

PHILADELPHIA ELECTRIC COMPANY

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May 15, 1980

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Mr. Jerome Saltzman, Chief
Antitrust and Indemnity Group
Nuclear Reactor Regulation
United States Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Saltzman:

Re: Peach Bottom Atomic Power Station Units 1, 2, and 3
Docket Nos. 50-171, 50-277, and 50-278

In accordance with Section 140.21 of the Commission's Regulations and my letters of July 29, 1977, and February 8, 1978, there are transmitted, herewith, on behalf of the co-owners of the Peach Bottom facility as evidence of guarantee of payment of deferred premiums the following documents:

1. Philadelphia Electric Company's, Public Service Electric and Gas Company's, Delmarva Power and Light Company's, and Atlantic City Electric Company's Annual Reports for 1979, including for each an annual certified financial statement for the year January 1, 1979, through December 31, 1979.

2. Philadelphia Electric Company's, Public Service Electric and Gas Company's, Delmarva Power and Light Company's, and Atlantic City Electric Company's 1980 Internal Cash Flow Statements, and a Station Owners' Summary of the Cash Flow Statements. The Cash Flow Statements indicate that it would not be necessary to curtail projected capital expenditures to assure that retrospective premiums would be available for payment.

Two copies of each of the documents are enclosed.

Very truly yours,

Eugene J. Bradley

Enclosures

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THIS DOCUMENT CONTAINS
POOR QUALITY PAGES

Station Owner's Summary
 1980 Projected Internal Cash Flow Statement
 Peach Bottom Atomic Power Station
 (Thousands of Dollars)

	Public Service Electric and Gas Company	Philadelphia Electric Company	Atlantic City Electric Company	Delmarva Power & Light Company	Total
Net Income	\$221,946	\$220,622	\$35,078	\$55,200	\$532,846
Less Dividends Paid	<u>219,745</u>	<u>207,567</u>	<u>28,836</u>	<u>46,100</u>	<u>502,248</u>
Retained in Business	<u>2,201</u>	<u>13,055</u>	<u>6,242</u>	<u>9,100</u>	<u>30,598</u>
Adjustments:					
Levelized Energy Clause (LEC)	-	-	16,103	-	16,103
Depreciation	172,748	124,033	25,836	38,300	360,917
Amortization and Other	50,140	(18,661)	3,382	1,700	36,561
Deferred Revenue Taxes on LEC	-	-	7,589	-	7,589
Deferred Income Taxes and Investment Tax Credits	100,007	43,028	4,510	13,700	161,245
Allowance for Funds Used During Construction	<u>(82,441)</u>	<u>(54,550)</u>	<u>(7,316)</u>	<u>(16,700)</u>	<u>(161,007)</u>
Total Adjustments	<u>\$240,454</u>	<u>\$23,850</u>	<u>\$50,104</u>	<u>\$37,000</u>	<u>\$421,408</u>
Internal Cash Flow	<u>\$242,655</u>	<u>\$106,905</u>	<u>\$56,346</u>	<u>\$46,100</u>	<u>\$452,006</u>
Percentage of Ownership					
Peach Bottom #2	42.49%	42.49%	7.51%	7.51%	100%
Peach Bottom #3	42.49	42.49	7.51	7.51	100
Maximum Contingent Liability (Severally and Not Jointly)	<u>\$ 8,498</u>	<u>\$ 8,498</u>	<u>\$ 1,502</u>	<u>\$ 1,502</u>	<u>\$ 20,000</u>

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

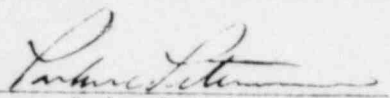
Projected Internal Cash Flow Statement
For Year 1980 - Compared to 1979 Actual
(Thousands of Dollars)

