



CHARLES CENTER • P.O. BOX 1475 • BALTIMORE, MARYLAND 21203

CHRIS H. POINDEXTER
TREASURER

July 25, 1979

Mr. Jerome Saltzman, Chief
Antitrust & Indemnity Group
Nuclear Reactor Regulation
United States Nuclear
Regulatory Commission
Washington, DC 20555

Subject: Calvert Cliffs Nuclear Power Plant Units Nos. 1 and 2
Docket Nos. 50-317 and 50-318
Guarantee of Retrospective Premium

Dear Mr. Saltzman:

In accordance with Mr. B. H. Sherry's letter of June 30, 1977, our annual submittal date for the Guarantee is August 1. Accordingly, we are enclosing herewith:

- Exhibit I - A copy of the 1978 Annual Report to Stockholders of Baltimore Gas and Electric Company containing certified financial statements.
- Exhibit II - A copy of quarterly financial statements as of June 30, 1979.
- Exhibit III - A copy of Projected Cash Flow for the twelve months ended July 31, 1980.
- Exhibit IV - Narrative statement on curtailment/deferment of capital expenditures (if any) to ensure that retrospective premiums up to \$10 million applicable to each of the two units would be available for payment.
- Exhibit V - A copy of letter dated October 26, 1978 from the Nuclear Regulatory Commission signed by Jerome Saltzman; Re: suggested format for cash flow projections.

Sincerely yours,

Treasurer

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Enclosures

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Internal Cash Flow Projection
for Calvert Cliffs Nuclear Power Station

Percentage Ownership		
in All Operating	Calvert Cliffs Unit No. 1	100.00%
Nuclear Units	Calvert Cliffs Unit No. 2	100.00%
Maximum Total Contingent Liability (\$000)		<u>\$20,000</u>
	<u>Twelve Months Ended 6/30/79</u>	<u>Twelve Months Ended 7/31/80</u>
<u>Non-Cash Expenses (\$000)</u>		
Depreciation and Amortization	\$ 79,829	\$ 82,152
Deferred Income Taxes and Investment Tax Credits	29,702	53,629
Total	<u>\$109,531</u>	<u>\$135,781</u>
Percentage of Total to Maximum Total Contingent Liability	547.7%	678.9%
<u>Retained Earnings (\$000)</u>		
Net Income After Taxes	\$123,613	
Less Allowance for Funds Used During Construction	11,209	
Less Dividends Paid	90,281	
Total	<u>\$ 22,123</u>	
Total Internal Cash Flow	<u>\$131,654</u>	
Percentage of Total Internal Cash Flow to Maximum Total Contingent Liability	658.3%	

State of Maryland)
) SS:
City of Baltimore)

Mr. C. H. Poindexter makes oath and says that he is Treasurer of Baltimore Gas and Electric Company; that the above Projected Cash Flow was prepared under his direction and in good faith in accordance with the stated Underlying Assumptions; that he has examined the above projection, and to the best of his knowledge it is a fair representation of cash flow for the twelve months ended July 31, 1979.

C. H. Poindexter

Subscribed and sworn to before me, a Notary Public, in and for the State and City above named, this 25 day of July, 1979.

My Commission expires August 1, 1981

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Baltimore Gas and Electric Company

Underlying Assumptions for Projected Cash Flow

- (1) Projected Cash Flow does not include an estimate of retained earnings. However, Internally Generated Funds without retained earnings are well in excess of the maximum possible retrospective premiums. The Company is expected to realize retained earnings net of Allowance For Funds Used During Construction during the projected period.
- (2) Depreciation accruals based on composite straight line rates of 3.26% for electric property other than nuclear, 3.45% for nuclear property, 2.6% for gas, 2.75% for steam and 3% for common utility property.
- (3) Estimates of Federal income taxes and other tax expense are based upon existing tax laws and any known changes thereto.
- (4) Accounting policies consistent with those in effect June 30, 1979.

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Baltimore Gas and Electric CompanyCurtailment of Capital Expenditures

Estimated construction expenditures for the twelve months ended July 31, 1980 are \$215 million. To insure that retrospective premiums under the Price Anderson Act would be available during the aforementioned twelve month period without additional funds from external sources, construction curtailments would affect all construction expenditures rather than impacting a specific project.

