

GPU System

Financial Forecast Reflecting
Revised Estimate of
TMI-2 Clean-Up and
Recovery

Presented to the
NRC Staff

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Introduction

To the Readers of this Planning Forecast:

The following planning document was prepared as a result of the recent review of the costs to clean-up and restore to service TMI Unit 2. Our objective in this study was to obtain a view of the GPU System which would size the magnitude of the ratemaking and financing challenge it presented. To do this we assumed a level of construction that was consistent with the need to serve the customer, i.e., we included Penelec constructing a 60% ownership of Seward-7 coal station, Jersey Central constructing the Ontario Hydro/Lake Erie transmission tie, converting its Sayreville units to coal and building the 500KV transmission system in southern New Jersey. This is, we believe, a construction program of significant size.

On the other hand, as to ratemaking we chose to assume a very modest expectation from our Commissions. We assumed only the ratemaking we have experienced since the accident. An earned return on rate base equity not materially different from that of other New Jersey and Pennsylvania electrics; no return on, or expenses allowed for, the TMI units when they are not operating and no current recognition of the cost of clean-up or restoration of TMI-2 to the extent that cost exceeded insurance recoveries. It is important to understand that this is not the ratemaking we want or expect to be faced with. We believe the Commissions will understand the need for more realistic ratemaking. In our view, the New Jersey BPU Interim Order for Jersey

Central has already done so. By assuming this minimal ratemaking in combination with a substantial construction program, however, it was possible to focus upon just how much of the clean-up and restoration cost could be absorbed by the GPU Companies through internal sources of funds and external financings. As the following material details, within reasonable financial parameters, the GPU System could not fund the entire TMI-2 clean-up and restoration with the minimal rate relief in the base case and the heavy construction program (see p. 1-20).

With the base case forecast as a standard of measure, we looked at two alternative scenarios of rate relief in order to deal with the "unfunded" TMI-2 costs that resulted from the base case forecast assumptions. In one case (p. 21-23) we provided current revenues from our customers and in the other alternative (p. 24-32) we provide income producing revenues such that the GPU Companies can finance the unfunded TMI-2 costs.

In many ways the result of a financial forecast such as this one is only a reflection of the input assumptions. The "unfunded" TMI-2 costs in the base case are only unfunded because the base case reflects a particular set of ratemaking, construction and financing assumptions. As the two alternatives demonstrate, it only requires small changes in our base case ratemaking assumptions in order to "fund" the unfunded costs of the base case.

Because we believe it is in all of the parties interest to achieve a better understanding of GPU's financial posture, we have elected to present our forecast in this base case and alternative manner.

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Base Case Forecast

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Alternative Forecast with Ratemaking
to Deal with the Unfunded TMI-2 Costs

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General Public Utilities
1980-1989 Forecast

Major Assumptions

I. Costs and Construction

- | | |
|---|--|
| Inflation | - 1980: 10%
1981 & thereafter: 8.5% annually |
| Sales | - Reduced from Original 1980 Budget to reflect the 1980/1981 recession |
| | - Growth rates: |
| | . 1980/1979: no growth |
| | . Thereafter: 3% annually |
| Nuclear Unit Availability | - Oyster Creek operates normally
TMI-1 returns 7/1/81
TMI-2 returns during 1986 |
| Construction | - Summary follows. Schedule of construction is Appendix A. System load and capacity charts are Appendix B. |
| Energy Costs | - #2 oil escalates to \$39 per barrel at year-end 1980, escalates 20% in 1981 and 12% annually thereafter (Graph of oil prices is Appendix C). |
| TMI-2 Clean-Up, Restoration and Insurance | - Summary and schedules follow. |

GPU System
Construction Forecast
Summary

. Total Construction

Expenditures increase from \$320-\$330 million range in 1980-81 to \$450 million range in 1982-83 and \$600 million range in mid-1980's. By the end of the period, annual construction expenditures rise to \$1 billion.

. New Generation

Forked River nuclear project is abandoned. Jersey Central's Sayreville units are converted to coal at a cost of \$100 million with half of that provided by the Federal government. Penelec constructs for a 60% share of Seward-7 coal unit to go in service in 1987. Two additional coal units and a large pumped storage unit are constructed in late 1980 period.

. Transmission

Jersey Central constructs Ontario Hydro tie at a cost of \$250 million and completes the LDV 500 KV system at a cost of \$200 million.

. Load Management

Expenditures of \$75 million in 1981 through 1983. Additionally, \$25 million of expense is included in the same time period.

GPU SYSTEMSummary of TMI-2 Clean-up and Restoration

- . Forecast provides for funding by GPU of \$695 million from 1979 through 1986 which includes \$300 million of insurance recoveries, a deferred clean-up expense account of \$220 million, \$92 million which has been charged to expense and \$83 million for a replacement fuel core.

- . Forecast does not provide for additional costs of \$455 million. This amount is in excess of the financing capability of the System given the assumed level of ratemaking (which is discussed subsequently and which, in summary, does not reflect TMI costs when those units are not in service). It is assumed that such funds will be made available from some other source or, e.g., additional charges to customers, government or industry assistance or litigation recoveries.

- . Continued ability to defer costs in excess of insurance recoveries is assumed with that deferral totalling \$220 million in 1984. If those dollars had to be expensed due to an indication that they would not eventually be recovered, and were not offset by higher revenues, ability to market securities in 1980 through 1984 would be substantially impaired.

- . Timing of GPU funding is such as to provide essentially all of its funds from 1979 to 1984 when greatest expenditures are for clean-up. Unprovided funding begins in 1981 and continues until the plant returns to service.

GENERAL PUBLIC UTILITIES
Revised Estimate of TMI-2 Clean-Up and Restoration
(\$ Million)

I. <u>Funding of Costs</u>	<u>1979-1986</u>								
- Funded through assumed rate making in Base Forecast (Includes clean-up costs, restoration costs, O&M costs charged to expense and a replacement nuclear fuel core. \$300 of this is from insurance.)	\$ 695								
- Not in Base Forecast	<u>455</u>								
Total	<u>\$1150</u>								
II. <u>Timing of Funding</u>									
	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>Total</u>
- Clean-up and Restoration	\$ 95	\$ 90	\$ 130	\$ 150	\$ 180	\$ 155	\$ 135	\$ 40	\$ 975
- O&M Costs Charged to Expense	7	10	15	15	15	15	15	-	92
- Replacement Nuclear Fuel Core (with AFC)	<u>6</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>53</u>	<u>18</u>	<u>-</u>	<u>83</u>
Total	<u>\$ 108</u>	<u>\$ 103</u>	<u>\$ 146</u>	<u>\$ 166</u>	<u>\$ 196</u>	<u>\$ 223</u>	<u>\$ 168</u>	<u>\$ 40</u>	<u>\$ 1150</u>
III. <u>Allocation and Timing of Funding</u>									
- Funded in Base Forecast									
. Outlays Net of Insurance	\$ 25	\$ 4	\$ 35	\$ 31	\$ 60	\$ 65	\$ -	\$ -	\$ 220
. Insurance Recovery	70	86	55	59	30	-	-	-	300
Total	<u>\$ 95</u>	<u>\$ 90</u>	<u>\$ 90</u>	<u>\$ 90</u>	<u>\$ 90</u>	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 520</u>
. O&M Costs Charged to Expense	7	10	15	15	15	15	15	-	92
. Replacement Nuclear Fuel Core	<u>6</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>53</u>	<u>18</u>	<u>-</u>	<u>83</u>
Total	<u>\$ 108</u>	<u>\$ 103</u>	<u>\$ 106</u>	<u>\$ 106</u>	<u>\$ 106</u>	<u>\$ 133</u>	<u>\$ 33</u>	<u>\$ -</u>	<u>\$ 695</u>
- To be Funded by Others	<u>-</u>	<u>-</u>	<u>40</u>	<u>60</u>	<u>90</u>	<u>90</u>	<u>135</u>	<u>40</u>	<u>455</u>
Total TMI-2 Costs	<u>\$ 108</u>	<u>\$ 103</u>	<u>\$ 146</u>	<u>\$ 166</u>	<u>\$ 196</u>	<u>\$ 223</u>	<u>\$ 168</u>	<u>\$ 40</u>	<u>\$ 1150</u>

GPU SYSTEMII. Ratemaking AssumptionsSummary of Ratemaking Assumptions

- . Base forecast, for both energy cost and base rates, is intended to reflect the ratemaking which has been experienced since the TMI accident. In major outline, this eliminates any allowance for the TMI units when they are not in service, provides no customer revenues to assist in the clean-up and does not change the allowed or earned return on common equity to reflect higher risks.

- . Energy Cost
Ratemaking keeps energy cost current.

- . Base Rates
Ratemaking provides revenues sufficient to produce a 12.5% to 13% return on common equity on rate base other than TMI investment or expenses while TMI units are not operating. When TMI-1 returns to service, that investment and operating expenses are recognized. When TMI-2 returns to service, that investment and operating expenses, including amortization of, but no return on, deferred clean-up expense are recognized. Forked River amortization is allowed in Jersey Central's rates but the unamortized investment is not allowed in rate base.

- . Customer Cost
From mid-1980 to year-end 1983, cost to customers increases at a compound annual rate of 8.8% for Jersey Central, 1.3% for Met-Ed and 7.5% for Penelec. From mid-1980 to 1989, cost to customers increases at a compound annual rate of 4.5% for Jersey Central, 4.0% for Met-Ed and 6.8% for Penelec relative to an assumed general price inflation rate of 8%.

GENERAL PUBLIC UTILITIES
Assumptions for Base Revenue Increases
(\$ Millions)

	Last allowed ROE on "Recognized" Rate Base Investments*	TMI-1 Base Rates	Amortization Revenues for the Forked River Investment	To Provide for a 12.5% Earned ROE on "Recognized" Rate Base Investments*	
				1982	1983
<u>Base Revenue Increases</u>					
<u>Jersey Central</u>					
- Annual Award	\$15	**	\$51	\$10	\$90***
- Effective Date	January	July	July	January	January
<u>Met-Ed</u>					
- Annual Award	\$25	\$27	-	\$15	\$10
- Effective Date	January	July	-	January	January
<u>Penelec</u>					
- Annual Award	\$30	\$12	-	\$13	\$33
- Effective Date	January	July	-	January	January

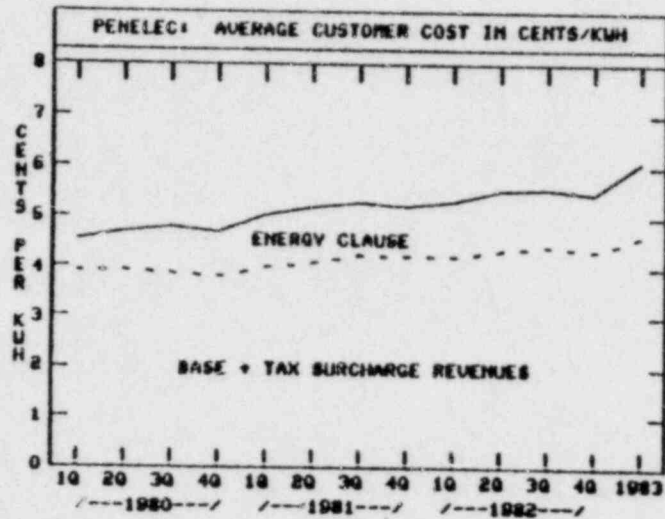
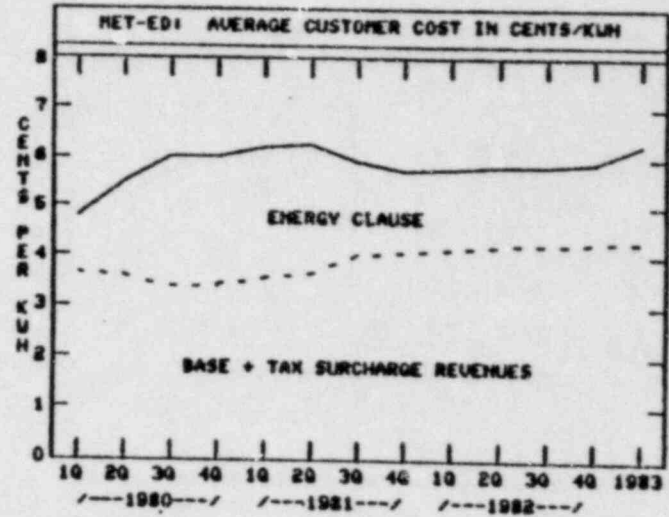
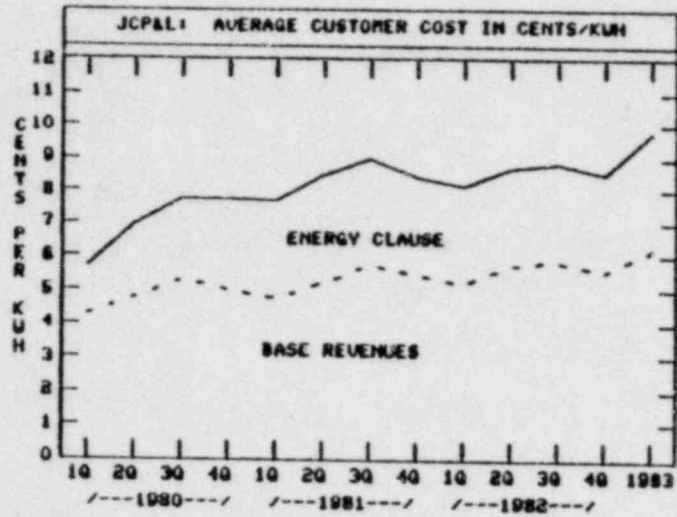
*Excludes all capital and operating costs associated with the following investments:
- TMI-1 (until 7/1/81)
- TMI-2
- Deferred TMI clean-up costs
- Unamortized Forked River Investment

