

MEMORANDUM TO: File

FROM: L. S. Dewey

SUBJECT: SUSQUEHANNA OL REVIEW, PENNSYLVANIA POWER & LIGHT,
DKT. 50-387 and 50-388
CITY OF KUTZTOWN TELEPHONE INTERVIEW

On May 27, 1980 the undersigned called the City of Kutztown, Pennsylvania's Electric Department and spoke with Mr. D. L. Sheetz, Department Superintendent. (215-683-3202). Mr. Sheetz has acted in this capacity since 1972. According to Mr. Sheetz, the City of Kutztown has no generation. Its peak load is about 6.7 MW. It is presently a full requirements wholesale purchaser from the Metropolitan Edison Company.

The undersigned questioned Mr. Sheetz about Kutztown's negotiations for wholesale power from PP&L. Sheetz stated that he was not the most knowledgeable person concerning these negotiations. City Councilman Richard Landis, who has an electrical engineering degree and is the Councilman in charge of oversight with respect to the Kutztown electric utility, has done most of the negotiations on behalf of Kutztown with PP&L. [215-439-5103 (W) and 215-683-3166 (h)]. According to Sheetz, Kutztown and PP&L have been negotiating for wholesale service for about the past three years. Kutztown would rather purchase power from PP&L because its rates are lower than Metropolitan Edison's. However, Sheetz reports that Kutztown has still not decided whether the overall deal would be cheaper because it will be necessary to pay Metropolitan Edison a wheeling charge to transfer the PP&L power to Kutztown. There is only about seven miles from PP&L's service area to the City of Kutztown, but Sheetz believes that this line would be so expensive that wheeling would be cheaper.

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(Apparently paying for the right of way would be very expensive.) Kutztown is presently doing some research to resolve these cost problems and meetings between Kutztown, PP&L and Metropolitan Edison are scheduled in the near future.

According to Sheetz, wholesale power is the only area in which Kutztown has negotiated with PP&L. Up to this point, Kutztown has never attempted to join in generation projects with other utilities. Sheetz is aware of a Pennsylvania Municipal Utility Association and the proposed legislation concerning joint generation. However, he states that up to this point the association's activities have been almost negligible and he is not aware of the details of the proposed legislation. He refers us to Richard Landis for greater details concerning these subjects.

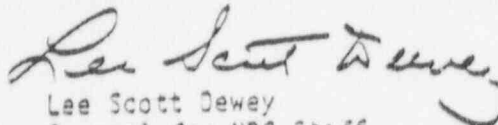
Based upon Mr. Sheetz's reports about City Councilman Richard Landis' experience in Kutztown's negotiations with Met. Ed. and PP&L, on 6/10/80 the undersigned telephoned Mr. Landis. Landis reports that last week Kutztown officials met with PP&L and Met. Ed. to determine whether Met. Ed's wheeling charges and PP&L's wholesale power rates are sufficiently low whereby Kutztown should replace Met. Ed. with PP&L as its wholesale supplier. Based upon what he has seen thus far, Landis believes that Kutztown should make this change. (Met. Ed's rates are inordinately high because of TMI). However, before any change in suppliers can be made, there are two years still existing on Kutztown's power supply contract with Met. Ed. Met. Ed. is not opposing Kutztown from changing suppliers, but it insists that this two year contract period first expire.

Landis reports that PP&L is treating Kutztown fairly. However, this was not the case three years ago when Kutztown first approached PP&L about wholesale service. At that time PP&L was insisting that a large surcharge be tacked onto its wholesale rate.

Mr. Landis reports that the Pa. Municipal Utilities Assoc. (PMUC) has been in existence for about 20 to 25 years. There are about 20 to 25 municipal members including Kutztown. PMUC in the past has not been a very viable organization, but the members do meet several times a year. Currently PMUC is sponsoring proposed legislation before the Pa. State legislature which will enable municipals to form joint ventures with other municipals in electrical generation units. Landis is sending the undersigned materials with respect to the proposed legislation and the PMUA.

Landis reports that several years ago PP&L offered Kutztown an ownership share of the Susquehanna Nuclear Project. In addition, PP&L is still prepared to offer unit power from Susquehanna. Landis states that Kutztown has not been or is not presently interested in participation in Susquehanna.

Respectfully submitted,


Lee Scott Dewey
Counsel for NRC Staff