



**Pennsylvania Power & Light Company**

Two North Ninth Street • Allentown, PA 18101-1179 • 215/774-5151

**NVL**

Paul E. Russell  
Associate General Counsel  
215/774-4254

March 13, 1991

**RECEIVED**

**MAR 15 1991**

**SECRETARY'S OFFICE  
Public Utility Commission**

Mr. Jerry Rich, Secretary  
Pennsylvania Public Utility Commission  
P. O. Box 3265  
Harrisburg, Pennsylvania 17120

**Re: Pennsylvania Power & Light Company  
Decommissioning Funding for the  
Susquehanna Steam Electric Station**

Dear Mr. Rich:

*R-822169*

Enclosed for filing on behalf of Pennsylvania Power & Light Company (PP&L) are three (3) copies of a report regarding the decommissioning funding for the Susquehanna Steam Electric Station. This report was requested in your letter dated November 16, 1989.

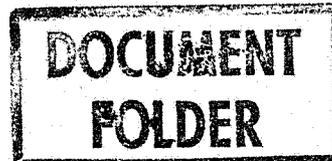
If you have any questions regarding the enclosed report, please call.

Very truly yours,

Paul E. Russell

Enclosures

cc: Mr. Kenneth J. Schiavo



**RECEIVED**

MAR 15 1991

**PENNSYLVANIA POWER & LIGHT COMPANY**  
**Decommissioning Funding**  
**For the Susquehanna Steam Electric Station**

**SECRETARY'S OFFICE**  
**Public Utility Commission**

**BACKGROUND**

On August 22, 1983, at Docket No. R-822169, the Pennsylvania Public Utility Commission (Commission) entered an order approving a proposal of Pennsylvania Power & Light Company (PP&L) to establish a fund to deposit amounts included in electric rates for the cost of decommissioning Susquehanna Unit No. 1. On April 26, 1985, at Docket No. R-842651, the Commission entered an order approving PP&L's proposal to establish a fund to deposit amounts included in electric rates for the cost of decommissioning Susquehanna Unit No. 2. In accordance with the Commission orders, PP&L entered into an escrow agreement with First Pennsylvania Bank, N.A. establishing an escrow account to receive funds for the future decommissioning of the two nuclear-fueled generating units at the Company's Susquehanna Steam Electric Station.

From October 1983 through August 1987, PP&L deposited into the escrow account the after-tax amount of decommissioning monies collected from customers. Such monies were invested in tax-exempt securities. Prior to 1984, the Internal Revenue Service (IRS) would not permit a current tax deduction for decommissioning costs recognized in rates and utilities were required to pay income taxes on the funds collected from customers for decommissioning purposes.

The Deficit Reduction Tax Act of 1984 added Section 468A to the Internal Revenue Code (Code). That section provides that a utility will be permitted a tax deduction for payments made to a qualified nuclear decommissioning reserve fund. Section 468A of the Code further provides that payments into the fund - and the associated tax deduction - will be limited to the lesser of the nuclear decommissioning costs allowed for ratemaking purposes or a "ruling amount." Section 468A of the Code further provides that no deduction will be allowed unless the utility requests, and receives, a schedule of ruling amounts from the IRS.

In July 1986, the IRS issued regulations to implement Section 468A of the Code. Those regulations provide that a nuclear decommissioning fund must be a trust and that to the extent assets of the fund are not required to pay decommissioning costs of the nuclear plant or administrative costs of the fund, they may be invested in specific types of securities. These securities are: (1) public debt securities of the United States; (2) obligations of a State or local government that are not in default as to principal or interest; or (3) time or demand deposits in a bank or an insured credit union located in the United States.

In November 1985, PP&L filed with the IRS for a schedule of ruling amounts. In October 1986, PP&L made a supplemental filing to bring its original filing into compliance with the IRS regulations issued in July 1986.

In July 1987, the IRS issued a schedule of ruling amounts for Susquehanna Unit No. 1 and in August 1987, the IRS issued a schedule of ruling amounts for Susquehanna Unit No. 2.

On August 20, 1987, the Commission entered an order at Docket No. P-70231: (1) authorizing PP&L to establish a trust fund for the receipt of contributions

**DOCUMENT  
FOLDER**

**DOCKETED**

MAR 26 1991

for future nuclear decommissioning costs; (2) directing PP&L to deposit in said trust account the full pre-tax amounts permitted by the IRS for both past and future years and additional funds (past or future) on an after-tax basis; and (3) authorizing PP&L to cause funds in the trust account to be invested in the types of investments specified by IRS regulations.

