchases in 1998.
Retained in Business	<u>91</u>	<u>28</u>	
Adjustments:			
Depreciation and Amortization	658	643	
Amortization of Nuclear Fuel	94	63	Less nuclear fuel will be consumed in 1999 due to scheduled nuclear refueling outages in 1999.
Deferred Income Taxes and Investment Tax Credits	14	(26)	Primarily due to a decrease in the tax deductible pension costs in 1999 as compared to 1998.
Statement of Financial Accounting Standards No. 90 - Regulated Enterprises - Accounting for Abandonments and Disallowance of Plant Costs (SFAS 90)	(2)	(2)	
Allowance for Funds Used During Construction	<u>(12)</u>	<u>(13)</u>	
Total Adjustments	<u>752</u>	<u>665</u>	
Internal Cash Flow	\$ <u>843</u>	\$ <u>693</u>	
Average Quarterly Cash Flow	\$ <u>211</u>	\$ <u>173</u>	

* 1999 Projected Net Income does not include any potential writedown related to the application of SFAS 121 (Accounting for the Impairment of Long-Lived Assets) due to deregulation. Any such writedown would not have any impact on the operational cash flow of the Company.

As indicated by this statement, the Average Quarterly Cash Flow covers the maximum contingent liability, which amounts to \$18.0 million annually, of Public Service Electric and Gas Company as defined under the Price Anderson Act. 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: 4/8/99

Delmarva Power & Light Company
Projected Internal Cash Flow Statement
For Year 1999 Compared to 1998 Actual
(\$000)

	1999 Projected	Actual	Explanation of Significant Variances
Net Income	\$127,841	\$112,410	1998 weather was milder than normal
Common & Preferred Dividends Paid	(101,560)	(99,212)	
Retained in Business	26,281	13,198	
Adjustments:			
Depreciation	127,727	131,945	
Deferred Income Taxes	5,792	5,796	
Investment Tax Credits	(2,488)	(2,560)	
Allowance for Funds Used 'During Construction	(5,031)	(4,153)	
Gain on Sale of Assets	0	(1,549)	Cash received from 1998 sale is reflected as an investing activity
Other non-cash expense (income)	(53,868)	(42,027)	Primarily reflects changes in working capital components
Total Adjustments	72,132	87,452	
Internal Cash Flow	\$98,413	\$100,650	
Average Quarterly Cash Flow	\$24,603	\$25,163	

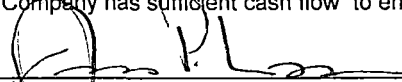
The Company has sufficient cash flow to ensure that its respective premiums would be available for payment.

By  Date April 6, 1999
James P. Lavin
Comptroller and
Chief Accounting Officer

Atlantic City Electric Company
 Projected Internal Cash Flow Statement
 For the Year 1999 Compared to 1998 Actual
 (\$000)

	1999 Projected	Actual	Explanation of Significant Variances
Net Income	\$ 82,871	\$ 30,276	1997 actual reduced by one-time merger expenses.
Common & Preferred Dividends Paid	(83,340)	(84,886)	
Retained in Business	(469)	(54,610)	
Adjustments:			
Depreciation	118,192	117,285	Projected reflects decreased rates for the recovery of deferred costs.
Levelized Energy Clause - (net)	18,594	43,001	
Deferred Income Taxes	(5,404)	(37,915)	Reflects lesser recovery of deferred LEC costs as noted above and actual reflects merger related credits.
Investment Tax Credits	(2,536)	(1,901)	
Unrecovered State Excise Tax	9,560	9,560	
Allowance for Funds Used			
During Construction	(2,220)	(1,550)	
Impairment Loss on Assets Held for Sale	-	18,000	One-time item for merger-related projected loss on sale of assets.
Other Non-Cash Expense (Income)	(20,609)	65,861	Primarily reflects changes in working capital components & actual reflects non-cash merger charges.
Total Adjustments	115,577	212,341	
Internal Cash Flow	\$ 115,108	\$ 157,731	
Average Quarterly Cash Flow	\$ 28,777	\$ 39,433	

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

By: 
 James P. Lavin
 Controller and Chief Accounting Officer

Date April 6, 1999

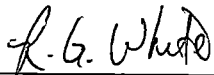
PECO ENERGY COMPANY
Projected Internal Cash Flow Statement
For Year 1999 Compared to 1998 Actual
(Thousands of Dollars)

	Actual 1998	Projected 1999	Explanation of Significant Variations ⁽¹⁾
Net Income	532,378	655,919	1998 net income before extraordinary item loss of \$19,654
Less: Dividends Paid	236,307	237,793	
Retention in Business	<u>296,071</u>	<u>418,126</u>	
Adjustments:			
Depreciation	620,957	189,853	Reflects impact of 1999 write-off which includes \$475M of electric generation assets reclassified as regulatory asset to be amortized.
Deferred Income Taxes and Investment Tax Credits	(115,640)	(24,000)	Increased deferred generation charges recoverable.
Allowance for Other Funds Used During Construction	(2,024)	(1,800)	
Nuclear Fuel - Limerick	80,645	78,933	
Deferred Fuel Expense	7,909	3,277	
Total Adjustments	<u>591,847</u>	<u>246,263</u>	
Internal Cash Flow	<u>887,918</u>	<u>664,389</u>	
Average Quarterly Cash Flow	<u>221,980</u>	<u>166,097</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:



Date:

4/12/99

Richard G. White

Vice President, Corporate Planning