

November 3, 1983

MEMORANDUM FOR: Carlton C. Kammerer, Director
Office of Congressional Affairs

FROM: William J. Dircks
Executive Director For Operations

SUBJECT: SUPPLEMENTING THE RECORD OF THE OTTINGER HEARINGS
ON FINANCING THE COMPLETION OF WPPSS POWER PLANTS

During the hearings held on September 14, 1983 by the Subcommittee on Energy Conservation and Power of the House Committee on Energy and Commerce to examine to proposed legislation to provide financing for the completion of WPPSS power plants, a question was directed to the NRC concerning whether NRC licensing of ownership must be obtained by any new entity created in order to provide the necessary financing.

Our supplement for the record is attached.

(Signed) T. A. Rehm

WJ Dircks
William J. Dircks
Executive Director for Operations

Attachment: As stated

DISTRIBUTION: (w/attachment)

NRC Docket	Chandler
LPDR	Paton
PDR	Hassell
FF (2)	A.Schwencer (144)
W.Dircks (chron)(6209)	R.Auluck (144)
T.Novak (110)	A.Vietti (128)
G.Cunningham	L.Shollenberger (Rgn. V)
M.Murray	J.Martin (Rgn. V)
ESChristenbury/Scinto	
Rutberg (chron)	

OFC	:OELD	:OELD	:ELD	:NRRI	:EDO	:	:
NAME	:JRutberg/kt	:EChristenbury	:GCunningham	:TNovak	:WDircks	:	: : :
DATE	:10/14/83	:10/15/83	:10/15/83	:11/1/83	:11/3/83	:	:

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PDR ADOCK 05000397
A PDR

1. The first step is to identify the problem. This involves understanding the current situation and what needs to be changed.

