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 BYRAM, R.G. Pennsylvania Power & Light Co. *See Financial Rept.*
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 MURLEY, T.E. Office of Nuclear Reactor Regulation, Director (Post 870411)

SUBJECT: Forwards "PP&L Annual Rept 1992" & "Allegheny Electric Cooperative, Inc Annual Rept 1992."

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215/774-7502

*See Financial
Rpt.*

JUN 18 1993

Dr. Thomas E. Murley
Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

SUSQUEHANNA STEAM ELECTRIC STATION
ANNUAL FINANCIAL REPORT
PLA-3989 FILE R41-2A

Docket Nos. 50-387
and 50-388

Dear Dr. Murley:

In accordance with 10CFR50.71(b), enclosed is the 1992 Annual Report for Pennsylvania Power & Light Company. Also enclosed is the 1992 Annual Financial Report including certified financial statements for Allegheny Electric Cooperative, Inc. covering the period November 1, 1991 through October 31, 1992.

Very truly yours,


R. G. Byram

Enclosures

cc: NRC Document Control Desk (original)
NRC Region I
Mr. G. Scott Barber - NRC Sr. Resident Inspector
Mr. R. J. Clark - NRC Sr. Project Manager

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-NOTICE-

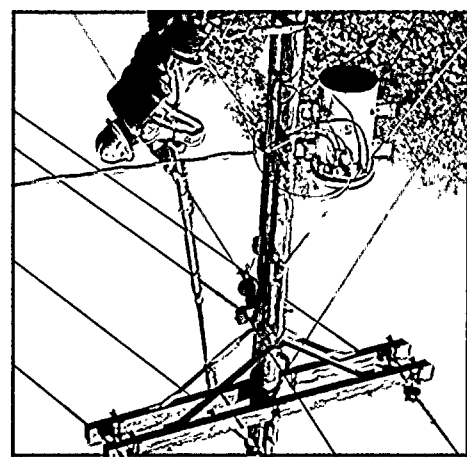
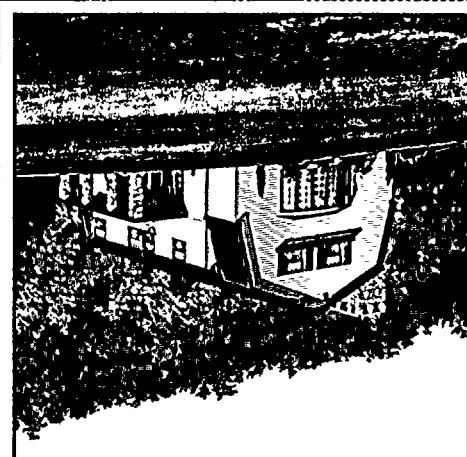
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-NOTICE-

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A Allegheny Electric Cooperative, Inc., located in Harrisburg, Pa., supplies wholesale power to its 14 member distribution cooperatives in Pennsylvania and New Jersey. Those cooperatives, in turn, furnish the electricity to light rural homes and power rural development.





A Message From The Chairman And President

During 1992, Allegheny continued and expanded its efforts to assist its members in augmenting existing businesses and attracting new industries. Aggressive efforts by Allegheny and its member cooperatives over the past few years have resulted in the creation of seven economic development projects in five different cooperative territories. Eight others are in various stages of development.

Fostering economic development is a natural extension of our commitment to the communities and residents we serve. These development activities not only help provide job opportunities, they also stabilize the economic base of rural Pennsylvania and New Jersey and benefit all rural residents.

Our primary task in maintaining and improving the climate for business and industry in our region's rural areas is the delivery of reliable electric power at reasonable rates. Energy — particularly electricity — is the lifeblood of modern economic activity.

We have devised and implemented a strategy aimed specifically at holding the line on rates and I am pleased to report Allegheny Electric Cooperative, Inc. is entering its sixth straight year of rate stability. The rate stability period of 1987–1992 followed nine years when rates climbed at an average of 11.3 percent per year. This rate stability was hard-earned, coming amid significant pressures which could have driven rates much higher.

The challenge Allegheny faced in 1987 and in the following years was how to control rates amid expense burdens. These burdens included construction risk from commitments to our load management and Raystown Hydroelectric projects, Susquehanna Steam Electric Station (SSES)

capacity entering our rate base and continuing litigation over declining power allocations from the Power Authority of the State of New York (PASNY). In addition, Allegheny expected substantial increases in purchased power costs from private power companies.

In 1987, Allegheny had only two-thirds of its SSES capacity — 140 out of 210 megawatts — rolled into its rate base. The rest of the capacity was added in increments each year through 1991.

Also, during these years, the Raystown Hydroelectric Project was under construction and Allegheny faced both construction cost overrun and operating risks once the project came on line. Also, litigation over low-cost PASNY power allocations continued and the possibility that we might lose additional capacity from that very affordable source of power remained.

Allegheny absorbed some significant private power company wholesale rate increases during the period. For example, Met-Ed's wholesale rate increased 42 percent during the period and West Penn's increased 33 percent.

Despite those and other rate-driving forces, Allegheny has held rates steady. During the six-year period from 1987 through Allegheny's budgeted rate for 1993, the average net billed power cost for member cooperatives has increased only 1.1 percent per year as compared to the 11.3 percent per year increase for the period from 1978 through 1987.

This is a dramatic improvement — all six years' increases combined are only one-half as much as that experienced in just one of the previous nine years.

In 1993, Allegheny's net billed rate will be 61.24 mills



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per kilowatt-hour, a 2 percent decrease from 1992 actual rates. Allegheny achieved the decrease — the fourth in the last five years — by taking a number of financial, accounting, litigation and power supply initiatives.

Aggressive marketing of SSES power saved our member cooperatives \$4.6 million. Allegheny also repriced approximately \$123 million in high-interest Federal Financing Bank loans, providing a net savings of \$1.42 million in 1993 and an additional \$18 million over the term of the loans. Success in opposing various private power company rate increases for purchased power have also contributed to Allegheny's rate-control efforts.

Allegheny held the line on rates even though its 1993 budgeted tax and government fee burden increased substantially. As budgeted, the Pennsylvania General Assembly raised the state's Public Utility Realty Tax, which increased our tax load by \$826,134. An increase in the state's Gross Receipts Tax is expected in 1993, which will force the co-op to pay at least \$170,000 more annually for purchased power. Under new federal legislation, nuclear power

plants, such as SSES, will be assessed fees to help the U.S. government clean up nuclear enrichment facilities. Allegheny's 1993 assessment for that amounts to approximately \$410,000. Without these new and projected levies, the net billed average power cost — or what member cooperatives would pay in 1993 — would have fallen 3.6 percent.