On August 24, 1987, PP&L entered into the Pennsylvania Power & Light Company Master Decommissioning Trust Agreement for the Susquehanna Steam Electric Station with First Pennsylvania Bank, N.A. Under the agreement, the Master Trust is divided into four funds as follows:

- (a) Susquehanna Steam Electric Station Unit One Qualified Fund;
- (b) Susquehanna Steam Electric Station Unit Two Qualified Fund;
- (c) Susquehanna Steam Electric Station Unit One Nonqualified Fund;  
and
- (d) Susquehanna Steam Electric Station Unit Two Nonqualified Fund.

Contributions are made to the two qualified funds in amounts equal to the schedule of ruling amounts issued by the IRS. Contributions are made to the two non-qualified funds in amounts equal to the balance of decommissioning costs included in electric rates, on a net-of-tax basis.

SUMMARY OF ACTIVITY AND ASSETS

Presented below is a summary of the activity in the four funds of the PP&L Decommissioning Trust for the year ended December 31, 1990 and assets of the Trust at December 31, 1990:

**SUMMARY OF ACTIVITY  
Year Ended December 31, 1990**

	<u>Trust- Total</u>	<u>Unit One Qualified Fund</u>	<u>Unit Two Qualified Fund</u>	<u>Unit One Nonqualified Fund</u>	<u>Unit Two Nonqualified Fund</u>
Balance December 31, 1989	\$37,436,869	\$21,338,801	\$14,485,379	\$1,305,819	\$306,870
Cash Contributions from PP&L	6,532,210	3,313,062	2,711,000	254,399	253,749
Income from Investments	3,007,025	1,692,792	1,172,904	106,201	35,128
Expenses	<u>(143,587)</u>	<u>(79,427)</u>	<u>(55,124)</u>	<u>(6,279)</u>	<u>(2,757)</u>
Balance December 31, 1990	<u>\$46,832,517</u>	<u>\$26,265,228</u>	<u>\$18,314,159</u>	<u>\$1,660,140</u>	<u>\$592,990</u>

**ASSETS AT DECEMBER 31, 1990**

As reported by Corestates Bank, N.A.,<sup>(1)</sup> Trustee, the individual assets held by the Trust as of December 31, 1990 are listed in Attachment A. Those assets are summarized as follows:

Municipal Bonds	\$44,084,549
United States Treasury Bonds	1,641,090
Time Deposits - PSFS Saving Fund	74,546
Accrued Interest Income	<u>1,032,324</u>
Assets on Attachment A	46,832,509
Other	<u>8</u>
TOTAL ASSETS	<u>\$46,832,517</u>

(1) First Pennsylvania Bank N.A. changed its name to Corestates Bank, N.A. during 1990.

**DECOMMISSIONING ESTIMATE AND PROJECTED TRUST FUND BALANCE**

Mr. Albert A. Weinstein of the S. M. Stoller Corporation has developed the total estimated cost of decommissioning the radioactive portion of the two generating units at the Company's Susquehanna Station to be \$388,456,000 in 1988 dollars. Allegheny Electric Cooperative, Inc. owns 10% of the Susquehanna plant; therefore, only 90% of the total cost, or \$349,610,000 is applicable to PP&L. Unit 1 has an operating license which expires in the year 2022 and PP&L's rate decisions have been based on the assumption that both Susquehanna units will be decommissioned at that date. The decommissioning cost of \$349,610,000 in 1988 dollars has been escalated at an assumed general annual inflation rate of 5% to project the cost of decommissioning the plant in the year 2022 to be about \$1,837,000,000. See Attachment B, page 1.

At December 31, 1990, the decommissioning trust assets aggregated \$46,832,517. The projected value of those assets in the year 2022 was estimated assuming the trust realizes a 6.5% annual after-tax rate of return. To this was added the annual amounts to be placed in the trust from 1991 through the year 2022 based on the amount currently reflected in rates for decommissioning and assuming these amounts also realize a 6.5% annual after-tax rate of return. The total value of the trust in the year 2022 based on these assumptions is estimated to be about \$1,005,000,000. See Attachment B, page 2.

