



# Jersey Central Power & Light Company

## Oyster Creek Nuclear Station - Unit 2



### APPLICATION FOR REACTOR CONSTRUCTION PERMIT AND OPERATING LICENSE

REGULATORY DOCKET FILE COPY

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BEFORE THE  
UNITED STATES ATOMIC ENERGY COMMISSION

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Docket No. 50-

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In the Matter of  
Jersey Central Power & Light Company

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APPLICATION FOR LICENSE  
UNDER THE ATOMIC ENERGY ACT OF 1954  
AS AMENDED

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for  
Oyster Creek Nuclear Generating Station  
UNIT NO. 1

---

April 22, 1968

86 109

POOR ORIGINAL



## JERSEY CENTRAL POWER AND LIGHT COMPANY

Application for Construction Permit and Operating LicenseGeneral Information - 10 CFR 50.331. Name of Applicant.

Jersey Central Power &amp; Light Company.

2. Address of Applicant.Madison Avenue at Punch Bowl Road  
Morristown, New Jersey 079603. Description of Business and Organization of Applicant.

Jersey Central Power & Light Company (hereinafter referred to as Jersey Central) is a public utility incorporated under the laws of the State of New Jersey and engaged in the generation, distribution and sale of electric energy. Its principal place of business is located in Morristown, New Jersey. Jersey Central has a total base load generating capacity in excess of 777,400 kilowatts and serves more than 364,456 customers in an area of 1,528 square miles constituting 20 per cent of the land area of the State of New Jersey.

Jersey Central is one of four wholly-owned subsidiaries of General Public Utilities Corporation, a New York corporation registered under the Public Utility Holding Company Act and having its principal place of business in New York City. The other JPU subsidiaries are New Jersey Power & Light Company, Pennsylvania Electric Company and Metropolitan Edison Company.

Neither Jersey Central nor General Public Utilities Corporation is foreign owned, controlled, or dominated. Jersey Central makes this

POOR ORIGINAL

application on its own behalf and is not acting as agent or representative of any other person.

The names and business addresses of Jersey Central's directors and principal officers, all of whom are citizens of the United States, are as follows:

Directors

W.H. McElwain, Madison Avenue at Punch Bowl Road, Morristown, New Jersey 07960  
W.G. Kuhns, 80 Pine Street, New York, New York 10003  
J.E. Logan, Madison Avenue at Punch Bowl Road, Morristown, New Jersey 07960  
R.D. MacFee, Madison Avenue at Punch Bowl Road, Morristown, New Jersey 07960  
L.J. MacGregor, 242 Fairmount Road, Chatham, New Jersey 07928  
F.E. Smith, Madison Avenue at Punch Bowl Road, Morristown, New Jersey 07960  
A.B. Tegen, 250 Park Avenue, New York, New York 10017

Officers (other than Assistant Officers)

W.H. McElwain, President, Madison Avenue at Punch Bowl Road, Morristown, New Jersey 07960  
J.E. Logan, Vice President, Engineering, Operation & Generation, Madison Avenue at Punch Bowl Road, Morristown, New Jersey 07960  
G.H. Ritter, Vice President, 260 Cherry Hill Road, Parsippany, New Jersey 07054  
R.H. Sims, Vice President, Madison Avenue at Punch Bowl Road, Morristown, New Jersey 07960  
R.D. MacFee, Vice President, Accounting, Madison Avenue at Punch Bowl Road, Morristown, New Jersey 07960  
F.E. Smith, Vice President, Sales, Madison Avenue at Punch Bowl Road, Morristown, New Jersey 07960  
J.B. Burchell, Comptroller, Madison Avenue at Punch Bowl Road, Morristown, New Jersey 07960  
L. Sloan, Secretary, Madison Avenue at Punch Bowl Road, Morristown, New Jersey 07960  
R.C. Schneider, Treasurer, Madison Avenue at Punch Bowl Road, Morristown, New Jersey 07960

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R.D. MacFee, Madison Avenue at Punch Bowl Road, Morristown, New Jersey 07960  
L.J. MacGregor, 242 Fairmount Road, Chatham, New Jersey 07928  
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G.H. Rister, Vice President, 160 Cherry Hill Road, Parsippany, New Jersey 07054  
R.H. Sims, Vice President, Madison Avenue at Punch Bowl Road, Morristown, New Jersey 07960  
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F.I. Smith, Vice President, Sales, Madison Avenue at Punch Bowl Road, Morristown, New Jersey 07960  
C.B. Burchall, Comptroller, Madison Avenue at Punch Bowl Road, Morristown, New Jersey 07960  
L. Egan, Secretary, Madison Avenue at Punch Bowl Road, Morristown, New Jersey 07960  
R.C. Johnson, Treasurer, Madison Avenue at Punch Bowl Road, Morristown, New Jersey 07960



1. Class and Period of License Applied For.

Jersey Central requests a class 1C-6 construction permit and operating license for a period of sixty years.

2. Additional Licenses Applied For.

Jersey Central requests such additional source, special nuclear, and by-product material licenses as may be necessary and appropriate to the construction and operation of the station.

3. Description of Facility and Use to Which Facility Will Be Put.

Jersey Central proposes to build and operate a pressurized water nuclear reactor as an integral part of a nuclear electric generating station to be located adjacent to the present Cyster Creek Nuclear Generating Station, Unit No. 1, at a site in Lacey Township, Ocean County, New Jersey. The nuclear steam supply system will be capable of initial operation at a thermal power level of approximately 2,468 MWt and is ultimately expected to have a maximum capability of 2788 MWt. The corresponding net electrical outputs are 810 MWe and 920 MWe ultimately. The station will be known as Cyster Creek Nuclear Generating Station, Unit No. 2. Details concerning the station and the site are contained in the Preliminary Safety Analysis Report (PSAR) which constitutes a part of this application.

4. Financial Qualifications.

The annual reports of Jersey Central and General Public Utilities Corporation, including financial statements, for the years ended December 31, 1967, are attached as Exhibits I and II respectively.

Construction of the nuclear station will be financed as an integral part of Jersey Central's total construction program in the same general manner as other additions to the Jersey Central system are financed. Long-term debt capital will be obtained through the issuance by Jersey



Central of mortgage bonds and, to the extent permitted by preferred stock restrictions, unsecured debenture bonds. Equity capital will be obtained through the receipt of capital contributions from General Public Utilities Corporation and the utilization of funds derived from Jersey Central's operations. Estimated overall construction expenditures, including Oyster Creek Units 1 and 2 but excluding nuclear fuel, for the period 1968 thru 1970 are projected to total approximately \$ 101,000,000.

The issuance by Jersey Central of mortgage bonds and unsecured debentures requires the approval of the New Jersey Board of Public Utility Commissioners and of the Securities and Exchange Commission under several statutes administered by the SEC. Capital contributions by General Public Utilities also require SEC approval under the Public Utility Holding Company Act.

Jersey Central's estimate of the cost of construction of Oyster Creek Unit No. 2 and related items, including fabrication and uranium content of the initial reactor core, is as follows:

Cost of plant and initial core fabrication and uranium content, including complete nuclear steam generating plant, related on-site facilities, spare parts, and site development	\$ 143,000,000
Taxes, interest during construction, escalation, insurance, training, licensing and contingencies	\$ 42,000,000
Total	<u>\$ 185,000,000</u>

Jersey Central will purchase special nuclear material for the first core from private sources and will obtain necessary enrichment through still existing arrangements with the AEC.



8. Technical Qualifications.

A description of the technical qualifications of Jersey Central and its principal contractors is contained in Appendix 1A of the FSAS. A description of Jersey Central's training program is contained in Section 12 of the FSAS.

9. Completion Date.

The earliest completion date for the Oyster Creek Nuclear Generating Station, Unit No. 2, is estimated to be 12/1/72 and the latest completion date is estimated to be 12/1/73.

10. Security Agreement.

The application does not contain any Restricted Data or other defense information. Jersey Central agrees that it will not permit any individual to have access to Restricted Data until the Civil Service Commission shall have made an investigation and a report to the Atomic Energy Commission on the character, associations and loyalty of such individual, and the Atomic Energy Commission shall have determined that permitting such person to have access to Restricted Data will not endanger the common defense and security.

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II. Communications.

All communications to Jersey Central pertaining to this application shall be sent to:

John E. Logan  
Vice President  
Jersey Central Power & Light Company  
Madison Avenue at Punch Bowl Road  
Morristown, New Jersey 07960

In addition it is requested that copies of each communication be sent to:

James T. Neely  
Jersey Central Power & Light Company  
Interpace Building  
260 Cherry Hill Road  
Parsippany, New Jersey 07054

and to Jersey Central's Washington counsel:

Shaw, Pittman, Potts, Trowbridge & Madden  
Attention: George F. Trowbridge, Esq.  
910 17th Street, N.W.  
Washington, D.C. 20006

ATTEST:

JERSEY CENTRAL POWER & LIGHT COMPANY

L. Sloan, Secretary

BY

J.E. LOGAN

Vice President

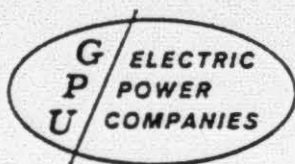
Sworn to and subscribed before me this 22nd day of April 1961.

Albert J. Potts  
Notary Public

My Commission expires: October 31, 1971



# **JERSEY CENTRAL POWER & LIGHT COMPANY**



A Subsidiary Of General Public Utilities Corporation

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## **annual report 1967**



# JERSEY CENTRAL POWER & LIGHT COMPANY

A subsidiary of General Public Utilities Corporation (GPU)

MADISON AVENUE AT PUNCH BOWL ROAD

MORRISTOWN, NEW JERSEY 07960

## DIRECTORS

\*W. G. KUHN, Tenafly, N. J.      \*L. J. MACGREGOR, Chatham, N. J.  
J. E. LOGAN, Mountain Lakes, N. J.      \*W. H. McELWAIN, Basking Ridge, N. J.  
R. D. MACFEE, Netcong, N. J.      F. I. SMITH, Mountain Lakes, N. J.  
A. F. TEGEN, New York, N. Y.

*\*Executive Committee*

## OFFICERS

W. H. McELWAIN ..... President  
J. E. LOGAN ..... Vice President, Engineering, Operations and Generation  
G. H. RITTER ..... Vice President  
R. H. SIMS ..... Vice President  
R. D. MACFEE ..... Vice President, Accounting  
F. I. SMITH ..... Vice President, Sales  
J. S. BURCHELL ..... Comptroller  
J. F. FARRELL ..... Assistant Comptroller  
E. C. SCHOENER ..... Treasurer  
H. S. CLAYTON ..... Assistant Treasurer  
L. SLOAN ..... Secretary  
M. B. PETERS ..... Assistant Secretary

## COUNSEL

A. A. ROCHESTER ..... General Counsel  
W. T. OSBORNE ..... General Attorney

## DIVISION MANAGERS

E. M. AMBLER ..... Coast Division  
J. V. CARVER ..... Central Division  
T. R. HEIGHT ..... Southern Division  
J. R. MCGALLIARD ..... Bay Division

### TRUSTEE — FIRST MORTGAGE BONDS

FIRST NATIONAL CITY BANK  
55 Wall Street, New York, N. Y. 10015

TRANSFER AGENT — PREFERRED STOCK  
MANUFACTURERS HANOVER TRUST COMPANY  
40 Wall Street, New York, N. Y. 10015

### TRUSTEE — DEBENTURES

IRVING TRUST COMPANY  
One Wall Street, New York, N. Y. 10015

REGISTRAR — PREFERRED STOCK  
CHEMICAL BANK NEW YORK TRUST COMPANY  
20 Pine Street, New York, N. Y. 10015



# Jersey Central Power & Light Company

MADISON AVENUE AT PUNCH BOWL ROAD • MORRISTOWN, N. J. • JEFFerson 9-6111

March 25, 1968

## TO THE STOCKHOLDERS AND EMPLOYEES OF JERSEY CENTRAL POWER & LIGHT COMPANY

Increases in the number of customers in all classifications as well as increased use of electricity by existing customers resulted in new all-time highs in sales and sales revenues as 1967 saw a continuation of the Company's growth and progress of recent years.

Electricity sales totaled 4,401,790,000 kilowatt-hours, and sales revenues reached \$90.3 million, up 8.4% and 7.9%, respectively, over the previous year. The average annual use by residential customers climbed to 5,044 kilowatt-hours, an increase of 7%.

During the year, 2,202 total-electric residential customers were added, bringing the number of total-electric residential customers served by the Company to 8,011. Commercial and industrial kilowatt-hour sales were up 9% and 6.1%, respectively, over those of 1966.

On July 24, 1967, the Company reached a new annual hourly peak of 906,000 kilowatts (KW), an increase of 42,400 KW over the previous year's peak of 863,600 KW, set July 13, 1966.

In 1967, partially as a result of the Company's area development and industrial sales efforts and its participation in the GPU "Site-Service" program, 37 new industrial plants were connected and 86 existing industrial customers expanded their operations, providing jobs for about 3,560 persons with payrolls aggregating \$21.4 million.

Disappointing delays were experienced during the year in the construction of the Oyster Creek nuclear-fueled generating station at Lacey Township. Originally scheduled for completion in 1967, the station was already several months behind schedule when cracks were discovered in stub tubes in the bottom of the reactor vessel. After several weeks' study, during which the Atomic Energy Commission was kept informed of developments, General Electric Company, the general contractor, determined and informed the Company that repairs can be effected by rewelding and providing stainless steel cladding around all tubes. According to General Electric, the repair work is expected to be completed by June 1,

1968, after which further tests will be made and if everything is found to be satisfactory, arrangements can be made for fuel loading. General Electric expects that the station will be available for service by the end of the year.

Early in 1967, the Company announced plans for a second nuclear-fueled generating station, and that it had ordered the nuclear steam supply system from Babcock & Wilcox Company and the turbine-generator from Westinghouse Electric Corporation. Burns and Roe, Inc. has been retained as engineers and construction managers for the second nuclear unit. These steps were taken before a location had been selected because of the backlog of orders in the nuclear industry and because of the length of time required for fabrication of equipment.

In February, 1968, Oyster Creek was selected as the proposed site for the second nuclear unit, which would have a capacity of about 900,000 KW. It is expected that an application for a construction license will be filed with the U. S. Atomic Energy Commission in the spring of 1968.

Meanwhile, the new Yards Creek pumped storage station which the Company owns jointly with Public Service Electric and Gas Company operated satisfactorily during the year and made a substantial contribution to economy and service reliability.