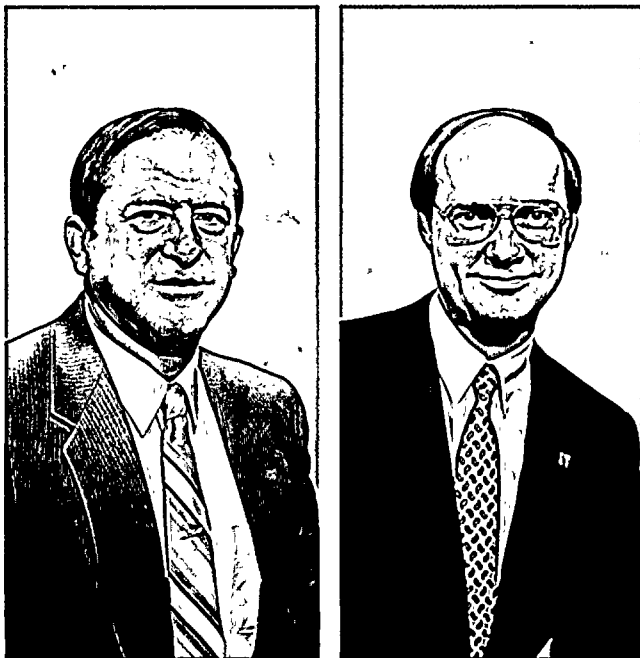
We also scored several legislative victories in 1992. The U.S. Congress approved a national energy bill that fundamentally restructures the electric industry. Among the major energy bill provisions important to rural electric cooperatives is a transmission access provision that brings us closer to the wheeling rights Allegheny has long advocated.

Under the bill, the Federal Energy Regulatory Commission will have clear authority to order utilities that own transmission lines to allow other utilities access to those lines for a just and reasonable fee. The measure was a priority for consumer-owned rural electric co-ops facing problems in moving wholesale power they generate or purchase at reasonable rates. The provision will put Allegheny and the nation's other co-ops on a more equal footing with large private power companies.

Another success involved payments consumers receive from utilities (including co-ops) for buying energy-efficient equipment. These now will be made tax free. Previous Internal Revenue Service rulings had found such conservation rebates to constitute taxable income.

We are proud of our achievements and anticipate a bright future that includes using our expertise, influence and standing to do what the cooperatives have always done: help rural residents acquire and retain the benefits, services and opportunities offered by changing technologies and times.

We believe our continued progress toward the organization's goal — providing rural electric cooperative consumer-members with adequate and reliable supplies of reasonably-priced electricity — is a vital component in ensuring rural residents will keep pace in a changing world.



Jesse C. Tilton III, president (right)
and Dave E. Turner, chairman



1992 Allegheny Electric Cooperative, Inc. Annual Report

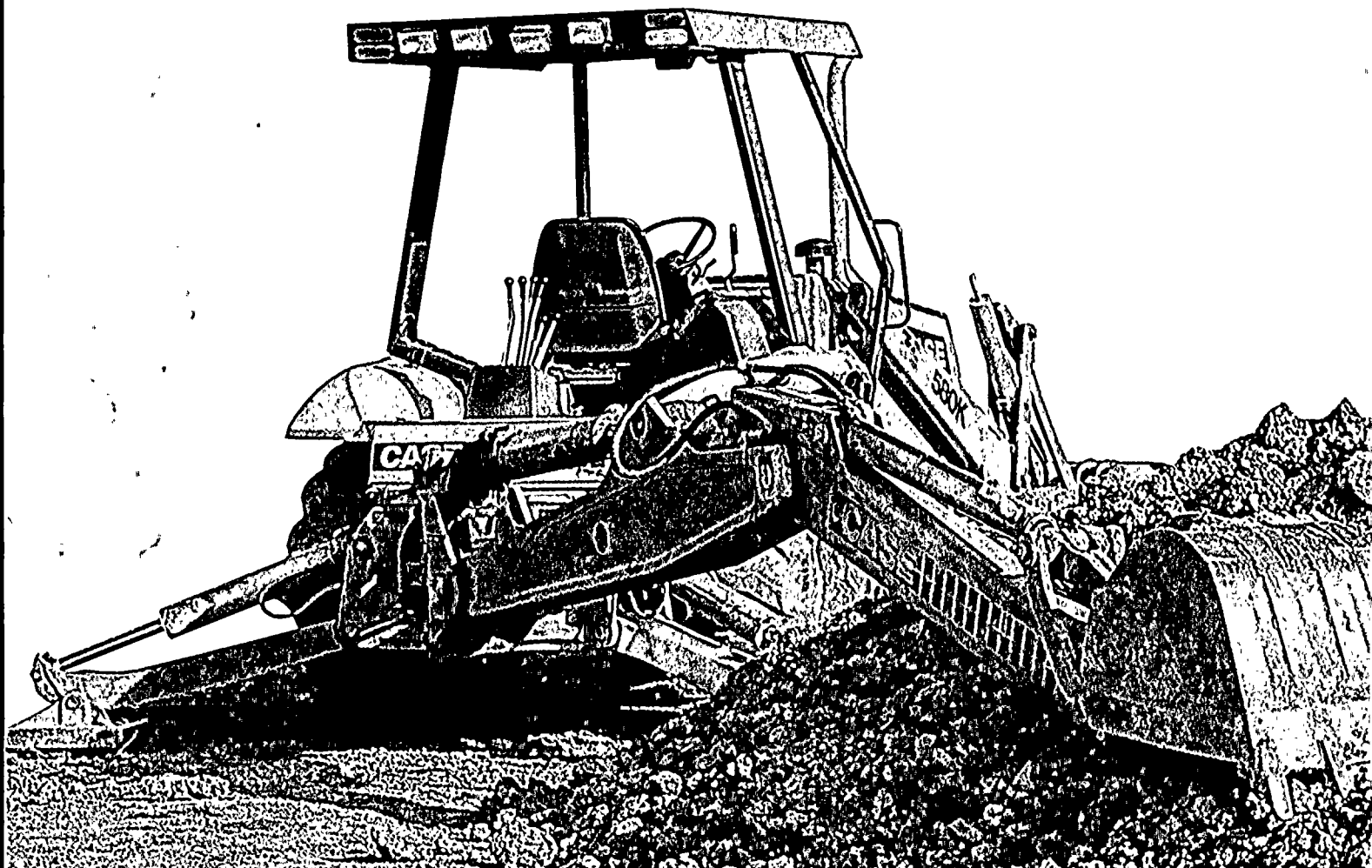
*E*conomic development. Everyone from President Bill Clinton to local township supervisors and Chambers of Commerce say new jobs, plus growing business and industry, are vital to our future. While everyone agrees on the importance of an expanding job base, few organizations are positioned to assist in making those goals a reality. But the nation's rural electric cooperatives are.

The reasons are simple. Electric cooperatives are an integral part of the communities they serve. They are, in fact, owned by the members of those communities, not by absentee stockholders unaware of local needs. In addition, electric co-ops build and maintain one of the more complex and important components of local infrastructures: the electric lines which provide electricity to power rural business, industries and residential development.