The projected value of the trust in the year 2022 is deducted from the estimated cost of decommissioning in 2022 dollars to determine the amount that the cost of decommissioning exceeded the value of the trust. See Attachment B, page 3.

Based on the calculations shown in Attachment B, the projected cost of decommissioning the Susquehanna plant exceeds the estimated value of the trust fund in the year 2022 by about \$0.8 billion. This difference is due to two principal reasons:

1. The decommissioning expense currently reflected in rates subject to PUC jurisdiction was based on a decommissioning estimate performed in 1985. That estimate was about \$240 million in 1985 dollars for PP&L's 90% ownership interest in Susquehanna or \$110 million less than the 1988 estimate. The amount allowed in rates by the PUC in the Company's last rate case did not take into account projected inflation, but used a method that reflects inflation through future adjustments.
2. The PUC disallowed a 25% contingency factor or \$46 million included in the decommissioning estimate in the Company's last rate case. A 25% contingency factor is included in the most recent decommissioning estimate used to project the cost to decommission Susquehanna in the year 2022.

In its next general base rate filing, PP&L will submit a new estimate of decommissioning costs and a new claim for annual decommissioning expense. The Company anticipates that the PUC would allow an adjustment in rates to reflect any change in the estimated cost to decommission Susquehanna.

PENNSYLVANIA POWER & LIGHT COMPANY  
Master Decommissioning Trust Fund

ASSET DETAIL

12/31/90

SHARES/ PAR VALUE	DESCRIPTION	COST VALUE		MARKET VALUE		YIELD AT MARKET	ACCRUED INCOME
		UNIT	TOTAL	UNIT	TOTAL		
<b>CASH EQUIVALENTS</b>							
<b>TIME DEPOSITS</b>							
74,546.73	PHILADELPHIA SAVINGS FUND SOCIETY FUND INVESTMENT		74,546.73		74,546.73	5.0	630.45
	<b>TOTAL TIME DEPOSITS</b>		74,546.73		74,546.73	5.0	630.45
	<b>TOTAL CASH EQUIVALENTS</b>		74,546.73		74,546.73	5.0	630.45
<b>BONDS</b>							
<b>U. S. GOVERNMENT/AGENCIES</b>							
1500,000	UNITED STATES TREAS BDS 9.3750% 02/15/2006	103.810	1,557,148.44	109.406	1,641,090.00	8.6	53,553.08
	<b>TOTAL U. S. GOVERNMENT/AGENCIES</b>		1,557,148.44		1,641,090.00	8.6	53,553.08
<b>MUNICIPAL BONDS</b>							
500,000	ALBUQUERQUE N MEX ARPT REV REF CALLABLE 7/1/97 AT 102 7.5000% 07/01/2004	100.000	500,000.00	104.334	521,670.00	7.2	18,750.00
900,000	ALLEGHENY CNTY PA 9.2500% 12/01/1995	108.954	980,586.00	109.696	987,264.00	8.4	6,937.50
750,000	ALLEGHENY CNTY PA ARPT REV GTR PITTSBURGH INTL ARPT-SER B 7.3000% 01/01/1997	99.750	748,125.00	105.445	790,837.50	6.9	27,375.00
1160,000	ALLENTOWN PA GTD MTR REV PRE-REFUNDED 5/15/95 AT 100 8.8750% 05/15/2005	109.791	1,273,575.60	110.504	1,281,846.40	8.0	12,668.75
1000,000	DADE COUNTY FLORIDA AVIATION REVENUE BOND SERIES P MIAMI INTL AIRPORT 7.6000% 10/01/1999	100.000	1,000,000.00	105.369	1,053,690.00	7.2	19,000.00