For some time, the Company and Public Service have had before the Delaware River Basin Commission an application for permission to build a 1,300,000-KW companion pumped storage station which, in effect, would represent the further pumped storage development of the Kittatinny Mountain of which Yards Creek is the first phase. The additional station would be part of a comprehensive plan also involving construction by the Federal Government of a flood control, water supply and recreation reservoir in the Delaware River near the Delaware Water Gap. Hearings were held in August on proposed amendments to the comprehensive plan which would make provision for the proposed pumped



# ELECTRIC GENERATION AND SALES STATISTICS

	1967	1966	1965	1964	1963
<b>GENERATING CAPACITIES AND PEAKS</b>					
Installed Capacity — KW .....	777,400	627,400	607,400	481,600	481,600
Firm Power Purchases — KW .....	—	—	28,000	28,000	—
Totals .....	<u>777,400</u>	<u>627,400</u>	<u>635,400</u>	<u>509,600</u>	<u>481,600</u>
Annual Peak Load — KW .....	<u>906,000</u>	<u>863,600</u>	<u>744,400</u>	<u>678,500</u>	<u>622,100</u>
<b>ELECTRICITY GENERATED, PURCHASED AND INTER-CHANGED (megawatt hours):</b>					
Net Generation .....	2,919,077	2,571,945	2,360,719	2,154,667	1,947,530
Purchased .....	75,072	123,579	61,840	36,483	3,661
Net Interchange .....	1,794,566	1,738,650	1,492,118	1,363,925	1,312,883
Totals .....	<u>4,788,715</u>	<u>4,434,174</u>	<u>3,914,677</u>	<u>3,555,075</u>	<u>3,264,074</u>
<b>STEAM PRODUCTION DATA:</b>					
Average BTU (per net KWH) .....	10,839	10,627	10,564	10,657	10,554
Fuel Cost (¢ per million BTU) .....	30.9	31.0	30.0	30.1	31.5
Cost of Fuel (mills per KWH) .....	3.35	3.29	3.17	3.21	3.32
Total Production Costs (mills per KWH) .....	4.63	4.50	4.52	4.75	5.06
<b>ENERGY SALES (megawatt hours):</b>					
Residential .....	1,623,472	1,451,889	1,289,346	1,181,001	1,072,097
Commercial .....	1,068,747	980,766	872,318	795,880	708,699
Industrial .....	1,539,150	1,450,182	1,243,620	1,141,968	1,053,307
All Others .....	170,421	176,139	155,707	136,638	127,470
Totals .....	<u>4,401,790</u>	<u>4,058,976</u>	<u>3,560,991</u>	<u>3,255,487</u>	<u>2,961,573</u>
Gain Over Prior Year .....	<u>8.4%</u>	<u>14.0%</u>	<u>9.4%</u>	<u>9.9%</u>	<u>9.0%</u>
<b>OPERATING REVENUES:</b>					
Residential .....	\$42,619,152	\$38,855,768	\$35,155,078	\$32,537,037	\$29,989,181
Commercial .....	25,889,045	23,993,526	21,793,781	20,021,913	18,124,969
Industrial .....	18,089,037	17,138,528	15,125,475	13,912,674	13,000,943
Other .....	3,662,767	3,653,748	3,408,229	3,172,154	2,981,453
Total, from KWH Sales .....	<u>\$90,260,001</u>	<u>\$83,641,570</u>	<u>\$75,482,563</u>	<u>\$69,643,778</u>	<u>\$64,096,546</u>
Other Revenues .....	1,253,764	1,196,504	1,037,164	727,193	776,412
Totals .....	<u>\$91,513,765</u>	<u>\$84,838,074</u>	<u>\$76,519,727</u>	<u>\$70,370,971</u>	<u>\$64,872,958</u>
Gain Over Prior Year .....	<u>7.9%</u>	<u>10.9%</u>	<u>8.7%</u>	<u>8.5%</u>	<u>7.3%</u>
<b>CUSTOMERS — YEAR-END:</b>					
Residential .....	326,142	312,293	297,682	284,075	271,783
Commercial .....	36,587	35,616	34,547	33,222	32,080
Industrial .....	1,461	1,424	1,373	1,305	1,264
All Others .....	266	258	253	251	247
Totals .....	<u>364,456</u>	<u>349,591</u>	<u>333,855</u>	<u>318,853</u>	<u>305,374</u>
<b>AVERAGE USE-BILL AND PRICE:</b>					
Residential Customers:					
KWH Use per Customer .....	5,044	4,714	4,395	4,207	3,982
Annual Bill .....	\$132.42	\$126.17	\$119.82	\$115.90	\$111.39
Price per KWH .....	2.63¢	2.68¢	2.73¢	2.76¢	2.80¢

# JERSEY CENTRAL POWER & LIGHT COMPANY

## STATEMENTS OF SOURCE AND APPLICATION OF FUNDS

For the Years Ended December 31, 1967 and 1966

	1967	1966
<b>SOURCE OF FUNDS:</b>		
Net income (see statement on page 5) .....	\$ 17,672,516	\$16,279,137
Depreciation (Note 2) .....	9,762,900	8,122,200
Investment credit, less amortization (Note 4) .....	1,183,200	517,800
Total .....	<u>\$ 28,618,616</u>	<u>\$24,919,137</u>
Sale of bonds and debentures .....	45,000,000	30,000,000
Cash contributions from General Public Utilities Corporation, parent company .....	14,000,000	25,500,000
Bank loans .....	12,300,000	2,100,000
Price fixing settlements, net (a) .....	158,290	121,800
Other, net .....	—	2,021,018
Total Funds Received .....	<u><u>\$100,076,906</u></u>	<u><u>\$84,661,955</u></u>
<b>APPLICATION OF FUNDS:</b>		
Additions to utility plant (a) .....	\$ 66,688,264	\$67,170,325
Investment in nuclear fuel .....	8,824,235	128,973
Dividends on preferred stock .....	500,000	500,000
Dividends on common stock .....	16,958,411	15,562,657
Retirement of bonds and debentures .....	3,250,000	1,300,000
Other, net .....	3,855,996	—
Total Funds Applied .....	<u><u>\$100,076,906</u></u>	<u><u>\$84,661,955</u></u>

(a) Plant additions shown are before credits arising from price fixing settlements.

*The accompanying notes are an integral part of the financial statements.*

**LYBRAND, ROSS BROS. & MONTGOMERY**  
CERTIFIED PUBLIC ACCOUNTANTS

*To the Board of Directors,*

**JERSEY CENTRAL POWER & LIGHT COMPANY,**  
Morristown, New Jersey.

We have examined the balance sheet of Jersey Central Power & Light Company as of December 31, 1967, the related statements of income and unappropriated earned surplus and the statement of source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported upon the financial statements for the year 1966.

In our opinion, the aforementioned statements present fairly the financial position of Jersey Central Power & Light Company at December 31, 1967 and 1966, and the results of operations and the source and application of funds for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

LYBRAND, ROSS BROS. & MONTGOMERY

New York, N. Y.  
January 29, 1968.



# JERSEY CENTRAL POWER & LIGHT COMPANY

## STATEMENTS OF INCOME

For the Years Ended December 31, 1967 and 1966

	1967	1966
OPERATING REVENUES .....	\$91,513,765	\$84,838,074
OPERATING EXPENSES:		
Operation .....	\$25,041,165	\$23,451,422
Power purchased and interchanged .....	12,354,176	10,900,818
Maintenance .....	5,363,989	5,659,831
Depreciation of utility plant (Note 2) .....	9,762,900	8,122,200
Federal income tax (Note 4) .....	2,456,861	4,175,825
Amount equivalent to current investment credit (Note 4) .....	1,306,000	602,100
Amortization of accumulated investment credit (Note 4) .....	(122,800)	(84,300)
Other taxes .....	11,234,077	10,165,093
Totals .....	\$67,396,368	\$62,992,989
OPERATING INCOME .....	\$24,117,397	\$21,845,085
OTHER INCOME .....	13,515	12,918
GROSS INCOME .....	\$24,130,912	\$21,858,003
INCOME DEDUCTIONS:		
Interest on first mortgage bonds and debentures .....	\$10,787,859	\$ 8,398,089
Other interest .....	790,074	730,175
Interest charged to construction .....	(5,078,373)	(3,560,760)
Other .....	(41,164)	11,362
Totals .....	\$ 6,458,396	\$ 5,578,866
NET INCOME .....	\$17,672,516	\$16,279,137

( ) Indicates red figure.

The accompanying notes are an integral part of the financial statements.

# JERSEY CENTRAL POWER & LIGHT COMPANY

## BALANCE SHEETS

December 31, 1967 and 1966

### ASSETS

	<u>1967</u>	<u>1966</u>
<b>PROPERTY, PLANT AND EQUIPMENT.</b>		
Utility plant in service and under construction (Note 1) .....	\$489,717,198	\$428,324,249
Less. Reserve for depreciation (Note 2) .....	<u>51,074,300</u>	<u>45,951,051</u>
Net property, plant and equipment .....	<u>\$438,642,898</u>	<u>\$382,373,198</u>
 <b>INVESTMENT IN NUCLEAR FUEL .....</b>	 <u>\$ 8,953,208</u>	 <u>\$ 128,973</u>
 <b>INVESTMENTS:</b>		
Other physical property .....	\$ 255,927	\$ 255,927
Other .....	<u>146,263</u>	<u>186,361</u>
Totals .....	<u>\$ 402,190</u>	<u>\$ 442,288</u>
 <b>CURRENT ASSETS:</b>		
Cash .....	\$ 3,132,750	\$ 2,234,528
Accounts receivable, less reserve .....	9,126,117	7,801,893
Materials and supplies (including construction materials), at average cost or less .....	6,707,580	5,554,451
Other .....	<u>434,334</u>	<u>446,337</u>
Totals .....	<u>\$ 19,400,781</u>	<u>\$ 16,037,209</u>
 <b>DEFERRED DEBITS:</b>		
Unamortized premium on bonds redeemed .....	\$ 104,399	\$ 139,199
Charges related to proposed construction projects and other work .....	1,074,192	277,998
Other .....	<u>33,218</u>	<u>65,946</u>
Totals .....	<u>\$ 1,211,809</u>	<u>\$ 483,143</u>
<b>TOTAL ASSETS .....</b>	<u><u>\$468,510,886</u></u>	<u><u>\$399,464,311</u></u>

The accompanying notes are an integral part of the financial statements.



# JERSEY CENTRAL POWER & LIGHT COMPANY

## BALANCE SHEETS

December 31, 1967 and 1966

### LIABILITIES AND CAPITAL

	<u>1967</u>	<u>1966</u>
<b>LONG-TERM DEBT, CAPITAL STOCK AND SURPLUS</b>		
(see page 8):		
First mortgage bonds and debentures .....	\$256,025,000	\$212,925,000
Notes payable to banks due within one year to be refinanced .....	19,400,000	7,100,000
Totals .....	<u>\$275,425,000</u>	<u>\$220,025,000</u>
Cumulative preferred stock .....	\$ 12,500,000	\$ 12,500,000
Premium on cumulative preferred stock .....	148,750	148,750
Totals .....	<u>\$ 12,648,750</u>	<u>\$ 12,648,750</u>
Common stock and surplus:		
Common stock .....	\$ 69,787,700	\$ 69,787,700
Capital surplus (parent made capital contributions of \$14,000,000 in 1967 and \$25,500,000 in 1966) .....	80,389,323	66,389,323
Unappropriated earned surplus (see statement on page 8 and Note 3) .....	8,797,142	8,583,037
Totals .....	<u>\$158,974,165</u>	<u>\$144,760,060</u>
Totals .....	<u>\$447,047,915</u>	<u>\$377,433,810</u>
<b>CURRENT LIABILITIES:</b>		
First mortgage bonds and debentures due within one year .....	\$ 100,000	\$ 1,450,000
Accounts payable .....	5,976,537	7,595,686
Dividend payable on common stock .....	348,938	—
Customer deposits .....	1,167,696	1,096,119
Taxes accrued .....	1,135,405	2,430,869
Interest accrued .....	3,579,578	2,532,275
Other .....	2,114,702	1,615,101
Totals .....	<u>\$ 14,422,856</u>	<u>\$ 16,720,050</u>
<b>DEFERRED CREDITS:</b>		
Unamortized premium on debt .....	\$ 1,469,872	\$ 1,106,529
Other .....	517,933	291,387
Totals .....	<u>\$ 1,987,805</u>	<u>\$ 1,397,916</u>
<b>RESERVE FOR UNAMORTIZED INVESTMENT CREDIT</b>		
(Note 4) .....	<u>\$ 4,059,700</u>	<u>\$ 2,876,500</u>
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>		
.....	<u>\$ 1,092,510</u>	<u>\$ 1,036,535</u>
<b>TOTAL LIABILITIES AND CAPITAL</b> .....	<u><u>\$468,610,386</u></u>	<u><u>\$399,464,811</u></u>

*The accompanying notes are an integral part of the financial statements.*

# JERSEY CENTRAL POWER & LIGHT COMPANY

## STATEMENTS OF UNAPPROPRIATED EARNED SURPLUS

For the Years Ended December 31, 1967 and 1966

	1967	1966
BALANCE, beginning of year .....	\$ 8,583,037	\$ 8,366,557
ADD, Net income (see statement on page 5) .....	17,672,516	16,279,137
Totals .....	<u>\$26,255,553</u>	<u>\$24,645,694</u>
DEDUCT:		
Dividends on capital stock:		
4% Series cumulative preferred stock .....	\$ 500,000	\$ 500,000
Common stock .....	16,958,411	15,562,657
Totals .....	<u>\$17,458,411</u>	<u>\$16,062,657</u>
BALANCE, end of year (Note 3) .....	<u>\$ 8,797,142</u>	<u>\$ 8,583,037</u>

The accompanying notes are an integral part of the financial statements.

## LONG-TERM DEBT AND CAPITAL STOCK

December 31, 1967

### LONG-TERM DEBT OUTSTANDING IN HANDS OF PUBLIC

(excluding sinking fund requirements due within one year):

#### First mortgage bonds (a):

27½% Series due 1976 .....	\$ 34,500,000
3½% Series due 1978 .....	3,500,000
3¼% Series due 1984 .....	6,000,000
3½% Series due 1985 .....	20,000,000
4½% Series due 1986 .....	10,000,000
5% Series due 1987 .....	15,000,000
5¼% Series due 1989 .....	5,770,000
4¾% Series due 1992 .....	11,000,000
4½% Series due 1993 .....	18,525,000
4½% Series due 1994 .....	18,000,000
4¾% Series due 1995 .....	20,000,000
6½% Series due 1996 .....	29,010,000
6½% Series due 1997 .....	28,860,000

#### Debentures (a):

4½% Series due 1988 .....	8,100,000
4½% Series due 1989 .....	4,600,000
5½% Series due 1990 .....	8,460,000
6% Series due 1992 .....	14,700,000
Total .....	<u>\$256,025,000</u>

Notes payable to banks, 5½% and 6%, due within one year to be refinanced .....

\$ 19,400,000

### CAPITAL STOCK:

Cumulative preferred stock, par value \$100 a share, 175,000 shares authorized:	
4% Series, 125,000 shares outstanding, callable at \$106.50 a share .....	<u>\$ 12,500,000</u>
Common stock, par value \$10 a share, 7,000,000 shares authorized:	
6,978,770 shares outstanding .....	<u>\$ 69,787,700</u>

(a) At December 31, 1967, annual sinking fund requirements amounted to \$1,900,000 of which \$1,800,000 were reacquired.



## NOTES TO FINANCIAL STATEMENTS

### 1. UTILITY PLANT:

Utility plant is stated at original cost. In prior years the Company followed the policy of capitalizing (by charges to utility plant) the direct payroll costs and certain associated costs of Company personnel engaged in the construction of such plant, but did not so capitalize the cost of certain employee benefits (such as pensions, life insurance and hospitalization). The Company changed this policy effective as of January 1, 1967 so that the cost of such benefits applicable to such personnel is being capitalized for all periods subsequent to 1966. As a result of this change net income for the year 1967 was increased by approximately \$600,000.

On January 20, 1966, the Federal Power Commission issued a Notice of Proposed Rulemaking relating to the determination of the "net investment" of hydroelectric projects licensed by the Federal Power Commission, and a hearing thereon was held on December 18, 1967. The Company has joined 42 other companies in submitting comments on this proposed rule urging that it not be adopted. The extent to which any such rule as may be adopted would affect the Company's investment in its licensed project is not presently ascertainable.

### 2. DEPRECIATION:

For rate-making and financial accounting purposes the Company provides for depreciation at annual rates determined and revised periodically on the basis of studies by independent engineers to be sufficient to amortize the original cost of depreciable property on a systematic basis over estimated service lives, which lives are generally longer than those employed for tax purposes. The Company uses depreciation rates based on functional account groups which, on an aggregate composite basis, resulted in approximate annual rates of 2.9% and 2.7% for the years 1967 and 1966. These aggregate rates reflect the fact that, effective as of January 1, 1967, the Company increased its depreciation rates with the approval of the Board of Public Utility Commissioners of the State of New Jersey resulting in an increase in 1967 of approximately \$700,000 in the provision for depreciation and a corresponding decrease in net income.

### 3. UNAPPROPRIATED EARNED SURPLUS:

Certain limitations on the declaration of cash dividends on common stock are contained in the Company's mortgage and debenture indentures and certificate of incorporation, the most restrictive presently being that contained in such indentures, under the terms of which \$1,729,154 of the balance of unappropriated earned surplus at December 31, 1967 are so restricted.

