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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

ATOMIC SAFETY AND LICENSING BOARD

Before Administrative Judges:
James P. Gleason, Chairman
Frederick J. Shon
Dr. Oscar H. Paris

In the Matter of	
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. (Indian Point, Unit No. 2)	Docket Nos. 50-247 SP 50-286 SP
POWER AUTHORITY OF THE STATE OF NEW YORK (Indian Point, Unit No. 3)	April 12, 1983

LICENSEES' TESTIMONY
OF ALLAN M. STEWART ON COMMISSION QUESTION 6

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DIRECT TESTIMONY
OF
ALLAN M. STEWART
ON BEHALF OF
LICENSEES

Q. Please state your name, business affiliation and address.

A. My name is Allan M. Stewart. I am Director of the Gas Supply Department of Consolidated Edison Company of New York, Inc., which has its principal office at 4 Irving Place, New York, New York 10003.

Q. How long have you been Director of Con Edison's Gas Supply Department?

A. Since August 1980.

Q. What are your responsibilities as Director of the Gas Supply Department?

A. Generally, I am responsible for the development of supply plans to meet the Company's needs for natural gas and for the procurement effort to carry out these plans.

Q. What is the purpose of your testimony?

A. I have been informed that Barry Commoner and Richard Schrader have testified at a deposition that they will offer testimony in this proceeding that a substantial portion of the generation capacity which would be lost if Indian Point Units 2 and 3 were shut down would be replaced by natural gas-fired co-generation. I have been

informed that Messrs. Commoner and Schrader did not provide a precise estimate of their projection of the quantity of natural gas which would be required for such co-generation or where in Con Edison's electric franchise area those co-generators would be located. This testimony will discuss the natural gas supply implications of providing an additional 50 billion cubic feet per year of natural gas to fuel 1,000 megawatts of co-generation capacity. I have been informed by the Con Edison Generation Planning Department that 50 billion cubic feet is a reasonable estimate of the natural gas consumption required to fuel those co-generators. Given the lack of detail in Messrs. Commoner's and Schrader's deposition, a detailed analysis of this issue is impossible.

Q. How does 50 billion cubic feet compare with the gas purchased by Con Edison in 1982?

A. It equals 26% of the total quantity of gas purchased by Con Edison in 1982 for use by its customers and its electric department for power generation. It also represents 16% of the gas requirements of both Con Edison and Brooklyn Union in 1982. This is an enormous increment to the 1982 gas requirement and there is no reasonable likelihood that such incremental supply could or would be made available for the foreseeable future.

Q. In terms of peak day supply, what would the incremental requirement be?

A. That would depend on the load patterns exhibited by the co-generation customers. Were these patterns to follow those of our current residential and commercial gas customers, the incremental requirement would be 550 thousand Mcf per day, or 70% of the Company's current 790 thousand Mcf peak day capability. More likely, the pattern of co-generation customers would result in less than a 550 thousand Mcf per day incremental peak requirement, but still a very substantial increment to the current peak requirement.

Q. Is Con Edison actively promoting the sale of natural gas to new customers?

A. No. However, to the extent the Company has adequate gas supply, it will provide new gas service to customers whose annual consumption is less than 10,000 Mcf and where the gas service is economically justified. For customers whose requirements exceed 10,000 Mcf per year, specific approval must be obtained from the PSC before service will be provided.

Q. Why has Con Edison not actively promoted new sales?

A. Because the Company has limited excess winter gas peaking supplies.

Q. What would be the cost to the utility of the additional winter peaking capacity that would be required to provide service to these gas-fired co-generators?

A. Assuming that such an additional winter peaking capacity could be supplied, and, as I've stated, I don't think that either the capacity or the gas would be available, for capacity alone, the first year cost could exceed $100 million, depending on the amount of new peak capacity required. The gas supply cost would be additional, as would the cost of installing new services and needed reinforcement of certain of our distribution facilities.

Q. Over the longer term, is it reasonable to expect that the Company would be able to supply both its existing customers and the demands you have described of the proposed new co-generation capacity?

A. This is very uncertain, to say the least. Our pipeline suppliers thus far have declined to offer additional firm service. The reserves of these pipelines are close to historic lows when measured by their reserves to production ratios. For Transco, our major supplier, this ratio is currently 6.4; for Tennessee it is 7.5; and for Texas Eastern it is 10.4. Pipeline projections indicate that the current glut will be gone in two or three years, and at that time the supply situation is likely to be difficult, though we do not anticipate shortfalls in our service area until the 1990s based on

current requirements. But, since we expect that domestic supplies will dwindle, we are exploring imports from Canada to meet the long-term needs of current customers. That Canadian sources would not be available to supply more than a small portion of incremental requirements is made clear by a recent decision of the Canadian National Energy Board which reduced to 92,000 Mcf per day the quantity it authorized for export to a 14 Company consortium--the Boundary Gas Group--which includes Con Edison and Brooklyn Union. The group had sought to import 185,000 Mcf per day.