

Detroit
Edison

Wayne H. Jens
Vice President
Nuclear Operations

Fermi-2
6400 North Dixie Highway
Newport, Michigan 48166
(313) 586-4150



Nuclear
Operations

December 4, 1985
VP-85-0217

Mr. Jerome Saltzman
Assistant Director
State and Licensee Relations
Office of State Programs
U. S. Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Saltzman:

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

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

Enclosed is Detroit Edison's certified cash flow statement to meet the requirements of 10 CFR 140.21. 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 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 the 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. Robert Woolley at (313) 586-4211.

Sincerely,

Enclosure

cc: Mr. P. M. Byron
Mr. M. D. Lynch
Mr. I. Dinitz

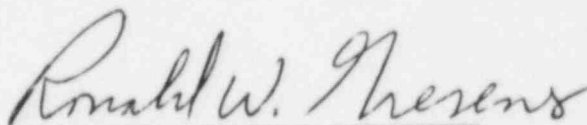
8512060296 851204
PDR ADOCK 05000341
I PDR

Mood
11

CERTIFICATE

I, Ronald W. Gresens, Controller and Chief Accounting Officer of The Detroit Edison Company ("Company"), do hereby certify that the 1984 Actual financial data shown on the Company's 1985 Internal Cash Flow Projection is derived from the Company's consolidated financial statements for the year ended December 31, 1984 and that the 1985 Projection is the latest projection of the Company for the year ended December 31, 1985. The financial data is that of the Company only and does not include that of Wolverine Power Supply Cooperative, Inc. ("Cooperative"), a joint owner of Fermi 2. Under the Participation Agreement, as amended, Adjusted Participation Interests of the Company and the Cooperative in Fermi 2 will change over time with the Company's interest increasing and the Cooperative's interest decreasing. As of September 30, 1985, the Adjusted Participation Interests of the Company and the Cooperative are 84.766% and 15.234%, respectively.

Dated: November 14, 1985



Ronald W. Gresens Controller
The Detroit Edison Company

THE DETROIT EDISON COMPANY

1985 Internal Cash Flow Projection
For Fermi 2 Nuclear Power Station
(Thousands of Dollars)

	<u>1984</u> <u>Actual</u>	<u>1985</u> <u>Projection</u>	
Net Income After Taxes	\$ 401,937	\$ 430,333	
Less: Dividends	(332,344)	(344,485)	
Retained Earnings	<u>\$ 69,593</u>	<u>\$ 85,848</u>	
Adjustments:			
Depreciation	\$ 190,420	\$ 218,007	(a)
Amortization of Property Losses	12,231	12,231	
Deferred Income Taxes and			
Investment Tax Credits	127,436	110,916	(a)
Allowance for Funds Used			
During Construction	(293,686)	(246,331)	(a)
Total Adjustments	<u>\$ 36,401</u>	<u>\$ 94,823</u>	
Internal Cash Flow	<u>\$ 105,994</u>	<u>\$ 180,671</u>	
Average Quarterly Cash Flow	<u>\$ 26,498</u>	<u>\$ 45,168</u>	
Percentage Ownership			
in All Operating			
Nuclear Units		0	(b)
Maximum Total			
Contingent Liability		0	(b)

(a) In the 1985 projection, depreciation increased, deferred income taxes decreased and the allowance for funds used during construction decreased due primarily to the commercial operation of Belle River Unit Nos. 1 and 2 on August 1, 1984 and July 9, 1985, respectively.

(b) Fermi 2 is Detroit Edison's only nuclear unit and as of November 14, 1985 is not in commercial operation.

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

OFFICE OF THE ADMINISTRATOR

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

RECEIVED
OCT 1 1982

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

PSMESD:PPB:JWHolt:mlw:5/26/76
Retyped/HConner

~~8504120312~~