

5-4-77A



Public Service Electric and Gas Company 80 Park Place Newark N.J. 07101 Phone 201 430-7000

December 19, 1978

Director of Nuclear Reactor Regulation  
Attention: Mr. K. Kniel  
Chief, LWR Branch #2  
Division of Project Management  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Dear Mr. Kniel:

ATLANTIC GENERATING STATION  
APPLICATION FOR LICENSES  
AMENDMENT 33  
NUMBERS 1 AND 2 UNITS  
DOCKET NUMBERS STN 50-477 AND 50-478

Transmitted herewith is the applicant's Notice of Withdrawal of Application in the captioned proceeding. In accordance with 10CFRSection 2.107 this notice is being transmitted to the Atomic Safety and Licensing Board.

This amendment will be served upon governing officials of affected municipalities in accordance with the provisions of the above mentioned regulations.

This submittal includes 70 copies of Amendment 33 to the Preliminary Safety Analysis Report.

For your information, enclosed is a press release issued by Public Service Electric and Gas Company dated December 19, 1978.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. L. Mittl".

R. L. Mittl  
General Manager - Licensing and Environment  
Engineering and Construction Department

FWB:aer

Encl.

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The Energy People

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Public Service Electric and Gas Company 80 Park Place Newark, N.J. 07101 Phone 201 430-7000

U.S. NUCLEAR REGULATORY COMMISSION

DOCKET NOS. STN 50-477  
STN 50-478

PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
AMENDMENT 33  
APPLICATION FOR LICENSES  
NOTICE OF WITHDRAWAL OF APPLICATION

Public Service Electric and Gas Company on its own behalf, and as Agent for Atlantic City Electric Company and Jersey Central Power and Light Company, hereby withdraws its application for construction permits in the captioned proceeding.

Respectfully submitted,

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

T. J. Martin  
Vice President  
Engineering and Construction

FWB:aer

The Energy People

State of New Jersey : SS  
County of Essex

THOMAS J. MARTIN, being duly sworn according to law deposes and says:

That he is a Vice President of Public Service Electric and Gas Company, the Applicant herein, and is authorized to sign the foregoing Amendment 33 to APPLICATION FOR LICENSES, Notice of Withdrawal of Application, on behalf of Public Service Electric and Gas Company, Atlantic City Electric Company and Jersey Central Power & Light Company.

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THOMAS J. MARTIN

Sworn and subscribed to )  
before me this 14<sup>th</sup> day )  
of December, 1978. )

W. A. Vanderhook  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires Mar. 10, 1979

## News Release

FOR IMMEDIATE RELEASE  
Tuesday, December 19, 1978

Contact: Arthur F. Lenehan  
General Manager - Information Services

Public Service Electric and Gas Company said today (Tuesday, December 19, 1978) that it had decided to cancel a contract to purchase four floating nuclear power plants from Offshore Power Systems of Jacksonville, Fla., before year end.

Less-than-anticipated growth in the peak demand for electricity in New Jersey is the only reason for the cancellation, the utility said. "The decision by the Board of Directors to cancel," stated Chairman Robert I. Smith, "should not be interpreted by anyone as a rejection of nuclear power. We are still firmly convinced that nuclear offers the best solution to the problem of supplying electrical energy to the people of New Jersey."

PSE&G had planned to locate two of the floating units at its proposed Atlantic Generating Station, 2.8 miles off the coast of South Jersey, 12 miles northeast of Atlantic City. The first Atlantic unit was scheduled to begin operating in 1988; the second in 1990. The third and fourth floating units had operating dates of 1993 and 1995, but a site had never been selected for them.

"If our presently anticipated rate of growth is accurate," Smith said, "we simply will not need these units on these dates and another postponement in the schedule does not seem practical." PSEG has postponed the operating dates of the four units twice before. Ordered in 1972, the first Atlantic unit was originally scheduled for operation in 1980, but the Arab oil embargo of 1973-1974 and the subsequent reduction in the demand for electricity dictated postponements, first until 1985 and subsequently until 1988.

The average annual rate of growth in electric peak demand will be 2.8 per cent through 1995, according to PSEG's latest energy forecast, issued earlier this Fall. A year ago, a 3.2 per cent cent growth figure was being forecast.

Peak demand is the high point achieved each year in electrical demand. It is usually reached in July or August when air-conditioning increases the demand. Conservation, lower rates for using power in off-peak hours and other techniques now being introduced in cooperation with the New Jersey Department of Energy and the Board of Public Utilities are expected to lower the use of electricity during the hours of peak demand in the future.

Smith indicated, however, that as long as electric demand continues to grow, even at current rates, PSEG will need some additional sources of power.

"Although our studies still indicate that nuclear is the way to go," said Smith, "we will also be considering these other possibilities in the future: 1) constructing coal-burning plants; 2) acquiring an interest in nuclear units being built by other utilities and 3) keeping fossil-fuel plants operating beyond planned retirement dates. In any event, we'll do whatever is necessary to meet the needs of all our electric customers."

"We regret having to cancel the floating power plant project," Smith said. "It's a good concept, with many advantages. The floating unit utilizes a standard design which lends itself to factory-type assembly. That means better quality control, plus reduced manufacturing costs and lead time. Their portability is also an attractive advantage over land-based plants. After initial licenses are granted, subsequent licensing of additional units should be relatively simple and straightforward. There's also an unlimited supply of cooling water in the ocean," Smith added, "and the environmental effects are minimal with a floating unit."

Cancellation of the Atlantic units will mean a decrease of approximately \$761 million in construction spending between now and the end of 1982 for PSE&G. It will also mean fewer trips to the money market by the company to raise construction funds through the sale of stocks and bonds.

The decision to cancel at this time will save the utility \$5.5 million in taxes, a saving that will not be available next year under the new federal corporate income tax law.

The company has spent \$322 million on the project which, after tax deductions, leaves \$189 million in unrecovered costs to be amortized over a 20-year period. In PSEG's last rate case, the State Board of Public Utilities agreed to allow a 20-year amortization of all legitimate costs.