### 4. FEDERAL INCOME TAX:

The Company joins with its parent and others in filing consolidated Federal income tax returns. The returns through 1959 have been audited and all deficiencies have been paid. The completion of the audits for 1960 through 1962 is anticipated shortly, and it is the opinion of tax counsel to the Company that the disposition of such audits for those years will not result in any material deficiencies. The consolidated Federal income tax liability is allocated among the participants in the consolidated returns pursuant to agreements generally designed to allocate such liability in proportion to the participants' respective contributions to such liability.

As a public utility, the revenues of the Company in any period are dependent to a significant extent upon the costs which are recognized and allowed in that period for rate-making purposes. It is the policy of the Company in connection with the financial statements contained in registration statements pursuant to which securities are offered and in reports of financial condition and of the results of operations to the holders of such securities, to follow the basic accounting principle of matching costs

and revenues, taking into consideration this aspect of the rate-making process. In recent years, the application of this principle has had particular significance in connection with certain reductions in income tax. As set forth below, the rate-making treatment accorded to these items has differed and consequently the manner in which these items have been reflected in such financial statements has also differed.

#### *Liberalized Depreciation and Guidelines and Rules.*

The regulatory agencies having jurisdiction over the Company's rates follow the policy of allowing only the estimated tax actually payable for the period after giving effect to the reduction in income tax attributable to the employment of liberalized depreciation and the "Guidelines and Rules," and, therefore, the provisions for income tax in the accompanying income statements were directly reduced by amounts equal to the reductions in income tax attributable to these items.

*Investment Tax Credit.* The Board of Public Utility Commissioners of the State of New Jersey has determined that, for rate-making purposes, it will permit charges to income in an amount equal to the 3% investment credit arising during the period with concurrent credits in that amount to a reserve and the amortization of that reserve over the estimated service lives of the related facilities with the unamortized balance being applied as a reduction of rate base. The Revenue Act of 1964 prohibits Federal rate regulatory agencies from requiring recognition of the credit for rate-making purposes more rapidly than over the estimated service lives of the related facilities. Under these circumstances, the Company is classifying such concurrent credits as a reserve. However, in accordance with the Uniform Systems of Accounts of the Board of Public Utility Commissioners of the State of New Jersey and the Federal Power Commission, the accumulated unamortized investment credit has been classified as a deferred credit in reports to those Commissions.

### 5. COMMITMENTS AND CONTINGENT LIABILITY:

The Company expects to make expenditures of approximately \$60,000,000 for plant additions during 1968 and in that connection had incurred substantial commitments at December 31, 1967. The Company plans to issue securities to partially finance such construction.

The Company is participating in the guarantees of certain indebtedness being incurred by a non-affiliate in connection with the development of mines for coal to supply the Keystone mine-mouth generating station in which the Company is a co-owner. It is anticipated that the total amount guaranteed by the Company may ultimately be about \$1,300,000.

### 6. PENSION PLAN:

The Company has established a pension plan for its employees and has made provision to fund the cost of such plan. In accordance with the recommendations of independent actuarial consultants, effective as of January 1, 1967 the Company modified the actuarial assumptions relating to the plan to give recognition to increased longevity and higher earnings expectations for the funds and to initiate the amortization of unrealized appreciation of securities held in the pension funds. As a result, the annual cost of the plan was reduced by approximately \$400,000 and net income increased by approximately \$200,000. The past service costs of the plan are fully funded. The annual current service costs for the year 1967 and the contributions by the Company for such 1967 costs were \$1,100,000.

**JCP&L**

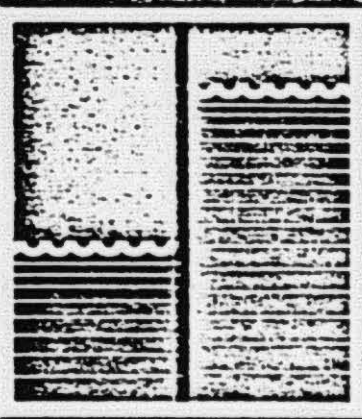
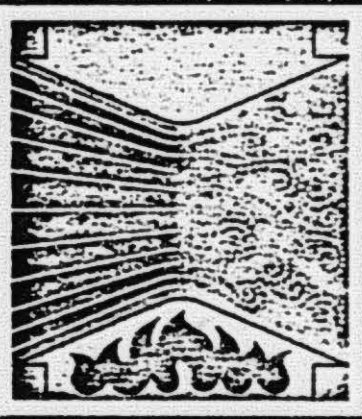
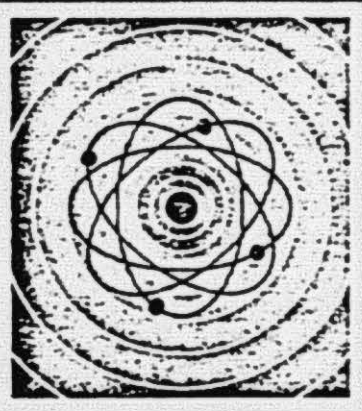
JERSEY CENTRAL  
POWER & LIGHT



AN INVESTOR-OWNED ELECTRIC COMPANY

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## GENERAL PUBLIC UTILITIES

OUT BEFORE TO STOCKHOLDERS

Jersey Central Power & Light Company • Metropolitan Edison Company  
New Jersey Power & Light Company • Pennsylvania Electric Company

**G** ELECTRIC  
**P** POWER  
**U** COMPANIES

AND SUPPLEMENTAL INFORMATION

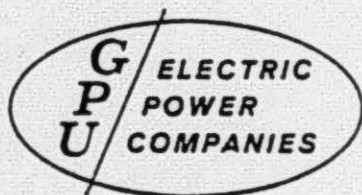
Telephone: WHitehall 3-5600

86 128



# 1967 ANNUAL REPORT

February 16, 1968



Jersey Central Power & Light Company

New Jersey Power & Light Company

Pennsylvania Electric Company

Metropolitan Edison Company

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16-24	Financial Statements and Auditors' Report

The Annual Meeting of Stockholders of General Public Utilities Corporation will be held in the auditorium, ground floor, One Chase Manhattan Plaza, New York, N. Y. on Monday, April 1, 1968, at 2:00 o'clock in the afternoon.

# GENERAL PUBLIC UTILITIES CORPORATION AND SUBSIDIARY ELECTRIC POWER COMPANIES

80 Pine Street, New York, N. Y. 10005

Telephone: WHitehall 3-5600

## To Our Shareholders

1967 was a year in which the GPU System continued to progress. It was also a year in which several new problems were encountered. Over-all, it demonstrated anew the dynamic character of the electric utility business.

### POINTS OF PROGRESS

- Gross Revenues passed the \$300 million mark—a gain of 7½% over 1966.
- Sales exceeded 16.9 billion kilowatt-hours—a gain of 7% over 1966.
- Average use per residential customer was 5,100 KWH—a gain of almost 7½% over 1966.
- Net Income was \$51.9 million—approximately a 6½% gain over 1966.
- Per Share Net Income reached \$2.09—a gain of 5¢ per share over 1966 despite the dilution resulting from the sale in December 1966 of almost a million GPU shares.
- Dividends were increased to \$1.56 per share, a 60% increase during the past decade.
- Plant Additions (plus \$8.8 million in nuclear fuel) amounted to \$176 million—more than double those made only five years ago.
- Consolidated Assets passed the \$1.5 billion mark.
- Research Projects, involving coal-fired and nuclear generation and underground distribution facilities, were expanded.

### PROBLEMS ENCOUNTERED

- Power Costs were high, principally as a result of the delays in the completion of new generating capacity.
- Interest Costs on utility borrowings reached the highest level in more than 30 years.
- Wages and Related Costs rose sharply.
- A Major Service Interruption occurred in the power pool of which the GPU System is a part, giving greater emphasis to the steps being taken to achieve an even higher level of service reliability.
- Community Relations are increasingly affecting the installation, operation and cost of facilities.
- Increased Competition for the energy market is being experienced from gas and oil suppliers.

These developments are discussed in the following pages of this report, which contains a map showing the location of the service areas and major generating and transmission facilities and also contains the GPU System financial statements and statistics.



## 1967 SALES AND REVENUES

During the past decade, the GPU System has achieved an average growth rate of about 7½% in annual KWH sales and about 6% in revenues. In 1967, while KWH sales increased about 7% and thus fell slightly below the ten-year trend, revenues increased 7½% and were above that trend. This result was attributable to the significant increase in the residential and commercial KWH sales and also to the fact that in 1967 we began receiving payments from other utilities for the transmission service provided by our share of the 500,000 volt transmission system referred to below.

Average use per residential customer maintained its steady upward progress, and the price per KWH to residential customers continued to decline. This increase in average usage which reflects the fact that we have 25,000 all-electric homes in our territory, coupled with the addition of more than 26,000 new customers during 1967, indicates the satisfactory growth potential of the area we serve—a potential which should be even more fully realized as new highways under construction are completed.

## EARNINGS AND DIVIDENDS

Common stock earnings in 1967 amounted to about \$51.9 million, an increase of \$3.1 million or approximately 6½% over the earnings for 1966. On a per share basis earnings were \$2.09 for 1967 as compared with 1966 results of \$2.04 on average shares outstanding and \$1.97 on shares outstanding at year-end, reflecting the sale of about one million additional shares in December, 1966.

The Board of Directors increased the fourth quarter dividend to 39¢ per share from the 37½¢ per share paid in the previous four quarters, so that the present annual dividend rate is \$1.56 per share. The record, at 5-year intervals, of earnings and dividends over the past 20 years, giving retroactive effect to the 1959 stock split and the 1962 stock dividend, is shown below:

Year	Per GPU Share	
	Earnings	Cash Dividend
1947 .....	\$ .59	\$ .39
1952 .....	.67	.70
1957 .....	1.29	.95
1962 .....	1.71	1.15
1967 .....	2.09	1.52

## PLANT ADDITIONS

In 1967, the GPU subsidiaries spent \$176 million for plant additions including nuclear fuel. This represents an all-time high and yet is appreciably below the amounts to be spent in 1968, and in each of the succeeding several years. The 1967 expenditures were directed to a wide variety of projects, indicating the breadth of our constant effort to achieve better and more economical electric service. For example, upon completion of the mine-mouth and nuclear generating capacity additions now under way, which are discussed below, our aggregate capacity will increase 120% from 3.0 million KW at the end of 1967 to 6.6 million KW by the end of 1973.

The projects on which these 1967 expenditures were made included the following:

### *Mine-Mouth Coal-Fired Stations*

The first 900,000 KW unit of the Keystone station in which we are participating with six

other utilities was completed and placed in service last August; the second 900,000 KW unit at that station is scheduled for completion this summer.

Substantial progress was made on the 1,280,000 KW Homer City station in which we are participating with another utility and which is scheduled for completion in 1969-70.

Construction was begun on the 1,800,000 KW Conemaugh station in which we are participating with eight other utilities; this station is scheduled for completion in 1970-71.

Our aggregate share of the capacity of these new coal-fired mine-mouth stations is approximately 1,250,000 KW. Since we have in addition 750,000 KW of relatively modern mine-mouth capacity, when these three stations are completed, our aggregate mine-mouth capacity will be brought to 2,000,000 KW.

#### *Nuclear Stations*

Disappointing delays were experienced in the construction of the Oyster Creek 640,000 KW nuclear unit which was originally scheduled for service in 1967. Primarily as a result of such delays, it was necessary for us to purchase about 15% of our electric energy requirements from neighboring utilities at costs appreciably above the cost of our own generation when it is available to meet our load and reserve requirements. For this reason, the GPU system spent just over \$23 million for purchased power in 1967, compared with the \$13 million expended for the same purpose in 1966. The General Electric Company, which is the construction contractor as well as the principal supplier for the Oyster Creek unit,

has advised us that it now expects that the unit will be available for service by the end of 1968.

We have two other large nuclear units under contract which are to be added to our system. The first of these is an 840,000 KW unit being built in Pennsylvania. It is scheduled for completion in 1971, and construction work for the unit began in 1967. A similar 840,000 KW unit is to be constructed in New Jersey and is scheduled for completion in 1973. Substantial progress was made in 1967 in the planning and design work for this unit.

#### *Pumped Storage Stations*

The new 330,000 KW Yards Creek pumped storage station which we own jointly with another utility operated satisfactorily in 1967 and is making a substantial contribution to service reliability. We and the other participating utility have had pending for some time an application to the Delaware River Basin Commission for permission to build a 1,300,000 KW companion pumped storage station which, in effect, represents a further development of the Yards Creek project. This additional station would be part of a comprehensive plan which also involves the construction by the Federal Government of a flood control, water supply and recreation reservoir in the Delaware River near the Delaware Water Gap. Hearings were held in August, 1967 on proposed amendments to the comprehensive plan which would make provision for our proposed pumped storage project and the matter is awaiting decision by the Delaware River Basin Commission.



In northwest Pennsylvania, we are constructing with another utility the 400,000 KW Seneca pumped storage station which will utilize the Federal Government's Allegheny River reservoir. Substantial progress on that station was made during 1967 and it is scheduled to be placed in service in 1969.

We are also participating with the City of Jersey City, N. J., in a combination potable water supply and pumped storage development which will provide 130,000 KW of generating capacity. Plant designs were completed in 1967 and it is expected that construction will be initiated as soon as the requisite Federal Power Commission licenses are received.

#### *Major Transmission*

We completed during 1967 our portion of the Keystone 500,000 volt transmission system which is being constructed by the companies comprising the Pennsylvania-New Jersey-Maryland ("PJM") interconnection. Our segment of this transmission system involves an investment of more than \$50,000,000 and covers approximately 316 circuit miles of transmission lines. Other segments of the 500,000 volt system were also completed in 1967 and early 1968 by other participating companies, so that it is now used to deliver power from the Keystone station as far east as load centers near Newark and Philadelphia as well as to increase power exchanges with other neighboring utilities. Further additions are being made to the 500,000 volt system by participating utilities and when those facilities are completed, the 500,000 volt system of the PJM companies will embrace approximately 875 circuit miles.

#### *Distribution Facilities*

The load growth of our service area necessitates a continuing program of strengthening our distribution network. This involves not only overhead and underground distribution lines but additions of transformers, lines directly to customer's premises, meters and protective equipment. Over all we spent more than \$68 million on this program in 1967.

#### **RESEARCH AND DEVELOPMENT**

In 1967, we entered into an agreement with the Atomics International Division of North American Rockwell Corporation for a joint research and development program looking to the possible decision in 1970 to install in our system a 350,000-500,000 KW sodium-cooled fast breeder nuclear reactor. The fast breeder reactor represents a particularly attractive source of electric generation since it has the potential of utilizing approximately 70% of the inherent energy in natural uranium as against the approximately 2% which can be utilized by present day nuclear generators. On the other hand, it poses a number of challenging technical and economic problems and it is the function of the research and development program to identify those problems in detail and provide satisfactory solutions for them.

Our 5,000 KW Saxton research and experimental nuclear unit, which was scheduled to be shut down in 1967, has continued to be so valuable as a research and training facility that we have made arrangements to continue its operation through 1968. The major costs associated with the continued operation of this

unit are now being borne by Westinghouse Electric Corporation, which has been a participant in this project since it was undertaken in 1959.

At our Portland Station, we and the Monsanto Company have been conducting a research project directed to the elimination of sulfur smoke emissions from coal fired generating stations. The initial tests of this project were completed in 1967 and were encouraging. Equipment modifications are being made and additional tests will be made in 1968. The feasibility of an expanded version of this project at our Seward Station is being investigated.

For the past two years, one of our subsidiaries has been engaged in a program to find means to reduce the cost, and thereby increase the feasibility, of installing electric distribution facilities underground. In the process, new machinery has been developed, new uses have been found for existing equipment and new materials have been employed. Other utilities in other parts of the country are engaged in similar efforts and, as this experience is pooled, we are hopeful that

many of the economic barriers to underground installation can be overcome.

#### 1967 FINANCING

To provide the new funds for the 1967 expansion program described above, the subsidiary companies sold a total of \$111 million of long-term debt securities and GPU made cash capital contributions to the subsidiaries of \$33.5 million. The balance of the funds were obtained from short-term bank loans and cash generated from operations.

The recent rapid rise in the interest costs of debt securities is illustrated in the table below which summarizes the securities issued by the subsidiaries.

