

PSEG Nuclear, LLC
ZEC 2 – Salem II
Docket No: ER20080558

Response to Discovery Request: SII-ZECJ-FIN-0001
Date: 10/1/2020

Question:

Current net book value of the Unit at the time of application. Explain how the initial book value was determined and provide annual year-end gross and net book values through 2019.

Attachments Provided Herewith: YES - CONFIDENTIAL

Response:

The net book value as of June 30, 2020 and annual year-end gross and net book values are provided in the attached confidential schedule.

Also, please find the annual year- end gross and net book values in the confidential attachment. Please note that due to the extended period of historical information requested, certain amounts have been reclassified in order to conform to current presentation policies.

In April 1999, PSE&G determined that SFAS 71 *Accounting for the Effects of Certain Types of Regulation* (now ASC 980) was no longer applicable to the electric generation portion of its business in accordance with the requirements of Emerging Issues Task Force Issue 97-4, "Deregulation of the Pricing of Electricity - Issues Related to the Application of FASB Statements No. 71 and No. 101" (EITF 97-4). Accordingly, PSE&G recorded an extraordinary charge to earnings of \$804 million (after tax), consisting primarily of the write-down of PSE&G's nuclear and fossil generating stations based on an impairment analysis performed in accordance with SFAS 121 *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of* (superseded by SFAS 144 – now ASC 360). As a result of this impairment analysis, the net book value of the generating stations was reduced by approximately \$5.0 billion (pre-tax) or \$3.1 billion (net of tax), approximately 70% of which related to reducing the net book value of Salem Unit 1, Salem Unit 2 and Hope Creek each to \$0.