

Docket No. 50-346
License No. NPF-3
Serial No. 807
April 21, 1982



United States Nuclear Regulatory Commission
Attn: Mr. Jerome Saltzman, Chief
Antitrust & Indemnity Group
Nuclear Reactor Regulation
Washington, D. C. 20555

Gentlemen:

RE: Davis-Besse No. 1
Retrospective Premium Guarantee



The Toledo Edison Company hereby provides the documents described below and enclosed herewith as evidence of its guarantee of its share (\$4,862,000) of the retrospective premium which may be levied against the Davis-Besse Unit No. 1 reactor licensees during the period April 23, 1982 thru April 22, 1983.

1. The Toledo Edison Company 1981 Annual Report to shareowners which includes certified financial statements for the calendar year 1981.
2. The Toledo Edison Company 1981 Fourth Quarter Quarterly Report, which includes financial statements for the quarter ending December 31, 1981 (the 1982 First Quarter Quarterly Report is not yet available).
3. A schedule of 1981 Actual Internal Cash Flow and 1982 Internal Cash Flow Projection.

Based on the data set forth above, The Toledo Edison Company believes that a cash flow can be generated which would be adequate should it be required to pay any retrospective premium in the amount of \$4,862,000.

Also enclosed is The Cleveland Electric Illuminating Company's Estimate of Cash Position and Source of Funds Actual 1981 and Projected 1982. This statement shows that The Cleveland Electric Illuminating Company believes that a cash flow can be generated which would be adequate should it be required to pay any retrospective premium in the amount of \$5,138,000.

Thus, the Cash Flow Statements of The Toledo Edison Company and The Cleveland Electric Illuminating Company enclosed herein demonstrate the ability to pay a combined retrospective premium of \$10,000,000 for Davis-Besse Nuclear Power Station Unit No. 1.

Richard P. Crouse
Richard P. Crouse
Vice President, Nuclear

Robert F. Ertle
Robert F. Ertle
Assistant Treasurer

cc: Luis Reyes

Enclosures

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THE TOLEDO EDISON COMPANY
1982 INTERNAL CASH FLOW PROJECTION
FOR DAVIS-BESSE NUCLEAR POWER STATION
(Dollars in Thousands)

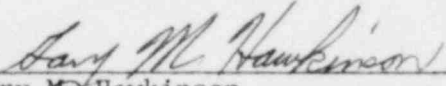
	Actual <u>1981</u>	Projected <u>1982</u>
Net Income After Taxes (1)	\$ 93,944	---
Less Dividends Declared	<u>74,467</u>	<u>---</u>
Retained Earnings (1)	\$ 19,477	---
Adjustments:		
Depreciation and Amortization	\$ 50,121	\$ 44,700
Deferred Income Taxes and Invest-		
ment Tax Credits	22,761	28,200
Allowance for Funds Used During		
Construction	<u>(47,989)</u>	<u>(66,400)</u>
Total Adjustment:	\$ 24,893	\$ 6,500
Internal Cash Flow	\$ <u>44,370</u>	\$ <u>25,000</u>
Average Quarterly Cash Flow	\$ <u>11,092</u>	\$ <u>6,250</u>
Percentage Ownership in:		
Davis-Besse Nuclear Power Station		
No. 1	48.62%	
Maximum Total Contingent Liability		\$ <u>4,862</u>

(1) The Company does not publish its projections of net income after taxes and dividends paid. Thus, the Company has elected to show no estimate of Retained Earnings for 1982.

CERTIFICATION

I, Gary M. Hawkinson, Assistant Treasurer of The Toledo Edison Company, hereby certify that the foregoing Estimate of Cash Position and Source of Funds for calendar year 1982 is derived from accurate data and reasonable assumptions and is a reasonable estimate.

Date: April 21, 1982


Gary M. Hawkinson
Assistant Treasurer