#### 1968 FINANCING

We anticipate construction expenditures of approximately \$205 million in 1968 and an aggregate of about \$450 million for 1969 and 1970. We expect to meet a part of the 1968 capital requirements through the sale of approximately \$100 million of additional long-term debt securities by the subsidiaries and the sale by GPU of about \$30 to \$35 million of additional Common Stock. The balance is

#### SECURITIES ISSUED IN 1967 AND RELATED INTEREST COSTS

1967	Company	Principal Amount	Description of Bonds	Years to Maturity	Net Interest Cost
January	Jersey Central	\$15,000,000	Debenture	25	5.90%
April	New Jersey Power	10,000,000	First Mortgage	30	5.97%
June	Penelec	26,000,000	First Mortgage	30	6.15%
September	Jersey Central	30,000,000	First Mortgage	30	6.52%
October	Met-Ed	20,000,000	Debenture	25	6.55%
October	Penelec	10,000,000	Debenture	25	6.55%



expected to be obtained from short-term loans and funds provided from operations. Definitive plans have not been completed with respect to this sale of GPU Common Stock, but it is expected that we will sell about 1¼ million shares through a 1-20 offering of rights to stockholders about the middle of 1968.

#### **SERVICE INTERRUPTION**

On the morning of June 5, 1967, a major interruption in electric service occurred in a large part of the PJM service area. About 45% of the customers served by the GPU System were affected. Within three hours after the interruption, service had been restored to about 50% of the affected GPU System customers and within five hours all service had been restored. The interruption occurred on the eve of energizing a part of the 500,000 volt system and the initial operation of the first Keystone unit, which are referred to above. It is believed that if those facilities had been in service, the interruption would not have occurred.

The Federal Power Commission has characterized the electric utility service provided in the United States as being the best in the world, but there is still room for improvement although completely uninterrupted service cannot be achieved. A number of corrective measures have been taken or are in process and it is believed that these measures, together with additional generation and transmission facilities now being built by our system companies and other PJM companies, will reduce the possibility of another such interruption.

In that connection, and to augment the policies and procedures already in effect, on

December 26, 1967, the PJM member companies joined in a new electric service reliability compact under the terms of the Mid-Atlantic Area Coordination Agreement ("MAAC"). The MAAC agreement will set up an area coordination committee to review on a continuing basis the principles, procedures and standards relating to matters affecting the reliability of the bulk transmission of energy within its area and to review and evaluate the planning of generation and transmission facilities relative to the bulk electric supply system of the member companies.

#### **FORMATION OF SERVICE COMPANY**

After lengthy study, we have concluded that it is desirable to form a service company to serve as a corporate vehicle to take over some of the technical functions now being provided by coordinating committees of the subsidiaries and the GPU staff. The service company will provide a means for achieving even more effective use of our personnel, as well as modern equipment which can be best employed on a system-wide basis. It is expected that the service company will be organized during 1968 and that it will be a subsidiary of GPU. It is also expected that the service company will have offices in Morristown, N. J., Reading, Pa. and Johnstown, Pa., as well as New York, and that many of its functions will thus be carried out at existing locations.

#### **COMMUNITY RELATIONS**

We want to be good citizens of the communities in which our facilities are located and which we serve. To that end, we are constantly striving to take environmental and aesthetic considerations into account in the planning and

operation of our facilities. As noted above, we are engaged in research projects designed to reduce the sulfur-smoke emissions to the atmosphere and to facilitate the underground installation of distribution facilities. The problem, however, is to achieve environmental improvement in an orderly fashion, so as to avoid compromising reliability of service or our ability to obtain the funds continuously required to meet our increasing loads.

In the past year, the subject of environmental considerations has particularly engaged the public interest. Federal and State legislation and regulatory codes have been proposed or adopted with the objective of reducing sharply the emission to the atmosphere of pollutants from combustion of coal and oil by all industrial boilers, including those at electric generating stations. Compliance with such requirements will, in some cases, require more costly fuels and, in others, will require capital expenditures for plant modifications. Ultimately, it will be possible to meet the objectives of such legislation and codes, but a reasonable period for orderly transition is required.

Recreational interests are also receiving increased attention. We are working closely with various governmental agencies that are involved in such activities. We recently received the approval of the Federal Power Commission of the recreation plan submitted for the Yards Creek 330,000 KW pumped storage plant, and we are participating with the Delaware River Basin Commission in a research study related to the impact on fishery resources of the proposed multi-purpose comprehensive plan which we anticipate will include an addi-

tional 1,300,000 KW of pumped storage capacity on the Delaware River referred to above.

#### COMPETITION

Although there is little direct competition between electric utilities, since the duplication of facilities involved in such competition would be wasteful, the competition between electric utilities, on the one hand, and gas utilities and oil suppliers, on the other, for the energy market is becoming much more vigorous. Investigations have been initiated by Congressional committees and by the Federal Trade Commission with respect to the practices being employed in this competition. We have reviewed our own practices in this respect and are satisfied that they are sound and well-justified and in keeping with the standard of vigorous but fair competition. We are also convinced that electricity is the most useful form of energy and that the underlying economic characteristics of the electric utility industry will enable it to achieve a larger share of the total energy market. For this reason, we view the competition for the energy market as an opportunity to achieve improved performance and the resulting benefits to our customers and stockholders.

#### ACCOUNTING MATTERS

Consolidated net income for the year 1967 was increased by approximately \$1.2 million as a result of (1) the initiation of the capitalization of the cost of certain employee benefits for System personnel engaged on construction work, which increased net income by approximately \$2.1 million, (2) the increase



in the depreciation rates of the New Jersey subsidiaries which decreased net income by about \$1.1 million, and (3) a change in the actuarial assumptions for the System pension funds which increased net income by about \$200,000. These matters are more fully discussed in the notes to the financial statements.

We have also concluded that it would be appropriate to increase the rate employed for the accrual of interest during construction in order to give recognition to the higher costs of capital now being experienced. However, this increase should be reflected in the accounts only to the extent that it is recognized for rate-making purposes and we, therefore, initiated steps to review the matter with the State and Federal regulatory agencies. As this report goes to press, the regulatory agencies have not completed their review, but we anticipate that an increase in this interest during construction accrual rate, which will correspondingly increase earnings, will become effective during 1968.

#### MANAGEMENT CHANGES

Mr. W. R. Snyder retired as President of Metropolitan Edison Company on January 31, 1968. Mr. Snyder served the GPU System for 43 years and had been President of Manila Electric Company for 9 years before becoming President of Met-Ed.

Mr. G. R. Parry has been made Chairman of the Board and Mr. Frederic Cox President and chief executive officer of Met-Ed.

#### THE FUTURE

Our large construction program for 1968 and subsequent years will require our utmost efforts to finance and complete. Nevertheless, we are confident that by pursuing this program we will have provided the opportunity for continuing both to serve our customers with increasing amounts of dependable low-cost power and to achieve a full and fair return on the stockholders' investment.

  
President

It is with deep sadness that we report the death on November 17, 1967, of Mr. William E. Warner, Secretary of GPU. Mr. Warner served GPU and predecessor companies faithfully for 35 years. His competence and personal qualities are sorely missed.

## ANALYSIS OF EARNINGS

















(IN THOUSANDS)	1967	1966	1965
<b>OPERATING REVENUES</b>			
Electric . . . . .	\$209,911	\$288,312	\$269,962
Steam and Water . . . . .	1,074	1,048	1,022
<b>Totals</b> . . . . .	<u>\$210,985</u>	<u>\$289,360</u>	<u>\$270,984</u>
<b>OPERATING EXPENSES</b>			
Operation . . . . .	\$124,998	\$111,898	\$100,710
Maintenance . . . . .	24,109	25,087	24,787
Depreciation . . . . .	37,820	34,058	32,371
Federal Income Tax . . . . .	13,682	18,314	18,104
Investment Credit, less Amortization . . . . .	3,452	1,876	2,226
Other Taxes . . . . .	23,292	20,374	19,272
<b>Totals</b> . . . . .	<u>\$227,293</u>	<u>\$211,807</u>	<u>\$197,470</u>
<b>OPERATING INCOME</b> . . . . .	<u>\$ 83,692</u>	<u>\$ 77,553</u>	<u>\$ 72,614</u>
Other Income . . . . .	176	101	200
<b>GROSS INCOME</b> . . . . .	<u>\$ 83,868</u>	<u>\$ 77,654</u>	<u>\$ 72,814</u>
<b>INCOME DEDUCTIONS</b>			
Interest on First Mortgage Bonds and Debentures . . . . .	\$ 31,525	\$ 25,820	\$ 21,960
Other Interest . . . . .	2,431	2,281	1,300
Interest Charged to Construction . . . . .	(7,845)	(5,776)	(3,428)
Preferred Dividends . . . . .	3,168	3,190	3,416
Other . . . . .	94	121	343
<b>Totals</b> . . . . .	<u>\$ 29,373</u>	<u>\$ 25,636</u>	<u>\$ 23,610</u>
<b>EXPENSES, TAXES AND INTEREST, NET—GPU</b> . . . . .	<u>\$ 2,610</u>	<u>\$ 3,272</u>	<u>\$ 2,750</u>
<b>BALANCE FOR COMMON STOCK</b> . . . . .	<u>\$ 51,876</u>	<u>\$ 48,746</u>	<u>\$ 46,434</u>
<b>CASH DIVIDENDS PAID DURING YEAR</b> . . . . .	<u>\$ 37,580</u>	<u>\$ 33,966</u>	<u>\$ 32,656</u>
<b>RETAINED EARNINGS</b> . . . . .	<u>\$ 14,296</u>	<u>\$ 14,780</u>	<u>\$ 13,798</u>
<b>SHARES OUTSTANDING (thousands)</b>			
Average During Year . . . . .	24,805	23,929	23,836
Year End . . . . .	24,805	24,805	23,836
<b>PER SHARE</b>			
<i>Earnings</i>			
Average Shares . . . . .	\$2.09	\$2.04	\$1.95
Year End Shares . . . . .	\$2.09	\$1.97	\$1.95
Dividends Paid . . . . .	\$1.52	\$1.42	\$1.37

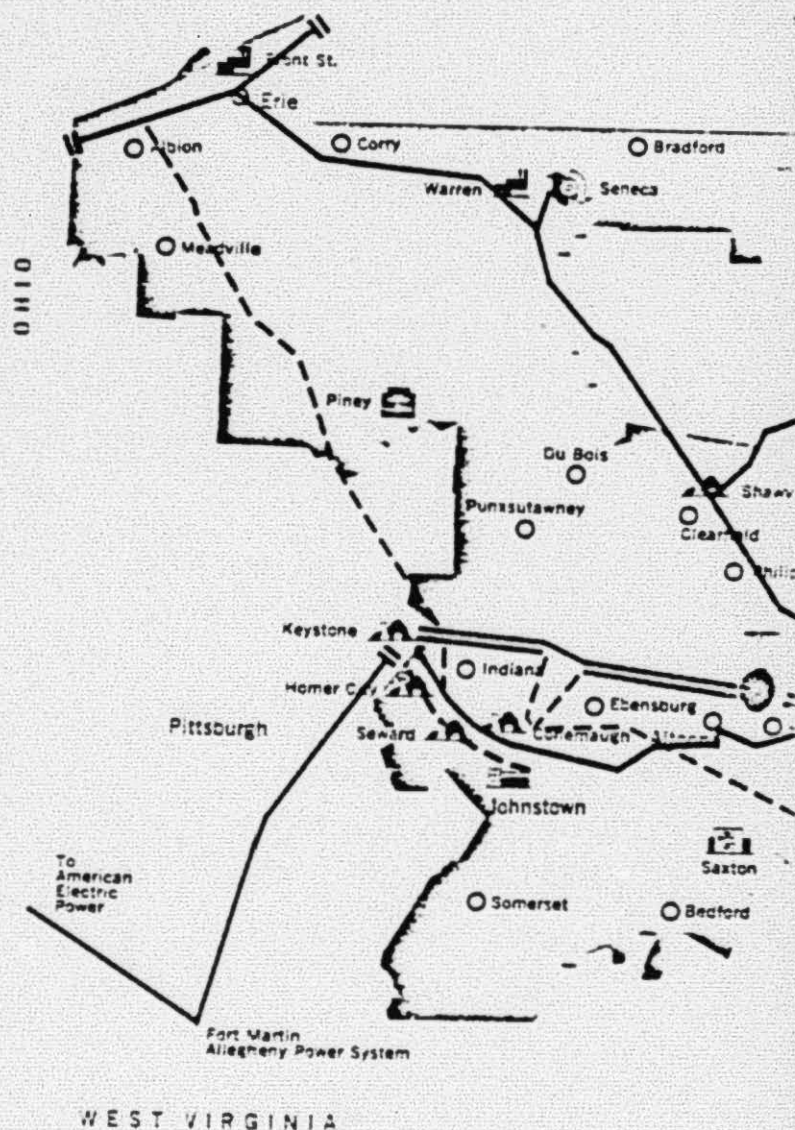
( ) Indicates red figure



1964	1963	1962	1961	1960	1959	1958
\$232,266	\$238,927	\$226,170	\$213,247	\$202,704	\$194,963	\$181,479
1,019	1,061	1,061	1,069	1,079	1,066	1,064
\$233,285	\$239,988	\$227,231	\$214,316	\$204,513	\$196,031	\$182,543
\$9,999	\$4,943	\$2,600	\$4,634	\$7,333	\$6,611	\$6,639
22,808	22,328	22,187	20,749	20,492	18,963	19,972
29,997	28,229	26,403	22,803	22,318	21,232	18,923
21,303	20,307	16,993	23,737	23,374	23,172	21,934
1,438	1,770	1,428	—	—	—	—
18,267	16,429	13,067	14,714	13,419	12,804	12,280
\$184,014	\$174,006	\$166,282	\$156,639	\$150,136	\$143,802	\$137,820
\$69,271	\$63,982	\$60,949	\$57,637	\$54,677	\$50,229	\$44,723
119	103	34	88	76	79	94
\$69,390	\$66,087	\$60,983	\$57,743	\$54,733	\$50,308	\$44,817
19,236	\$18,338	\$17,177	\$16,633	\$15,801	\$14,033	\$12,333
1,576	1,179	923	1,094	197	369	506
(2,204)	(1,213)	(2,474)	(1,936)	(1,494)	(2,311)	(3,303)
3,430	3,430	3,430	3,430	3,430	3,430	3,430
493	520	433	242	323	198	232
\$22,871	\$22,274	\$19,311	\$19,483	\$18,277	\$13,481	\$13,468
\$2,411	\$2,210	\$771	\$1,777	\$1,328	\$1,708	\$1,639
\$44,108	\$41,603	\$40,701	\$36,483	\$33,138	\$33,119	\$29,719
\$30,987	\$29,080	\$27,304	\$26,769	\$23,307	\$23,698	\$21,019
\$13,121	\$12,323	\$13,197	\$9,714	\$9,391	\$9,421	\$8,700
23,836	23,836	23,836	23,797	23,752	22,611	21,706
\$18,36	\$17,5	\$17,1	\$1,3	\$1,3	\$1,6	\$1,7
\$18,36	\$17,5	\$17,1	\$1,3	\$1,3	\$1,6	\$1,7
\$18,36	\$17,5	\$17,1	\$1,3	\$1,3	\$1,6	\$1,7