**Amortization of TMI-1 base revenues against JCP&L's deferred energy balance will cease on 7/1/81.

***Attributable to increased expenses (O&M, Reserve Capacity) and increased equity ratio.

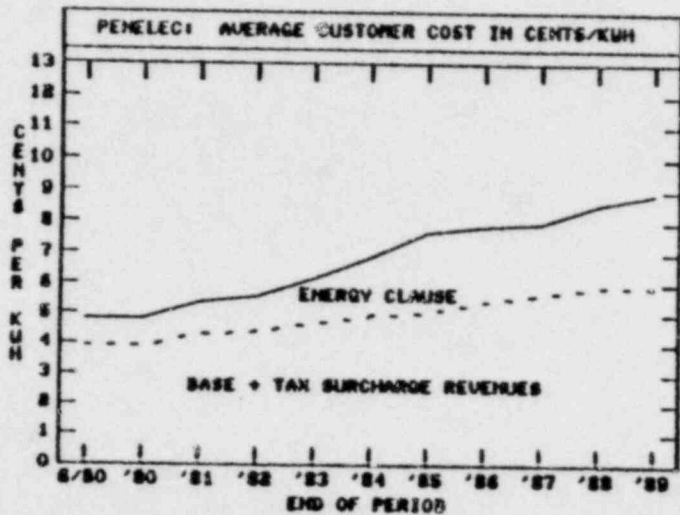
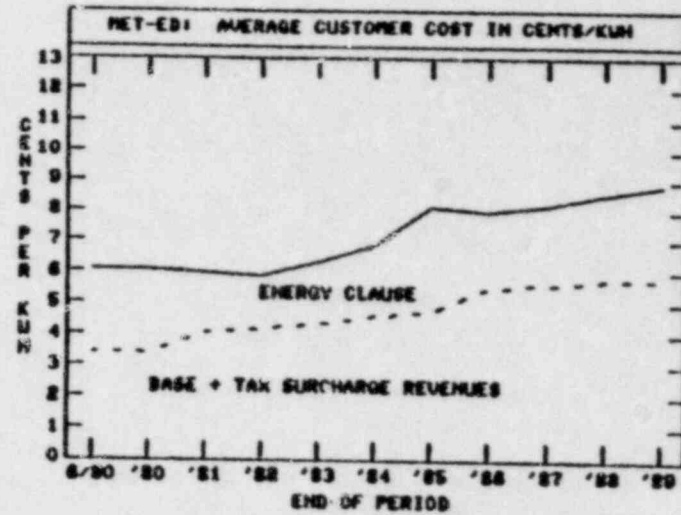
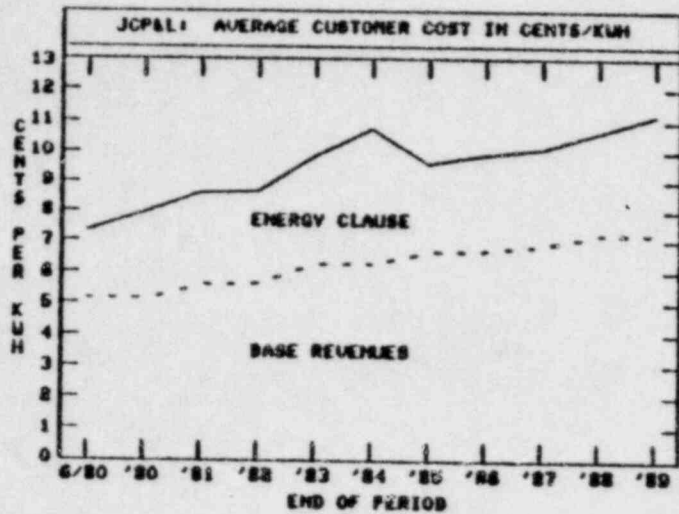
GENERAL PUBLIC UTILITIES
Energy Clause Assumptions - PUC
(\$ Millions)

	JCP&L		Met-Ed		Penelec	
	LEAC (Mills/kwh)	Annualized Increase	LEAC (Mills/kwh)	Annualized Increase	LEAC (Mills/kwh)	Annualized Increase
Current	21.9	-	26.5	-	9.0	-
<u>1980</u>						
September	27.6	\$72	-	-	-	-
<u>1981</u>						
January	-	-	-	-	10.5	\$16
March	33.5	\$77	-	-	-	-
July	-	-	19.4	\$(56)	-	-
September	29.8	\$(49)	-	-	-	-
<u>1982</u>						
January	-	-	16.4	\$(25)	11.4	\$10
<u>1983</u>						
January	35.7	\$83	19.3	\$25	14.8	\$39



Compound Annual Growth Rate
Mid-1980 to EOY 1983

JCP&L	8.8%
Met-Ed	1.3%
Penelec	7.5%



Compound Annual Growth Rate

	Mid-1980 to EOY 1983	EOY 1983 to EOY 1989	Mid-1980 to EOY 1989
JCP&L	8.8%	2.2%	4.5%
Met-Ed	1.3%	5.6%	4.0%
Penelec	7.5%	6.4%	6.8%

GPU SystemIII. Financing Assumptions

- Capitalization - Sales of bonds assumed possible at minimum coverage.
- Cost of Capital - Assumed rates on new capital:
- | | |
|-----------------|-----|
| Bond | 14% |
| Short-Term Debt | 13% |
| Preferred Stock | 15% |
- Short-Term Debt - GPU System maintains its RCA credit limit of \$292 million. Met-Ed exceeds its sublimit of \$105 million by \$20 million in 1981 and \$32 million in 1982.
- GPU Common Stock - No new shares issued except for small TRAESOP issues in 1984 and 1985.
- GPU Dividend Policy - For financial forecasting purposes, it is assumed that the Company will restore a cash dividend late in 1982 when System and Corporate bank debt has been substantially reduced. After TMI-1 has been restored to service but before TMI-2 has been restored, dividend payout is about 1/3 of earnings. With both TMI units in service, dividend is about 1/2 of earnings.
- Subsidiary Dividends -
to GPU
- 1980: Only PN pays its earnings to GPU.
- 1981-1986: Only PN and JC pay earnings to GPU.
- 1986: All operating companies pay earnings to GPU.
- Capital Contributions-
to Subsidiaries
- 1980-1981: None except for retained earnings of subsidiaries.
- 1982 on: As needed to support capital requirements.

GPU SYSTEMIV. Summary of Financial ForecastReturn on Common Equity

When TMI-1 has returned to service and rate base, return on common equity peaks at 6% to 7%. Earnings per share are then at about \$1.60 rising to \$2.00. Prior to the return of TMI-1, earnings per share will not exceed \$1.00 and return on common equity will not exceed 4%. When TMI-2 returns to service, earnings per share are about \$3.00 and return on common equity at about 11% to 11.5%.

Securities to be Issued

The System must issue \$900 million of bonds prior to the return of TMI-2 to service of which \$200 million are Met-Ed, \$350 million are Jersey Central and \$350 million are Penelec.

Short-Term Debt

Need for bank credit stays at about \$150 million for the System throughout this period with Met-Ed needing \$100 million of this. Met-Ed exceeds its present limit of \$105 million on two occasions. Bank loans do not decline below \$100 million until TMI-2 returns to service.

Equity Ratio

System total equity is at 45% with 36% as common and 9% as preferred. The common equity of Penelec declines with that company nearing its legal minimum of 30%.

Capital Not Earning a Return

At the end of 1985, just prior to the return of TMI-2 to service, the System has \$1.1 billion of unearning capital. This consists of Forked River (\$162 million), TMI-2 investment (\$660 million) and TMI-2 clean-up (\$260 million).

Coverage

Bond coverage remains low in Met-Ed and Penelec but improves in Jersey Central. No operating company has coverage to issue preferred stock until TMI-2 returns to service.

GP³ CONSOLIDATED
Source & Application of Funds
1980-1989
(\$ Millions)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Annualized Base Rate Increases	60	\$ 160	\$ 38	\$ 161	\$ 46	\$ 92	\$ 128	\$ 59	\$ 101	\$ 7
Application of Funds:										
Construction	\$ 254	\$ 323	\$ 418	\$ 471	\$ 633	\$ 545	\$ 641	\$ 644	\$ 719	\$1011
Contract Retentions	63	5	-	-	-	-	-	-	-	-
Refinancings	30	43	59	114	103	105	44	49	57	42
Dividend	-	-	16	40	43	47	78	90	105	111
Clean-up Costs, Net	4	36	31	60	63	-	-	-	-	-
Total	\$ 351	\$ 407	\$ 524	\$ 685	\$ 842	\$ 697	\$ 763	\$ 783	\$ 881	\$1164
Source of Funds:										
Deferred Energy	\$ (10)	\$ 131	\$ (12)	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Other Internal Sources	218	292	422	486	497	491	656	653	712	780
Long-Term Debt	13	85	130	175	300	215	130	110	160	285
Preferred Stock	-	-	-	-	-	-	-	60	100	110
Common Equity - TRAESOP	-	-	-	-	7	7	-	-	-	-
Short-Term Debt	69	(101)	(16)	22	36	(18)	(25)	(42)	(46)	(60)
Temporary Investments	61	-	-	-	-	-	-	-	(47)	47
Total	\$ 351	\$ 407	\$ 524	\$ 685	\$ 842	\$ 697	\$ 763	\$ 783	\$ 881	\$1164
System Short-Term Debt Outstanding	\$ 254	\$ 153	\$ 137	\$ 159	\$ 196	\$ 178	\$153	\$ 111	\$ 65	\$ 5
Corp. Short-Term Debt Outstanding	\$ 43	\$ 9	\$ 7	\$ 9	\$ 11	\$ 11	\$ 11	\$ 27	\$ -	\$ -
Capitalization %										
Long-Term Debt	51%	52%	52%	52%	53%	53%	53%	53%	53%	52%
Preferred Stock	10	10	9	9	8	8	8	8	10	11
Common Equity	33	34	36	36	35	36	36	36	36	37
Short-Term Debt	6	4	3	3	4	3	3	3	1	-
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Return on Common Equity	1.9%	4.0%	6.4%	6.3%	7.1%	7.3%	9.6%	9.9%	10.5%	11.7%
Earnings Per Share	\$.31	\$.95	\$1.58	\$1.63	\$1.92	\$2.05	\$2.78	\$2.99	\$3.29	\$3.80
Dividends Per Share	-	-	\$.26	\$.65	\$.70	\$.75	\$1.24	\$1.43	\$1.67	\$1.77
New Shares Issued	-	-	-	-	.8	.8	-	-	-	-
Assumed Price Per Share	-	-	-	-	\$ 8	\$ 9	-	-	-	-

