

B. Ralph Sylvia
Senior Vice President

Detroit
Edison

6400 North Dixie Highway
Newport, Michigan 48166
(313) 586-4150

November 30, 198
NRC-89-0241

Dr. Thomas Murley
Director, Nuclear Reactor Regulation
NRP/DONRR Mail Stop 12G18
U. S. Nuclear Regulatory Commission
Washington, D. C. 20555

Reference: Fermi 2
NRC Docket No. 50-341
NRC License No. NPF-43

Subject: Price-Anderson Act Guarantee of Payment
of Deferred Premiums

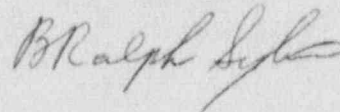
Dear Dr. Murley:

Enclosed is Detroit Edison's certified cash flow statement to meet the requirements of 10CFR140.21. The statement was prepared in accordance with Regulatory Guide 9.4 and outlines the Company's financial obligation, as detailed under the Secondary Financial Protection of the amended Price-Anderson Act.

As you know, Wolverine Power Supply Cooperative, Inc., has an ownership interest in Fermi 2. Therefore, we are also enclosing copies of April 29 and May 28, 1976 memorandums, which constitute Wolverine's response to the Secondary Financial Protection requirements.

Should you have any questions, please contact Mr. Lewis Bregni at (313) 586-4072.

Sincerely,



Attachment

cc: A. B. Davis
R. W. Defayette
I. P. Dinitz
W. G. Rogers
J. F. Stang
USNRC Document Control Desk
Washington, D. C. 20555

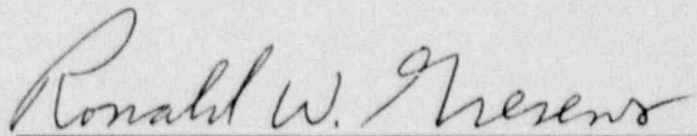
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CERTIFICATE

I, Ronald W. Gresens, Vice President and Controller, and Chief Accounting Officer of The Detroit Edison Company ("Company"), do hereby certify that the 1988 Actual financial data shown on the Company's 1989 Internal Cash Flow Projection is derived from the Company's consolidated financial statements for the year ended December 31, 1988 and that the 1989 Projection is the latest projection of the Company for the year ended December 31, 1989. The financial data is that of the Company only and does not include that of Wolverine Power Supply Cooperative, Inc., a joint owner of Fermi 2.

Dated: November 3, 1989



Ronald W. Gresens, Vice President and Controller
The Detroit Edison Company

THE DETROIT EDISON COMPANY

1989 Internal Cash Flow Projection
For Fermi 2 Nuclear Power Station
(Thousands of Dollars)

	<u>1988</u> <u>Actual</u>	<u>1989</u> <u>Projection</u>
Net income (loss) after taxes	\$ (378,826)	\$ 422,076
Less: Dividends	(304,106)	(284,022)
Loss on preferred and preference stock purchased and retired	<u>(19,905)</u>	<u>(558)</u>
Retained earnings	<u>(702,837)</u>	<u>137,496</u>
Adjustments:		
Cumulative effect for years prior to 1988 of accounting changes for:		
Disallowed plant costs and abandonments - net	344,147	-
Unbilled revenues and property taxes - net	(200,655)	-
Current year disallowed plant costs	849,506	-
Accretion income	-	(50,183)
Depreciation and amortization	325,423	364,569
Deferred Fermi 2 depreciation and return	(178,407)	(142,404)
Deferred income taxes and investment tax credit - net	(137,522)	88,100
Amortization of property losses and unrecovered plant costs	7,128	7,128
Allowance for funds used during construction	<u>(4,887)</u>	<u>(3,982)</u>
Total adjustments	<u>1,004,733</u>	<u>263,228</u>
Internal cash flow	<u>\$ 301,896</u>	<u>\$ 400,724</u>
Average quarterly cash flow	<u>\$ 75,474</u>	<u>\$ 100,181</u>
Percentage ownership in all operating nuclear units		88.802*(a)
Maximum total contingent liability per year		\$ 10,000

(a) Fermi 2 is Detroit Edison's only nuclear unit.

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION
WASHINGTON, D.C. 20250

April 29, 1976

**SUBJECT: Nuclear Regulatory Commission
Call re Price-Anderson Act**

**TO: David A. Hamil
Administrator**

On this date Mr. Dinitz of NRC called me about the Price-Anderson Act. He said they had published a proposed rule on March 18 which might not have come to our attention. He said that in case of a major accident, there could be an assessment against a nuclear plant in the range of \$4 to \$5 million, and he wondered how this might affect our borrowers. He was aware that our borrowers at present have no more than a minority interest in any major plants.

In discussion I mentioned that in case of necessity REA has authority to make an operating loan to a borrower, and that an amount of \$5 million was not large in comparison to our annual loan program. He said that this backup would satisfy them with respect to the ability of an REA financed system to meet their assessment. He said he would send us a copy of their proposed rule for our comments, and it would be helpful for us to mention our authority to make an operating loan.

David H. Askegaard

DAVID H. ASKEGAARD
Deputy Administrator

*DAH
5/5/76*

cc:
AAE
AAA
LARC
PSMESD
John Holt

May 28, 1976

Mr. Ira Dinitz, Indemnity Specialist
Antitrust and Indemnity Group
Nuclear Reactor Regulation
Nuclear Regulatory Commission
Washington, D. C. 20555

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NORTHERN MICHIGAN
ELECTRIC COOPERATIVE

Dear Mr. Dinitz:

I wish to thank you for your telephone call of April 29, 1976, and the ensuing letter pointing out the changes to the Price Anderson Act of 1957, which were enacted by Public Law 94-197.

We were aware of these changes and the fact that owners of nuclear reactors may be charged retrospective premiums of up to \$5 million in the unlikely occurrence of a nuclear incident. The Administrator of the Rural Electrification Administration is authorized, pursuant to the RE Act, to make loans for such retrospective premiums. Of course, all of our borrowers, to date, would be liable only for percentages of these retrospective premiums since the borrowers usually own less than a full portion of the reactor. The premiums would not be large with respect to the total nuclear plant investment or the annual operating cost of a large nuclear reactor.

In your letter you further asked our opinion as to the likelihood of default on the premiums by one or more utilities. In our judgment, the retrospective premium would be relatively small when compared to the total utility responsibilities of conducting business. I cannot foresee how any utility large enough to be involved in nuclear generation would forfeit payment of its retrospective premiums.

Sincerely,

David H. Askegaard

DAVID H. ASKEGAARD
Deputy Administrator

cc:

Official File-PPB
ADM

Reading-PSMESD
Reading-PPB

Holt
OGC

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Retyped/HConner

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