# LEGEND

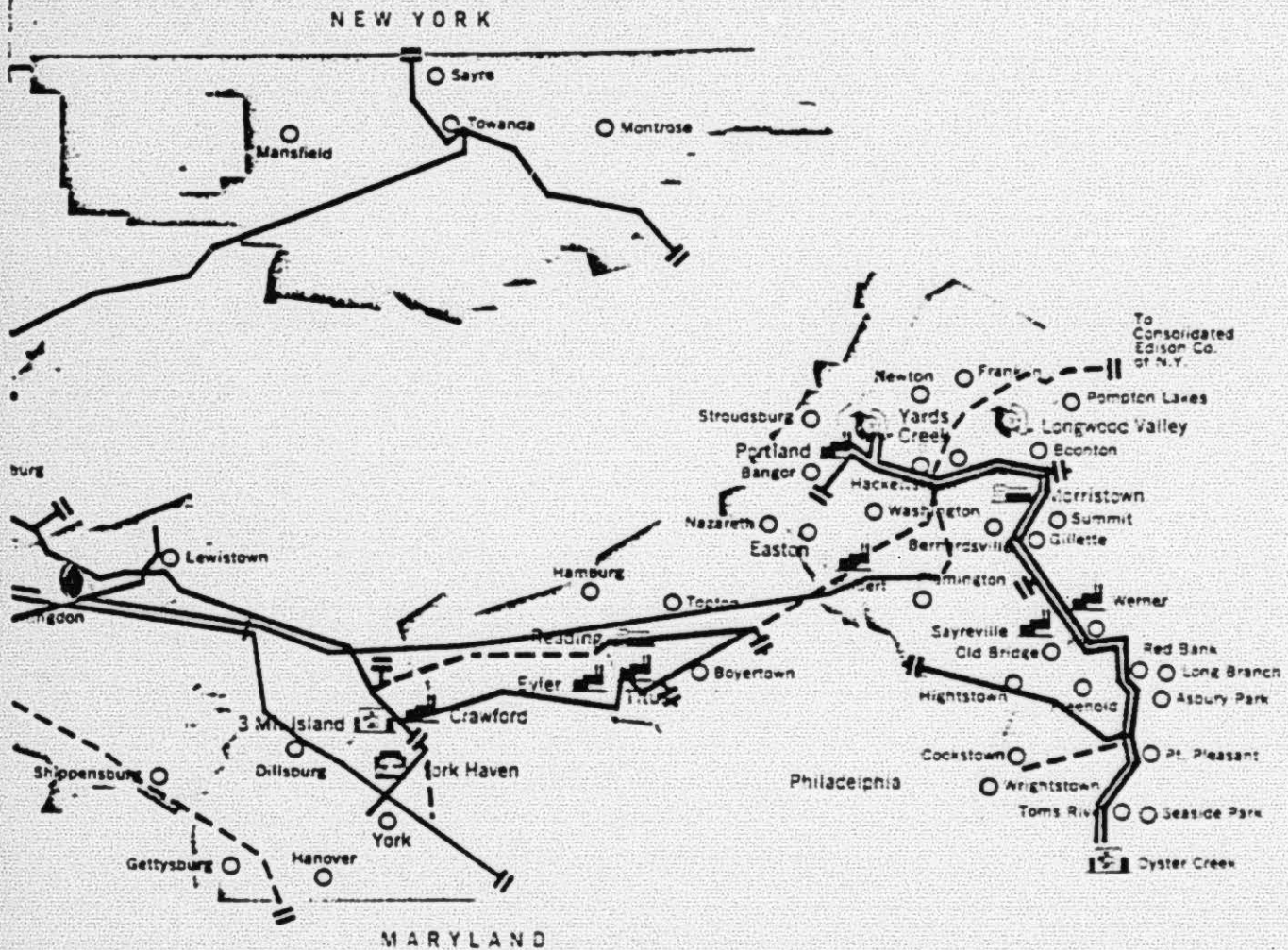
-  Conventional Steam Plant
-  Mine Mouth Plant
-  Pumped Storage Plant
-  Hydro Plant
-  Nuclear Plant
-  Company Headquarters
-  Principal Cities
-  500 KV. Line
-  500 KV. Line Proposed
-  345 KV. Line Proposed
-  230 KV. Line
-  230 KV. Line Proposed
-  Principal Interconnections
-  Jersey Central Power & Light Company and New Jersey Power & Light Company  
serve sections of New Jersey with a population of about 1.4 million people and comprising approximately 3,300 square miles or about 43% of the total area of the State.
-  Metropolitan Edison Company  
provides service to the eastern and central sections of Pennsylvania with a population of about 800,000 people and comprising approximately 3,300 square miles or about 7% of the area of the State.
-  Pennsylvania Electric Company  
serves a portion of Pennsylvania extending from the Maryland-Pennsylvania state line northerly to the New York State line, including a population of approximately 1.5 million people and aggregating approximately 17,600 square miles, or about 39% of the area of the State.





**GENERAL PUBLIC UTILITIES CORPORATION**  
**SYSTEM SERVICE AREA MAP**

**G  
P  
U** / **ELECTRIC  
POWER  
COMPANIES**



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LYBRAND, ROSS BROS. & MONTGOMERY  
CERTIFIED PUBLIC ACCOUNTANTS

*To the Board of Directors and Stockholders,*  
GENERAL PUBLIC UTILITIES CORPORATION,  
New York, New York.

We have examined the balance sheet of General Public Utilities Corporation and the consolidated balance sheet of the Corporation and Subsidiary Companies as of December 31, 1967, the related statements of income and unappropriated earned surplus and the consolidated statement of source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported upon the financial statements for the year 1966 and the consolidated statements of source and application of funds for the years 1963 through 1966.

In our opinion, the accompanying statements (pages 17 through 24) present fairly the financial position of General Public Utilities Corporation and of the Corporation and Subsidiary Companies consolidated at December 31, 1967 and 1966, and the related results of operations for the years then ended and the consolidated source and application of funds for the years 1963 through 1967, in conformity with generally accepted accounting principles applied on a consistent basis.

*Lybrand, Ross Bros. & Montgomery*

New York, N. Y.  
February 5, 1968.



## GENERAL PUBLIC UTILITIES CORPORATION AND SUBSIDIARY COMPANIES

### CONSOLIDATED STATEMENTS OF SOURCE AND APPLICATION OF FUNDS

SOURCE OF FUNDS:	Years				
	1967	1966	1965	1964	1963
Consolidated net income (see page 22) . . . . .	\$ 51,576,074	\$ 48,745,582	\$ 46,454,295	\$ 44,107,971	\$ 41,602,763
Depreciation (Note 2) . . . . .	37,819,963	34,057,451	32,371,085	29,996,771	28,229,119
Investment credit, less amortization (Note 4) . . . . .	3,451,400	1,575,700	2,225,900	1,435,000	1,769,500
Total . . . . .	\$ 93,147,437	\$ 84,678,733	\$ 81,051,280	\$ 75,542,742	\$ 71,601,382
Sale of bonds and debentures	111,000,000	70,000,000	72,000,000	49,000,000	12,000,000
Sale of common stock of the Corporation . . . . .	—	27,327,204	—	—	—
Bank loans . . . . .	27,750,000	10,350,000	—	—	20,720,000
Installment proceeds from sale of Manila Electric Company (Note 3) . . . . .	5,624,317	5,618,147	5,595,380	5,624,121	5,622,024
Price fixing settlements, net (a) . . . . .	938,417	519,762	148,001	4,227,456	—
Proceeds from sale of plant (a) . . . . .	—	—	11,703,317	5,000,000	—
Other, net . . . . .	—	3,087,315	4,063,385	3,255,704	—
Total Funds Received	<u>\$238,460,171</u>	<u>\$206,581,661</u>	<u>\$174,561,363</u>	<u>\$142,680,923</u>	<u>\$116,943,406</u>
APPLICATION OF FUNDS:					
Additions to utility plant (a) . . . . .	\$167,641,531	\$162,684,096	\$126,703,788	\$ 95,263,516	\$ 78,837,311
Investment in nuclear fuel	8,824,235	128,973	—	—	—
Cash dividends on the Corpo- ration's common stock . . . . .	37,580,140	33,966,407	32,655,864	30,987,317	29,080,405
Payment of bank loans . . . . .	—	—	4,400,000	9,340,000	—
Payment of serial bank loans (Note 5) . . . . .	5,555,556	5,555,555	5,555,556	5,555,555	5,555,556
Retirement of long-term debt (sinking fund requirements) . . . . .	4,268,000	2,447,000	1,350,000	1,070,000	\$40,000
Reacquisition and cancella- tion of preferred stock . . . . .	—	1,799,630	3,566,155	463,635	—
Loans to non-affiliated coal mining companies (Note 7) . . . . .	950,000	—	—	—	—
Other, net . . . . .	13,640,409	—	—	—	2,630,134
Total Funds Applied	<u>\$238,460,171</u>	<u>\$206,581,661</u>	<u>\$174,561,363</u>	<u>\$142,680,923</u>	<u>\$116,943,406</u>

(a) Plant additions shown are before credits arising from price fixing settlements and the sale of interests in certain projects.

The accompanying notes are an integral part of the financial statements.

## GENERAL PUBLIC UTILITIES CORPORATION

STATEMENTS OF INCOME AND UNAPPROPRIATED  
EARNED SURPLUS

For the Years Ended December 31, 1967 and 1966

	1967	1966
<b>INCOME:</b>		
Dividends from subsidiaries . . . . .	\$ 54,329,161	\$ 52,272,797
Interest on letters of credit (Note 5) . . . . .	659,607	823,704
Totals . . . . .	<u>\$ 55,488,768</u>	<u>\$ 53,096,501</u>
 <b>EXPENSES, TAXES AND INTEREST:</b>		
General expenses . . . . .	\$ 1,676,148	\$ 1,893,588
Taxes (Note 4) . . . . .	(44,325)	75,733
Interest on serial bank loans (Note 5) . . . . .	1,225,266	1,501,218
Other interest, net . . . . .	421,899	625,309
Totals . . . . .	<u>\$ 3,278,738</u>	<u>\$ 4,095,848</u>
 <b>NET INCOME</b> . . . . .	 \$ 52,209,980	 \$ 49,000,653
 <b>UNAPPROPRIATED EARNED SURPLUS:</b>		
Balance, beginning of year . . . . .	155,480,271	140,446,025
Totals . . . . .	<u>\$207,690,251</u>	<u>\$189,446,678</u>
Dividends on common stock . . . . .	37,580,140	33,266,407
Balance, end of year . . . . .	<u><u>\$170,110,111</u></u>	<u><u>\$155,480,271</u></u>

( ) Indicates red figure

The accompanying notes are an integral part of the financial statements.



## GENERAL PUBLIC UTILITIES CORPORATION

## BALANCE SHEETS

December 31, 1967 and 1966

ASSETS:		1967	1966
<b>INVESTMENTS:</b>			
Common stock of subsidiaries . . . . .		\$470,106,854	\$436,606,854
Letters of credit (Note 5) . . . . .		16,443,440	21,912,075
Other . . . . .		—	20,000
Totals . . . . .		<u>\$486,550,294</u>	<u>\$458,538,929</u>
<b>CURRENT ASSETS:</b>			
Cash . . . . .	\$	5,203,589	\$ 4,470,210
Letters of credit (Note 5) . . . . .		6,116,993	6,272,675
Dividend receivable from subsidiary . . . . .		345,938	—
Other . . . . .		29,926	29,893
Totals . . . . .		<u>\$ 11,699,446</u>	<u>\$ 10,772,778</u>
<b>DEFERRED DEBITS:</b>			
Capital stock expense . . . . .	\$	2,410,418	\$ 2,405,368
Other . . . . .		315,991	320,234
Totals . . . . .		<u>\$ 2,726,409</u>	<u>\$ 2,725,602</u>
Total Assets . . . . .		<u>\$500,976,149</u>	<u>\$472,037,909</u>

## LIABILITIES AND CAPITAL:

## LONG-TERM DEBT, CAPITAL STOCK AND SURPLUS:

Serial bank loans (Note 5) . . . . .	\$	16,666,667	\$ 22,222,222
Notes payable to banks due within one year to be refinanced . . . . .	\$	20,000,000	—
Common stock (Note 3) . . . . .	\$	62,128,795	\$ 62,128,795
Capital surplus . . . . .		225,658,059	225,658,059
Unappropriated earned surplus (see statement on page 15) . . . . .		170,110,111	155,480,271
Totals . . . . .		<u>\$457,896,965</u>	<u>\$443,267,125</u>
Less, Reacquired common stock (Note 3) . . . . .		116,055	116,055
Totals . . . . .		<u>\$457,780,910</u>	<u>\$443,151,070</u>
Totals . . . . .		<u>\$494,447,577</u>	<u>\$465,373,292</u>

## CURRENT LIABILITIES:

Serial bank loans (Note 5) . . . . .	\$	5,555,555	\$ 5,555,556
Taxes accrued . . . . .		414,730	527,201
Other . . . . .		558,287	581,260
Totals . . . . .	\$	<u>6,528,572</u>	<u>\$ 6,664,017</u>
Total Liabilities and Capital . . . . .		<u>\$500,976,149</u>	<u>\$472,037,909</u>

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED BALANCE SHEETS

GENERAL PUBLIC UTILITIES CORPORATION  
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS

December 31, 1967 and 1966

ASSETS:	1967	1966
<b>PROPERTY, PLANT AND EQUIPMENT:</b>		
Utility plant in service and under construction (Note 1) . . . . .	\$1,658,401,311	\$1,507,752,440
Less, Reserve for depreciation (Note 2) . . . . .	289,456,950	265,804,522
Net property, plant and equipment . . . . .	<u>\$1,368,944,361</u>	<u>\$1,241,947,918</u>
<b>INVESTMENT IN NUCLEAR FUEL</b> . . . . .	<u>\$ 8,953,208</u>	<u>\$ 128,973</u>
<b>EXCESS</b> of investments in subsidiaries over related net assets . . . . .	<u>\$ 30,638,159</u>	<u>\$ 30,638,159</u>
<b>INVESTMENTS:</b>		
Letters of credit (Note 3) . . . . .	\$ 16,443,440	\$ 21,912,075
Other physical property, less reserve . . . . .	1,065,752	1,125,335
Other . . . . .	2,141,089	1,266,565
Totals . . . . .	<u>\$ 19,650,281</u>	<u>\$ 24,304,275</u>
<b>CURRENT ASSETS:</b>		
Cash . . . . .	\$ 19,315,066	\$ 14,968,038
Letters of credit (Note 3) . . . . .	6,116,993	6,272,675
Temporary cash investment . . . . .	750,000	—
Accounts receivable, less reserve . . . . .	27,083,797	23,188,256
Materials and supplies (including construction materials), at average cost or less . . . . .	29,605,721	16,317,168
Other . . . . .	1,505,828	1,647,331
Totals . . . . .	<u>\$ 75,377,405</u>	<u>\$ 62,393,468</u>
<b>DEFERRED DEBITS:</b>		
Capital stock expense of the Corporation . . . . .	\$ 2,410,418	\$ 2,405,368
Other . . . . .	3,620,357	3,124,616
Totals . . . . .	<u>\$ 6,030,775</u>	<u>\$ 5,529,984</u>
<b>Total Assets</b> . . . . .	<u><u>\$1,509,594,189</u></u>	<u><u>\$1,364,942,777</u></u>

The accompanying notes are an integral part of the financial statements.