In Pennsylvania, rural electric cooperatives own and maintain about 12.5 percent of the electric utility lines in the Commonwealth, covering nearly one-third of the state's land area in 41 counties.

In rural Pennsylvania and New Jersey, the expertise used to overcome the economic, political and engineering hurdles of supplying reliable, reasonably-priced electricity to the states' rural areas also provides a strong foundation to support rural development efforts.

Allegheny Electric Cooperative, Inc., the wholesale supplier of electricity to the 14 electric cooperatives in Pennsylvania and New Jersey, works hard to maintain a climate conducive to development within its members' service territories.



TRANSMISSION PROJECTS

Allegheny marked another transmission milestone October 15 with the energization of the Bedford North-South transmission project. A new 11.6-mile, 115-kV transmission line connects a Pennsylvania Electric Company (Penelec) substation about three miles north of Bedford, Pa. to a new Allegheny substation about 8.6 miles south of Bedford, adjacent to Route 220.

Allegheny built the line, its third transmission project, to enable one of its member systems, Bedford Rural Electric Cooperative, Inc., to serve a Texas Eastern gas compressor station and improve reliability for co-op members in the south-central portion of the co-op's service area. The Allegheny Board of Directors approved the project at its April 1991 meeting.

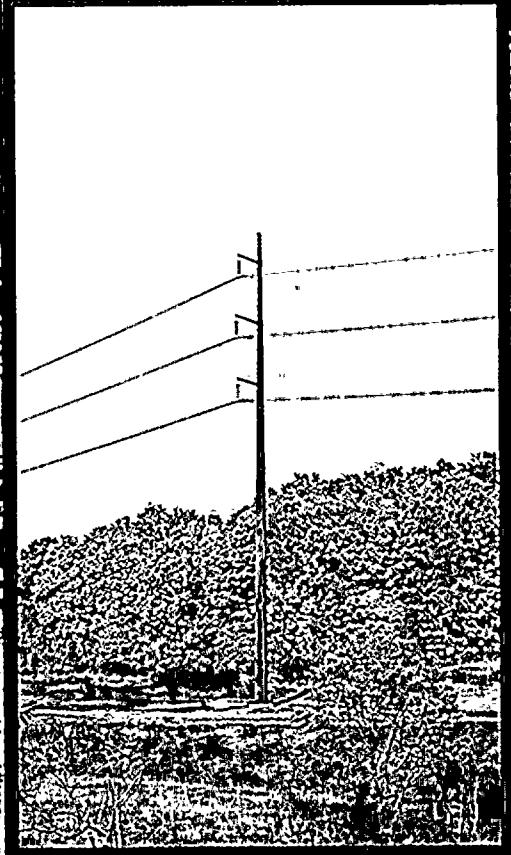
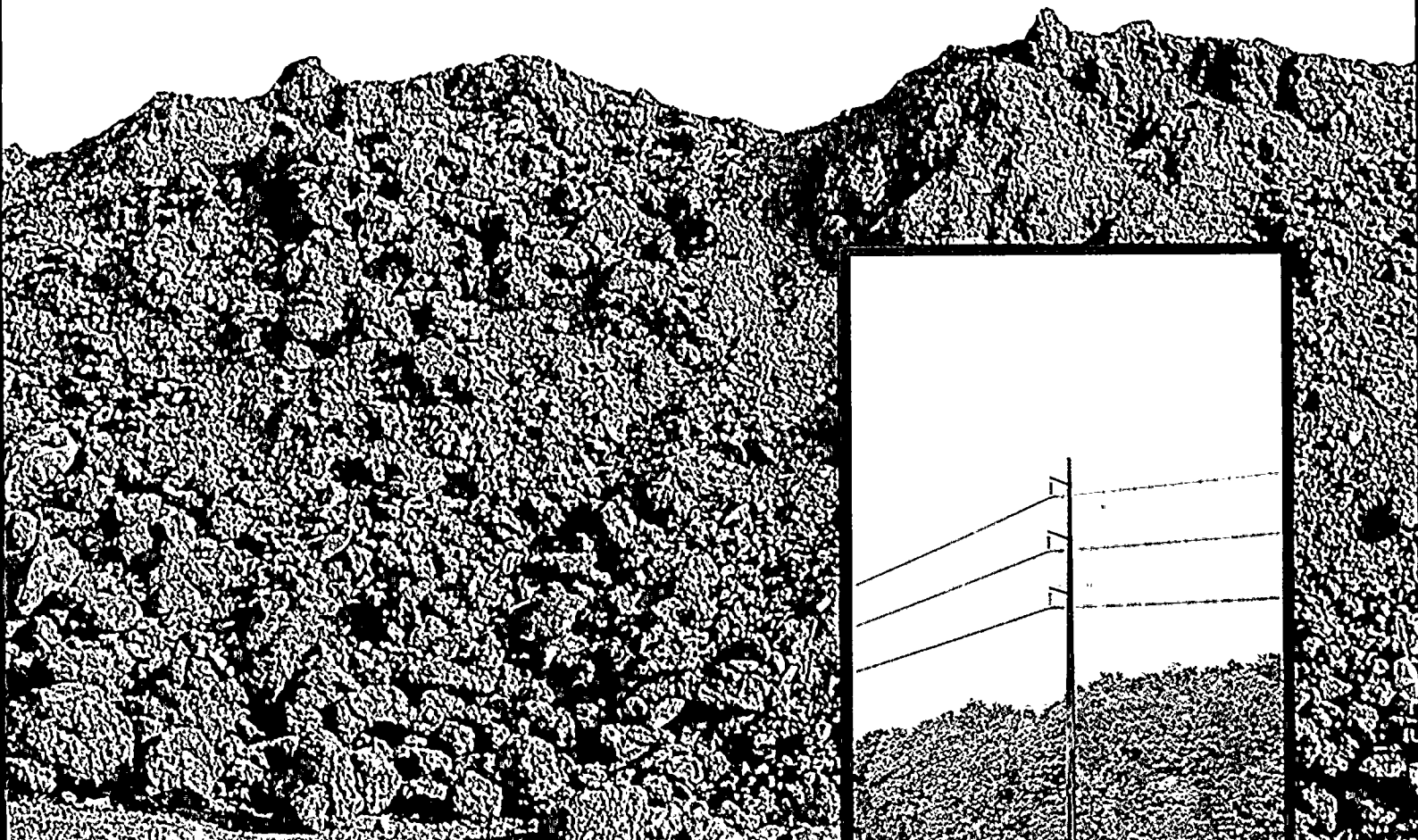
The complete project — including planning, permitting, right-of-way acquisition, surveying, design, procurement and construction — took only 19 months. While a project of this magnitude would typically take at least two years, Allegheny successfully expedited many aspects of the line's construction due to the importance of the industrial load.