	Actual-1979	Projected-1980*	Explanation of Significant Variations
Net Income	\$ 233 329	\$ 221 946	
Less Dividends Paid	190 981	219 745	Additional Preferred and Common Shares.
Retained in Business	42 348	2 201	
Adjustments:			
Underrecovered Electric Energy Costs	(119 985)	-	Deferral of 1979 underrecoveries to be recovered starting in 1980.
Depreciation	165 658	172 748	Salem No. 2 Going Into Service.
Amortization and Other	25 349	50 140	Amortization of Nuclear Fuel at Higher Burnup Rate, Atlantic Write-off.
Deferred Income Taxes and Investment Tax Credits	109 606	100 007	1980 Budget Includes Tax Effects of Atlantic Project Abandonment.
Allowance for Funds Used During Construction	(56 593)	(82 441)	
Total Adjustments	124 035	240 454	
Internal Cash Flow	\$ 166 383	\$ 242 655	
Average Quarterly Cash Flow	\$ 41 596	\$ 60 664	

*Does not reflect rate relief granted effective April 17, 1980 nor recoupment of underrecovered electric energy costs.

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 \$8,498,000 as shown on the Summary Sheet "Projected Internal Cash Flow Statement".

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

By 
Parker C. Peterman
Vice President and Comptroller

Date May 12, 1980

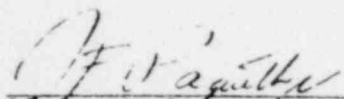
Philadelphia Electric Company System
 Projected Internal Cash Flow Statement
 For Year 1980 - Compared to 1979 Actual
 (Thousands of Dollars)

	Actual-1979	Projected-1980	<u>Explanation of Significant Variations (1)</u>
Net Income	\$194,471	\$220,622	Higher Base Rates Effective in 1980
Less: Dividends Paid	<u>189,757</u>	<u>207,567</u>	
Retained in Business	<u>4,714</u>	<u>13,055</u>	
Adjustments:			
Depreciation	120,608	124,033	
Amortization and Other	(76,827)	(31,272)	Reduction in Deferred Fuel
Nuclear Spent Fuel Storage	-	8,773	
Decommissioning Expense	-	3,838	
Deferred Income Taxes and Investment Tax Credits	41,835	43,028	
Allowance for Other Funds Used During Construction	<u>(46,008)</u>	<u>(54,550)</u>	
Total Adjustments	<u>39,608</u>	<u>93,850</u>	
Internal Cash Flow	<u>\$ 44,322</u>	<u>\$106,905</u>	
Average Quarterly Cash Flow	<u>\$ 11,080</u>	<u>\$ 26,726</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:



 J.F. Faquette, Jr.,
 Vice President
 Finance and Accounting

Date May 5, 1980

ATLANTIC CITY ELECTRIC COMPANY
Projected Internal Cash Flow Statement
For Year 1980 - Compared to 1979 Actual
(Thousands of Dollars)

	<u>Actual - 1979</u>	<u>Projected - 1980</u>	<u>Explanation of Significant Variations</u>
Net Income	\$ 34,307	\$ 35,078	
Less Dividends Paid	<u>26,858</u>	<u>28,836</u>	Reflects increased shares of Common Stock.
Retained in Business	<u>7,449</u>	<u>6,242</u>	
Adjustments:			
Levelized Energy Clause (LEC)	(23,893)	16,103	Reflects the deferral of LEC underrecovery in 1979 and the subsequent amortization of same in 1980.
Depreciation	22,590	25,836	Reflects Salem No. 2 in service in 1980.
Amortization and Other	870	3,382	Reflects increased nuclear fuel amortization in 1980.
Deferred Revenue Taxes on LEC	925	7,589	Reflects increase in LEC billing factor from .0322¢/kwh to 1.1019¢/kwh and the related increase in deferred revenue taxes.
Deferred Income Taxes and Investment Tax Credits	19,436	4,510	Reflects the amortization of 1979 deferred taxes on LEC and increased deferred revenue tax on LEC revenue.
Allowance for Funds Used During Construction	<u>(6,278)</u>	<u>(7,316)</u>	
Total Adjustments	<u>13,650</u>	<u>50,104</u>	
Internal Cash Flow	<u>\$ 21,099</u>	<u>\$ 56,346</u>	
Average Quarterly Cash Flow	<u>\$ 5,275</u>	<u>\$ 14,086</u>	
Nuclear Generating Station Percentage Ownership			
Peach Bottom			
Unit No. 2		7.51%	
Unit No. 3		<u>7.51%</u>	
Maximum Contingent Liability (Severally and not Jointly)		<u>\$ 1,502</u>	

