capacity to replace what could have been generated by Susquehanna. This means that demand is assumed to be so low that generation from about 43 percent of PJM's capacity, that with the highest production costs, would not be required at all even if Susquehanna is not available to the system.

9. I have also assumed that the Susquehanna units would have operated at an average annual capacity factor of 60 percent.[3/] The 1982 nuclear fuel cost is estimated at 10 mills/kWh and is assumed to escalate at 5 percent per year.[4/] The coal fuel cost is based on the weighted average of the actual value (cents per million BTU) paid by the PJM utilities for coal as of February 1981 and 8 percent per year escalation.[5/] The coal cost is converted to mill/kWh based on an average plant heat rate of 10,000 BTU per kWh. Based on these assumptions, the fuel cost differential associated with the first full year of operation of Unit 1 is estimated at $30 million. In the 1983 timeframe, the first year both units are expected to be in operation, the savings are approximately $64 million.[6/] Additional savings would be expected to

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3/ See for example, R.G. Easterling, Sandia National Lavoratory, "Statistical Analysis of Power Plant Capacity Factors Through 1979," NUREG/CR-1881, April 1981.

4/ J.O. Roberts, S.M. Davis, and D.A. Nash, "Coal and Nuclear: A comparison of Generating Baseload Electricity by Region", NUREG-0480, December 1978.

5/ U.S. Department of Energy, Energy Information Administration, "Cost and Quality of fuels for Electric Utility Plant - February 1981," FPC Form No. 423, Table 29.

6/ The production cost analysis employed here differs from the one presented in the Susquehanna FES-OL in that fuel costs have been updated and here it is assumed that Susquehanna's output can be totally replaced by coal fired generators in order to satisfy the intervenor's scenario of lower energy growth and excess capacity.