The completed line joins two other transmission projects built by Allegheny. The first, the 5.5-mile, 69-kV Fairfield Mill Creek project in Lycoming County, entered service in July 1990. The second, the 7.5-mile, 138-kV Donegal-Seven Springs project, was completed in November 1991.

Allegheny also pushed forward with several other projects during the year. The nine-mile, 46-kV transmission line with 12-kV underbuild is planned to connect the West Penn Austin delivery point to the site of a new

As a generation and transmission cooperative, its first obligation is the reliable delivery of power at competitive rates. And it's meeting that obligation.

In the six years between 1987 and 1993, Allegheny has achieved a record of rate stability



substation near the existing Elk Lick metering point.

In Tri-County Rural Electric Cooperative's territory in Potter County, Pa.

Surveying for the Lobo-Cammal-Fisher 46 kV Project was completed in March with right-of-way acquisition almost complete by year's end. The first five miles of line from Lobo to Cammal will improve service to the existing load in the southern portion of Tri-County's service territory as well as help serve future load in the area.

An additional eight miles of 46 kV line from Cammal to the Fisher Mining Company will serve both Fisher's needs and future load requirements in the south-central section of Tri-County's system.

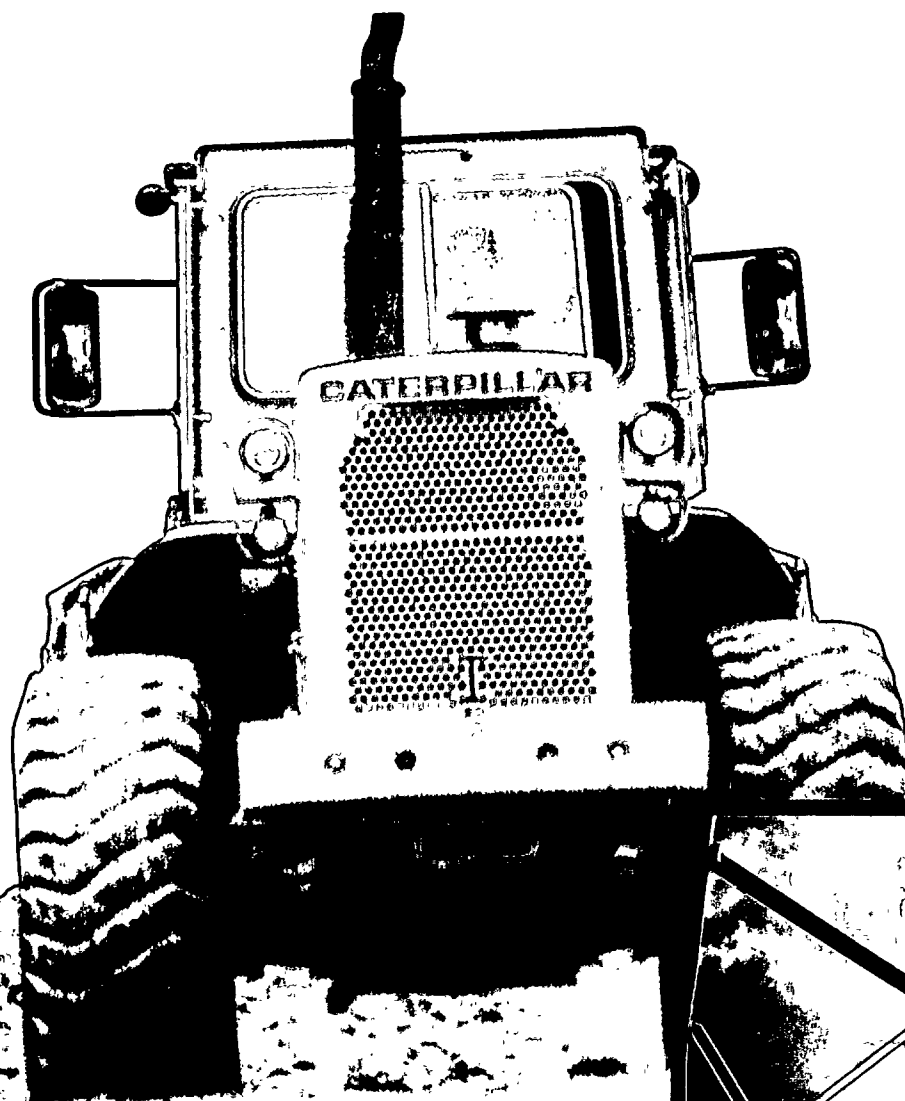
At its June meeting, the Allegheny Board of Directors paved the way for construction of two new transmission projects that will serve increasing load requirements in the Sussex Rural Electric Cooperative area and improve reliability in one section of United Electric Cooperative, Inc.'s service territory. The Sussex project includes construction of about a mile of 34.5 kV transmission line. Allegheny will acquire the necessary mile of line starting at an existing transmission facility to provide service to a distribution substation after completion of construction by Sussex. The United project includes the construction of a nine-mile, 34.5 kV line from private power company facilities to United's new Cooksburg substation. The project will provide an improvement in service and reliability for co-op members who live in the area.

with annual increases of only 1.1 percent per year, a rate far below that of inflation. In contrast, the region's private power companies have increased their retail rates by an average of 25.17 percent between 1988 and 1992. Those increases ranged from a low of 2.4 percent to a high of 54.2 percent.

Allegheny's flat rate, however, has not been accompanied by a corresponding lack of system improvements. The cooperative has provided transmission facilities to improve service for existing co-op members and ensure that the infrastructure is sufficient to meet new growth and development in areas served by its member cooperatives.

Allegheny marked its most recent milestone October 15 with the completion of the Bedford North-South transmission project. Allegheny built the 11.6-mile, 115 kilovolt (kV) transmission line, its third transmission project, to enable Bedford Rural Electric Cooperative, Inc. to serve a Texas Eastern gas compressor station. Only 19 months passed between the project's approval by the Allegheny Board of Directors and its successful completion. While a project of this magnitude would typically take at least two years, Allegheny successfully expedited many aspects of the project due to the importance of the new industrial load it serves. When the second unit is added in the summer of 1993 to bring the facility up to a 12 MW demand, this load will be larger by itself than that of two Allegheny member cooperatives.

The completed line joins two other dedicated transmission projects built by Allegheny. The first, the 5.5-mile, 69 kV Fairfield-Mill Creek project in Lycoming County, entered service in July 1990. The second, the 7.5-mile, 138 kV Donegal-Seven Springs project, was completed in November 1991.



BULK POWER SALES

During 1992, Allegheny expanded its presence in the wholesale power market with beneficial sales to Niagara Mohawk Power Corporation in New York State, Public Service Electric & Gas Company of New Jersey, Pennsylvania Electric Company and Pennsylvania Power and Light Company. Savings from these transactions amounted to \$4.6 million.