As indicated by this statement, the average quarterly cash flow fully covers the maximum contingent liability of Atlantic Electric which amounts to \$1,502,000 as shown on the summary sheet (Projected Internal Cash Flow Statement).

ATLANTIC CITY ELECTRIC COMPANY

By J. G. Salomone
Vice President - Control

Date _____

DELMARVA POWER & LIGHT COMPANY

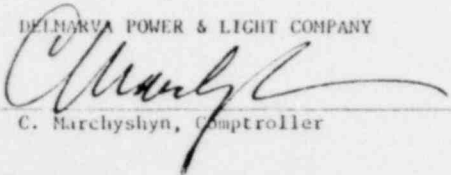
Projected Internal Cash Flow Statement
For Year 1980 Compared to 1979 Actual
(Thousands of Dollars)

	Actual - 1979	Projected - 1980	Explanation of Significant Variations
Net Income	\$53,376	\$55,200	Note 1
Less Dividends Paid	<u>42,174</u>	<u>46,100</u>	Note 2
Retained in Business	<u>\$11,202</u>	<u>\$ 9,100</u>	
Adjustments:			
Depreciation	33,866	38,300	Note 3
Amortization and Other	596	1,700	Note 4
Deferred Income Taxes and Investment Tax Credits	24,759	13,700	Note 5
Allowance for Funds Used During Construc- tion	<u>(16,988)</u>	<u>(16,700)</u>	
Total Adjustments	<u>42,233</u>	<u>37,000</u>	
Internal Cash Flow	<u>\$53,435</u>	<u>\$46,100</u>	
Average Quarterly Cash Flow	<u>\$13,359</u>	<u>\$11,525</u>	

As indicated by this statement, the Average Quarterly Cash Flow fully covers the maximum contingent liability of Delmarva Power & Light Company which amounts to \$741,000 as shown on the Summary sheet "Projected Internal Cash Flow Statement."

DELMARVA POWER & LIGHT COMPANY

BY


C. Marchyshyn, Comptroller

Date: May 9, 1980

EXPLANATION OF SIGNIFICANT VARIATIONS

- NOTE 1 Net income increased due to higher rates in effect in the Delaware, Maryland, Virginia & FERC jurisdictions.
- NOTE 2 Delmarva increased the annualized dividend rate from \$1.38 to \$1.48 on December 28, 1979. The Company issued \$24.2 million in Common Stock on June 1, 1979. Also included in the projected 1980 amount is a \$30 million Preferred Stock issue and a Common Stock issue of 1,000,000 shares in November 1980 and 440,000 shares through the Dividend Reinvestment Plan.
- NOTE 3 Depreciation increased due to the addition of Indian River #4, a 400 MW coal unit, to plant in-service and the completion of the Northern Division Operations Center.
- NOTE 4 Nuclear Fuel amortization increased due to the unavailability of Salem I in 1979 vs. increased operational status in 1980.
- NOTE 5 Deferred taxes decreased primarily due to the projected recovery of deferred fuel in 1980.



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1979
Annual
Report



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1879-1979



CENTRAL RECORDS DEPARTMENT



About the Cover
Thomas A. Edison's invention of the first practical incandescent lamp on October 21, 1879, is depicted artistically to dramatize his historic accomplishment. The electric utility industry, as well as countless others, owe their existence to his genius. The 100th anniversary of his invention was observed during 1979 by the "Centennial of Light." The centennial not only honored Edison for his contributions to mankind, but also sought to stimulate interest in science and technology as a means of renewing the nation's technical leadership.