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SHARES/ PAR VALUE	DESCRIPTION	COST VALUE		MARKET VALUE		YIELD AT MARKET	ACCRUED INCOME
		UNIT	TOTAL	UNIT	TOTAL		
<b>MUNICIPAL BONDS</b>							
1000,000	DENVER COLO CITY & CNTY EXCISE TAX REV CALLABLE 9/1/1997 7.6000% 09/01/1999	107.766	1,077,660.00	107.922	1,079,220.00	7.0	25,333.33
500,000	DENVER COLO CITY & CNTY EXCISE TAX REV CALLABLE 9/1/1997 7.8000% 09/01/2001	100.250	501,250.00	109.000	545,000.00	7.2	13,000.00
1000,000	DISTRICT COLUMBIA REF-SER B 7.6500% 06/01/2003	98.500	985,000.00	106.945	1,069,450.00	7.2	6,375.00
500,000	DISTRICT COLUMBIA SER A CALLABLE 6/1/99 AT 102 7.3000% 06/01/2000	100.000	500,000.00	97.835	469,175.00	7.5	3,041.66
500,000	FLORIDA ST CALLABLE 1/1/90 AT 102 6.0000% 07/01/2002	90.736	453,680.00	93.561	467,805.00	5.8	13,500.00
1000,000	FLORIDA ST CALLABLE 1/1/90 AT 102 6.0000% 07/01/2002	92.425	924,250.00	94.754	947,540.00	6.3	30,000.00
1500,000	FORT WORTH TEX GEN OBLIG PREFUNDED 3/1/95 AT 100 8.7000% 03/01/2000	108.897	1,633,455.00	109.046	1,635,720.00	8.0	43,500.00
1000,000	GEORGIA ST SER B CALLABLE 11/1/2000 AT 102 6.6000% 11/01/2001	100.000	1,000,000.00	101.504	1,015,040.00	6.5	11,000.00
1000,000	HARRIS CNTY TEX 6.4000% 06/01/1999	99.649	996,490.00	100.090	1,000,900.00	6.4	5,866.66
0	HARRIS CNTY TEX HEALTH FACS DEV CORP HOSP REV VAR-TIRR PROJ 5.9000% 10/01/2017			100.000		-	1,064.61
1000,000	HAWAII ST SER-BH 5.9000% 03/01/2001	92.625	926,250.00	95.339	953,390.00	6.2	19,666.67

PENNSYLVANIA POWER & LIGHT COMPANY  
Master Decommissioning Trust Fund

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SHARES/ PAR VALUE	DESCRIPTION	COST VALUE		MARKET VALUE		YIELD AT MARKET	ACCURED INCOME
		UNIT	TOTAL	UNIT	TOTAL		
MUNICIPAL BONDS							
1000,000	HUNTSVILLE ALA MTR SYS REV PREFUNDED 5/1/95 AT 102 9.6000% 05/01/2005	111.865	1,118,650.00	114.686	1,146,860.00	8.4	16,000.00
1000,000	ILLINOIS ST 5.7500% 06/01/2002	91.771	917,710.00	92.401	924,010.00	6.2	4,791.67
500,000	ILLINOIS ST 9.7500% 09/01/1993	110.349	551,745.00	108.883	544,415.00	9.0	16,250.00
1000,000	JERSEY CITY N J CALLABLE 10/1/97 AT 102 7.5000% 10/01/2001	101.410	1,014,100.00	107.420	1,074,200.00	7.0	16,750.00
1250,000	KENTUCKY DEV FIN AUTH HOSP REV FHA-BAPTIST HOSP SOUTHEAST INC 9.7500% 02/01/2015	114.816	1,435,200.00	115.920	1,449,000.00	8.4	50,781.25
500,000	LEE CNTY FLA TRANSN FACS REV 7.8000% 10/01/2002	99.625	498,125.00	106.185	530,925.00	7.3	9,750.00
1000,000	LOUISIANA PUB FACS AUTH REV SPL ASSMT-UNEMP COMP FDG PROG SERIES 1987 7.0000% 09/01/1995	98.625	986,250.00	103.394	1,033,940.00	6.8	23,333.33
1000,000	LOUISIANA ST RECOVERY DIST SALES TAX REV CALLABLE 7/1/95 AT 102 7.6000% 07/01/1998	100.000	1,000,000.00	106.137	1,061,370.00	7.2	38,000.00
1000,000	MARYLAND ST 8.7500% 09/01/1996	111.585	1,115,850.00	112.911	1,129,110.00	7.7	29,166.66
1000,000	MASSACHUSETTS ST 10.7500% 06/01/2004	118.657	1,186,570.00	115.511	1,155,110.00	9.3	8,958.33
500,000	MASSACHUSETTS ST CONS LN-SER C CALLABLE 6/1/99 AT 102 7.0000% 06/01/2002	99.447	497,235.00	101.644	508,220.00	6.9	2,916.66
1500,000	MINNESOTA ST 6.6000% 08/01/1999	99.660	1,494,900.00	101.794	1,526,910.00	6.5	49,500.00