Bulk power sales allow Allegheny to market its projected excess summer energy from the Susquehanna Steam Electric Station, a nuclear power station, and provide net benefits to its member co-ops. Bulk sales helped Allegheny keep the lid on rates for the sixth consecutive year.

Allegheny is continuing its discussions with other companies interested in purchasing additional capacity and energy.



Allegheny developed the Donegal-Seven Springs project to provide a more economical and reliable source of electricity to the rapidly growing Seven Springs area which covers portions of Somerset, Fayette and Westmoreland counties.

The Allegheny Board of Directors has also paved the way for two new transmission projects, one that will serve increasing load requirements in the Sussex Rural Electric Cooperative area and one that will improve reliability in one section of United Electric Cooperative's service territory.

The Sussex project includes construction of about a mile of 34.5 kV transmission line. Allegheny will acquire the necessary mile of line starting at an existing transmission facility to provide service to a distribution substation after completion of construction by Sussex Rural Electric Cooperative.

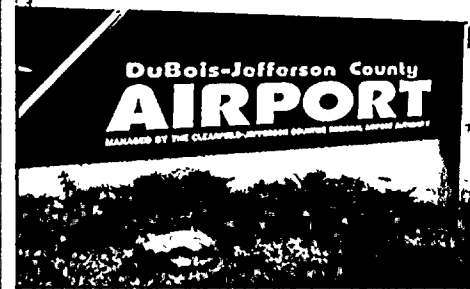
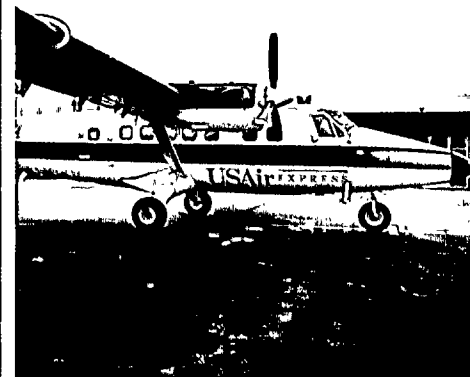
The United Electric Cooperative project includes the construction of a nine-mile, 34.5 kV line from private power company facilities to United's new Cooksburg substation. The project will provide improvement in service and reliability for co-op members who live in the area.

These projects continue Allegheny's commitment to its members and the communities they serve without sacrificing Allegheny's six-year trend of rate stability.

While the transmission and delivery system is vital to the economic health of rural areas, so is a reliable source of power. As rural areas grow, so does the need for an adequate power supply not dependent on purchases from private power companies or any single source.

The Aviator RESTAURANT & LOUNGE

THIS PROPERTY OWNED BY
TODD'S SERVICE



Economic development projects reflect the diversity of a co-op's service area, but are targeted to meet the needs of specific sectors and businesses. Some, like this restaurant at the DuBois-Jefferson County Airport, do double duty. While they create an immediate impact by offering jobs to local residents, they also foster long-term benefits by improving facilities such as airports — required for business expansion. This restaurant "got off the ground" with the help of a \$100,000 zero-interest REA loan provided, with help from United Electric Cooperative, Inc.

LOAD MANAGEMENT

As part of the nation's continuing efforts to manage, conserve and gain greater efficiency from its energy supply, most utility regulation agencies are now requiring "least cost planning" by regulated utilities. Many of these regulations contain a strong demand-side management component.

Because Pennsylvania's consumer-owned cooperatives are self-regulated by their consumer-members, they are not under oversight by the Pennsylvania Public Utility Commission. Allegheny does, however, recognize the importance of demand-side management and has taken voluntary actions to implement a systemwide program.

Allegheny and its member cooperatives launched the load management program in late 1986 to reduce peak demand at individual substations. By the end of the 1992 fiscal year, more than 25,000 load control receivers (which switch off the heating element in water heaters and certain heating appliances during peak hours) had been installed in the homes of volunteer consumer-members. Participating cooperatives reported gross power cost savings of over \$2.6 million during the year and a total savings to date of more than \$8.9 million in the six years since the program began.

By shifting electricity use of residential water heaters, electric thermal storage (ETS) units and dual fuel home heating systems from peak demand periods to times of lesser demand, the Coordinated Load Management System improves system efficiency, lessens the costly demand charges Allegheny must pay for purchased power and reduces the need for new generating capacity.

In October 1989, load management coordinating system computers were installed in Allegheny headquarters. The coordinating system receives electric use and climate data from cooperative member systems and uses it for load forecasting and systemwide load control.

Allegheny has also worked with its wholesale power suppliers and has developed data links which allow the co-op to monitor suppliers' load conditions, as well as conditions on member systems. Those refinements will enhance the ability to control purchased power costs and help Allegheny maintain rate stability for its members. As an example, Allegheny participated in Metropolitan Edison's curtailable load program during the company's high demand period in the summer, producing additional power cost savings.

Back in 1966, Allegheny anticipated future needs and began building a framework of diversified power sources. As a preference customer, it began purchasing hydropower generated at the publicly-owned Niagara Power Project from the Power Authority of the State of New York (PASNY). This extremely low-cost hydropower has saved Allegheny more than \$219 million compared to the cost of power it would have needed to buy from private utilities.





One of rural Pennsylvania's most abundant resources is its forests and the timber they provide. Direct assistance to logging companies combined with support of manufacturers of finished wood products ensures economic and employment growth. This Clarion County logging firm, Beary Logging, received a \$100,000 zero-interest REA loan with help from Central Electric Cooperative, Inc. The influx of needed funds helped expand the company's work force and kept log loaders — like this one — moving.

In 1977, Allegheny continued developing reliable energy sources when it contracted for 10 percent ownership in the Susquehanna Steam Electric Station (SSES). SSES is a 2,100-megawatt, two-unit nuclear power plant located near Berwick, Pa. The facility supplies 53 percent of Allegheny's energy needs.

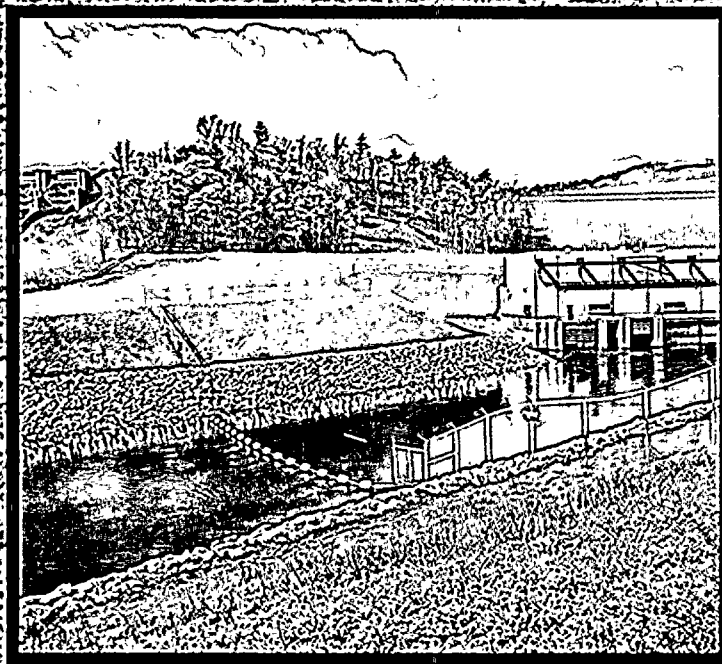
Allegheny continued its commitment to low-cost generation with the Raystown Hydroelectric Project, William F. Matson Generating Station which began commercial operation in 1988. Named for the first president of Allegheny, Matson Station is the cooperative's first wholly developed and operated generating plant. It supplies 4.5 percent of the energy delivered by Allegheny to its member cooperatives.