JCP&L
Source & Application of Funds
1980-1989
(\$ Millions)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Annualized Base Rate Increases	60	\$ 66	\$ 10	\$ 90	\$ -	\$ 60	\$ 11	\$ 19	\$ 57	\$ -
Application of Funds:										
Construction	\$ 118	\$ 148	\$ 214	\$ 256	\$ 337	\$ 225	\$ 226	\$ 257	\$ 371	\$ 602
Contract Retentions	48	5	-	-	-	-	-	-	-	-
Refinancing, Etc.	10	13	14	45	24	63	19	23	22	21
Clean-Up Costs, Net	1	9	8	15	16	-	-	-	-	-
Total	\$ 177	\$ 175	\$ 236	\$ 316	\$ 377	288	245	280	393	623
Source of Funds:										
Deferred Energy	\$ (38)	\$ 63	\$ (15)	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Other Internal Sources	111	151	186	238	228	201	243	255	269	301
Long-Term Debt	-	50	50	50	150	50	-	-	70	180
Preferred Stock	-	-	-	-	-	-	-	-	50	25
Short-Term Debt	75	(89)	(5)	1	(23)	20	-	(12)	2	(10)
Cap. Contr. Ret. Earnings	25	-	20	25	20	15	-	-	-	125
Temp. Investments	4	-	-	-	-	-	-	-	-	-
Total	\$ 177	\$ 175	\$ 236	\$ 316	\$ 377	288	245	280	393	623
S/T Debt Outstanding	\$ 120	\$ 31	\$ 27	\$ 28	\$ 5	\$ 25	\$ 25	\$ 13	\$ 15	\$ 25
Capitalization %										
Long-Term Debt	47%	51%	51%	51%	54%	53%	53%	52%	52%	52%
Preferred Stock	11	11	11	10	10	9	9	11	13	12
Common Equity	36	36	37	38	36	37	37	36	34	36
Short-Term Debt	6	2	1	1	-	1	1	1	1	-
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Capital Not Earning A Return:										
Forked River			\$ 230	\$ 211	\$ 186	\$ 162	\$ 137	\$ 112	\$ 87	\$ 62
TAI #2			165	165	165	165	-	-	-	-
Clean-Up			34	34	65	65	31	27	24	21
Total			\$ 429	\$ 425	\$ 416	\$ 392	\$ 168	\$ 139	\$ 111	\$ 83
Return on Common Equity	3.8 %	5.4 %	7.1 %	7.3 %	8.2 %	8.4 %	9.7 %	10.0 %	10.3 %	13.4 %
Bond Coverage	1.92	2.23	2.34	2.89	2.25	2.78	2.91	3.10	3.17	2.55
Preferred Coverage	1.22	1.35	1.40	1.44	1.39	1.47	1.56	1.55	1.47	1.55
Bondable Property	\$ 65	\$ 2	\$ 8	\$ 47	\$ (19)	\$ 191	\$ 230	\$ 274	\$ 242	\$ 27

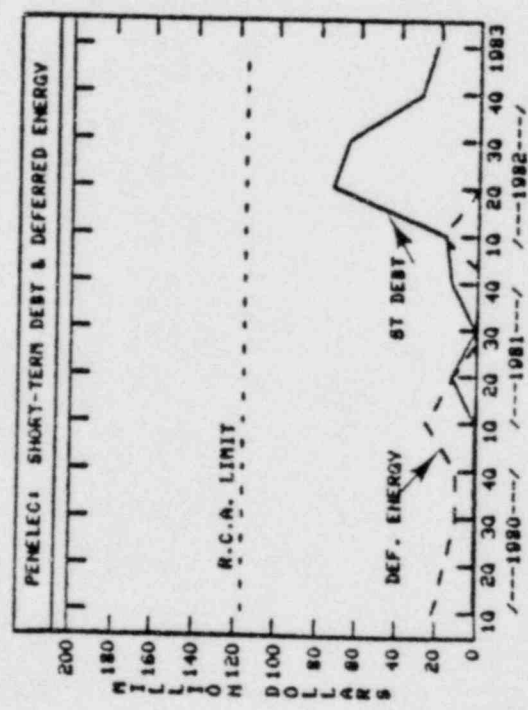
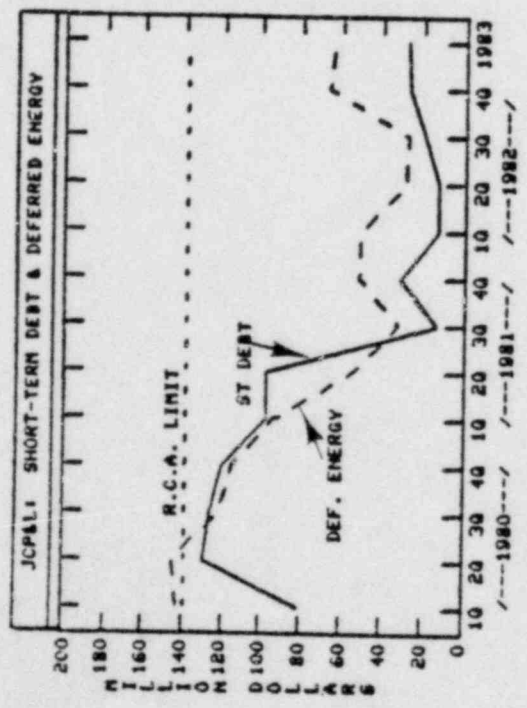
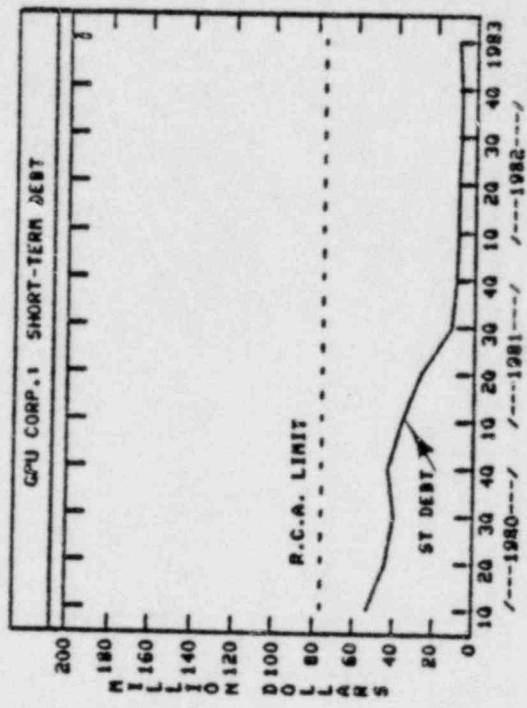
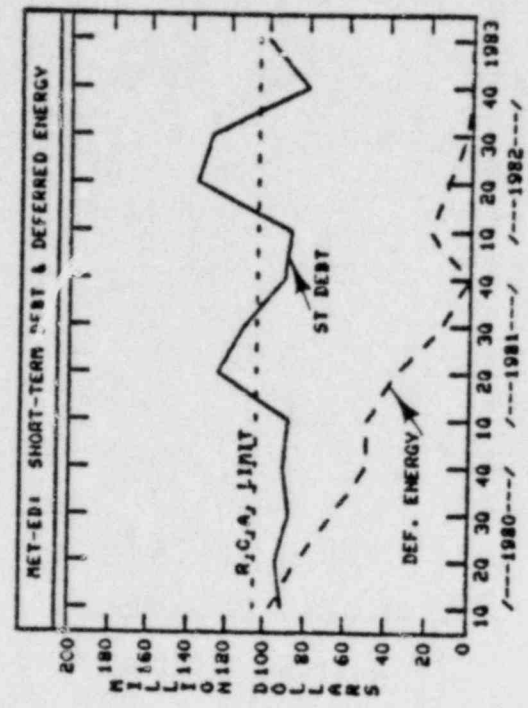
MET-ED
Source & Application of Funds
1980-1989
(\$ Millions)

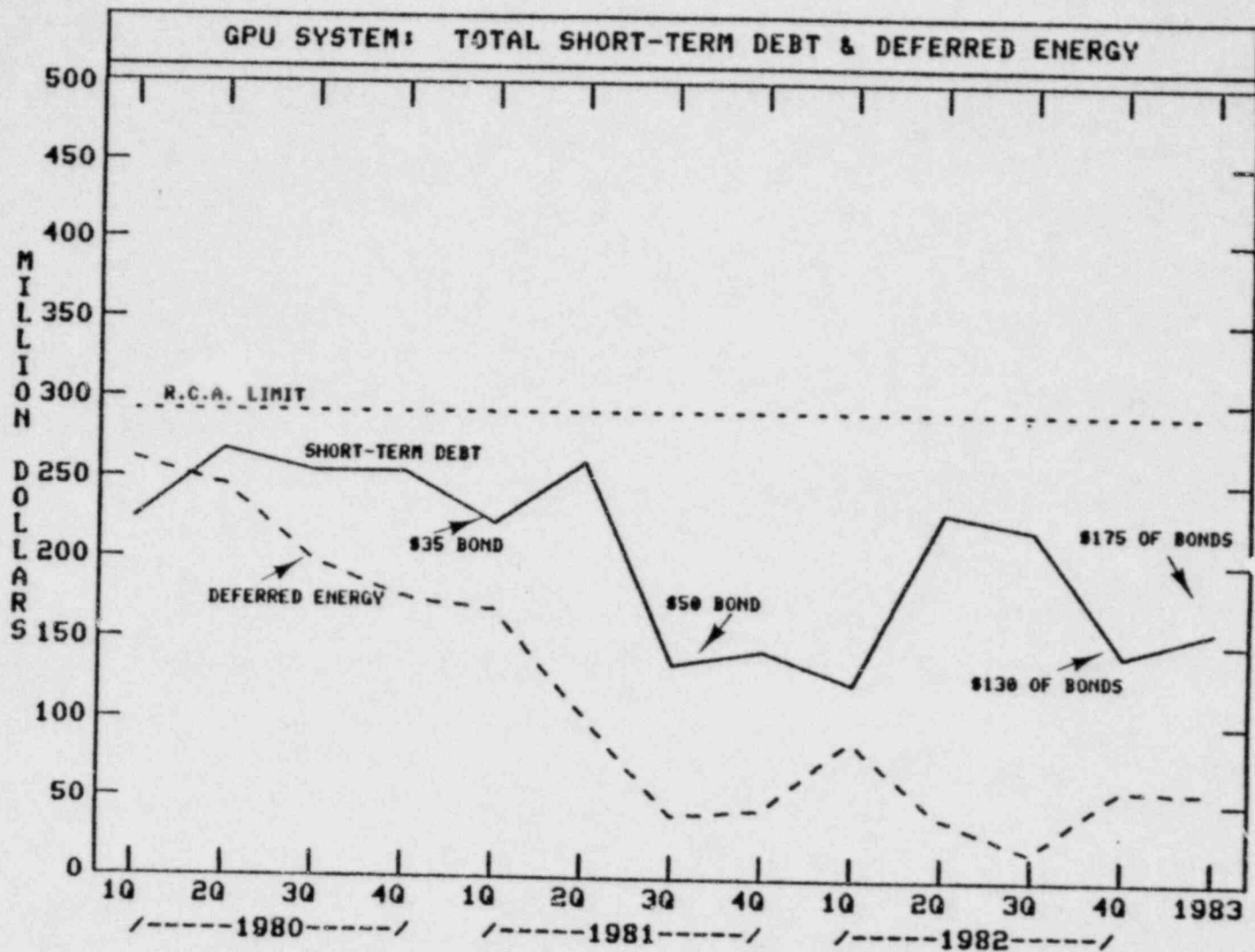
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Annualized Base Rate Increases	-	\$ 52	\$ 15	\$ 10	\$ 23	\$ 14	\$ 68	\$ 8	\$ 14	\$ 7
<u>Application of Funds:</u>										
Construction	\$ 46	\$ 63	\$ 68	\$ 72	\$ 95	\$ 84	\$ 126	\$ 152	\$ 171	\$ 219
Contract Retentions	10	-	-	-	-	-	-	-	-	-
Refinancing, Etc.	14	2	10	52	17	47	2	21	2	2
Clean-Up Costs, Net	2	18	16	30	32	-	-	-	-	-
Tot.1	<u>\$ 72</u>	<u>\$ 83</u>	<u>\$ 94</u>	<u>\$ 154</u>	<u>\$ 144</u>	<u>\$ 131</u>	<u>\$ 128</u>	<u>\$ 173</u>	<u>\$ 173</u>	<u>\$ 221</u>
<u>Source of Funds:</u>										
Deferred Energy	\$ 33	\$ 50	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Internal Sources	16	29	56	66	68	83	117	92	95	96
Long-Term Debt	13	-	30	50	50	65	55	45	45	65
Preferred Stock	-	-	-	-	-	-	-	25	-	25
Short-Term Debt	10	-	(12)	21	3	(41)	(44)	(4)	3	(5)
Cap. Contr. Ret. Earnings	-	4	18	17	23	24	-	15	30	40
Temp. Investments	-	-	-	-	-	-	-	-	-	-
Total	<u>\$ 72</u>	<u>\$ 83</u>	<u>\$ 94</u>	<u>\$ 154</u>	<u>\$ 144</u>	<u>\$ 131</u>	<u>\$ 128</u>	<u>\$ 173</u>	<u>\$ 173</u>	<u>\$ 221</u>
S/T Debt Outstanding	<u>\$ 91*</u>	<u>\$ 91*</u>	<u>\$ 79*</u>	<u>\$ 100*</u>	<u>\$ 103*</u>	<u>\$ 63*</u>	<u>\$ 6</u>	<u>\$ 2</u>	<u>\$ 5</u>	<u>\$ -</u>
<u>Capitalization %</u>										
Long-Term Debt	48%	48%	48%	47%	47%	49%	52%	52%	52%	52%
Preferred Stock	12	12	12	12	11	11	11	12	12	12
Common Equity	33	33	34	34	35	36	37	36	36	36
Short-Term Debt	7	7	6	7	7	4	-	-	-	-
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Capital Not Earning A Return										
TMI #2			\$ 334	\$ 334	\$ 334	\$ 334	\$ -	\$ -	\$ -	\$ -
Clean-Up Costs			69	98	130	130	61	54	48	41
Total			<u>\$ 403</u>	<u>\$ 432</u>	<u>\$ 464</u>	<u>\$ 464</u>	<u>\$ 61</u>	<u>\$ 54</u>	<u>\$ 48</u>	<u>\$ 41</u>
Return on Common Equity	(2.3)%	1.0 %	4.7 %	4.3 %	5.5 %	5.4 %	10.5 %	10.6 %	10.7 %	10.9 %
Bond Coverage	1.04	1.65	2.19	2.11	2.14	2.10	2.54	2.47	2.43	2.27
Preferred Coverage	.88	1.09	1.29	1.21	1.26	1.30	1.56	1.51	1.53	1.48