PENNSYLVANIA POWER & LIGHT COMPANY  
Master Decommissioning Trust Fund

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SHARES/ PAR VALUE	DESCRIPTION	COST VALUE		MARKET VALUE		YIELD AT MARKET	ACCRUED INCOME
		UNIT	TOTAL	UNIT	TOTAL		
MUNICIPAL BONDS							
1000,000	NEW YORK N Y SER B-FGIC-TCRS CALLABLE 2/1/98 AT 101.50 7.6250% 08/01/2003	100.375	1,003,750.00	105.966	1,059,660.00	7.2	31,770.80
1000,000	NORTHSIDE TEX INDPT SCH DIST CALLABLE 4/1/99 AT 100 7.5000% 04/01/2002	99.583	995,830.00	104.415	1,044,150.00	7.2	18,750.00
1100,000	PENNSYLVANIA ST FIRST SER A 6.6000% 06/01/2002	99.875	1,098,625.00	99.534	1,094,874.00	6.6	6,050.00
1500,000	PENNSYLVANIA ST UNIV SER A PREREFUNDED 9/1/95 AT 102 9.2500% 09/01/2008	113.785	1,706,775.00	114.129	1,711,935.00	8.1	46,250.00
1000,000	PHILADELPHIA PA HOSPS AUTH REV PENNSYLVANIA HOSP PROJ 15.0000% 07/01/2014	135.250	1,352,500.00	115.052	1,150,520.00	13.0	75,000.00
1200,000	PHILADELPHIA PA HOSPS & HIGHER ED FACS AUTH HOSP REV HOSP UNIV PA 9.6250% 01/01/2009	115.531	1,386,372.00	111.356	1,336,272.00	8.6	57,750.00
300,000	RUSSELL KY HEALTH SYS REV VAR-FRANCISCAN SISTER-OUR LADY 5.5500% 07/01/2015	100.000	300,000.00	100.000	300,000.00	5.6	1,696.82
1000,000	SOUTH CAROLINA ST CAP IMPT-SER V CALLABLE 2/1/99 AT 102 6.6000% 02/01/2002	98.777	987,770.00	101.105	1,011,050.00	6.5	27,500.00
1500,000	TENNESSEE ST 5.0000% 03/01/2002	87.142	1,307,130.00	87.356	1,310,340.00	5.7	25,000.00
1000,000	UNIVERSITY TEX UNIV REVS REF 7.7500% 08/15/2001	101.750	1,017,500.00	105.838	1,058,380.00	7.3	29,062.50

PENNSYLVANIA POWER & LIGHT COMPANY  
Master Decommissioning Trust Fund

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12/31/90

SHARES/ PAR VALUE	DESCRIPTION	COST VALUE		MARKET VALUE		YIELD AT MARKET	ACCRUED INCOME
		UNIT	TOTAL	UNIT	TOTAL		
<b>MUNICIPAL BONDS</b>							
750,000	UNIVERSITY MYO UNIV REVS REF 7.6000% 12/01/2001	100.785	755,887.50	105.616	792,120.00	7.2	4,750.00
1000,000	VIRGINIA ST SER B CALLABLE 6/1/94 AT 102 6.2000% 06/01/1998	97.503	975,030.00	100.289	1,002,890.00	6.2	5,166.66
500,000	WARREN CNTY N J POLLUTION CTL FING AUTH REV LANDFILL SER-A 8.5000% 12/01/1998	99.500	497,500.00	111.565	557,825.00	7.6	3,541.66
1000,000	WASHINGTON ST PRE-REFUNDED 9/1/94 AT 102 10.6250% 09/01/2000	115.301	1,153,010.00	116.265	1,162,650.00	9.1	35,416.66
1000,000	WASHINGTON ST MTR VEH FUEL TAX 11.5000% 03/01/1995	118.580	1,185,800.00	118.690	1,186,900.00	9.7	38,333.33
1500,000	WASHINGTON ST 6.1000% 04/01/2001	91.628	1,374,425.00	96.061	1,440,915.00	6.4	22,875.00
1000,000	WISCONSIN ST GEN OBLIG 5.7000% 02/01/2000	94.213	942,130.00	94.145	941,450.00	6.1	23,750.00
<b>TOTAL MUNICIPAL BONDS</b>							
TOTAL BONDS			43,356,691.10		44,084,548.90	7.5	978,140.51
TOTAL SECURITIES			44,913,839.54		45,725,638.90	7.5	1031,693.59
CASH ON HAND			44,988,386.27		45,800,185.63	7.5	1032,324.04
TOTAL ASSETS			44,988,385.92		45,800,185.28	7.5	1032,324.04