# GENERAL PUBLIC UTILITIES CORPORATION AND SUBSIDIARY COMPANIES

## CONSOLIDATED BALANCE SHEETS

December 31, 1967 and 1966

LIABILITIES AND CAPITAL:	1967	1966
<b>LONG-TERM DEBT, CAPITAL STOCK AND SURPLUS:</b>		
Subsidiary companies:		
First mortgage bonds and debentures . . . . .	\$ 788,329,000	\$ 650,509,000
Notes payable to banks due within one year to be refinanced . . . . .	37,000,000	29,250,000
Totals . . . . .	\$ 825,329,000	\$ 710,059,000
Cumulative preferred stock . . . . .	\$ 76,591,200	\$ 76,591,200
Premium on cumulative preferred stock . . . . .	654,596	654,596
Totals . . . . .	\$ 77,545,796	\$ 77,545,796
General Public Utilities Corporation:		
Serial bank loans (Note 5) . . . . .	\$ 16,666,667	\$ 22,222,222
Notes payable to banks due within one year to be refinanced . . . . .	\$ 20,000,000	—
Capital stock and consolidated surplus:		
Common stock (Note 3) . . . . .	\$ 62,128,795	\$ 62,128,795
Consolidated capital surplus . . . . .	226,193,420	226,193,420
Consolidated unappropriated earned surplus (see statement on page 23) . . . . .	203,275,721	188,979,787
Totals . . . . .	\$ 491,597,936	\$ 477,302,002
Less, Reacquired common stock (Note 3) . . . . .	116,055	116,055
Totals . . . . .	\$ 491,481,881	\$ 477,185,947
Totals . . . . .	\$1,431,023,344	\$1,287,012,965
<b>CURRENT LIABILITIES:</b>		
First mortgage bonds and debentures due within one year (sinking fund requirements) . . . . .	\$ 1,475,000	\$ 2,263,000
Serial bank loans (Note 5) . . . . .	5,555,555	5,555,556
Accounts payable . . . . .	17,104,296	18,451,097
Customer deposits . . . . .	2,014,335	1,920,243
Taxes accrued . . . . .	9,095,962	13,763,797
Interest accrued . . . . .	9,041,814	7,285,658
Other . . . . .	6,342,179	4,946,098
Totals . . . . .	\$ 50,629,141	\$ 54,185,449
<b>DEFERRED CREDITS:</b>		
Unamortized premium on debt . . . . .	\$ 3,462,842	\$ 2,824,304
Other . . . . .	850,478	564,098
Totals . . . . .	\$ 4,313,320	\$ 3,388,402
<b>RESERVES:</b>		
Future income taxes (Note 4) . . . . .	\$ 6,623,930	\$ 7,079,530
Unamortized investment credit (Note 4) . . . . .	12,188,200	8,736,800
Other . . . . .	100,675	91,875
Totals . . . . .	\$ 18,912,805	\$ 15,908,205
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b> . . . . .	\$ 4,715,579	\$ 4,447,756
Total Liabilities and Capital . . . . .	\$1,509,594,189	\$1,364,942,777

The accompanying notes are an integral part of the financial statements.

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CONSOLIDATED INCOME STATEMENTS

GENERAL PUBLIC UTILITIES CORPORATION  
AND SUBSIDIARY COMPANIES

STATEMENTS OF CONSOLIDATED INCOME

For the Years Ended December 31, 1967 and 1966

	1967	1966
<b>OPERATING REVENUES:</b>		
Electric (Note 6) . . . . .	\$309,911,286	\$289,311,996
Steam heating and water . . . . .	1,073,794	1,045,234
Totals . . . . .	<u>\$310,985,080</u>	<u>\$290,360,230</u>
<b>OPERATING EXPENSES of Subsidiaries:</b>		
Operation . . . . .	\$101,573,590	\$ 98,850,587
Power purchased and interchanged . . . . .	23,124,642	13,047,832
Maintenance . . . . .	24,109,304	25,087,387
Depreciation of utility plant (Note 2) . . . . .	37,819,963	34,057,451
Federal income tax (Note 4) . . . . .	14,094,716	18,770,910
Deferred income taxes (Note 4) . . . . .	(455,600)	(455,600)
Amount equivalent to current investment credit (Note 4) . . . . .	3,536,900	2,140,900
Amortization of accumulated investment credit (Note 4) . . . . .	(355,500)	(265,200)
Other taxes . . . . .	23,274,673	20,574,280
Totals . . . . .	<u>\$227,292,688</u>	<u>\$211,807,647</u>
<b>OPERATING INCOME</b> . . . . .	<u>\$ 83,692,392</u>	<u>\$ 77,552,583</u>
<b>OTHER INCOME</b> of Subsidiaries . . . . .	176,057	101,383
<b>GROSS INCOME</b> . . . . .	<u>\$ 83,868,449</u>	<u>\$ 77,653,966</u>
<b>INCOME DEDUCTIONS of Subsidiaries:</b>		
Interest on first mortgage bonds and debentures . . . . .	\$ 31,525,401	\$ 25,819,749
Other interest . . . . .	2,431,202	2,281,661
Interest charged to construction . . . . .	(7,845,643)	(5,776,166)
Dividends on cumulative preferred stock . . . . .	3,168,299	3,190,162
Other . . . . .	93,935	120,834
Totals . . . . .	<u>\$ 29,373,194</u>	<u>\$ 25,636,240</u>
<b>BALANCE</b> . . . . .	<u>\$ 54,495,255</u>	<u>\$ 52,017,726</u>
<b>EXPENSES, TAXES AND INTEREST of the Corporation (see statement on page 15):</b>		
General expenses . . . . .	\$ 1,676,148	\$ 1,893,588
Taxes (Note 4) . . . . .	(44,325)	75,733
Interest on serial bank loans, net (Note 5) . . . . .	565,659	677,514
Other interest, net . . . . .	421,899	625,309
Totals . . . . .	<u>\$ 2,619,181</u>	<u>\$ 3,272,144</u>
<b>NET INCOME</b> . . . . .	<u>\$ 51,876,074</u>	<u>\$ 48,745,582</u>
<b>EARNINGS PER SHARE:</b>		
Average number of shares outstanding during year . . . . .	24,505,096	23,229,008
Earnings per share . . . . .	\$2.09	\$2.04

( ) Indicates red figure

The accompanying notes are an integral part of the financial statements.



# GENERAL PUBLIC UTILITIES CORPORATION AND SUBSIDIARY COMPANIES

## STATEMENTS OF CONSOLIDATED UNAPPROPRIATED EARNED SURPLUS

For the Years Ended December 31, 1967 and 1966

	1967	1966
<b>BALANCE</b> , Beginning of year . . . . .	\$188,979,787	\$174,200,612
<b>ADD</b> , Net income (see statement on page 22) . . . . .	51,876,074	48,745,582
<b>Totals</b> . . . . .	\$240,855,861	\$222,946,194
<b>DEDUCT</b> , Dividends on common stock . . . . .	37,580,140	33,966,407
<b>BALANCE</b> , End of year . . . . .	\$203,275,721	\$188,979,787

## NOTES TO FINANCIAL STATEMENTS

### 1. Utility Plant:

Utility plant is stated at original cost. In prior years the Corporation's subsidiaries followed the policy of capitalizing (by charges to utility plant) the direct payroll costs and certain associated costs of company personnel engaged in the construction of such plant, but did not so capitalize the cost of certain employee benefits (such as pensions, life insurance and hospitalization). The subsidiaries changed this policy effective as of January 1, 1967 so that the cost of such benefits applicable to such personnel is being capitalized for all periods subsequent to 1966. As a result of this change consolidated net income for the year 1967 was increased by approximately \$2,100,000.

On January 20, 1966, the Federal Power Commission issued a Notice of Proposed Rulemaking relating to the determination of the "net investment" of hydroelectric projects licensed by the Federal Power Commission, and a hearing thereon was held on December 13, 1967. The Corporation's subsidiaries have joined 40 other companies in submitting comments on this proposed rule urging that it not be adopted. The extent to which any such rule as may be adopted would affect the subsidiaries' investment in their licensed projects is not presently ascertainable.

### 2. Depreciation:

For rate-making and financial accounting purposes the Corporation's subsidiaries provide for depreciation at annual rates determined and revised periodically on the basis of studies by independent engineers to be sufficient to amortize the original cost of depreciable property on a systematic basis over estimated service lives, which lives are generally longer than those employed for tax purposes. The subsidiary companies use depreciation rates based on functional

account groups which, on an aggregate composite basis, resulted in approximate annual rates of 2.53% and 2.76% for the years 1967 and 1966. These aggregate rates reflect the fact that, effective as of January 1, 1967, the New Jersey subsidiaries increased their depreciation rates with the approval of the New Jersey Board of the Public Utility Commissioners resulting in an increase in 1967 of approximately \$1,100,000 in the provision for depreciation and a corresponding decrease in net income.

### 3. Capital Stock:

Of the 30,000,000 authorized shares of \$2.50 par value common stock, 24,805,096 shares were issued and outstanding at December 31, 1967 and 1966, exclusive of 46,422 reacquired shares recorded as reacquired common stock at \$2.50 per share.

### 4. Income Taxes:

The Corporation and its subsidiaries file consolidated Federal income tax returns. The returns through 1959 have been audited and all deficiencies have been paid. The completion of the audits for 1960 through 1962 is anticipated shortly, and it is the opinion of tax counsel to the Corporation that the disposition of such audits for those years will not result in any material deficiencies. The consolidated Federal income tax liability is allocated among the participants in the consolidated returns pursuant to agreements generally designed to allocate such liability in proportion to the participants' respective contributions to such liability.

As public utilities, the revenues of the Corporation's subsidiaries in any period are dependent to a significant extent upon the costs which are recognized and allowed in that period for rate-making purposes. It is the policy of the Corporation and its subsidiaries in connection with the financial statements

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## NOTES TO FINANCIAL STATEMENTS—(Continued)

contained in registration statements pursuant to which securities are offered and in reports of financial condition and of the results of operations to the holders of such securities, to follow the basic accounting principle of matching costs and revenues, taking into consideration this aspect of the rate-making process. In recent years, the application of this principle has had particular significance in connection with certain reductions in income taxes. As set forth below, the rate-making treatment accorded to these items has differed and consequently the manner in which these items have been reflected in such financial statements has also differed.

### *Liberalized Depreciation and Guidelines and Rules.*

The regulatory agencies having jurisdiction over the subsidiaries' rates follow the policy of allowing only the estimated taxes actually payable for the period after giving effect to the reduction in income taxes attributable to the employment of liberalized depreciation and the "Guidelines and Rules", and, therefore, the provisions for income taxes in the accompanying income statements were directly reduced by amounts equal to the reductions in income taxes attributable to these items.

*Investment Tax Credit and Accelerated Amortization.* The State regulatory commissions have determined that, for rate-making purposes, they will permit charges to income in an amount equal to the 3% investment credit arising during the period with concurrent credits in that amount to a reserve and the amortization of that reserve over the estimated service lives of the related facilities with the unamortized balance being applied as a reduction of rate base. The Revenue Act of 1964 prohibits Federal rate regulatory agencies from requiring recognition of the credit for rate-making purposes more rapidly than over the estimated service lives of the related facilities. Under these circumstances, the subsidiaries are classifying such concurrent credits as a reserve. However, in accordance with the Uniform Systems of Accounts of the State regulatory commissions and the Federal Power Commission, the accumulated unamortized investment credit has been classified as a deferred credit in reports to those Commissions.

Essentially the same treatment has been accorded to the reductions in income tax attributable to accelerated amortization (which ended in 1959) and to the remaining balance of credits resulting therefrom.

### 5. Letters of Credit and Serial Bank Loans:

The Letters of Credit aggregating \$22,580,433 at December 31, 1967 represent the balance of the \$54,419,000 of proceeds (in the form of Letters of Credit) from the sale by the Corporation of its investment in Manila Electric Company in January, 1962. The Letters of Credit, issued by a syndicate of 16 Philippine banks, and confirmed by a syndicate of ten U. S. banks, provide that payment of this balance, plus interest at 3% per annum, shall be made in four approximately equal annual installments through 1971.

The serial bank loans outstanding at December 31, 1967 aggregating \$22,220,000 represent the balance of borrowings from a group of U. S. banks in 1962 under an agreement whereby such borrowings mature serially in four annual installments through 1971 and are secured by drafts drawn under the Letters of Credit, in an aggregate amount substantially equivalent to the borrowings.

### 6. Operating Revenues:

It is the general policy of the subsidiaries of the Corporation to include in operating revenues only those sales recorded by meters read during that period. Meters are read and sales are billed generally on a cycle basis.

### 7. Commitments and Contingent Liabilities:

The subsidiaries expect to make expenditures of approximately \$205,000,000 for plant additions during 1968 and in that connection had incurred substantial commitments at December 31, 1967. The subsidiaries plan to issue securities to partially finance such construction.

In order to obtain the necessary consent of the Export-Import Bank of Washington to the sale by the Corporation of its investment in Manila Electric Company, referred to in Note 5, the Corporation was required to guarantee the payment of the installments of principal and interest of loans (payable through 1970) made by that bank to Manila Electric Company. At December 31, 1967, the outstanding balance of such loans was approximately \$5,400,000.

A subsidiary of the Corporation is participating in the guarantees of certain indebtedness being incurred by a non-affiliate in connection with the development of mines for coal to supply the Keystone mine-mouth generating station in which such subsidiary is a co-owner. It is anticipated that the total amount guaranteed by the subsidiary may ultimately be about \$1,300,000. In addition, another subsidiary together with a non-affiliated co-owner of the Homer City generating station, which is under construction, have agreed with non-affiliated mining companies to assist them with the financing required for the development and equipment of the mines which are to supply coal for that station. Pursuant thereto, the subsidiary and such other non-affiliated co-owner have entered into agreements with the mining companies which provide for interim loans by the station owners, from time to time through 1970, to the mining companies. Such interim loans are to mature in 1972 and the maximum amount of such interim loans which may be made by the subsidiary is \$13,000,000. Such loans are to bear an interest rate which is 1½% above the prime rate for commercial borrowing and are to be repayable by the mining companies at any time without premium. No arrangements have yet been made for the permanent financing of these mines.

### 8. Pension Plans:

The Corporation and each of its subsidiaries have established pension plans for their employees and have made provision to fund the cost of all such plans. In accordance with the recommendations of independent actuarial consultants, effective as of January 1, 1967 the Corporation and its subsidiaries modified the actuarial assumptions relating to the plans to give recognition to increased longevity and higher earnings expectations for the funds and to initiate the amortization of unrealized appreciation of securities held in the pension funds. As a result, the annual cost of the plans was reduced by approximately \$400,000 and net income increased by approximately \$200,000. The past service costs of the plans are fully funded. The annual current service costs for the year 1967 and the contributions by the Corporation and subsidiaries for such 1967 costs were \$45,000 and \$4,500,000, respectively.



**GENERAL PUBLIC UTILITIES CORPORATION  
AND SUBSIDIARY ELECTRIC POWER COMPANIES**

Supplement to 1967 Annual Report

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**GENERAL PUBLIC UT  
AND SUBS**

**CONSOLIDATING**

December

**ASSETS:**

	<u>The Corporation and Subsidiaries Consolidated</u>	<u>Eliminations and Adjustments</u>
<b>PROPERTY, PLANT AND EQUIPMENT:</b>		
Utility plant in service and under construction (Note 1) . . . . .	\$1,658,401,311	—
Less, Reserves for depreciation (Note 2) . . . . .	289,456,950	—
Net property, plant and equipment . . . . .	<u>\$1,368,944,361</u>	<u>—</u>
<b>INVESTMENT IN NUCLEAR FUEL . . . . .</b>	<b>\$ 8,953,208</b>	<b>—</b>
<b>EXCESS of investments in subsidiaries over related net assets . . . . .</b>	<b>\$ 30,638,159</b>	<b>\$(30,638,159)</b>
<b>INVESTMENTS:</b>		
Common stocks of subsidiaries . . . . .	—	\$470,106,854
Letters of credit (Note 5) . . . . .	\$ 16,443,440	—
Other physical property, less reserves . . . . .	1,065,752	—
Other . . . . .	2,141,089	—
Totals . . . . .	<u>\$ 19,650,281</u>	<u>\$470,106,854</u>
<b>CURRENT ASSETS:</b>		
Cash . . . . .	\$ 19,315,066	—
Letters of credit (Note 5) . . . . .	6,116,993	—
Temporary cash investment . . . . .	750,000	—
Accounts receivable, less reserves . . . . .	27,083,797	\$ 2,076,666
Materials and supplies (including construction materials), at average cost or less . . . . .	20,605,721	—
Other . . . . .	1,505,828	—
Totals . . . . .	<u>\$ 75,377,405</u>	<u>\$ 2,076,666</u>
<b>DEFERRED DEBITS:</b>		
Capital stock expense of the Corporation . . . . .	\$ 2,410,418	—
Other . . . . .	3,620,357	—
Totals . . . . .	<u>\$ 6,030,775</u>	<u>—</u>
<b>Total Assets . . . . .</b>	<b><u>\$1,509,594,189</u></b>	<b><u>\$441,545,361</u></b>

( ) Indicates red figure

Note references are to N



**LITIES CORPORATION**  
**RY COMPANIES**

**BALANCE SHEET**

31, 1967

<u>The Corporation</u>	<u>Jersey Central Power &amp; Light Company</u>	<u>Metropolitan Edison Company</u>	<u>New Jersey Power &amp; Light Company</u>	<u>Pennsylvania Electric Company and Subsidiaries</u>
—	\$489,717,198	\$396,341,161	\$127,212,288	\$645,130,664
—	51,074,300	93,651,612	22,416,648	122,314,390
—	\$438,642,898	\$302,689,549	\$104,795,640	\$522,816,274
—	\$ 9,953,208	—	—	—
—	—	—	—	—
\$470,106,554	—	—	—	—
16,443,440	—	—	—	—
—	\$ 255,927	\$ 18,567	\$ 395,098	\$ 396,160
—	146,263	551,809	4,004	1,439,013
\$486,550,294	\$ 402,190	\$ 570,376	\$ 399,102	\$ 1,835,173
\$ 5,203,589	\$ 3,132,750	\$ 1,912,820	\$ 880,042	\$ 8,185,865
6,116,993	—	—	—	—
—	—	—	—	750,000
361,607	9,126,117	6,611,535	3,362,464	9,628,740
—	6,707,580	5,714,524	2,198,492	5,985,125
17,257	434,334	472,420	165,980	415,837
\$ 11,699,446	\$ 19,400,781	\$ 14,711,299	\$ 6,606,978	\$ 25,035,567
\$ 2,410,418	—	—	—	—
315,991	\$ 1,211,809	\$ 485,832	\$ 120,352	\$ 1,486,373
\$ 2,726,409	\$ 1,211,809	\$ 485,832	\$ 120,352	\$ 1,486,373
\$500,976,149	\$468,810,886	\$318,457,056	\$111,922,072	\$551,173,387

Financial Statements, pages 23 and 24.

