



**Pennsylvania Power & Light Company**

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**RECEIVED**

G. D. Caliendo  
Vice President and Chief Counsel-  
Regulatory Affairs  
215/770-5587

November 1, 1984

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**SECRETARY'S OFFICE**  
Public Utility Commission

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

**Re: Pennsylvania Public Utility Commission**  
**v. Pennsylvania Power & Light Company**  
**Docket No. R-822169**

Dear Secretary Rich:

Enclosed for filing are three (3) copies of a report of operations of the Susquehanna Steam Electric Station - Unit 1 for the period September 1, 1983 through August 31, 1984. Pennsylvania Power & Light Company (PP&L) is submitting this report pursuant to a letter order issued by the Commission on October 26, 1983 at Docket No. R-822169.

As shown by the enclosed report, Susquehanna Unit 1 produced substantial energy cost savings for PP&L's customers during the reporting period. The savings ranged from an actual amount of \$163 million to a normalized amount of \$201 million. These values are consistent with and clearly support the reasonableness of the \$186 million in energy cost savings which PP&L estimated in its filing at Docket No. R-822169.

Pursuant to the Commission's October 26, 1983 letter order, and as shown on the enclosed Certificate of Service, the Company is serving a copy of the enclosed report upon all active parties at Docket No. R-822169.

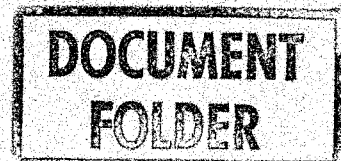
If you have any questions regarding the enclosed report, please call.

Very truly yours,

  
G. D. Caliendo

Enclosures

cc (w/enclosure): Certificate of Service



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Pennsylvania Power & Light Company  
Susquehanna Steam Electric Station Unit  
Results of Operation  
September 1, 1983 through August 31, 1984

SECRETARY'S OFFICE  
Public Utility Commission

The Company's general rate increase filing at Docket No. R-822169 requested the inclusion in retail rates of costs associated with the commercial operation of Susquehanna Unit 1. In that filing, PP&L requested a net increase of \$315 million which incorporated a credit of \$186 million to reflect anticipated energy cost savings associated with operation of the unit.

In its final order in the Susquehanna Unit 1 case, the Commission rejected proposals by Trial Staff and the Office of Consumer Advocate (OCA) that PP&L be required to guarantee the estimated \$186 million in energy cost savings (Docket No. R-822169, order entered August 22, 1983, pages 74-76). However, at its public meeting of September 16, 1983, the Commission directed PP&L to submit a report by November 1, 1984 detailing actual Susquehanna Unit 1 energy cost savings for the 12 month period beginning September 1, 1983. The present report is the Company's response to that Commission directive.

At the outset, several salient facts regarding the energy cost savings estimate should be noted. The estimate of \$186 million was based upon data reflected in the pro forma future test year (August 1, 1982 through July 31,

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year, were adjusted for ratemaking purposes to reflect a normal level of annual operations. The estimated energy cost savings were annualized to reflect a full 12-months of commercial operation of Susquehanna Unit 1 during the future test year. In fact, the unit was in operation for only about two months during the future test year period.

Furthermore, the estimate was normalized to eliminate the effects of atypical and/or non-recurring events, thus reflecting a normal level of first year operations of Unit 1. In fact, the unit was out of service for 81 days to permit a non-recurring tie-in of Unit 1 and Unit 2 common facilities.

Attachment 1 is a schedule showing Susquehanna Unit 1 energy cost savings actually experienced between September 1, 1983 and August 31, 1984. As shown on that schedule, retail jurisdictional savings were approximately \$163 million. The principal reason for the decrease in energy cost savings was an 81 day outage from December 3, 1983 to February 22, 1984 to permit the tie-in of Unit 1 and Unit 2 common facilities. As discussed above, the \$186 million was a normalized estimate which did not reflect such an outage and, therefore, the \$186 million and the \$163 million are not directly comparable.

