



OLIVER D. KINGSLEY, JR.  
Vice President  
Nuclear Operations

June 15, 1987

Mr. Thomas Murley, Director  
Office of Nuclear Reactor Regulation  
U. S. Nuclear Regulatory Commission  
Washington, D. C. 20555

Dear Mr. Murley:

SUBJECT: Grand Gulf Nuclear Station  
Units 1 and 2  
Docket Nos. 50-416 and 50-417  
License No. NPF-29  
Guarantee of Deferred Premiums  
AECM-87/0120

Pursuant to NRC Regulation 10 CFR 140.21, System Energy Resources, Inc. (SERI), on behalf of itself and South Mississippi Electric Power Association (SMEPA), is submitting evidence that it can generate a cash flow which would be available for payment of ninety percent (90%) of the deferred premium obligation for Grand Gulf Nuclear Station, Unit 1. SERI is also submitting evidence that SMEPA can generate a cash flow which would be available to pay the remaining ten percent (10%) of the deferred premium.

If you have any questions or need additional information, please advise.

Yours truly,

ODK:bms  
Attachment

cc: Mr. T. H. Cloninger (w/a)  
Mr. R. B. McGehee (w/a)  
Mr. N. S. Reynolds (w/a)  
Mr. H. L. Thomas (w/o)  
Mr. R. C. Butcher (w/a)

Dr. J. Nelson Grace, Regional Administrator (w/a)  
U. S. Nuclear Regulatory Commission  
Region II  
101 Marietta St., N. W., Suite 2900  
Atlanta, Georgia 30323

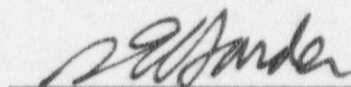
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# NARRATIVE STATEMENT

In the event of a nuclear incident, System Energy Resources, Inc. will meet its requirements under the Price-Anderson Act by using its cash reserves or borrowing short-term under available lines of credit in order to fund its nine million dollar contribution.

SYSTEM ENERGY RESOURCES, INC.



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Glenn E. Harder  
Vice President - Accounting &  
Treasurer  
June 11, 1987

SYSTEM ENERGY RESOURCES, INC.

STATEMENT OF SOURCE OF FUNDS FOR 1986 - 1988

(Millions of Dollars)

<u>Internal Funds</u>	<u>Actual</u>	<u>Estimated</u>	
	<u>1986</u>	<u>1987</u>	<u>1988</u>
Net income before dividends*	\$ 189	\$ 200	\$ 173
Less dividends declared	<u>-0-</u>	<u>63</u>	<u>148</u>
Income net of dividend	189	137	25
Depreciation/Amortization	59	99	100
Deferred income tax and ITC net	88	65	57
Working capital and miscellaneous	<u>140</u>	<u>3</u>	<u>1</u>
TOTAL	476	304	183
 <u>Financing Transactions</u>			
Common Stock	-0-	-0-	-0-
Preferred Stock	-0-	-0-	-0-
First Mortgage Bonds	1,050	300	-0-
Pollution Control Bonds	90	-0-	-0-
Capital Leases (Fuel)	34	31	-0-
Short term borrowings - net	<u>-0-</u>	<u>158</u>	<u>(158)</u>
Total Funds - Financing	<u>1,174</u>	<u>489</u>	<u>(158)</u>
Total Funds Provided	<u>\$1,650</u>	<u>\$ 793</u>	<u>\$ 25</u>

\* Includes AFUDC of: 1986: (4.6)  
1987: (1.0)  
1988: .5



Percentage Ownership

in All Operating Nuclear Units	Grand Gulf Unit 1	90.00%
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Maximum Total

Contingent Liability	\$ 9 million
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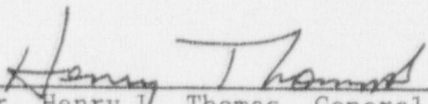
HIGHWAY 49 NORTH/P.O. BOX 15849

HATTIESBURG, MS 39404

TELEPHONE (601) 268-2083

May 29, 1987

In the event of a nuclear incident, South Mississippi Electric Power Association will meet its requirements under the Price Anderson Act by borrowing short-term under its available line of credit with National Rural Utilities Cooperative Finance Corporation or using the Associations's current revenue to fund its contingent obligation.

  
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Mr. Henry L. Thomas, General Manager

SOUTH MISSISSIPPI ELECTRIC POWER ASSOCIATION  
STATEMENT OF SOURCE OF FUNDS FOR 1986 - 1988  
(Thousands of Dollars)

<u>Internal Funds</u>	Actual	- Estimated -	
	<u>1986</u>	<u>1987</u>	<u>1988</u>
Revenue	\$225,451	\$235,094	\$249,700
Expense	<u>225,302</u>	<u>233,187</u>	<u>250,950</u>
Operating Margins	149	1,907	(1,250)
Non-Operating Margins	<u>(48)<sup>(A)</sup></u>	<u>1,498</u>	<u>1,250</u>
Net Margins	<u>\$ 101</u>	<u>\$ 3,405</u>	<u>\$ -0-</u>

(A) Includes extraordinary loss upon extinguishment of debt -  
\$2,075 M.



Percentage Ownership  
in All Operating  
Nuclear Units

Grand Gulf Unit 1

10.00%

Maximum Total

Contingent Liability

\$ 1 million