**GENERAL PUBLIC UT  
AND SUBS**

**CONSOLIDATING**

December

**LIABILITIES AND CAPITAL:**

	<u>The Corporation and Subsidiaries Consolidated</u>	<u>Eliminations and Adjustments</u>
<b>LONG-TERM DEBT, CAPITAL STOCK AND SURPLUS:</b>		
Subsidiary companies (see pages 32 and 33):		
First mortgage bonds and debentures . . .	\$ 788,329,000	—
Notes payable to banks due within one year to be refinanced . . . . .	37,000,000	—
Cumulative preferred stock . . . . .	76,591,200	—
Premium on cumulative preferred stock . .	654,596	—
Common stock . . . . .	—	\$275,198,020
General Public Utilities Corporation:		
Serial bank loans (Note 5) . . . . .	16,666,667	—
Notes payable to banks due within one year to be refinanced . . . . .	20,000,000	—
Capital stock and consolidated surplus:		
Common stock (Note 3) . . . . .	62,128,795	—
Consolidated capital surplus . . . . .	226,193,420	150,739,735
Consolidated unappropriated earned surplus (see statement on pages 30 and 31) . . . . .	203,275,721	13,484,905
Totals . . . . .	<u>\$1,431,139,399</u>	<u>\$439,422,660</u>
Less, Reacquired common stock (Note 3) . . . . .	116,055	—
Totals . . . . .	<u>\$1,431,023,344</u>	<u>\$439,422,660</u>
<b>CURRENT LIABILITIES:</b>		
First mortgage bonds and debentures due within one year (sinking fund requirements) . . .	\$ 1,475,000	—
Serial bank loans (Note 5) . . . . .	5,555,555	—
Accounts payable . . . . .	17,104,296	\$ 2,076,666
Customer deposits . . . . .	2,014,335	—
Taxes accrued . . . . .	9,095,262	—
Interest accrued . . . . .	9,041,314	—
Other . . . . .	6,342,179	—
Totals . . . . .	<u>\$ 50,629,141</u>	<u>\$ 2,076,666</u>
<b>DEFERRED CREDITS:</b>		
Unamortized premium on debt . . . . .	\$ 3,462,842	—
Other . . . . .	550,473	\$ 46,035
Totals . . . . .	<u>\$ 4,313,320</u>	<u>\$ 46,035</u>
<b>RESERVES:</b>		
Future income taxes (Note 4) . . . . .	\$ 6,623,930	—
Unamortized investment credit (Note 4) . .	12,188,200	—
Other . . . . .	100,675	—
Totals . . . . .	<u>\$ 18,912,805</u>	<u>—</u>
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	<u>\$ 4,715,579</u>	<u>—</u>
Total Liabilities and Capital . . . . .	<u>\$1,509,594,189</u>	<u>\$441,545,361</u>

Note references are to N



# LITIES CORPORATION R. COMPANIES

## BALANCE SHEET

31, 1967

<u>The Corporation</u>	<u>Jersey Central Power &amp; Light Company</u>	<u>Metropolitan Edison Company</u>	<u>New Jersey Power &amp; Light Company</u>	<u>Pennsylvania Electric Company and Subsidiaries</u>
—	\$256,025,000	\$168,790,000	\$ 59,920,000	\$303,594,000
—	19,400,000	6,000,000	3,700,000	7,900,000
—	12,500,000	23,391,200	4,500,000	36,500,000
—	148,750	206,209	22,480	277,157
—	69,757,700	66,273,400	33,325,000	105,511,920
\$ 16,666,667	—	—	—	—
20,000,000	—	—	—	—
62,128,795	—	—	—	—
225,638,059	80,389,323	23,323,611	889,067	46,673,095
170,110,111	8,797,142	13,727,596	3,525,123	20,600,654
44,563,832	\$447,047,915	\$301,712,016	\$105,881,670	\$521,356,826
116,055	—	—	—	—
\$494,447,577	\$447,047,915	\$301,712,016	\$105,881,670	\$521,356,826
—	\$ 100,000	\$ 520,000	\$ 120,000	\$ 735,000
\$ 5,555,555	—	—	—	—
22,605	6,325,475	6,227,189	2,101,541	4,504,152
—	1,167,696	254,994	341,240	250,405
414,730	1,135,405	2,244,185	605,670	4,695,972
449,578	3,579,578	1,416,259	602,175	2,994,226
56,106	2,114,702	1,115,945	840,527	2,184,899
\$ 6,528,372	\$ 14,422,856	\$ 11,778,572	\$ 4,611,153	\$ 15,364,654
—	\$ 1,469,872	\$ 171,160	\$ 151,426	\$ 1,670,384
—	517,933	207,046	63,165	108,369
—	\$ 1,987,805	\$ 378,206	\$ 214,591	\$ 1,778,753
—	—	—	—	\$ 6,623,930
—	\$ 4,059,700	\$ 2,581,900	\$ 1,026,500	4,519,500
—	—	100,675	—	—
—	\$ 4,059,700	\$ 2,682,575	\$ 1,026,500	\$ 11,143,730
—	\$ 1,092,610	\$ 1,095,687	\$ 187,356	\$ 1,529,424
\$300,276,149	\$468,619,886	\$318,457,056	\$111,922,072	\$551,173,387

Financial Statements, pages 23 and 24.

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**GENERAL PUBLIC UTILITY  
AND SUBSIDIARIES**

**CONSOLIDATING STATEMENT  
UNAPPROPRIATED**

For the Year Ended

	The Corporation and Subsidiaries Consolidated	Eliminations and Adjustments
<b>OPERATING REVENUES:</b>		
Electric (Note 6) . . . . .	\$309,911,286	\$ 655,390
Steam heating and water . . . . .	1,073,794	—
Totals . . . . .	<u>\$310,985,080</u>	<u>\$ 655,390</u>
<b>OPERATING EXPENSES of Subsidiaries:</b>		
Operation . . . . .	\$101,873,590	\$ 655,390
Power purchased and interchanged . . . . .	23,124,642	—
Maintenance . . . . .	24,109,304	—
Depreciation of utility plant (Note 2) . . . . .	37,319,963	—
Federal income tax (Note 4) . . . . .	14,094,716	—
Deferred income taxes (Note 4) . . . . .	(455,600)	—
Amount equivalent to current investment credit (Note 4) . . . . .	3,336,900	—
Amortization of accumulated investment credit (Note 4) . . . . .	(365,500)	—
Other taxes . . . . .	23,274,673	—
Totals . . . . .	<u>\$227,292,688</u>	<u>\$ 655,390</u>
<b>OPERATING INCOME</b> . . . . .	<u>\$ 83,692,392</u>	<u>—</u>
<b>OTHER INCOME</b> of Subsidiaries . . . . .	176,057	—
<b>GROSS INCOME</b> . . . . .	<u>\$ 83,868,449</u>	<u>—</u>
<b>INCOME DEDUCTIONS of Subsidiaries:</b>		
Interest on first mortgage bonds and debentures . . . . .	\$ 31,525,401	—
Other interest . . . . .	2,431,202	—
Interest charged to construction . . . . .	(7,345,643)	—
Dividends on cumulative preferred stock . . . . .	3,168,299	\$(3,168,299)
Other . . . . .	93,935	—
Totals . . . . .	<u>\$ 29,373,124</u>	<u>\$(3,168,299)</u>
<b>BALANCE</b> . . . . .	<u>\$ 54,495,255</u>	<u>\$ 3,168,299</u>
<b>DIVIDENDS</b> from subsidiaries . . . . .	—	54,829,161
<b>BALANCE</b> . . . . .	<u>\$ 54,495,255</u>	<u>\$57,997,460</u>
<b>EXPENSES, TAXES AND INTEREST of the Corporation</b> (see statement on page 15):		
General expenses . . . . .	\$ 1,676,148	—
Taxes (Note 4) . . . . .	(44,525)	—
Interest on serial bank loans, net (Note 5) . . . . .	565,659	—
Other interest, net . . . . .	421,599	—
Totals . . . . .	<u>\$ 2,619,181</u>	<u>—</u>
<b>NET INCOME</b> . . . . .	<u>\$ 51,876,074</u>	<u>\$57,997,460</u>
<b>UNAPPROPRIATED EARNED SURPLUS:</b>		
Balance, beginning of year . . . . .	188,979,757	13,484,905
Totals . . . . .	<u>\$240,855,861</u>	<u>\$71,482,365</u>
Deduct:		
Dividends on preferred stock . . . . .	—	\$ 3,168,299
Dividends on common stock . . . . .	\$ 37,580,140	54,829,161
Totals . . . . .	<u>\$ 37,580,140</u>	<u>\$57,997,460</u>
Balance, end of year . . . . .	<u>\$203,275,721</u>	<u>\$13,484,905</u>

( ) Indicates red figure

Note references are to Notes to



# ILITIES CORPORATION AND COMPANIES

## STATEMENT OF INCOME AND RETAINED EARNED SURPLUS

ended December 31, 1967

The Corporation	Jersey Central Power & Light Company	Metropolitan Edison Company	New Jersey Power & Light Company	Pennsylvania Electric Company and Subsidiaries
—	\$91,513,763	\$76,083,291	\$33,918,837	\$109,050,783
—	—	421,252	—	652,542
—	<u>\$91,513,763</u>	<u>\$76,504,543</u>	<u>\$33,918,837</u>	<u>\$109,703,325</u>
—	\$25,041,165	\$31,103,442	\$ 9,026,421	\$ 37,357,952
—	12,354,176	3,338,771	8,474,650	(1,042,955)
—	5,363,989	6,334,082	1,967,288	10,443,945
—	9,762,900	9,251,000	3,190,600	15,615,463
—	2,456,861	3,333,820	1,026,397	7,277,638
—	—	—	—	(455,600)
—	1,306,000	854,100	232,400	1,444,400
—	(122,500)	(79,700)	(32,300)	(150,700)
—	<u>11,234,077</u>	<u>3,224,720</u>	<u>3,806,235</u>	<u>5,009,641</u>
—	<u>\$67,396,368</u>	<u>\$57,360,235</u>	<u>\$27,691,691</u>	<u>\$ 75,499,784</u>
—	\$24,117,397	\$19,144,308	\$ 6,227,146	\$ 34,203,541
—	13,515	61,812	26,520	74,210
—	<u>\$24,130,912</u>	<u>\$19,206,120</u>	<u>\$ 6,253,666</u>	<u>\$ 34,277,751</u>
—	\$10,787,859	\$ 6,311,797	\$ 2,283,490	\$ 12,142,255
—	790,074	658,201	146,002	836,925
—	(5,078,373)	(918,250)	(80,951)	(1,768,069)
—	—	—	—	—
—	(41,164)	69,280	7,943	57,876
—	<u>\$ 6,458,396</u>	<u>\$ 6,121,028</u>	<u>\$ 2,356,484</u>	<u>\$ 11,268,957</u>
—	<u>\$17,672,516</u>	<u>\$13,085,092</u>	<u>\$ 3,597,182</u>	<u>\$ 23,008,764</u>
\$ 54,829,161	—	—	—	—
<u>\$ 54,829,161</u>	<u>\$17,672,516</u>	<u>\$13,085,092</u>	<u>\$ 3,597,182</u>	<u>\$ 23,008,764</u>
\$ 1,676,148	—	—	—	—
(44,525)	—	—	—	—
565,659	—	—	—	—
421,899	—	—	—	—
<u>\$ 2,619,181</u>	—	—	—	—
\$ 32,209,980	\$17,672,516	\$13,085,092	\$ 3,597,182	\$ 23,008,764
155,480,271	\$ 583,037	14,186,052	3,379,608	20,835,724
<u>\$207,690,251</u>	<u>\$26,255,553</u>	<u>\$27,271,144</u>	<u>\$ 7,276,790</u>	<u>\$ 43,844,488</u>
—	\$ 500,000	\$ 943,548	\$ 180,917	\$ 1,543,834
\$ 37,580,140	16,958,411	12,600,000	3,570,750	21,700,000
\$ 37,580,140	\$17,458,411	\$13,543,548	\$ 3,751,667	\$ 23,243,834
<u>\$170,110,111</u>	<u>\$ 8,797,142</u>	<u>\$13,727,596</u>	<u>\$ 3,525,123</u>	<u>\$ 20,600,654</u>

**LONG-TERM DEBT OF SUBSIDIARY COMPANIES  
OUTSTANDING IN HANDS OF PUBLIC**  
(excluding sinking fund requirements due within one year)

At December 31, 1987

**Jersey Central Power & Light Company:**

First Mortgage Bonds—Series as noted:

2 $\frac{1}{2}$ % due 1976 . . . \$34,500,000	4 $\frac{1}{2}$ % due 1986 . . . \$10,000,000	4 $\frac{1}{2}$ % due 1993 . . . \$13,525,000
3 $\frac{1}{2}$ % due 1978 . . . 3,500,000	5 % due 1987 . . . 15,000,000	4 $\frac{1}{2}$ % due 1994 . . . 13,000,000
3 $\frac{1}{2}$ % due 1984 . . . 6,000,000	3 $\frac{1}{2}$ % due 1989 . . . 5,770,000	4 $\frac{1}{2}$ % due 1995 . . . 20,000,000
3 $\frac{1}{2}$ % due 1985 . . . 20,000,000	4 $\frac{1}{2}$ % due 1992 . . . 11,000,000	6 $\frac{1}{2}$ % due 1996 . . . 29,010,000
		6 $\frac{1}{2}$ % due 1997 . . . 28,560,000

\$220,165,000

Debentures:

4 $\frac{1}{2}$ % Series due 1988 . . . . .	8,100,000
4 $\frac{1}{2}$ % Series due 1989 . . . . .	4,600,000
5 $\frac{1}{2}$ % Series due 1990 . . . . .	9,460,000
6 % Series due 1992 . . . . .	14,700,000

**Metropolitan Edison Company:**

First Mortgage Bonds—Series as noted:

2 $\frac{1}{2}$ % due 1974 . . . \$24,500,000	3 $\frac{1}{2}$ % due 1982 . . . \$ 7,300,000	4 $\frac{1}{2}$ % due 1992 . . . \$15,000,000
3 % due 1977 . . . 4,500,000	3 $\frac{1}{2}$ % due 1984 . . . 15,000,000	4 $\frac{1}{2}$ % due 1995 . . . 12,000,000
3 % due 1978 . . . 3,500,000	4 $\frac{1}{2}$ % due 1987 . . . 19,000,000	5 $\frac{1}{2}$ % due 1996 . . . 15,000,000
2 $\frac{1}{2}$ % due 1980 . . . 12,250,000	5 % due 1990 . . . 15,000,000	