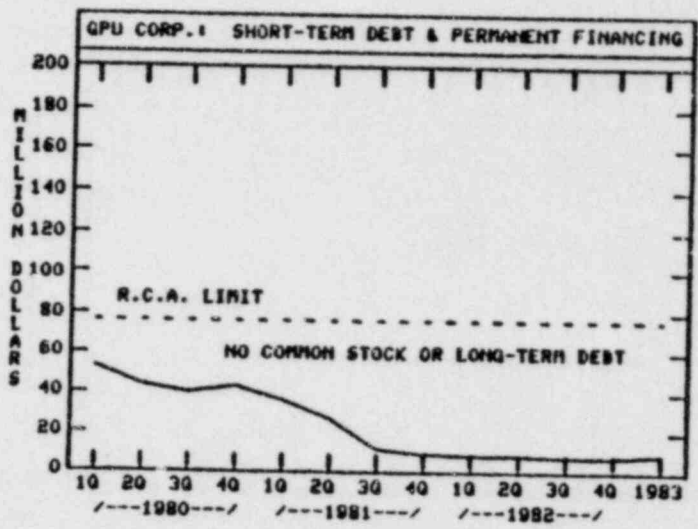
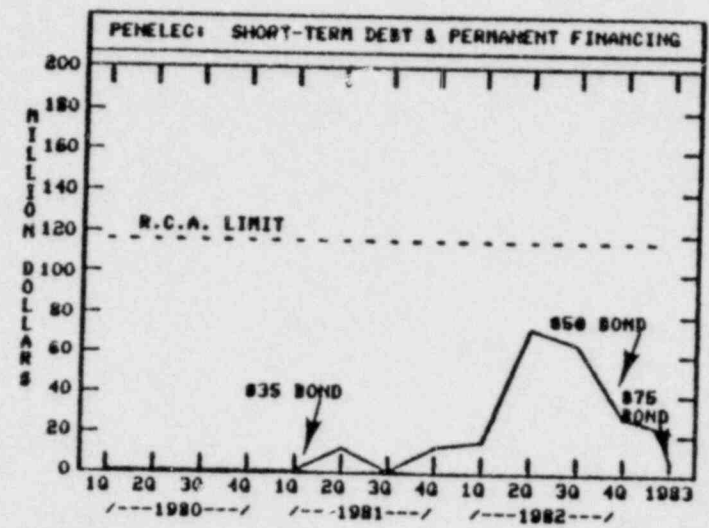
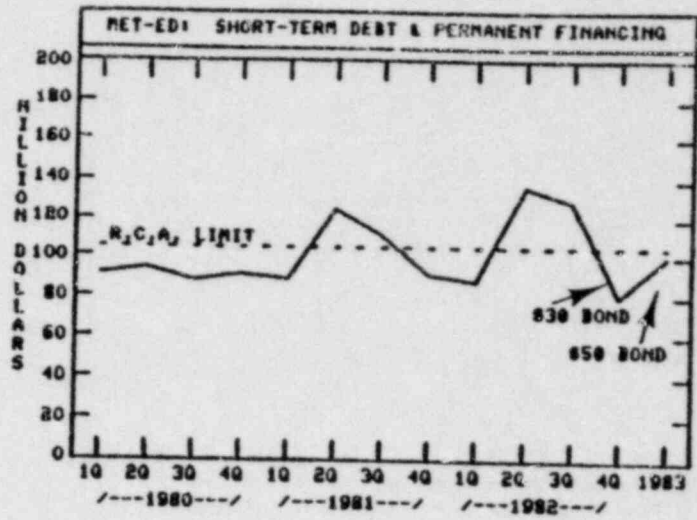
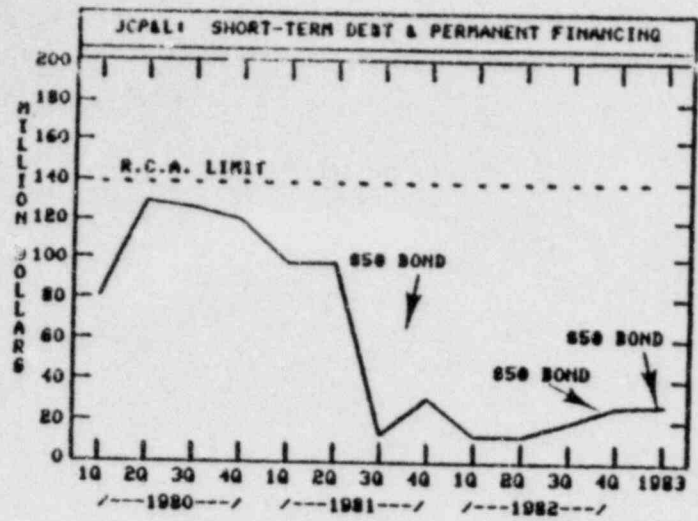
*Includes \$13 Million Bonds

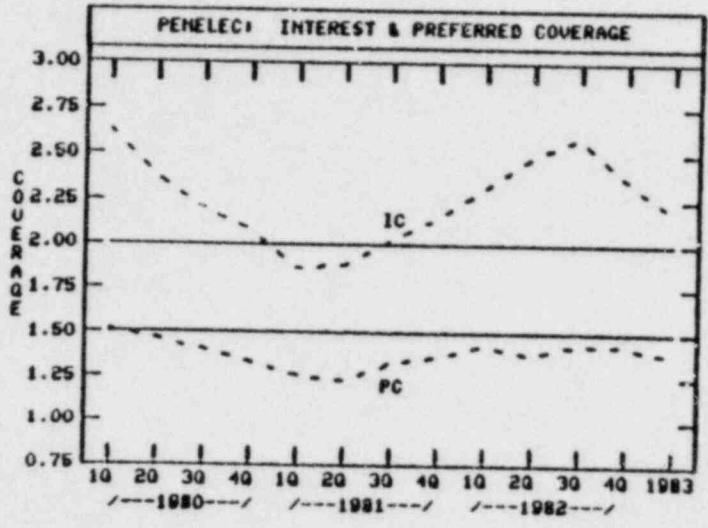
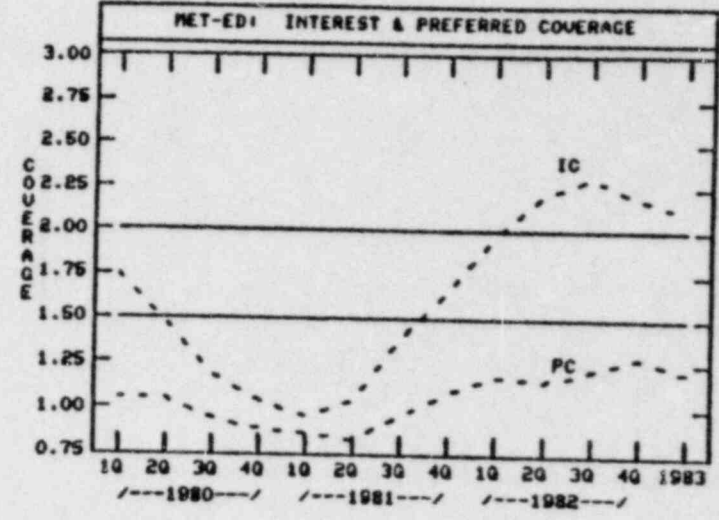
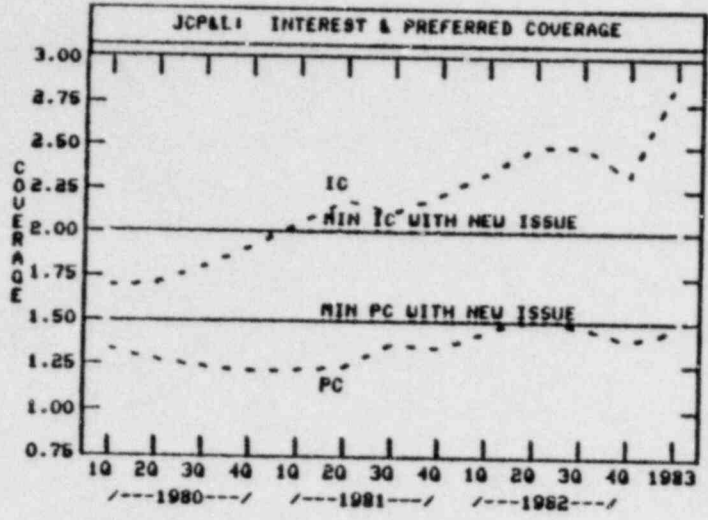
PENELEC
Source & Application of Funds
1980-1989
(\$ Millions)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Annualized Base Rate Increases	-	\$ 42	\$ 13	\$ 33	\$ 23	\$ 18	\$ 49	\$ 32	\$ 30	\$ -
Application of Funds:										
Construction	\$ 90	\$ 112	\$ 135	\$ 143	\$ 201	\$ 236	\$ 289	\$ 235	\$ 178	\$ 189
Contract Retentions	5	-	-	-	-	-	-	\$ 235	-	-
Refinancing, Etc.	5	10	14	17	62	5	23	4	33	20
Clean-Up Costs, Net	1	9	8	15	16	-	-	-	-	-
Total	\$ 101	\$ 131	\$ 157	\$ 175	\$ 279	\$ 241	\$ 312	\$ 239	\$ 211	\$ 209
Source of Funds:										
Deferred Energy	\$ (5)	\$ 16	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Internal Sources	51	65	75	82	84	94	107	114	140	134
Long-Term Debt	-	35	50	75	100	100	75	65	45	40
Preferred Stock	-	-	-	-	-	-	-	-	50	60
Short-Term Debt	-	13	11	(2)	55	2	30	(40)	(24)	(45)
Capital Contributions	-	-	20	20	40	45	100	-	-	20
Temp. Investments	55	-	-	-	-	-	-	-	-	-
Total	\$ 101	\$ 131	\$ 157	\$ 175	\$ 279	\$ 241	\$ 312	\$ 239	\$ 211	\$ 209
S/T Debt Outstanding	\$ -	\$ 13	\$ 24	\$ 22	\$ 77	\$ 79	\$ 109	\$ 69	\$ 45	\$ -
Capitalization %										
Long-Term Debt	54%	54%	54%	56%	54%	55%	52%	52%	52%	52%
Preferred Stock	13	13	12	11	10	9	8	7	10	12
Common Equity	33	32	32	31	31	31	34	37	36	36
Short-Term Debt	-	1	2	2	5	5	6	4	2	-
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Capital Not Earning A Return										
TMI #2			\$ 171	\$ 171	\$ 171	\$ 171	\$ -	\$ -	\$ -	\$ -
Clean-Up Costs			34	49	65	65	31	27	24	21
Total			\$ 205	\$ 220	\$ 236	\$ 236	\$ 31	\$ 27	\$ 24	\$ 21
Return on Common Equity	5.9 %	7.0 %	9.0 %	9.0 %	3.4 %	9.7 %	11.1 %	11.2 %	11.3 %	11.5 %
Bond Coverage	2.08	2.15	2.36	2.19	2.21	2.03	2.11	2.02	2.52	2.58
Preferred Coverage	1.34	1.37	1.43	1.38	1.38	1.36	1.46	1.53	1.53	1.52









V. Conclusions From the Base Case Forecast

- . Met-Ed Short-Term Debt
- . Low Rate of Increase in Customer Cost
- . New Construction Initiatives