PENNSYLVANIA POWER & LIGHT COMPANY  
 Master Decommissioning Trust Fund

ASSET DETAIL

12/31/90

SHARES/ PAR VALUE	DESCRIPTION	COST VALUE		MARKET VALUE		YIELD		ACCRUED INCOME
		UNIT	TOTAL	UNIT	TOTAL	AT	MARKET	
	TOTAL ACCRUAL ADJUSTMENTS		0.00				0.00	
	ACCRUED INCOME		1,032,324.04		1,032,324.04			1032,324.04
	TOTAL ADJUSTED ASSETS		46,020,709.96		46,832,509.32		7.3	1032,324.04

PENNSYLVANIA POWER & LIGHT COMPANY  
PROJECTED COST TO DECOMMISSION SUSQUEHANNA IN 2022

<u>Line</u>	<u>Total</u>	<u>Unit 1</u>	<u>Unit 2</u>
1	Estimated cost of decommissioning in 1988 dollars \$349,610,000	\$174,805,000	\$174,805,000
2	Assumed annual rate of inflation 5%	5%	5%
3	Years to retirement (1988 to 2022) 34	34	34
4	Projected cost of decommissioning in 2022 [line 1 x 5.253348 (a)] \$1,837,000,000	\$918,500,000	\$918,500,000

(a) Future value of \$1 compounded @ 5% for 34 years.

PENNSYLVANIA POWER & LIGHT COMPANY  
ESTIMATED VALUE OF DECOMMISSIONING TRUST FUND  
YEAR 2022

<u>Line</u>	<u>Total</u>	<u>Unit 1</u>	<u>Unit 2</u>
1 Annual decommissioning expense in rates (a)	\$ 6,867,000	\$ 3,736,000	\$ 3,131,000
2 Less IRS schedule of ruling amounts	<u>6,024,062</u>	<u>3,313,062</u>	<u>2,711,000</u>
3 Annual taxable income from decommissioning expense in rates	842,938	422,938	420,000
4 Tax @ 39.61% (b)	<u>333,888</u>	<u>167,526</u>	<u>166,362</u>
5 After-tax amounts	509,050	255,412	253,638
6 Schedule of ruling amounts	<u>6,024,062</u>	<u>3,313,062</u>	<u>2,711,000</u>
7 Annual amount contributed to trust fund (line 5 + line 6)	<u>6,533,112</u>	<u>3,568,474</u>	<u>2,964,638</u>
8 Estimated value of annual contributions to trust in 2022 [line 7 x 100.033530 (c)]	654,000,000	357,000,000	297,000,000
9 Estimated value of 12/31/90 trust balance in 2022 [\$46,832,517 x 7.502179 (d)]	<u>351,000,000</u>	<u>209,000,000</u>	<u>142,000,000</u>
10 Estimated trust fund balance in 2022 (lines 8 + 9)	<u>\$1,005,000,000</u>	<u>\$566,000,000</u>	<u>\$439,000,000</u>
(a) Represents amounts allowed in PUC and FERC jurisdictional rates.			
(b) Federal @ 34%; State @ 8.5%; effective 39.61%			
(c) Future value of \$1 deposited periodically compounded @ 6.5% for 32 years.			
(d) Future value of \$1 compounded @ 6.5% for 32 years.			

PENNSYLVANIA POWER & LIGHT COMPANY  
COMPARISON OF PROJECTED COST OF DECOMMISSIONING  
SUSQUEHANNA AND ESTIMATED VALUE OF DECOMMISSIONING  
TRUST FUND  
YEAR 2022

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Projected Cost of Decommissioning (page 1)	\$1,837,000,000
Estimated Value of Trust Fund (page 2)	<u>1,005,000,000</u>
Decommissioning Projection in Excess of Estimated Trust Fund Value	<u>\$ 832,000,000</u>

Note: The yearly tax of \$333,888 (Attachment B, page 2, line 4) for 32 years or \$10,684,416 when added to the accumulated deferred taxes applicable to decommissioning at December 31, 1990, of \$1,021,929 results in an asset of \$11,706,345 which represents tax savings which the Company would expect to realize when actual expenditures for decommissioning are incurred.