143,550,000

Debentures:

4 $\frac{1}{2}$ % Series due 1990 . . . . .	5,640,000
6 $\frac{1}{2}$ % Series due 1992 . . . . .	19,600,000

**New Jersey Power & Light Company:**

First Mortgage Bonds—Series as noted:

3 % due 1974 . . . \$ 9,000,000	2 $\frac{1}{2}$ % due 1979 . . . \$ 3,500,000	4 $\frac{1}{2}$ % due 1988 . . . \$ 7,500,000
3 % due 1978 . . . 6,000,000	3 $\frac{1}{2}$ % due 1984 . . . 8,700,000	4 $\frac{1}{2}$ % due 1990 . . . 5,000,000
		6 % due 1997 . . . 10,000,000

49,700,000

Debentures:

4 $\frac{1}{2}$ % Series due 1989 . . . . .	5,520,000
5 % Series due 1990 . . . . .	4,700,000

**Pennsylvania Electric Company:**

First Mortgage Bonds—Series as noted:

3 $\frac{1}{2}$ % due 1972 . . . \$32,500,000	3 $\frac{1}{2}$ % due 1982 . . . \$ 2,500,000	5 % due 1989 . . . \$15,000,000
3 $\frac{1}{2}$ % due 1973 . . . 4,000,000	4 $\frac{1}{2}$ % due 1983 . . . 12,500,000	5 % due 1990 . . . 12,000,000
2 $\frac{1}{2}$ % due 1976 . . . 25,500,000	3 $\frac{1}{2}$ % due 1984 . . . 12,000,000	4 $\frac{1}{2}$ % due 1991 . . . 10,000,000
2 $\frac{1}{2}$ % due 1979 . . . 11,000,000	3 $\frac{1}{2}$ % due 1986 . . . 12,500,000	4 $\frac{1}{2}$ % due 1994 . . . 20,000,000
3 $\frac{1}{2}$ % due 1981 . . . 5,000,000	4 % due 1988 . . . 20,000,000	6 $\frac{1}{2}$ % due 1996 . . . 25,000,000
		6 $\frac{1}{2}$ % due 1997 . . . 26,000,000

259,500,000

Debentures:

5 $\frac{1}{2}$ % Series due 1986 . . . . .	10,320,000
5 % Series due 1990 . . . . .	18,300,000
7 % Series due 1992 . . . . .	9,800,000

Divisional Liens:

Erie County Electric Company (assumed by the Company, noncallable), 6% funding mortgage gold bonds due 1980 . . . . .	74,000
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Northern Pennsylvania Power Company (assumed by the Company):

2 $\frac{1}{2}$ % due 1975, first mortgage bonds . . . . .	4,600,000
2 $\frac{1}{2}$ % due 1980, first mortgage bonds . . . . .	590,000

Total . . . . . \$799,329,000

**Notes Payable to Banks to be Refinanced:**

Jersey Central Power & Light Company—5 $\frac{1}{2}$ % and 6%, due within one year . . . . .	\$ 19,400,000
New Jersey Power & Light Company—5 $\frac{1}{2}$ % and 6%, due within one year . . . . .	3,700,000
Pennsylvania Electric Company—5 $\frac{1}{2}$ %, due within one year . . . . .	7,300,000
Metropolitan Edison Company—5 $\frac{1}{2}$ % and 6%, due within one year . . . . .	4,000,000
Total . . . . .	\$ 34,400,000



## CUMULATIVE PREFERRED STOCK OF SUBSIDIARY COMPANIES

At December 31, 1967	Shares		Current Call Price	Par Value
	Author- ized	Out- standing		
<b>Jersey Central Power &amp; Light Company</b>				
Cumulative preferred stock, 4% Series . . . . .	175,000	125,000	\$106.50	\$12,500,000
<b>Metropolitan Edison Company:</b>				
Cumulative preferred stock:	400,000			
3.90% Series . . . . .		117,729	105.625	11,772,900
4.35% Series . . . . .		33,249	104.25	3,324,900
3.55% Series . . . . .		29,175	104.00	2,917,500
3.50% Series . . . . .		13,122	104.70	1,312,200
4.45% Series . . . . .		35,637	104.25	3,563,700
<b>New Jersey Power &amp; Light Company:</b>				
Cumulative preferred stock:	60,599			
4 % Series . . . . .		26,655	105.00	2,665,500
4.05% Series . . . . .		13,345	103.25	1,334,500
<b>Pennsylvania Electric Company:</b>				
Cumulative preferred stock:	433,000			
4.10% Series B . . . . .		56,510	108.25	5,651,000
3.70% Series C . . . . .		97,054	105.00	9,705,400
4.05% Series D . . . . .		63,896	104.53	6,369,600
4.70% Series E . . . . .		28,739	105.25	2,873,900
4.50% Series F . . . . .		42,969	104.27	4,296,900
4.60% Series G . . . . .		75,732	104.25	7,573,200
<b>Total . . . . .</b>				<b>\$76,591,200</b>

## CAPITAL OF THE SYSTEM

At December 31,	1967		1966		1965	1964	1963	1962
	Amount		Amount					
First Mortgage Bonds and Debentures . . . . .	\$ 738,329,000	55.7%	\$ 680,809,000	53.3%	53.7%	51.3%	48.6%	42.4%
Notes Payable to be Refinanced . . . . .	\$ 57,900,000	4.0	\$ 29,250,000	2.3	2.2	3	3.2	1.2
Preferred Stock (including premium) . . . . .	\$ 77,545,796	5.5	\$ 77,545,796	6.2	7.0	7.3	8.3	5.7
Common Stock . . . . .	\$ 62,012,740		\$ 62,012,740					
Capital Surplus—Consolidated . . . . .	226,193,420	34.3	226,193,420	37.7	38.1	39.3	39.9	40.7
Earned Surplus—Consolidated . . . . .	203,275,721		188,279,737					
Common Stock and Surplus . . . . .	\$ 491,481,351	54.8	\$ 477,185,947	57.7	58.1	59.8	59.9	40.7
<b>Total Capital(1) . . . . .</b>	<b>\$1,414,356,677</b>	<b>100.0%</b>	<b>\$1,264,790,743</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

(1) Excludes bank loans of GPU secured by Letters of Credit received as a result of the sale of Manila Electric Company in 1962.

## EARNINGS AND DIVIDENDS

### EARNINGS<sup>(1)</sup>

Quarter Ending	1967	1966	1965	1964	1963	1962	1961	1960
March . . . . .	\$ .53	\$ .55	\$ .53	\$ .49	\$ .47	\$ .47	\$ .36	\$ .41
June . . . . .	.50	.51	.49	.46	.42	.42	.37	.36
September . . . . .	.52	.51	.46	.46	.43	.41	.36	.34
December . . . . .	.54	.47	.47	.44	.43	.41	.40	.37
Year . . . . .	\$2.09	\$2.04	\$1.95	\$1.85	\$1.75	\$1.71	\$1.53	\$1.49

### DIVIDENDS

Quarter Ending	1967	1966	1965	1964	1963	1962	1961	1960
March . . . . .	\$ .37	\$ .35	\$ .34	\$ .32	\$ .30	\$ .28	\$ .28	\$ .27
June . . . . .	.38	.35	.34	.32	.30	.29	.28	.27
September . . . . .	.38	.35	.34	.32	.30	.29	.28	.27
December . . . . .	.39	.37	.35	.34	.32	.29	.29	.28
Year . . . . .	\$1.52	\$1.42	\$1.37	\$1.30	\$1.22	\$1.15	\$1.13	\$1.09

### % EARNINGS PAID OUT<sup>(1)</sup>

Quarter Ending	1967	1966	1965	1964	1963	1962	1961	1960
March . . . . .	69.3%	63.6%	64.2%	65.3%	65.3%	59.6%	73.7%	65.3%
June . . . . .	76.0	68.6	69.4	69.6	71.4	69.0	75.7	75.0
September . . . . .	75.1	68.6	73.9	69.6	69.3	70.7	73.7	79.4
December . . . . .	72.2	78.7	74.5	77.3	74.4	70.7	72.5	75.7
Year . . . . .	73.7%	69.6%	70.5%	70.5%	69.7%	67.5%	73.9%	73.6%

### BOOK VALUE<sup>(1)</sup>

Quarter Ending	1967	1966	1965	1964	1963	1962	1961	1960
March . . . . .	\$19.39	\$18.43	\$17.82	\$17.26	\$16.73	\$16.19	\$13.89	\$13.47
June . . . . .	19.52	18.60	17.98	17.41	16.86	16.22	13.97	13.57
September . . . . .	19.66	18.76	18.10	17.33	16.99	16.47	14.11	13.65
December . . . . .	19.81	19.24	18.22	17.63	17.04	16.56	14.23	13.77
Year . . . . .	\$19.41	\$19.24	\$18.22	\$17.63	\$17.08	\$16.56	\$14.23	\$13.77

### % EARNED ON BOOK VALUE<sup>(1 & 2)</sup>

Quarter Ending	1967	1966	1965	1964	1963	1962	1961	1960
March . . . . .	10.4%	10.7%	10.6%	10.3%	10.3%	10.0%	10.4%	11.0%
June . . . . .	10.2	10.3	10.7	10.3	10.1	10.2	10.5	11.1
September . . . . .	10.3	10.3	10.6	10.3	10.2	10.3	10.6	10.8
December . . . . .	10.6	10.6	10.7	10.5	10.2	10.3	10.5	10.7
Year . . . . .	10.6%	10.6%	10.7%	10.5%	10.2%	10.3%	10.5%	10.7%

(1) Excludes for the periods prior to 1962 that portion of the book value applicable to the investment in Manita Electric Company and earnings applicable thereto, such investment having been sold in 1962.

(2) Earnings for twelve months ended.



# SYSTEM CAPITAL REQUIREMENTS (millions)

	New Construction					New Capital Raised
	Generation	Transmission	Distribution	Other	Total	
1958 . . . . .	\$ 43.1	\$ 14.5	\$ 32.1	\$ 3.3	\$ 93.0	\$ 80.4
1959 . . . . .	20.0	15.5	32.9	4.5	72.9	31.0
1960 . . . . .	17.3	10.7	37.7	6.0	71.7	41.8
1961 . . . . .	17.6	13.5	39.0	7.7	77.8	12.7
1962 . . . . .	10.1	15.8	40.7	8.1	74.7	75.2
1963 . . . . .	11.8	15.2	43.2	8.6	78.8	18.2
1964 . . . . .	17.3	19.0	45.3	8.7	90.3	47.9
1965 . . . . .	25.9	29.6	49.6	9.9	115.0	70.6
1966* . . . . .	41.2	53.8	58.1	9.7	162.8	94.9
1967* . . . . .	64.8	35.2	68.3	8.2	176.5	106.7
Totals . . . . .	<u>\$269.1</u>	<u>\$222.8</u>	<u>\$446.9</u>	<u>\$74.7</u>	<u>\$1,013.5</u>	<u>\$579.4</u>
1968 (est.)* . . . . .	\$ 95.0	\$ 38.0	\$ 66.0	\$ 8.0	\$ 207.0	\$124.0
1969 (est.)* . . . . .	109.0	45.0	70.0	12.0	236.0	124.0
1970 (est.)* . . . . .	121.0	28.0	68.0	11.0	228.0	106.0

\* Includes investment in nuclear fuel

## COMMON SHAREHOLDERS AT DECEMBER 31, 1967

Size of Holdings	No. of Holders	%	No. of Shares	%
1 to 20 shares . . . . .	17,089	22	153,775	1
21 to 60 shares . . . . .	17,328	22	679,113	3
61 to 100 shares . . . . .	11,152	14	949,203	4
101 to 300 shares . . . . .	23,820	30	4,072,560	15
301 to 1,000 shares . . . . .	7,469	10	3,680,096	15
1,001 shares and over . . . . .	1,553	2	15,270,349	61
Total . . . . .	<u>78,711</u>	<u>100</u>	<u>24,805,096</u>	<u>100</u>

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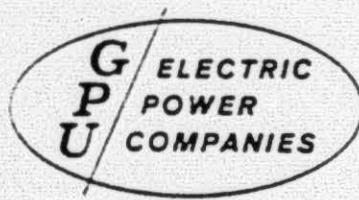
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# DIVERSIFICATION OF INDUSTRIAL REVENUES

	1967 Industrial Revenues of Subsidiaries	
	Amount	Percentage of Total
Primary metal products . . . 54.6% from: Bethlehem Steel Corp. (3024M), Carpenter Steel Co. (1114M), Baldwin Locomotive Works (1026M), Erie Forge & Steel Co. (751M), Sylvania Electric Products Corp. (707M), National Forge & Steel Co. (550M) . . . . .	\$13,244,221	15.1%
Paper and allied products . . . 60.3% from: Whippany Paper Board Co. (1026M), Kimberly-Clark Corp. (927M), Riegel Paper Corp. (794M), P. H. Glatfelter Co. (690M), Hammermill Paper Co. (641M), D. M. Bare Paper Co. (519M) . . . . .	7,526,398	9.7
Stone, clay and glass products . . . 37.0% from: Hercules Cement Co. (555M), Allentown Portland Cement Co. (573M), Keystone Portland Cement Co. (477M), Medusa Portland Cement Co. (445M), Bethlehem Steel Corp. (375M), Brockway Glass Co. (363M) . . . . .	7,611,450	9.7
Electrical machinery . . . 31.2% from: Bell Telephone Laboratories, Inc. (1406M), Western Electric Co. (611M) . . . . .	6,456,434	7.3
Non-electrical machinery . . . 38.7% from: Ingersoll-Rand Co. (790M), Caterpillar Tractor Co. (458M), Textile Machine Works (389M), Borg-Warner Co. (360M), Birdsboro Corp. (366M) . . . . .	6,233,193	7.1
Chemicals and allied products . . . 39.0% from: Hercules Corp. (507M), FMC Corp. (444M), Toms River Chemical Corp. (424M), Warner-Lambert Pharmaceutical Co. (299M), Kawecki Chemical Co. (297M), Allied Chemical Corp. (239M) . . . . .	5,668,111	6.4
Fabricated metal products (except ordnance, machinery and transportation equipment) . . . 33.6% from: Bethlehem Steel Co. (1005M), U. S. Steel Corp. (506M), American Can Co. (281M) . . . . .	5,337,326	6.1
Food and kindred products . . . 13.5% from: Mars, Inc. (353M), Drew Chemical Co. (236M), Sunshine Biscuits, Inc. (139M) . . . . .	5,283,494	6.0
Coal mining . . . 44.3% from: Bethlehem Mines Corp. (932M), Barnes & Tucker Coal Co. (443M), Rochester & Pittsburgh Coal Co. (307M), . . . . .	3,793,647	4.3
Rubber and plastic products . . . . .	2,919,223	3.3
Military establishments . . . . .	2,594,595	2.9
Textile mill products . . . . .	2,107,962	2.4
Transportation equipment . . . 43.6% from: Pennsylvania Railroad Co. (376M), Parish Pressed Steel Co. (393M) . . . . .	1,764,672	2.0
Petroleum and coal products . . . 29.2% from: Quaker State Oil Refining Co. (279M), Pennzoil Co. (230M) . . . . .	1,745,593	2.0
Mining and quarrying of non-metallic minerals (except fuel) . . . . .	1,630,556	1.9
Printing, publishing and allied industries . . . . .	1,197,406	1.4
Apparel and allied products . . . . .	1,137,680	1.3
Instruments, optical goods, etc. . . . .	1,125,304	1.3
Lumber and wood products (except furniture) . . . . .	929,935	1.1
Furniture and fixtures . . . . .	882,564	1.0
Metal mining . . . 73.5% from: Bethlehem Mines Corp. (401M), The Glidden Co. (145M) . . . . .	747,049	.9
Crude oil and natural gas extraction . . . . .		
Leather and leather products . . . . .		
Water pumping . . . . .	7,524,674	9.0
Ordnance and accessories . . . . .		
Miscellaneous . . . . .		
<b>Total</b> . . . . .	<u>\$87,864,751</u>	<u>100.0%</u>





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