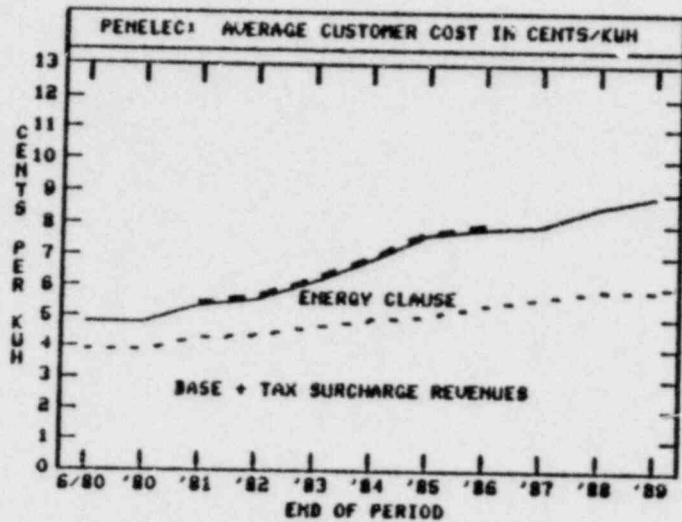
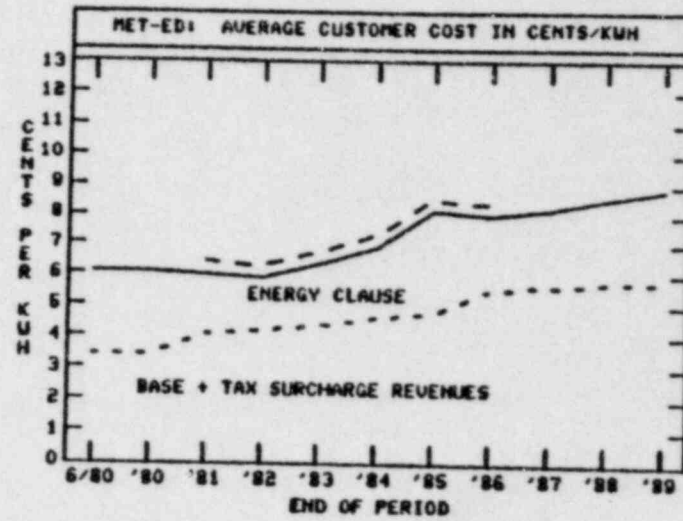
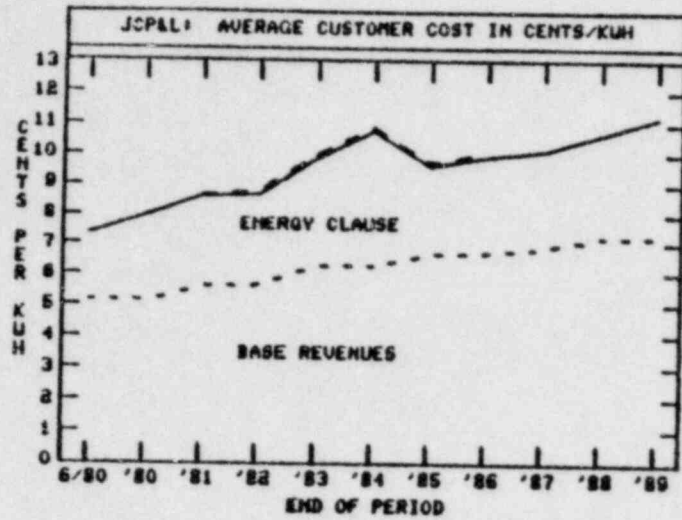
GPU SYSTEMVI. Unfunded TMI-2 Costs
Treated as a Current Expense for Ratemaking Purposes

- . The assumed ratemaking in the base forecast reflected only that which has been experienced in our rate orders since the accident and, specifically, included no current allowance for cost of clean-up or restoration. This produced a shortfall from the revised TMI-2 cost estimate of \$455 million.
- . In this first alternative to the Base Case forecast we have assumed that this shortfall would be reflected in charges to customers which would require additional revenues of \$76 million per year (on a levelized basis) from 1981 to 1986. These charges might be in the form of an increased expense allowance in anticipation of higher expenditures to be made and charged to income. In this case, earnings and coverages would be unchanged. Presumably, marketability of securities would be enhanced by removal of the uncertainty as to the availability of funds for this project.
- . In terms of the three operating companies, this current expense allowance would mean:
 - For Met-Ed, additional rates of \$38 million per year or 4.2 mills per kwh. This would be a 6.1% increase over the level of rates assumed in the base forecast during the 1981 to 1986 period.
 - For Jersey Central, additional rates of \$19 million per year or 1.3 mills per kwh. This would be a 1.4% increase.
 - For Penelec, additional rates of \$19 million per year or 1.5 mills per kwh. This would be a 2.3% increase.
 - The schedule and the graph on the next two pages summarize the impact on our customers.

General Public Utilities
Alternative Ratemaking to Recover Currently
the Unfunded TMI-2 Costs

(\$ Millions)

	<u>JC</u>	<u>ME</u>	<u>PN</u>	<u>Total</u>
<u>1981-1986</u>				
Unfunded TMI-2 Costs	\$ 114	\$ 227	\$ 114	\$ 455
Total Customer Revenues	\$8 355	\$3 741	\$4 950	\$17 046
<u>Unfunded Cost Expressed As:</u>				
- Million Dollar per year over the 1981-1986 period	\$ 19	\$ 38	\$ 19	\$ 76
- Mills per KWH over the 1981-1986 period	1.3	4.2	1.5	-
- % Increase in Average Customer Bills over the 1981-1986 period	1.4%	6.1%	2.3%	-



Alternative Ratemaking to Recover
Currently the Unfunded TMI-2 Costs

— Base Forecast - Total Customer Cost
 - - - Customer Cost including Unfunded TMI-2 Costs

Unfunded Costs, 1981-1986

JCP&L .13 cents/kwh additional
 Met-Ed .42 cents/kwh additional
 Penelec .15 cents/kwh additional

VII. Ratemaking to Allow Financing of the Unfunded TMI-2 Costs

- . A second alternative to the Base Case Forecast is one which assumes that the GPU Companies are granted rate relief such that they are able to finance the unfunded clean-up costs.
- . We describe this additional rate relief as an allowance of the revenues to service the capital costs, other than equity return, associated with the TMI-2 investment. This assumes additional annual revenues of \$62 million beginning in the fourth quarter of 1981 representing the depreciation expense, the interest on debt and the preferred stock dividends and associated taxes.
- . The first step was to add these revenues to the Base Case Forecast without funding the additional clean-up cost in order to measure the incremental effect (relative to the Base Case Forecast) on various financial indicators which are the following (see p. 25 to 28):
 - Return on equity is in the 8.5% to 9.5% range with TMI-1 in service until TMI-2 returns to service.
 - A common dividend could be instituted in 1981 and be scaled up to \$1.20 per share in 1985.
 - System common equity ratio improved to 37%, short-term debt is \$125 million lower in 1985; Met-Ed's reliance on short-term debt declines significantly; subsidiary coverages increase.
- . Under this scenario, the financial indicators do not appear much different from those of other utilities. Only the low dividend payout (40%) varies from the norm because of the need for the System to retain enough earnings to avoid external equity sales while TMI-2 is out of service.
- . The next step, while using this ratemaking assumption, was to include as a financing requirement the unfunded TMI-2 costs during the 1981-1985 period (\$415 million - see p. 29 to 32). While earnings per share and ability to pay cash dividends on common stock would be impaired somewhat, the dividend is still greater than the base case forecast and it appears that the System could finance the entire cost of clean-up and restoration.

GPU CONSOLIDATED
Source & Application of Funds
With Revenues For TMI#2 Fixed Charges
1981-1985

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>External Financing in Base Case:</u>					
Long-Term Debt	\$ 85	\$ 130	\$ 175	\$ 300	\$ 215
Short-Term Debt	(101)	(16)	22	36	(18)
Common Equity - TRAESOP	-	-	-	7	7
Total	<u>\$ (16)</u>	<u>\$ 114</u>	<u>\$ 197</u>	<u>\$ 343</u>	<u>\$ 204</u>
<u>Adjustments:</u>					
Long-Term Debt	\$ -	\$ -	\$ (50)	\$ (25)	\$ 70
Short-Term Debt	12	(36)	(50)	(20)	(29)
Common Equity	-	-	-	-	-
Preferred Stock	-	-	45	-	-
Total	<u>\$ 12</u>	<u>\$ (36)</u>	<u>\$ (55)</u>	<u>\$ (45)</u>	<u>\$ 41</u>
<u>Revised External Financing:</u>					
Long-Term Debt	\$ 85	\$ 130	\$ 125	\$ 275	\$ 285
Short-Term Debt	(89)	(52)	(28)	16	(47)
Common Equity	-	-	-	7	7
Preferred Stock	-	-	45	-	-
Total	<u>\$ (4)</u>	<u>\$ 78</u>	<u>\$ 142</u>	<u>\$ 298</u>	<u>\$ 245</u>
System S/T Debt Outstanding	\$ 165*	\$ 113*	\$ 85*	\$ 101*	\$ 54*
GPU S/T Debt Outstanding	<u>\$ 32</u>	<u>\$ 38</u>	<u>\$ 35</u>	<u>\$ 15</u>	<u>\$ 2</u>
<u>Capitalization %</u>					
Long-Term Debt	52%	53%	52%	52%	53%
Preferred Stock	10	9	10	9	9
Common Equity	34	36	36	37	37
Short-Term Debt	4	2	2	2	1
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Return on Common Equity	4.5%	8.7%	8.4%	9.3%	9.5%
Earnings Per Share	\$ 1.06	\$ 2.13	\$ 2.21	\$ 2.55	\$ 2.72
Dividends Per Share	\$.40	\$.60	\$.80	\$ 1.00	\$ 1.20
Annualized Rate Incr.	\$ 62				

* Includes \$13 Million Bonds

JCP&L
Source & Application of Funds
With Revenues For TMI#2 Fixed Charges
1981-1985

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>External Financing in Base Case:</u>					
Long-Term Debt	\$ 50	\$ 50	\$ 50	\$ 150	\$ 50
Short-Term Debt	(89)	(5)	1	(23)	20
Capital Contr. - Ret. Earn.	-	20	25	20	15
Total	<u>\$ (39)</u>	<u>\$ 65</u>	<u>\$ 76</u>	<u>\$ 147</u>	<u>\$ 85</u>
<u>Adjustments:</u>					
Long-Term Debt	\$ -	\$ -	\$ (50)	\$ (25)	\$ 50
Short-Term Debt	(2)	(16)	(8)	30	(25)
Capital Contr. - Ret. Earn.	-	-	-	-	-
Preferred Stock	-	-	45	-	-
Total	<u>\$ (2)</u>	<u>\$ (16)</u>	<u>\$ (13)</u>	<u>\$ 5</u>	<u>\$ 25</u>
<u>Revised External Financing:</u>					
Long-Term Debt	\$ 50	\$ 50	\$ -	\$ 125	\$ 100
Short-Term Debt	(91)	(21)	(7)	7	(5)
Capital Contr. - Ret. Earn.	-	20	25	20	15
Preferred Stock	-	-	45	-	-
Total	<u>\$ (41)</u>	<u>\$ 49</u>	<u>\$ 63</u>	<u>\$ 152</u>	<u>\$ 110</u>
S/T Debt Outstanding	<u>\$ 29</u>	<u>\$ 8</u>	<u>\$ 1</u>	<u>\$ 8</u>	<u>\$ 3</u>
<u>Capitalization %</u>					
Long-Term Debt	51%	52%	49%	51%	52%
Preferred Stock	11	11	13	12	11
Common Equity	37	37	38	37	37
Short-Term Debt	1	-	-	-	-
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Return on Common Equity	5.7%	8.5%	8.3%	9.3%	9.5%
Bond Coverage	2.28	2.55	3.34	2.66	3.03
Preferred Coverage	1.37	1.52	1.54	1.46	1.50
Annualized Rate Incr.	\$ 18				
Incr. Cust. Cost Mills/KWH	1.4				

MET-ED
Source & Application of Funds
With Revenues For TMI#2 Fixed Charges
1981-1985

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>External Financing in Base Case:</u>					
Long-Term Debt	\$ -	\$ 30	\$ 50	\$ 50	\$ 65
Short-Term Debt	-	(12)	21	3	(41)
Capital Contr. - Ret. Earn.	4	18	17	23	24
Total	<u>\$ 4</u>	<u>\$ 36</u>	<u>\$ 88</u>	<u>\$ 76</u>	<u>\$ 48</u>
<u>Adjustments:</u>					
Long-Term Debt	\$ -	\$ -	\$ -	\$ -	\$ 20
Short-Term Debt	(7)	(30)	(37)	(7)	34
Capital Contr. - Ret. Earn.	4	19	20	(23)	(24)
Total	<u>\$ (3)</u>	<u>\$ (11)</u>	<u>\$ (17)</u>	<u>\$ (30)</u>	<u>\$ 30</u>
<u>Revised External Financing:</u>					
Long-Term Debt	\$ -	\$ 30	\$ 50	\$ 50	\$ 85
Short-Term Debt	(7)	(42)	(16)	(4)	(7)
Capital Contr. Ret. Earn.	8	37	37	-	-
Total	<u>\$ 1</u>	<u>\$ 25</u>	<u>\$ 71</u>	<u>\$ 46</u>	<u>\$ 78</u>
S/T Debt Outstanding	<u>\$ 84*</u>	<u>\$ 42*</u>	<u>\$ 26*</u>	<u>\$ 22*</u>	<u>\$ 15*</u>
<u>Capitalization %</u>					
Long-Term Debt	48%	49%	48%	50%	52%
Preferred Stock	13	12	12	12	11
Common Equity	33	36	39	37	37
Short-Term Debt	6	3	1	1	-
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Return on Common Equity	2.0%	9.3%	8.5%	9.3%	9.5%
Bond Coverage	1.83	2.84	2.75	2.72	2.53
Preferred Coverage	1.15	1.65	1.60	1.61	1.61
Annualized Rate Incr.	\$ 29				
Incr. Cust. Cost-Mills/KWH	3.7				