Unit 1 energy cost savings for the reporting period with the effects of the tie-in outage removed. This was accomplished by assuming that Susquehanna Unit 1 operated during the outage period at a 65% capacity factor --- the level of operations projected in the Unit 1 rate filing. The results of operation without the tie-in outage are set forth on Attachment 2. As shown on that attachment, Susquehanna Unit 1 retail energy cost savings were approximately \$201 million, some \$15 million more than the estimate presented in the Susquehanna Unit 1 filing.

Pennsylvania Power & Light Company  
 Susquehanna Steam Electric Station Unit 1  
 Results of Operation  
September 1, 1983 Through August 31, 1984

Month	PP&L Share Of Susquehanna Unit 1 And AE Buyback MWH	Interchange Savings Plus Return Of Fuel Cost	Susquehanna Unit 1 And AE Buyback Fuel Cost	Net Interchange Savings
September, 1983	628,326	\$25,373,936	\$4,408,194	\$20,965,742
October	707,386	29,160,627	4,820,667	24,339,960
November	532,285	19,858,859	3,655,625	16,203,234
December	40,340	1,890,313	321,076	1,569,237
January, 1984	(7,262)	(336,653)	0	(336,653)
February	29,883	1,089,889	315,010	774,879
March	175,817	6,352,627	1,253,902	5,098,725
April	649,616	20,076,538	4,434,506	15,642,032
May	682,001	24,834,123	3,493,136	21,340,987
June	603,161	26,612,452	3,234,770	23,377,682
July	410,249	16,411,744	2,227,970	14,183,774
August	<u>665,321</u>	<u>29,252,785</u>	<u>3,601,432</u>	<u>25,651,353</u>
	5,117,123	\$200,577,240	\$31,766,288	\$168,810,952
		Net Interchange Savings	\$168,810,952	
		PUC Jurisdictional Percentage	96.38%	
		PUC Jurisdictional Amount	<u>\$162,699,996</u>	

Pennsylvania Power & Light Company  
 Susquehanna Steam Electric Station Unit 1  
 Results of Operation Normalized For Removal of Tie-In Outage  
September 1, 1983 Through August 31, 1984

Month	PP&L Share Of Susquehanna Unit 1 And AE Buyback MWH	Interchange Savings Plus Return Of Fuel Cost	Susquehanna Unit 1 And AE Buyback Fuel Cost	Net Interchange Savings
September, 1983	628,326	\$25,373,936	\$4,408,194	\$20,965,742
October	707,386	29,160,627	4,820,667	24,339,960
November	532,285	19,858,859	3,655,625	16,203,234
December (1)	458,300	18,700,000	3,000,000	15,700,000
January, 1984 (1)	458,300	19,700,000	3,000,000	16,700,000
February (1)	310,400	11,400,000	2,000,000	9,400,000
March	175,817	6,352,627	1,253,902	5,098,725
April	649,616	20,076,538	4,434,506	15,642,032
May	682,001	24,834,123	3,493,136	21,340,987
June	603,161	26,612,452	3,234,770	23,377,682
July	410,249	16,411,744	2,227,970	14,183,774
August	<u>665,321</u>	<u>29,252,785</u>	<u>3,601,432</u>	<u>25,651,353</u>
	6,281,162	\$247,734,691	\$39,130,202	\$208,603,489
		Net Interchange Savings	\$208,603,489	
		PUC Jurisdictional Percentage	96.38%	
		PUC Jurisdictional Amount	<u>\$201,052,043</u>	

(1) Estimated values assuming Susquehanna Unit 1 would have operated at 65% capacity factor during the period of the tie-in outage.

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Re: Pennsylvania Power &  
Light Company

: Docket No.  
: R-822169  
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**CERTIFICATE OF SERVICE**

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I certify that I have this date served by first class mail, postage prepaid, a copy of the foregoing report of operations upon the following:

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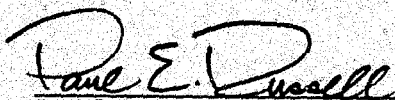
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Dated: November 1, 1984  
at Allentown, Pennsylvania