Stable rates and reliable power supplies are only part of the cooperative's efforts to attract business and expand opportunities for those living in rural Pennsylvania and New Jersey. In recognition of the unique role played by rural electric cooperatives, the federal government designated them as point agencies in rural development programs contained in the 1990 Farm Bill. The Rural Investment Partnership Program, for example, provides capital for economic development in rural areas.

Allegheny and its sister organization, the Pennsylvania Rural Electric Association (PREA), also support state legislation and initiatives designed to foster growth in rural areas.

Some of the initiatives endorsed by Allegheny and contained in the Pennsylvania state budget include a grant program which provides money to improve rural water supplies, fund-

ing for a distance learning program, funding for a medical link program to improve rural health care, and expansion of the rural and urban teacher forgiveness program.





RAYSTOWN HYDROELECTRIC PROJECT

The Raystown Hydroelectric Project, William F. Matson Generating Station is a 21-megawatt, run-of-the-river hydroelectric plant licensed by the Federal Energy Regulatory Commission. The facility is located at the Raystown Lake and Dam in Huntingdon County, Pa., and generates about 4.5 percent of the energy Allegheny supplies to its member cooperatives. Allegheny operates the plant in close cooperation with the U.S. Army Corps of Engineers, which controls water releases from Raystown Lake, the largest man-made lake in Pennsylvania.

Despite high plant availability through the year, unusually low flow conditions during fiscal 1992 — November 1991 through October 1992 — reduced generation at the Raystown Hydroelectric Project to approximately 63 percent of normal expected generation. The plant produced 53.7 million kilowatt-hours of electricity through the period.

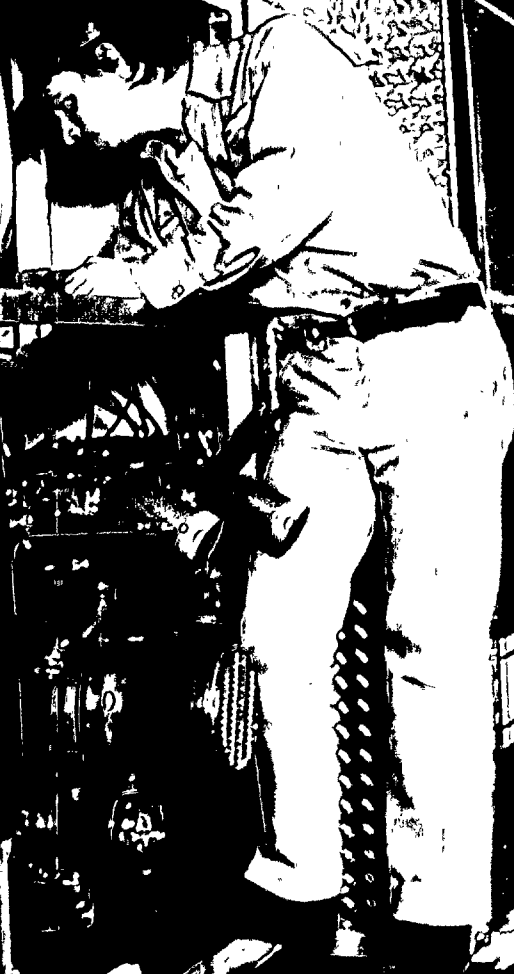
High plant availability of 98.4 percent was recorded, 1.4 percent greater than the 97 percent goal and well above the small hydro industry average of 88 percent. Outages were reduced from 51 in fiscal year 1991 to 45 this year. In terms of cost effectiveness, the plant's operating expenses over the past four years average 3.6 cents per kilowatt-hour.

The Baltimore District of the U.S. Army Corps of Engineers, the Susquehanna River Basin Commission and the State of Maryland last year discontinued a study investigating the reallocation of water from Raystown Lake during extreme drought conditions. The study was examining the feasibility of reallocating existing flood control/conservation water storage at the lake to water supply for purchase by users downstream.

Study sponsors, however, agreed that existing and foreseeable water needs in the Juniata River and the lower Susquehanna River do not warrant storage reallocation at Raystown Lake. During the course of the proceedings, Allegheny worked with the Corps to detail the alternatives and assess the reallocation's impact on the facility's electricity generation.

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EAST PALMYRA FIRE DEPT. NO. 7



*R*ural development loans and grants obtained with the help of rural electric cooperatives provide an economic base for rural communities. They also provide jobs for skilled workers like these mechanics and truck assemblers who are putting the finishing touches on an emergency vehicle at the New Lexington Fire Equipment Company in Somerset County, Pa. The facility opened in 1991 thanks to a \$100,000 zero-interest REA loan obtained with help from Somerset Rural Electric Cooperative, Inc.

The teacher forgiveness program, for example, encourages newly-graduated teachers to work in targeted districts — including rural areas — by forgiving all or a portion of the student loans of those who agree to participate.

The need for many of these programs was determined through the activities of the Center for Rural Pennsylvania, a legislative policy and research agency of the state General Assembly. The Center, which PREA helped create through its lobbying efforts and now participates in, determines needs within rural communities and charts the effects policies have on rural state residents.

Allegheny is also sponsoring a study in a four-county area in central Pennsylvania to determine specific business needs within the region. The results of the study will enable its member co-ops to apply resources precisely to gain the maximum possible benefit for the area's industries and residents.

The cooperative also supports use of state development programs like PENNVEST, which provides loans and grants to upgrade small community water and sewer facilities. Programs like this are designed to benefit all rural residents, not just those who belong to rural electric co-ops.

Rural developments efforts also take place on the federal level, too. REA's distance learning and medical link grant program, authorized in the Rural Development Act of 1990, is designed to provide rural schools, hospitals and medical centers with rapid access to more spe-



...rural electric cooperatives and legitimate municipal electric systems — within economical transmission distance — have first right, or preference, to 50 percent of the electric power produced at the Niagara Project by the Power Authority of the State of New York (PASNY).

A January 1991 contract extended Allegheny's rights to this low-cost hydro power through June 20, 1991. The contract includes a clause permitting an extension of service through October 31, 2003.

