On December 18, 1985, the NYPP also set a new record winter peak load of 20,832 MW eclipsing the old mark of 20,381 MW set on January 21, 1985. Cold weather and the Christmas lighting season resulted in unusually high electric usage, but the NYPP was easily able to meet the high load with adequate generating reserve.

## Somerset

The 625 MW Somerset coal-fired station, operated by NYSEG, performed above expectations since it began commercial operation on August 17, 1984. In 1985, the plant was one of the most reliable in the country, producing 5,025,950 MW hours of electricity and operating with a capacity factor of 83 percent. Capacity factor is equivalent to the percent of time the unit is operating at its peak or rated capacity. This compares quite favorably with the most recent industry data for similar generating units which show a 10-year industry average of 62 percent for capacity factor.

## Shoreham

Construction and low power testing (up to 5 percent of total rated steam capacity) were completed at LILCO's Shoreham nuclear power plant during 1985. Legal issues surrounding an emergency evacuation plan precluded the plant from receiving a license to exceed this 5 percent limitation.

On January 19, 1985, LILCO completed loading nuclear fuel into the reactor. Testing of the unit up to the 5 percent level proceeded without major problems and was completed on October 8, 1985.

On April 22, 1985, the Atomic Safety and Licensing Board (ASLB) ruled that certain of the activities that LILCO seeks to perform with respect to evacuation are unlawful. LILCO appealed this decision to the Atomic Safety and Licensing Appeals Board (ASLAB). On October 18, 1985, the ASLAB upheld the ASLB decision. LILCO again appealed this decision to the full NRC. No date has been given for the full NRC to rule on this issue.

## RG&E — Steam System Transfer

RG&E began steam service to downtown Rochester in 1889 and in the 1920s offered service to industrial customers in the separate westside district. In the 1970s, RG&E's steam system began losing customers due to economic conditions.

In 1982, the company was directed to file a long-range plan that would examine, among other things, the possibility of converting BeeBee Station to coal, scaling down the system, and eliminating one or both of the steam districts. The company's report, issued on January 24, 1983, reached the conclusion that its district steam business could not be returned to economic viability and the company should inform its customers that they should convert to alternatives as soon as possible.

An expanded proceeding to examine the steam system report was instituted in April 1983. After over eight months of the evidentiary hearings process, the Commission issued an Order on July 11, 1984, which directed RG&E to submit a detailed plan for abandoning the steam system by October 1, 1985.

As a result of the Order, the Commission invited consumers to comment on the

proposal to abandon the system. After reviewing all the comments, the Commission accepted RG&E's revised financial assistance plan for conversion and confirmed the October 1, 1985 shutdown date.

Several large steam customers of RG&E then formed the Rochester District Heating Cooperative (RDH), a nonprofit cooperative specifically organized to acquire the steam system and reconfigure the system to operate in Rochester's central business district.

After numerous meetings, RG&E and RDH reached an agreement to transfer portions of the RG&E system to RDH. The Commission ruled in early October 1985 that the transfer of property to RDH would be a non-utility transfer and, as such, would not require explicit Commission approval.

RG&E finalized its agreements with RDH to transfer a portion of its downtown steam system and steam Station 8 to RDH. For those customers who have had difficulty converting from the system, RG&E and RDH have worked out an agreement to provide service until the conversions are completed.

## Staff Monitors Utility Austerity Program

Due to serious financial problems, LILCO initiated an austerity program in March of 1984 in order to produce cost savings in both its gas and electric business. During 1984, the company achieved cost savings of about $82 million.

Much of these savings resulted from the elimination of nearly 1,000 jobs, including contractor personnel and approximately 13 percent of LILCO's non-nuclear work force. Expected salary increases for non-union employees were canceled, and management salaries were reduced by 5 to 20 percent. In July 1984, LILCO's unionized employees went out on strike and, after a five-week work stoppage, accepted an 18-month agreement providing for a freeze in wages at their then current levels.

The company totally eliminated its charitable contributions; reduced advertising expenditures by 60 percent; reduced research and development expenditures by 60 percent; dropped its membership in virtually all utility-related organizations; and cut transportation costs by 80 percent by, among other things, foregoing the purchase of new vehicles.

The company eliminated from its capital budget over 40 projects, thereby reducing the budget by over $17 million. Among many other actions, operation and maintenance expenses were reduced by sharply curtailing overtime for union employees; canceling purchases of new equipment, including new computer software to facilitate engineering design and project planning; postponing a program to replace capacitors containing toxic PCBs; reducing the tree trimming program; deferring one-half of a major overhaul project at Northport 4; and deferring smokestack maintenance at Northport and Port Jefferson.

In monitoring the program, Department staff became concerned that the company had cut too deeply in certain areas, including tree trimming, customer service, and training new linemen. In a March 1985 report, staff noted that the company proposed to restore approximately 200 positions, most in the customer relations area, and intended to rehire contractors to