

POOR ORIGINAL



PENNSYLVANIA POWER COMPANY

1 EAST WASHINGTON STREET NEW CASTLE, PA. 16103 • 412-652-5531

M. L. WILSON
TREASURER

March 28, 1979

U. S. Nuclear Regulatory Commission
Washington, DC 20555

Attention: Mr. Jerome Saltzman, Chief
Antitrust and Indemnity Group, Nuclear Reactor Regulation

Subject: Docket No. 50-334 - Beaver Valley Power Station Unit No. 1

Gentlemen:

Pursuant to our election of alternative No. 5, regarding the Price-Anderson Act retrospective premium system guarantee requirements, and the applicable requirement for annual submittals pertaining to the requirements, you will find enclosed:

1. A copy of our 1978 Annual Report to Stockholders which includes financial statements certified by our independent public accountants;
2. A copy of our earnings statement for the quarter ended December 31, 1978; and
3. A one-year internal cash flow projection for 1979, and the actual cash flow for 1978. This statement indicated that \$1,750,000, our portion of the \$10 million retrospective premiums for the unit in question, would be available for the payment of such premiums.

With respect to item No. 4 of alternative No. 5, please be advised that the cash flow projection indicates that no capital expenditure curtailment would have to take place in order to make the retrospective premium available for payment.

Because Pennsylvania Power Company is currently paying an indemnity fee which is greater than \$1,000, it is our understanding that payment of the \$1,000 minimum annual indemnity fee is not necessary, as the guarantee of payment of deferred premiums for its operating reactors.

Very truly yours,

M. L. Wilson

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Enclosures

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PENNSYLVANIA POWER COMPANY
Income Statement for 3 Months Ended December 31, 1978
(Dollars in Thousands)
(See Note 1)

Operating Revenues	\$35,905
Operation and Maintenance Expenses	21,925
Provision for Depreciation	3,033
Taxes - General	2,093
- Federal Income	(5)
- State Income	20
- Federal and State Income Taxes Deferred - Net	744
- Investment Tax Credit - Net	607
Operating Income	<u>7,488</u>
Other Income and Deductions:	
Allowance for Other Funds Used During Construction	1,501
Miscellaneous, Less Applicable Income Taxes - Net	7
Total	<u>1,508</u>
Total Income	8,996
Interest and Other Charges:	
Interest on Long-Term Debt	4,013
Amortization of Debt Discount, Premium and Expense - Net	29
Other Interest Expense	609
Allowance for Borrowed Funds Used During Construction - Credit	(856)
Net Income (Before Preferred Stock Dividend Requirements)	<u>5,201</u>
Preferred Stock Dividend Requirements	1,165
Net Income for Common Stock	<u>\$ 4,036</u>
Shares of Common Stock Outstanding - Average During Period	3,810,000

NOTE: (1) This statement is on the basis of interim figures and is subject to audit and adjustments.

PENNSYLVANIA POWER COMPANY

1979 Internal Cash Flow Projection
for Beaver Valley Power Station Unit No. 1
(Dollars in Thousands)

	<u>Prior Year</u> <u>Actual Total</u>	<u>Projection</u> <u>Year Total</u>
Net Income After Taxes	\$10,327	\$14,200
Less: Dividends Paid	<u>5,452</u>	<u>8,300</u>
Retained Earnings	4,875	5,900
Adjustments:		
Depreciation and Amortization	11,887	13,800
Deferred Income Taxes and Investment Tax Credits	1,893	5,500
Allowance for Funds Used During Construction	<u>(4,592)</u>	<u>(8,300)</u>
Total Adjustments	<u>9,188</u>	<u>11,000</u>
Internal Cash Flow	<u>\$14,063</u>	<u>\$16,900</u>
Average Quarterly Cash Flow	<u>\$ 3,516</u>	<u>\$ 4,225</u>
Percentage Ownership in Nuclear Unit		17.5%
Maximum Total Contingent Liability		\$1,750

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