The successful conclusion in 1991 of a long-standing dispute between Allegheny and PASNY guarantees the continued availability of an additional 7.7 megawatts of Niagara power for the cooperative. Allegheny's total share of PASNY power now stands at 44 megawatts.

The Niagara project produces electricity at a low cost. It is among the least expensive in the U.S. Since Allegheny began purchasing it in 1966, PASNY power has saved the cooperative more than \$219 million compared to the cost of purchasing the same amount of electricity from private power companies.

In 1992, Allegheny's PASNY savings amounted to \$5.1 million. The extra 7.7 megawatt allocation alone shaves \$893,000 annually from Allegheny's purchased power costs, based on current rates which are subject to change by the Federal Energy Regulatory Commission.

cialized training and information through the use of telecommunications, computer networks and other advanced technologies.

To directly assist in rural economic development, Pennsylvania and New Jersey rural electric cooperatives help secure zero-interest loans and grants from REA to finance projects in rural areas. These projects are designed to benefit the entire rural community, not just those persons served by an electric cooperative. The goal is job creation and stimulation of local economies.

The efforts are paying off. Seven projects in five different rural co-op territories are up and running. Eight others are in various stages of development.

For example, in Jefferson County, Pa., a \$100,000 zero-interest REA loan helped finance a \$2 million airport terminal restoration. That project does double duty by providing construction and staffing jobs now as well as enhancing the local facilities—in this case, an airport—which will help attract future business and corporate development.

In Clearfield County, Pa. two separate \$100,000 zero-interest REA loans helped fund a portion of the start-up costs for the Sawmill Center for the Arts and a custom hardwood furniture manufacturer.

The Sawmill Center strengthens a major rural industry—tourism—while providing an outlet for local artists and crafts people. And, by helping local wood products industries, both the logging and rural manufacturing base is supported.



Harvesting timber is only part of the economic potential offered by Pennsylvania forests. The Timber Line, pictured here, typifies a host of small firms across the state whose activities add value to an already important natural resource. The Timber Line, located in Clearfield County, buys locally-grown hardwood lumber and fashions it into fine custom furniture and cabinetry. With the assistance of a \$100,000 zero-interest REA loan provided through United Electric Cooperative, Inc., the firm has grown from a garage-based hobby shared by two couples into an important business employing 12 full-time and six part-time workers.

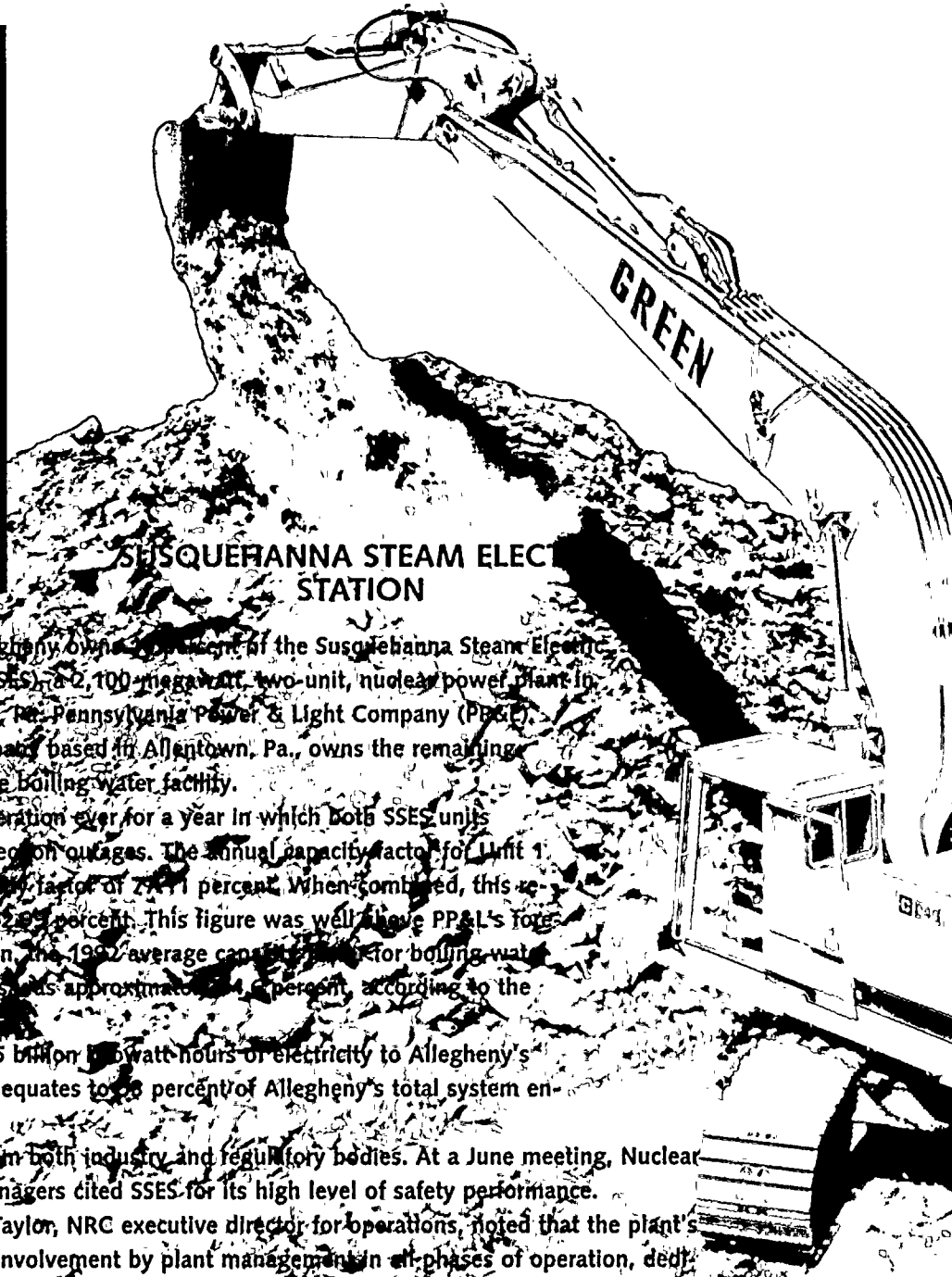
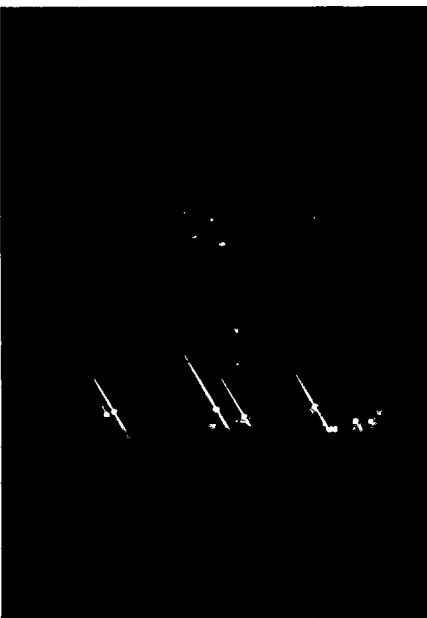
In Clarion County, Pa. a \$100,000 zero-interest REA loan assisted a logging business in its expansion.

