

May 27, 1980

MEMO TO: File
FROM: L. S. Dewey
SUBJECT: SUSQUEHANNA OL REVIEW, PENNSYLVANIA POWER & LIGHT,
DKT. 50-387 and 50-388
VINELAND TELEPHONE INTERVIEW

On May 22, 1980, I telephoned the electric department of the City of Vineland, New Jersey (609-691-3000) in connection with the OL antitrust review for the Susquehanna nuclear project to determine whether Vineland was being afforded fair access to the Susquehanna nuclear units. As pointed out in my memorandum of February 5, 1980, in its reports to the NRC of February 1979, Pennsylvania Power & Light (PP&L) had advised that the City of Vineland had earlier expressed an interest in obtaining capacity and energy from the Susquehanna nuclear project.

The 1979 peak load of the Vineland electric system is 73 MW. The system has approximately 96 MW of generation. Vineland is interconnected with the Atlantic City Electric Company. It is a satellite member of the PJM pool and participates in various types of coordinating activities by virtue of this membership.

Mr. Ray Lawson is presently the manager of the Vineland Electric System. His knowledge of the Susquehanna negotiations is limited, however, since he has only held this managerial position for about a year. He is expected to be replaced by a new manager in June, 1980. During the period that he has been involved in the Susquehanna negotiations, he believes that PP&L has treated Vineland fairly.

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According to Lawson, Vineland is presently contemplating obtaining 10 to 19 MWs of Susquehanna power from PP&L. Vineland's consultant, Stone & Webster, has done a study which recommends this purchase. According to Lawson, PP&L has not tried to limit the megawatts being made available to Vineland. Lawson states that once the Vineland Electric System decides to participate in the Susquehanna project, then Vineland will begin formal negotiations with PP&L to work out all the details. He believes that there will be wheeling charges over several systems, but he is not sure whether PP&L itself will charge for wheeling.

Because Lawson's knowledge of the Susquehanna negotiations is rather limited, on this same date I also telephoned the former manager of the Vineland system, Mr. Ray Smith (203-265-1593). Mr. Smith is presently the manager of the Wallingford Electric Utility in Wallingford, Conn. Smith reports that he was involved at the outset in the negotiations with PP&L. These negotiations, which began several years ago, were commenced as part of a power supply study done by Stone and Webster for the City of Vineland. During this study Stone and Webster had contacted a large number of utilities in the area to ascertain the power supply opportunities that might be available to Vineland. PP&L originally offered Vineland about 40 MWs from Susquehanna and an interest in one of its oil fired units. Vineland was mainly interested in nuclear power and originally was thinking of acquiring up to 30 MWs from Susquehanna, but cut back on the amount of power they wanted because of the TMI incident. Smith personally recommended that Vineland obtain about 20 MWs.

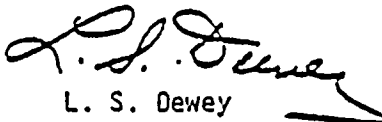
Although Smith believes that PP&L treated Vineland fairly in most respects, he complains that PP&L was only making unit power available from Susquehanna

and then only for a ten year period. Apparently PP&L had excess power available from the units for the next ten years, but thereafter it wanted to reserve all the power itself. Because of its cheaper cost of financing as a municipal utility, Vineland wanted an ownership interest in Susquehanna. PP&L refused and gave as its reason the fact that utilities such as Vineland were "Johnny-Come-Latelys" who had not been in the project from its inception and had not shared all the risks.

Even though Vineland has been limited to unit power from Susquehanna for a period of only ten years, apparently Vineland thinks this offer is better than nothing and chances are good that it will accept. Smith reports that there are several other power supply alternatives which may be available to Vineland from other utilities for the long term.

Mr. Ray Smith appears to be one of the most knowledgeable parties concerning the Vineland participation in the Susquehanna project. Both he and Ray Lawson have agreed to answer any further questions that we may have.

Respectfully submitted,


L. S. Dewey