* Includes \$13 Million Bonds

PENELEC
Source & Application of Funds
With Revenues For TMI#2 Fixed Charges
1981-1985

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>External Financing in Base Case:</u>					
Long-Term Debt	\$ 35	\$ 50	\$ 75	\$ 100	\$ 100
Short-Term Debt	13	11	(2)	55	2
Capital Contr. - Ret. Earn.	-	20	20	40	45
Total	<u>\$ 48</u>	<u>\$ 81</u>	<u>\$ 93</u>	<u>\$ 195</u>	<u>\$ 147</u>
<u>Adjustments:</u>					
Long-Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -
Short-Term Debt	(2)	2	-	(20)	(25)
Capital Contr. - Ret. Earn.	-	-	-	20	25
Preferred Stock	-	-	-	-	-
Total	<u>\$ (2)</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Revised External Financing:</u>					
Long-Term Debt	\$ 35	\$ 50	\$ 75	\$ 100	\$ 100
Short-Term Debt	11	13	(2)	35	(23)
Capital Contr.-Ret. Earn.	-	20	20	60	70
Preferred Stock	-	-	-	-	-
Total	<u>\$ 46</u>	<u>\$ 83</u>	<u>\$ 93</u>	<u>\$ 195</u>	<u>\$ 147</u>
S/T Debt Outstanding	<u>\$ 11</u>	<u>\$ 24</u>	<u>\$ 22</u>	<u>\$ 57</u>	<u>\$ 34</u>
<u>Capitalization %</u>					
Long-Term Debt	54%	54%	56%	54%	55%
Preferred Stock	13	12	11	10	9
Common Equity	32	32	31	33	34
Short-Term Debt	1	2	2	3	2
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Return on Common Equity	7.4%	10.8%	10.6%	10.9%	11.1%
Bond Coverage	2.21	2.59	2.39	2.39	2.19
Preferred Coverage	1.40	1.51	1.46	1.48	1.47
Annualized Rate Incr.	\$ 15				
Incr. Cust. Cost Mills/KWH	1.5				

GPU CONSOLIDATED
Source & Application of Funds
With Revenues For TMI#2 Fixed Charges - Add'l Restoration Costs
1981-1985

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>External Financing in Base Case:</u>					
Long-Term Debt	\$ 85	\$ 130	\$ 175	\$ 300	\$ 215
Short-Term Debt	(101)	(16)	22	36	(18)
Common Equity - TRAESOP	-	-	-	7	7
Total	<u>\$ (16)</u>	<u>\$ 114</u>	<u>\$ 197</u>	<u>\$ 343</u>	<u>\$ 204</u>
<u>Adjustments:</u>					
Long-Term Debt	\$ 15	\$ 10	\$ 50	\$ 35	\$ 60
Short-Term Debt	38	11	(8)	1	1
Common Equity	-	-	-	-	-
Preferred Stock	-	-	-	-	-
Total	<u>\$ 53</u>	<u>\$ 21</u>	<u>\$ 42</u>	<u>\$ 36</u>	<u>\$ 61</u>
<u>Revised External Financing:</u>					
Long-Term Debt	\$ 100	\$ 140	\$ 225	\$ 335	\$ 275
Short-Term Debt	(63)	(5)	14	37	(17)
Common Equity	-	-	-	7	7
Preferred Stock	-	-	-	-	-
Total	<u>\$ 37</u>	<u>\$ 135</u>	<u>\$ 239</u>	<u>\$ 379</u>	<u>\$ 265</u>
System S/T Debt Outstanding	<u>\$ 191*</u>	<u>\$ 186*</u>	<u>\$ 200*</u>	<u>\$ 237*</u>	<u>\$ 220*</u>
GPU S/T Debt Outstanding	<u>\$ 31</u>	<u>\$ 35</u>	<u>\$ 30</u>	<u>\$ 40</u>	<u>\$ 57</u>
<u>Capitalization %</u>					
Long-Term Debt	52%	52%	52%	53%	54%
Preferred Stock	10	9	9	8	7
Common Equity	34	35	35	34	35
Short-Term Debt	4	4	4	5	4
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Return on Common Equity	4.4%	8.3%	7.9%	6.9%	6.7%
Earnings Per Share	\$ 1.04	\$ 2.04	\$ 2.05	\$ 1.88	\$ 1.90
Dividends Per Share	\$.40	\$.55	\$.70	\$.80	\$.90
Annualized Rate Incr.	\$ 62				

* Includes \$13 Million Bonds

JCP&L
Source & Application of Funds
With Revenues For TMI#2 Fixed Charges - Add'l Restoration Costs
1981-1985

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>External Financing in Base Case:</u>					
Long-Term Debt	\$ 50	\$ 50	\$ 50	\$ 150	\$ 50
Short-Term Debt	(89)	(5)	1	(23)	20
Capital Contr. - Ret. Earn.	-	20	25	20	15
Total	<u>\$ (39)</u>	<u>\$ 65</u>	<u>\$ 76</u>	<u>\$ 147</u>	<u>\$ 85</u>
<u>Adjustments:</u>					
Long-Term Debt	\$ -	\$ 10	\$ 25	\$ -	\$ 50
Short-Term Debt	8	(1)	(9)	19	(23)
Capital Contr. - Ret. Earn.	-	-	-	-	-
Preferred Stock	-	-	-	-	-
Total	<u>\$ 8</u>	<u>\$ 9</u>	<u>\$ 16</u>	<u>\$ 19</u>	<u>\$ 27</u>
<u>Revised External Financing:</u>					
Long-Term Debt	\$ 50	\$ 60	\$ 75	\$ 150	\$ 100
Short-Term Debt	(81)	(6)	(8)	(4)	(3)
Capital Contr. - Ret. Earn.	-	20	25	20	15
Preferred Stock	-	-	-	-	-
Total	<u>\$ (31)</u>	<u>\$ 74</u>	<u>\$ 92</u>	<u>\$ 166</u>	<u>\$ 112</u>
S/T Debt Outstanding	<u>\$ 39</u>	<u>\$ 33</u>	<u>\$ 25</u>	<u>\$ 21</u>	<u>\$ 18</u>
<u>Capitalization %</u>					
Long-Term Debt	50%	51%	52%	54%	55%
Preferred Stock	11	11	10	9	9
Common Equity	37	36	37	36	35
Short-Term Debt	2	2	1	1	1
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Return on Common Equity	5.7%	8.4%	8.1%	8.9%	9.2%
Bond Coverage	2.28	2.50	2.92	2.30	2.64
Preferred Coverage	1.36	1.46	1.47	1.41	1.44
Annualized Rate Incr.	\$ 18				
Incr. Cust. Cost-Mills/KWH	1.4				

MET-ED
Source & Application of Funds
With Revenues For TMI#2 Fixed Charges - Add'l Restoration Costs
1981-1985

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>External Financing in Base Case:</u>					
Long-Term Debt	\$ -	\$ 30	\$ 50	\$ 50	\$ 65
Short-Term Debt	-	(12)	21	3	(41)
Capital Contr. - Ret. Earn.	4	18	17	23	24
Total	<u>\$ 4</u>	<u>\$ 36</u>	<u>\$ 88</u>	<u>\$ 76</u>	<u>\$ 48</u>
<u>Adjustments:</u>					
Long-Term Debt	\$ -	\$ -	\$ 25	\$ 35	\$ 10
Short-Term Debt	14	-	(9)	(3)	37
Capital Contr. - Ret. Earn.	3	15	14	(23)	(24)
Total	<u>\$ 17</u>	<u>\$ 15</u>	<u>\$ 30</u>	<u>\$ 9</u>	<u>\$ 23</u>
<u>Revised External Financing:</u>					
Long-Term Debt	\$ -	\$ 30	\$ 75	\$ 85	\$ 75
Short-Term Debt	14	(12)	13	-	(4)
Capital Contr. Ret. Earn.	7	33	31	-	-
Total	<u>\$ 21</u>	<u>\$ 51</u>	<u>\$ 119</u>	<u>\$ 85</u>	<u>\$ 71</u>
S/T Debt Outstanding	<u>\$ 105*</u>	<u>\$ 93*</u>	<u>\$ 105*</u>	<u>\$ 105*</u>	<u>\$ 101*</u>
<u>Capitalization %</u>					
Long-Term Debt	47%	47%	47%	49%	50%
Preferred Stock	12	12	11	11	10
Common Equity	33	34	35	33	33
Short-Term Debt	8	7	7	7	7
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Return on Common Equity	1.8%	8.3%	7.3%	7.7%	7.4%
Bond Coverage	1.83	2.84	2.56	2.36	2.27
Preferred Coverage	1.12	1.50	1.38	1.36	1.31
Annualized Rate Incr.	\$ 29				
Incr. Cust. Cost-Mills/KWH	3.7				

* Includes \$13 Million Bonds

PENELEC
Source & Application of Funds
With Revenues For TMI#2 Fixed Charges - Add'l Restoration Costs
1981-1985

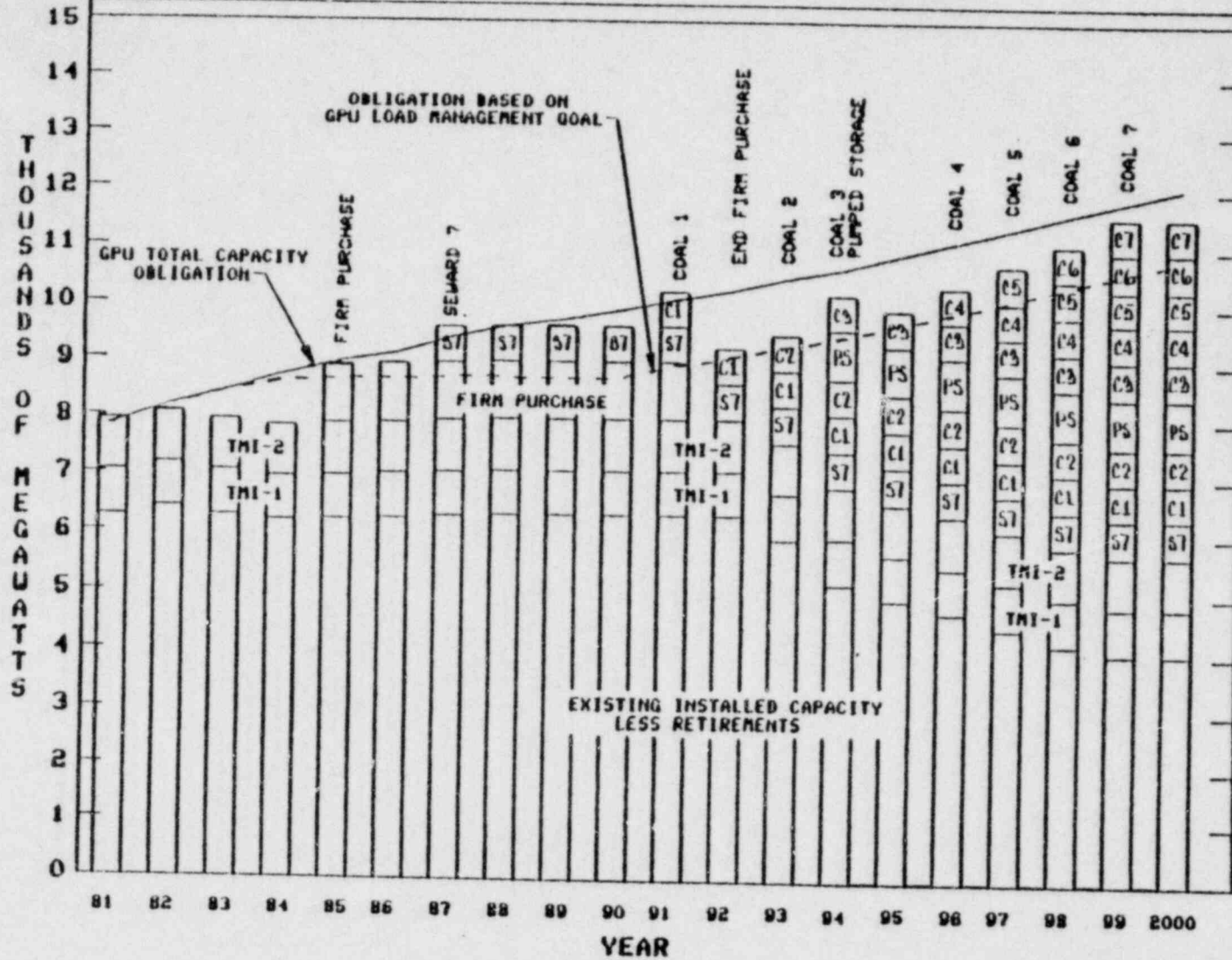
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>External Financing in Base Case:</u>					
Long-Term Debt	\$ 35	\$ 50	\$ 75	\$ 100	\$ 100
Short-Term Debt	13	11	(2)	55	2
Capital Contr. - Ret. Earn.	-	20	20	40	45
Total	<u>\$ 48</u>	<u>\$ 81</u>	<u>\$ 93</u>	<u>\$ 195</u>	<u>\$ 147</u>
<u>Adjustments:</u>					
Long-Term Debt	\$ 15	\$ -	\$ -	\$ -	\$ -
Short-Term Debt	(6)	6	17	(23)	(30)
Capital Contr. - Ret. Earn.	-	-	-	20	25
Preferred Stock	-	-	-	-	-
Total	<u>\$ 9</u>	<u>\$ 6</u>	<u>\$ 17</u>	<u>\$ (3)</u>	<u>\$ (5)</u>
<u>Revised External Financing:</u>					
Long-Term Debt	\$ 50	\$ 50	\$ 75	\$ 100	\$ 100
Short-Term Debt	7	17	15	32	(28)
Capital Contr. Ret. Earn.	-	20	20	60	70
Preferred Stock	-	-	-	-	-
Total	<u>\$ 57</u>	<u>\$ 87</u>	<u>\$ 110</u>	<u>\$ 192</u>	<u>\$ 142</u>
S/T Debt Outstanding	<u>\$ 7</u>	<u>\$ 26</u>	<u>\$ 41</u>	<u>\$ 73</u>	<u>\$ 45</u>
<u>Capitalization %</u>					
Long-Term Debt	55%	55%	55%	54%	54%
Preferred Stock	13	12	11	10	9
Common Equity	32	31	31	32	34
Short-Term Debt	-	2	3	4	3
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Return on Common Equity	7.3%	10.5%	10.2%	10.1%	10.1%
Bond Coverage	2.14	2.51	2.32	2.34	2.15
Preferred Coverage	1.37	1.48	1.41	1.46	1.46
Annualized Rate Incr.	\$ 15				
Incr. Cust. Cost-Mills/KWH	1.5				