Symbol of the
Centennial of Light
1879-1979

1979 Annual Report

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About the Company

Public Service Electric and Gas Company, New Jersey's largest utility, serves about 5.5 million people, more than three-fourths of the state's population. The Company's service area stretches across the state's industrial corridor from the New York state line on the north to below Camden on the south. The territory, a center of transportation, contains a well-balanced mixture of industrial, commercial and residential development. Included in the area are New Jersey's six largest cities and nearly 300 smaller suburban and rural communities.

Annual Meeting

Please note that the Annual Meeting of Stockholders of the Company will be held at the Robert Treat Hall, 50 Park Plaza, Newark, New Jersey, on Tuesday, April 16, 1980, at 2:00 P.M. A summary of the meeting will be sent to stockholders at a later date.

Financial and Statistical Review

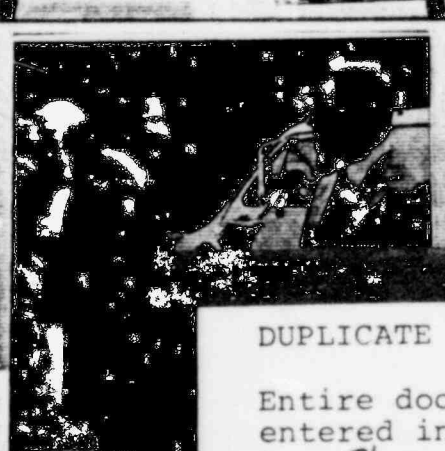
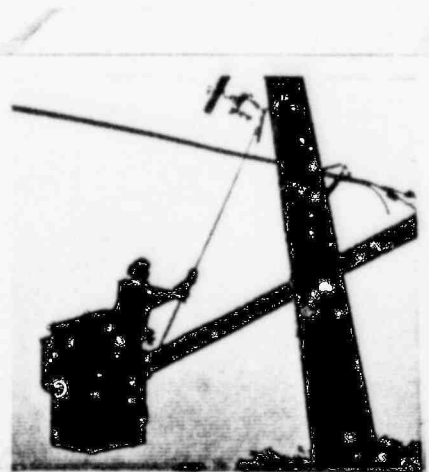
A comprehensive statistical supplement to this report, containing financial and operating data for the years 1969-1979, will be available this Spring. If you wish to receive a copy, please write to the Vice President and Treasurer, Public Service Electric and Gas Company, P.O. Box 570, Newark, NJ 07101.

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Philadelphia Electric Company



Annual Report 1979



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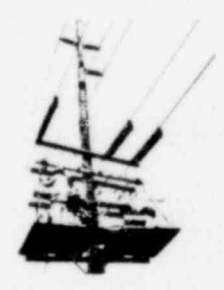
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1979 Annual Report



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1979 Annual Report
DELMARVA POWER & LIGHT COMPANY



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Service territory

The Delmarva Peninsula is our home. As depicted on the cover, we supply much of the energy for the people living, working, and playing on 5,700 square miles of both urban and rural land stretching from the industrialized Wilmington area in the Northeast Corridor to the farmland of Delaware, Maryland, and Virginia and surrounded by the beauty of the Atlantic Ocean and the Chesapeake Bay.

Business

Our 2,500 employees supply electricity to 272,000 customers on most of the peninsula and natural gas to 72,000 customers around Wilmington. Corporate goals are to provide safe, reliable electric and gas service to all customers at the lowest possible cost and impact on the environment, to generate attractive earnings to stockholders, and to satisfy the needs of our employees.

Facilities

We supply electricity with 2,047 megawatts of generation capacity, 1,300 miles of transmission lines and 8,400 miles of distribution lines. We supply natural gas to the Wilmington area with 1,000 miles of gas main.

Cover Illustration by C. Phillip Wikoff, Corporate Communications Department.

