

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

Response to Discovery Request: SII-ZECJ-FIN-0023  
Date: 10/1/2020

Question:

Provide an explanation of whether the applicant has reported (a) the costs of operational and market risks or (b) the risk-adjusted cost of capital in any of the applicant's audited financial statements in the past ten (10) years. If so, provide the applicable financial statements.

Attachments Provided Herewith: NO

Response:

By definition, risk represents uncertainty about the future, relative to an expectation of the future at a particular point in time, and is a forward-looking concept. Realized operating costs, generation outages, rates and market prices, which are drivers to the costs of operational risk and of market risk, are reflected in the actual revenues and cost line items. Audited financial statements look at past periods and do not separately list the costs of future risk. However, PSEG and PSEG Power disclose the inherent nature of these risks in their SEC Form 10-K, Item 1A. Risk Factors, each year (see ZECJ-FIN-0004 for SEC filings for the previous 10 years).