GENERAL PUBLIC UTILITIES
Construction Forecast
(\$ Millions)

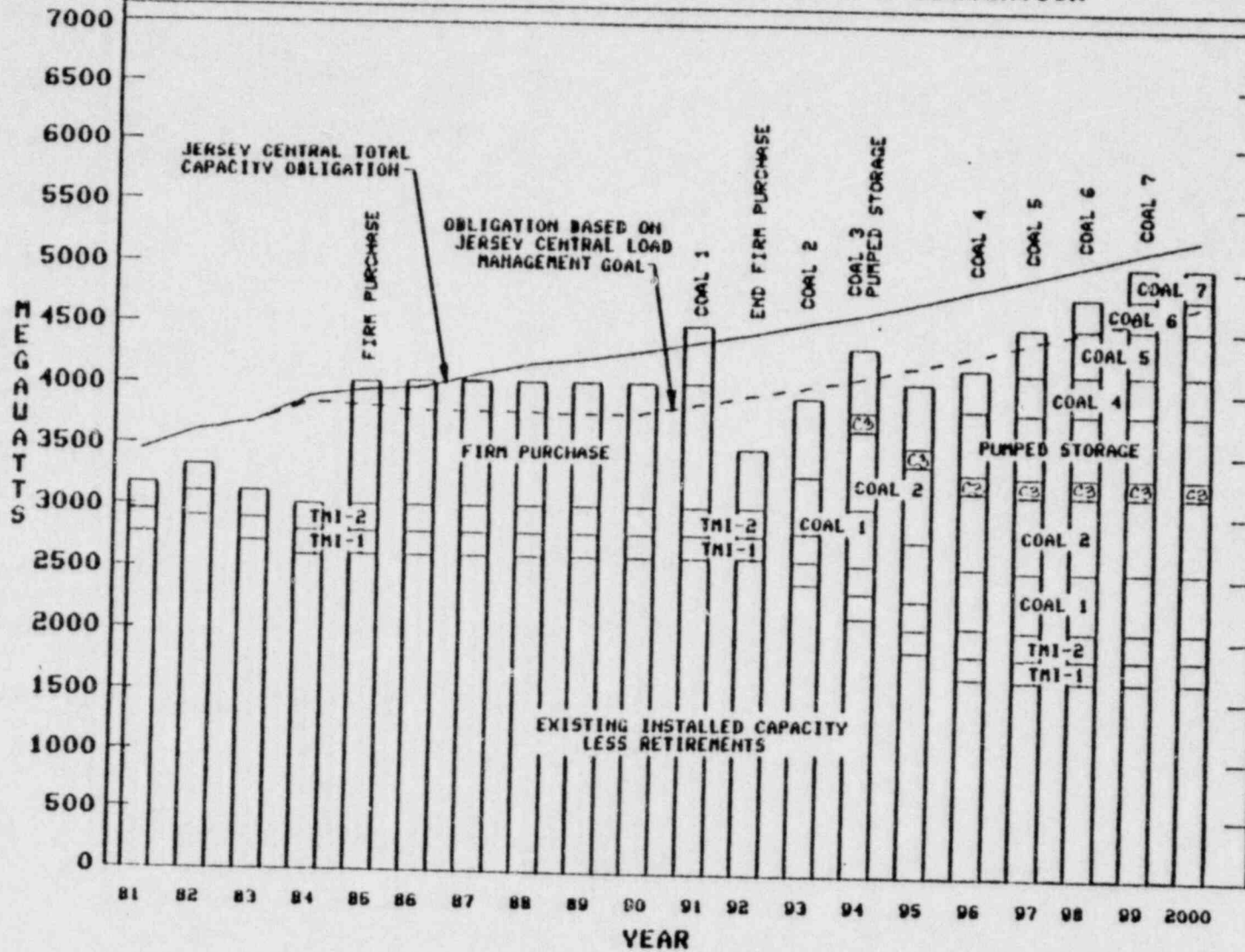
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
<u>New Generation</u>										
Forked River	\$ 14	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sayreville Conversion* (100% JC) - 1985	-	2	5	20	23	-	-	-	-	-
Seward #7 (60% FN) - 1987	5	19	20	31	70	109	133	49	-	-
Coal #1 - 1991	-	-	-	2	10	17	32	71	157	247
Coal #2 - 1993	-	-	-	-	-	3	11	21	38	82
Pumped Storage - 1994	-	-	1	2	5	1	1	15	15	100
Other	5	6	9	9	7	26	42	72	56	57
Total	\$ 24	\$ 31	\$ 35	\$ 64	\$115	\$156	\$219	\$228	\$266	\$ 486
<u>Existing Generation</u>										
	76	79	88	73	70	68	61	53	63	64
<u>Transmission</u>										
Ontario Hydro	2	3	41	66	138	-	-	-	-	-
IDV	7	17	21	4	25	56	15	1	10	47
Other	17	37	53	59	58	65	56	58	46	46
<u>Distribution</u>										
	82	101	113	121	125	133	138	139	152	165
<u>Nuclear Fuel</u>										
	40	30	27	33	94	60	145	160	177	192
<u>Load Management</u>										
	-	15	30	30	-	-	-	-	-	-
<u>General</u>										
	6	10	10	21	8	7	7	5	5	11
Total	\$254	\$323	\$418	\$471	\$633	\$545	\$641	\$644	\$719	\$1 011
<u>Payment of Retentions</u>										
DOE	\$ 33	-	-	-	-	-	-	-	-	-
Other	30	5	-	-	-	-	-	-	-	-
Total Construction	<u>\$317</u>	<u>\$328</u>	<u>\$418</u>	<u>\$471</u>	<u>\$633</u>	<u>\$545</u>	<u>\$641</u>	<u>\$644</u>	<u>\$719</u>	<u>\$1 011</u>

*Assumes that the Federal Government provides funding for 50% of the conversion costs starting in 1983.