Another \$100,000 zero-interest REA loan helped develop an incubator in Somerset County, Pa. to foster business development — in effect “hatch” new economic growth from fertile ideas. Once those fledgling businesses are sound, they move on to make room in the facility for another new enterprise.

A Somerset County fire truck and equipment manufacturing plant is also successfully operating with the help provided by a \$100,000 zero-interest loan. In fact, Blaine Stockton, REA assistant administrator of economic development and technical services, has praised the New Lexington Fire Equipment Company as one of the shining successes of the zero-interest rural development loan program. The firm, which opened in the summer of 1991, was projected to have 20 employees on board after five years. After just 18 months, the company has 41 employees and is still expanding.

In Warren County, Pa. a \$1.6 million waste recycling plant recently began operation.

Allegheny and PREA are also helping to obtain a \$100,000 zero-interest REA loan to partially fund a \$3 million municipal airport expansion project in Bradford County, Pa. In Clarion County, a \$77,000 REA grant will help convert an unused bridge into a commercial development. In Sussex County, New Jersey, plans for a tourism expansion project are being discussed.



SUSQUEHANNA STEAM ELECTRIC STATION

Allegheny owns 20 percent of the Susquehanna Steam Electric Station (SSES), a 2,100-megawatt, two-unit, nuclear power plant in Luzerne County, Pa. Pennsylvania Power & Light Company (PP&L), a private power company based in Allentown, Pa., owns the remaining 80 percent and operates the boiling water facility.

SSES recorded its highest generation ever for a year in which both SSES units underwent planned refueling and inspection outages. The annual capacity factor for Unit 1 was 68.86 percent, Unit 2, 74.11 percent. When combined, this resulted in a composite capacity factor of 72.05 percent. This figure was well above PP&L's forecasted budget expectations. In comparison, the 1992 average capacity factor for boiling water nuclear power plants in the United States was approximately 64.6 percent, according to the Utility Data Institute.

In fiscal year 1992, SSES provided 1.35 billion kilowatt-hours of electricity to Allegheny's member distribution utilities, which equates to 23 percent of Allegheny's total system energy requirements at delivery.

SSES continues to collect accolades from both industry and regulatory bodies. At a June meeting, Nuclear Regulatory Commission (NRC) senior managers cited SSES for its high level of safety performance.

In remarks at the meeting, James M. Taylor, NRC executive director for operations, noted that the plant's exemplary record was the result of total involvement by plant management in all phases of operation, dedicated and knowledgeable staff and the overall commitment to safety by those operating the facility. SSES is one of only five nuclear power plants in the nation so recognized.

In addition, the full NRC has again ranked SSES among the best operated plants in the nation. In its Systematic Assessment of Licensee Performance (SALP), the NRC gave SSES the highest possible rating in six of seven evaluation categories — operations, security and safeguards, maintenance/surveillance, emergency preparedness, safety assessment and engineering support.

The evaluation, covering the period from December 1, 1990 through April 18, 1992, ranked SSES ninth among 75 plants nationally and first among 26 boiling water reactors. The plant has never received a rating below Category 2 — the second highest possible — in any SALP evaluation.

SSES also scored the second-highest possible rank in an Institute of Nuclear Power Operations (INPO) evaluation completed in October. INPO is an industry group which promotes safety and efficiency at nuclear power plants.

INPO gave the plant high marks for the performance of its personnel, the stable experienced plant staff, the excellent morale, and the cooperation between work groups. On a scale of 1 to 5, with 1 being the best, SSES was awarded a 2.



Allegheny's rural development efforts continue a 50-year tradition of commitment to the needs of rural citizens and businesses. That tradition began with the goal of enabling everyone to have the advantages and comfort electric power provides. It continues today in efforts to provide equal opportunities in jobs, education and health care to all residents regardless of where they choose to live. 🌱



Allegheny Board Of Directors



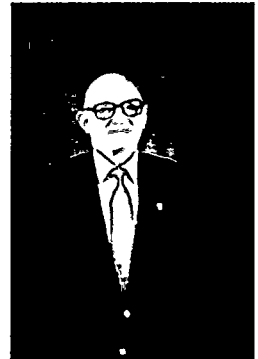
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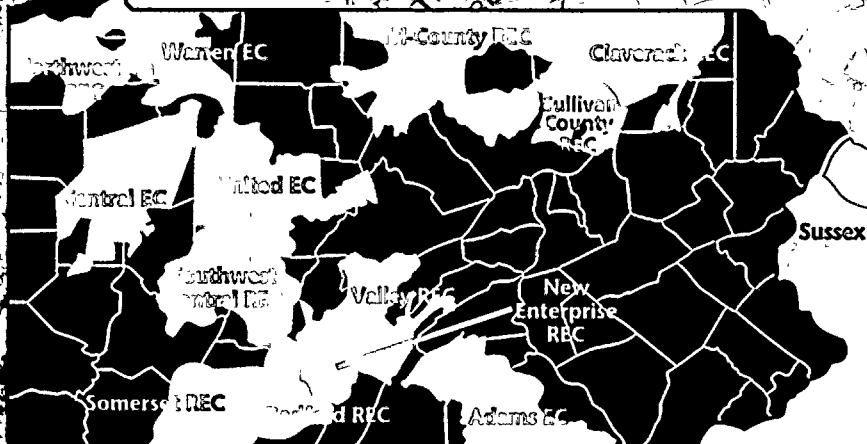
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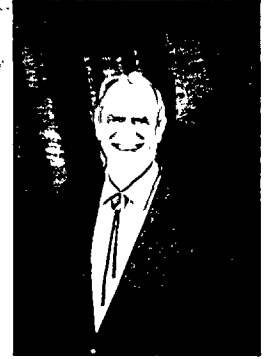
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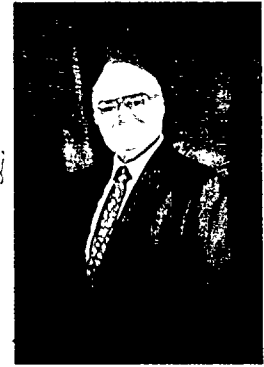
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Allegheny Management Team



Allegheny's management team: From left, Rob A. Seide, director of communications; Frank M. Betley, director of power supply & engineering; Anthony C. Adonizio, general counsel & assistant secretary; Jesse C. Tilton III, president; William E. Mowatt, vice president; Robert S. Horn, risk manager; Laurence V. Bladen, director, financial & administrative services.