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BALTIMORE GAS AND ELECTRIC COMPANY

STATEMENT OF INCOME

	Three Months Ended June 30		Six Months Ended June 30		Twelve Months Ended June 30	
	1979	1978	1979	1978	1979	1978
			(Thousands of Dollars)			
Operating Revenues						
Electric	\$167,282	\$163,472	\$349,043	\$322,150	\$ 724,066	\$616,952
Gas	62,930	53,605	168,531	157,861	275,256	252,715
Steam	2,231	2,164	7,788	8,066	12,449	12,688
Total Operating Revenues	\$232,443	\$219,241	\$525,362	\$488,077	\$1,011,771	\$882,355
Operating Expenses						
Purchased Fuel and Energy	\$ 71,743	\$ 66,898	\$180,606	\$152,762	\$ 349,109	\$271,254
Operations	44,439	38,482	88,412	78,556	171,838	148,365
Maintenance	15,400	13,346	28,550	26,489	57,145	50,808
Depreciation	18,296	17,507	39,044	37,278	79,829	72,744
Income Taxes						
Current	6,380	13,802	27,244	28,259	42,604	38,541
Deferred	5,305	(951)	6,694	10,045	12,467	12,079
Investment Tax Credit Adjustments	4,993	5,085	7,851	8,497	17,235	18,059
Other Taxes	19,588	18,891	43,071	41,693	84,709	79,506
Total Operating Expenses	\$186,144	\$173,060	\$421,472	\$383,579	\$ 814,936	\$691,356
Operating Income	\$ 46,299	\$ 46,181	\$103,890	\$104,498	\$ 196,835	\$190,999
Allowance for Other Funds Used During Construction	2,478	890	3,766	1,684	6,089	3,184
Net Other Income and Deductions	429	175	959	468	1,230	530
Income Before Interest Charges	\$ 49,206	\$ 47,246	\$108,615	\$106,650	\$ 204,154	\$194,713
Interest Charges	21,328	20,164	42,702	40,269	85,661	79,065
Allowance for Borrowed Funds Used During Construction—Credit	2,019	808	3,069	1,529	5,120	2,891
Net Income	\$ 29,897	\$ 27,890	\$ 68,982	\$ 67,910	\$ 123,613	\$118,539
Dividends—Preferred and Preference Stock	4,519	4,549	9,047	9,102	18,122	18,244
Balance Available for Common Stock	\$ 25,378	\$ 23,341	\$ 59,935	\$ 58,808	\$ 105,491	\$100,295
Common Shares Outstanding (Thousands)						
Average During Period	31,229	30,777	31,161	30,744	31,056	30,574
At End of Period	31,323	30,788	31,323	30,788	31,323	30,788
Earnings Per Common Share (Average Shares)	\$ 0.81	\$ 0.76	\$ 1.92	\$ 1.91	\$ 3.40	\$ 3.28

SALES VOLUMES (Thousands)

Electric—MWH	3,899	3,638	8,327	7,783	16,714	15,896
Gas—DTH	21,142	16,630	55,602	50,333	89,757	83,358
Steam—M lb.	401	412	1,263	1,408	2,177	2,451

BALANCE SHEET

	June 30	
	1979	1978
	(Thousands of Dollars)	
ASSETS		
Utility Plant	\$3,004,454	\$2,846,158
Less Accumulated Depreciation	576,616	506,720
	\$2,427,838	\$2,339,438
Other Investments	\$ 7,665	\$ 7,598
Current Assets		
Cash	\$ 4,519	\$ 6,966
Temporary Cash Investments	12,243	—
Accounts Receivable	94,984	97,601
Materials and Supplies	110,593	96,329
Other	5,782	4,383
	\$ 228,121	\$ 205,279
Deferred Debits	\$ 22,527	\$ 14,804
Total Assets	\$2,686,151	\$2,567,119
CAPITAL AND LIABILITIES		
Capital Stock and Retained Earnings		
Preferred Stock	\$ 59,185	\$ 59,185
Preference Stock	175,000	175,000
Convertible Preference Stock	10,370	12,299
Common Stock	609,394	595,728
Premium on Preferred Stock	157	157
Retained Earnings	327,318	294,054
	\$1,181,424	\$1,136,423
Long-Term Debt		
Mortgage Bonds	\$1,172,496	\$1,109,256
Debentures	34,400	35,400
Unamortized Discount and Premium	(2,958)	(2,662)
Long-Term Debt estimated to be retired within one year	(32,323)	(11,493)
	\$1,171,615	\$1,130,501
Current Liabilities		
Notes Payable	\$ —	\$ 27,800
Accounts Payable	49,987	58,292
Taxes Accrued	23,895	27,160
Interest Accrued and Dividends Declared	54,657	50,056
Long-Term Debt estimated to be retired within one year	32,323	11,493
Other	20,287	15,396
	\$ 181,149	\$ 190,197
Deferred Investment Tax Credits	\$ 96,178	\$ 82,145
Deferred Income Taxes	\$ 32,536	\$ 20,069
Other Credits	\$ 23,249	\$ 7,784
Total Capital and Liabilities	\$2,686,151	\$2,567,119

The above interim statements contain apportionments and estimates of some items subject to final adjustment at the calendar year-end.

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