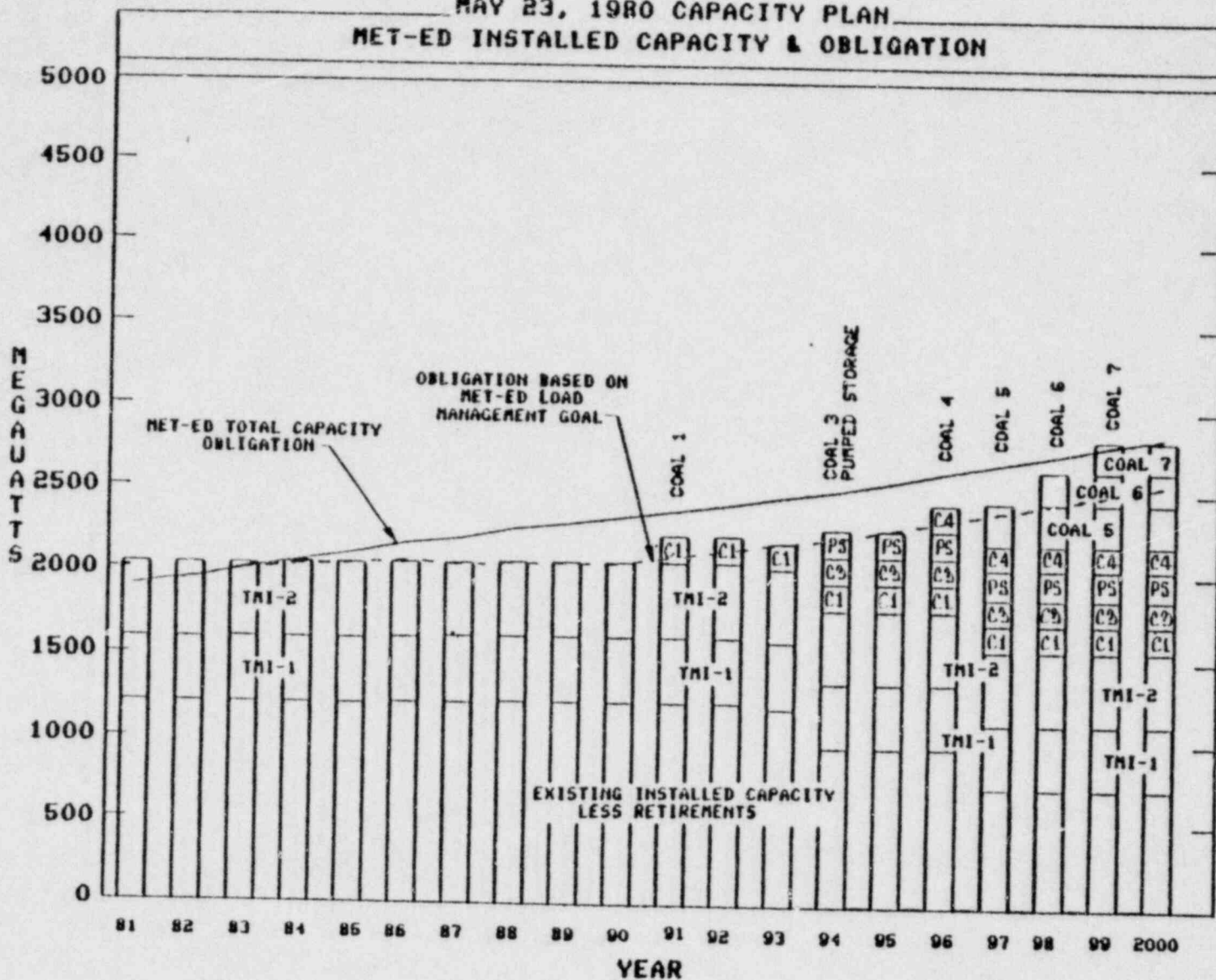
MAY 23, 1980 CAPACITY PLAN
GPU INSTALLED CAPACITY & OBLIGATION



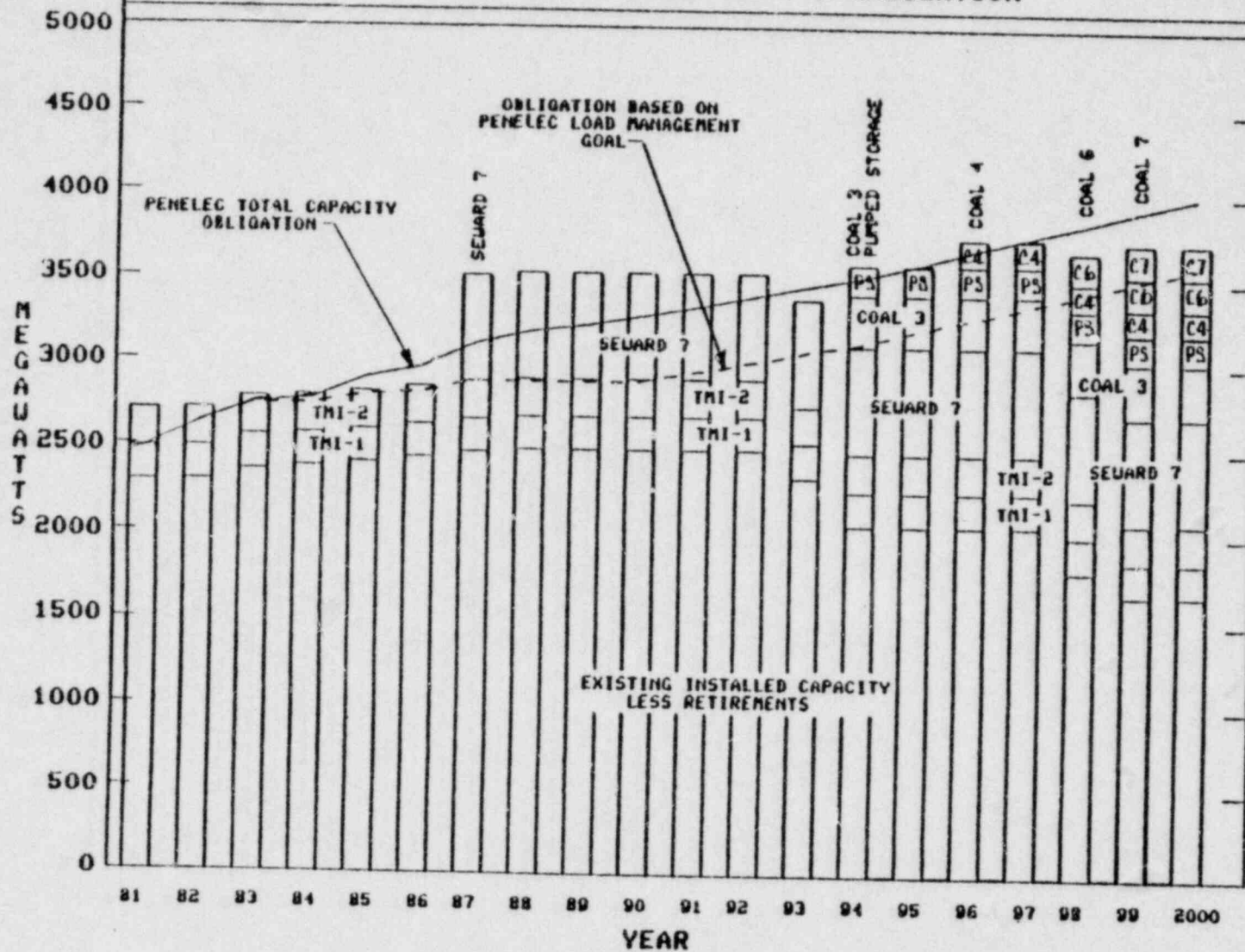
MAY 23, 1980 CAPACITY PLAN
 JERSEY CENTRAL INSTALLED CAPACITY & OBLIGATION



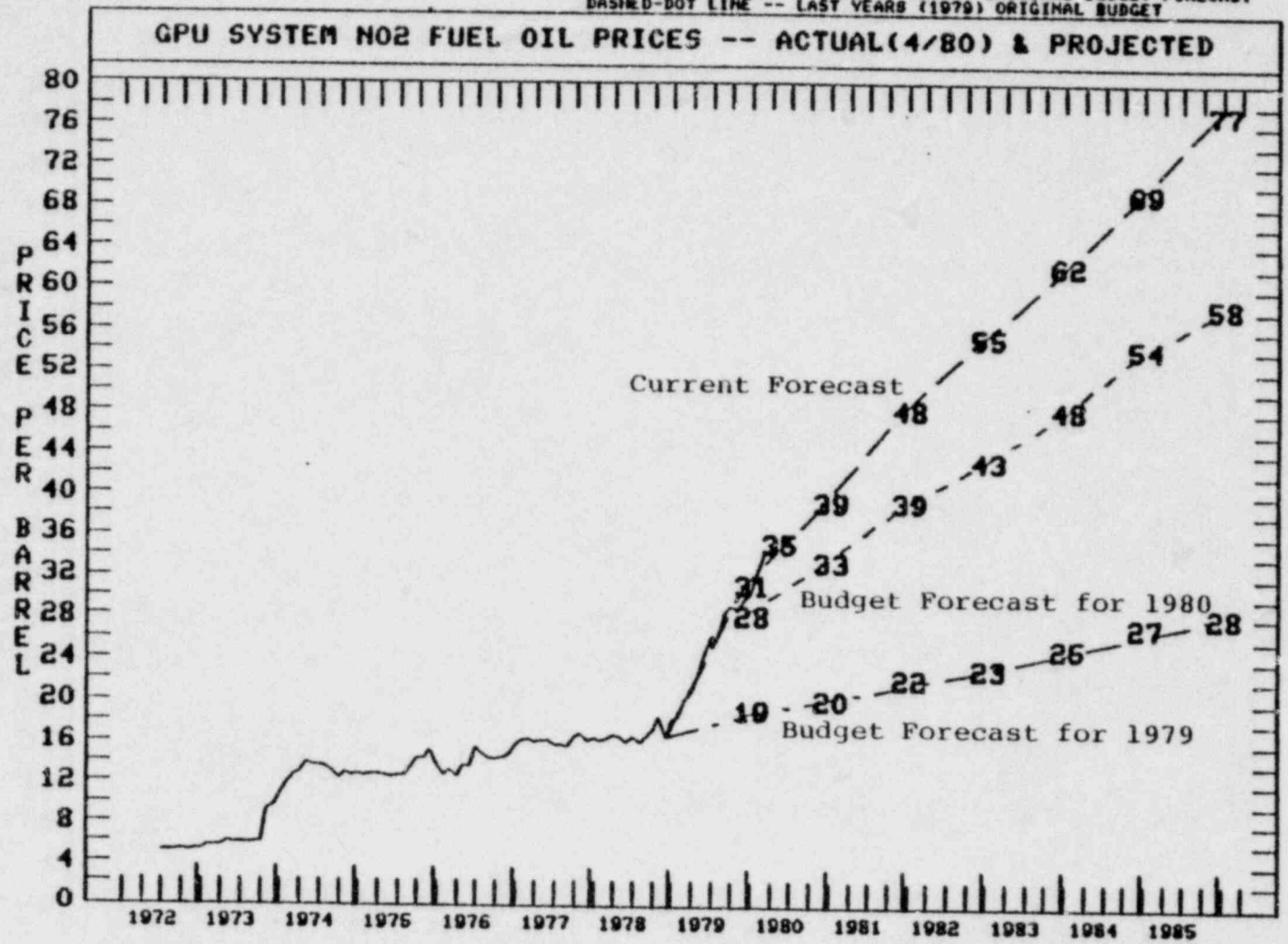
MAY 23, 1980 CAPACITY PLAN
 MET-ED INSTALLED CAPACITY & OBLIGATION



MAY 23, 1980 CAPACITY PLAN
 PENELEC INSTALLED CAPACITY & OBLIGATION



SOLID LINE -- HISTORICAL COST
 LONG-DASHED LINE -- FORECAST USED FOR JULY 10 PRESENTATION
 SHORT-DASHED LINE -- CURRENT (1980) ORIGINAL BUDGET FORECAST
 DASHED-DOT LINE -- LAST YEARS (1979) ORIGINAL BUDGET



News Release

General Public Utilities
Corporation
100 Interpace Parkway
Parsippany, New Jersey 07054
201 263-6500



Further information: KENNETH C. MCKEE

For release: IMMEDIATELY

Date: August 8, 1980
80-056

PARSIPPANY, NJ, August 8 -- General Public Utilities Corporation (GPU) released today an updated cost and scheduling plan for the cleanup and recovery of its damaged Three Mile Island Unit 2 (TMI-2) nuclear generating plant. Immediate emphasis continues to be on maintaining the plant in a safe condition while cleaning it up, said William G. Kuhns, GPU Chairman.

"The revised plan projects fuel removal from the reactor by mid-1983," he said, "with an expenditure for cleanup of about \$500 million. Follow-on restoration of Unit 2 to the pre-accident operating condition, including a new fuel core, would require another \$260 million, based upon completion in late 1985."

The above program cost estimates are in 1980 dollars, and do not include any costs associated with the fixed charges on the \$800 million investment in TMI-2, Kuhns stated.

He pointed out that increases over preliminary estimates made about one year ago of a four-year, \$400 million program to accomplish the task are attributed to a combination of new items added to the work scope, higher estimates for many of

-MORE-

the original tasks and the increased costs associated with a more lengthy time schedule.

"Major elements of the cleanup program," Kuhns said, "include: processing of the 700,000 gallons of contaminated water in the containment building and the reactor coolant system; decontamination of the containment building and removal of contaminated equipment and material; detailed reactor inspection including removal of the reactor head and internals; and the removal and transfer of the fuel core to the spent fuel pool. At this point, the future decision to restore the plant to operation must await detailed inspection of the major plant components. The estimate does not include the cost of modifications to meet post-accident regulatory requirements."

He said that the Company has contracted with the Bechtel engineering-construction organization to play a major role in the cleanup, decontamination and reactivation of the damaged unit.

The agreement, he noted, provides for Bechtel services in the area of technical planning, studies and analyses for the recovery project and for engineering, construction, construction management, procurement and related services.

Kuhns described the Bechtel organization as "uniquely qualified to undertake a project of this magnitude and of major importance to the future of commercial nuclear power. Bechtel's

technical resources, prior experience in nuclear projects, organizational capability and management commitment combine with those represented by GPU to form a very solid base for accomplishing the massive cleanup and restoration effort."

"While the recovery program presented today outlines a logical and consistent set of steps for accomplishing cleanup, the program is currently limited by several factors," Kuhns said. "These include: the establishment of regulatory criteria, the degree of public acceptance and the resolution of questions involving waste disposal. An immediate limitation could be regulatory approval of the Submerged Demineralizer System (SDS) for water cleanup and acceptance of the Programmatic Environmental Impact Statement (PEIS) now being drafted by the Nuclear Regulatory Commission and planned for initial release shortly. The PEIS, when approved, should provide the basis for regulatory criteria and should assist in achieving public acceptance."

Until satisfactory resolution of these problems, Kuhns said, the Company does not plan to accelerate the level of effort beyond the current rate of about \$100 million a year.

Cash flow requirements for the updated cleanup estimate average about \$125 million a year, Kuhns pointed out. On a System-wide basis these annual cleanup costs would approximately equal the energy savings the GPU customers would realize on the return to service of the undamaged Unit 1, he added.

He said the \$300 million of available insurance will approximately cover cleanup costs through 1981 and that the insurance coverage offers time for exploring and organizing broad-based assistance from government and the nuclear industry.

"There is growing recognition of the need to address a number of nuclear power matters associated with plants now in service or under construction by assessing the cost involved to the users of nuclear power across the country, rather than having the customers of a single utility bear a disproportionate burden," Kuhns said.

"Whether it be TMI or other possible nuclear plant or system failures, nuclear waste disposal or other tasks, GPU believes that a national program of financial support, perhaps in some form of a surcharge on nuclear generation or nuclear plant capacity, is appropriate.

"For example, a surcharge on all nuclear kilowatt-hours of generation that would cost the average 500 kilowatt-hour customer less than 10 cents a month (even for those utilities with the highest fraction of nuclear generation) would produce a fund of more than \$100 million a year to address these matters. The Company will be working with industry and government leaders during the next several months in developing a framework for the funding and management of such a program. A national response is warranted and we will vigorously seek such support," Kuhns concluded.

General Public Utilities
TMI-2 Clean-up & Restoration Costs
Used in the August 14 NRC Presentation

(\$ Millions)

<u>1979 Costs not charged to Expense</u>	\$ 95.00
<u>Clean-up and Restoration</u>	
- 1980 to 1985 w/o Escalation	690.00*
- 1 year extension in schedule	50.00
- Escalation (~8%/yr.)	140.00
- Replacement Fuel Core	70.00*
- AFC on Fuel Core	13.00
<u>O & M Costs charged to Expense</u>	17.00
- 1979 & 1980	17.00
- 1981 to 1985	75.00
Total	<u>\$1,150.00</u>

* These components represent the \$760 million that has appeared in the press.