1. THE UNITED STATES OF AMERICA

1. The first group of people who are not in the military are the people who are not in the military.

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1944. 1945. 1946. 1947. 1948. 1949. 1950. 1951. 1952. 1953. 1954. 1955. 1956. 1957. 1958. 1959. 1960. 1961. 1962. 1963. 1964. 1965. 1966. 1967. 1968. 1969. 1970. 1971. 1972. 1973. 1974. 1975. 1976. 1977. 1978. 1979. 1980. 1981. 1982. 1983. 1984. 1985. 1986. 1987. 1988. 1989. 1990. 1991. 1992. 1993. 1994. 1995. 1996. 1997. 1998. 1999. 2000. 2001. 2002. 2003. 2004. 2005. 2006. 2007. 2008. 2009. 2010. 2011. 2012. 2013. 2014. 2015. 2016. 2017. 2018. 2019. 2020. 2021. 2022. 2023. 2024. 2025. 2026. 2027. 2028. 2029. 2030. 2031. 2032. 2033. 2034. 2035. 2036. 2037. 2038. 2039. 2040. 2041. 2042. 2043. 2044. 2045. 2046. 2047. 2048. 2049. 2050. 2051. 2052. 2053. 2054. 2055. 2056. 2057. 2058. 2059. 2060. 2061. 2062. 2063. 2064. 2065. 2066. 2067. 2068. 2069. 2070. 2071. 2072. 2073. 2074. 2075. 2076. 2077. 2078. 2079. 2080. 2081. 2082. 2083. 2084. 2085. 2086. 2087. 2088. 2089. 2090. 2091. 2092. 2093. 2094. 2095. 2096. 2097. 2098. 2099. 2100. 2101. 2102. 2103. 2104. 2105. 2106. 2107. 2108. 2109. 2110. 2111. 2112. 2113. 2114. 2115. 2116. 2117. 2118. 2119. 2120. 2121. 2122. 2123. 2124. 2125. 2126. 2127. 2128. 2129. 2130. 2131. 2132. 2133. 2134. 2135. 2136. 2137. 2138. 2139. 2140. 2141. 2142. 2143. 2144. 2145. 2146. 2147. 2148. 2149. 2150. 2151. 2152. 2153. 2154. 2155. 2156. 2157. 2158. 2159. 2160. 2161. 2162. 2163. 2164. 2165. 2166. 2167. 2168. 2169. 2170. 2171. 2172. 2173. 2174. 2175. 2176. 2177. 2178. 2179. 2180. 2181. 2182. 2183. 2184. 2185. 2186. 2187. 2188. 2189. 2190. 2191. 2192. 2193. 2194. 2195. 2196. 2197. 2198. 2199. 2200. 2201. 2202. 2203. 2204. 2205. 2206. 2207. 2208. 2209. 2210. 2211. 2212. 2213. 2214. 2215. 2216. 2217. 2218. 2219. 2220. 2221. 2222. 2223. 2224. 2225. 2226. 2227. 2228. 2229. 2230. 2231. 2232. 2233. 2234. 2235. 2236. 2237. 2238. 2239. 2240. 2241. 2242. 2243. 2244. 2245. 2246. 2247. 2248. 2249. 2250. 2251. 2252. 2253. 2254. 2255. 2256. 2257. 2258. 2259. 2260. 2261. 2262. 2263. 2264. 2265. 2266. 2267. 2268. 2269. 2270. 2271. 2272. 2273. 2274. 2275. 2276. 2277. 2278. 2279. 2280. 2281. 2282. 2283. 2284. 2285. 2286. 2287. 2288. 2289. 2290. 2291. 2292. 2293. 2294. 2295. 2296. 2297. 2298. 2299. 2300. 2301. 2302. 2303. 2304. 2305. 2306. 2307. 2308. 2309. 2310. 2311. 2312. 2313. 2314. 2315. 2316. 2317. 2318. 2319. 2320. 2321. 2322. 2323. 2324. 2325. 2326. 2327. 2328. 2329. 2330. 2331. 2332. 2333. 2334. 2335. 2336. 2337. 2338. 2339. 2340. 2341. 2342. 2343. 2344. 2345. 2346. 2347. 2348. 2349. 2350. 2351. 2352. 2353. 2354. 2355. 2356. 2357. 2358. 2359. 2360. 2361. 2362. 2363. 2364. 2365. 2366. 2367. 2368. 2369. 2370. 2371. 2372. 2373. 2374. 2375. 2376. 2377. 2378. 2379. 2380. 2381. 2382. 2383. 2384. 2385. 2386. 2387. 2388. 2389. 2390. 2391. 2392. 2393. 2394. 2395. 2396. 2397. 2398. 2399. 2400. 2401. 2402. 2403. 2404. 2405. 2406. 2407. 2408. 2409. 2410. 2411. 2412. 2413. 2414. 2415. 2416. 2417. 2418. 2419. 2420. 2421. 2422. 2423. 2424. 2425. 2426. 2427. 2428. 2429. 2430. 2431. 2432. 2433. 2434. 2435. 2436. 2437. 2438. 2439. 2440. 2441. 2442. 2443. 2444. 2445. 2446. 2447. 2448. 2449. 2450. 2451. 2452. 2453. 2454. 2455. 2456. 2457. 2458. 2459. 2460. 2461. 2462. 2463. 2464. 2465. 2466. 2467. 2468. 2469. 2470. 2471. 2472. 2473. 2474. 2475. 2476. 2477. 2478. 2479. 2480. 2481. 2482. 2483. 2484. 2485. 2486. 2487. 2488. 2489. 2490. 2491. 2492. 2493. 2494. 2495. 2496. 2497. 2498. 2499. 2500. 2501. 2502. 2503. 2504. 2505. 2506. 2507. 2508. 2509. 2510. 2511. 2512. 2513. 2514. 2515. 2516. 2517. 2518. 2519. 2520. 2521. 2522. 2523. 2524. 2525. 2526. 2527. 2528. 2529. 2530. 2531. 2532. 2533. 2534. 2535. 2536. 2537. 2538. 2539. 2540. 2541. 2542. 2543. 2544. 2545. 2546. 2547. 2548. 2549. 2550. 2551. 2552. 2553. 2554. 2555. 2556. 2557. 2558. 2559. 2560. 2561. 2562. 2563. 2564. 2565. 2566. 2567. 2568. 2569. 2570. 2571. 2572. 2573. 2574. 2575. 2576. 2577. 2578. 2579. 2580. 2581. 2582. 2583. 2584. 2585. 2586. 2587. 2588. 2589. 2590. 2591. 2592. 2593. 2594. 2595. 2596. 2597. 2598. 2599. 2600. 2601. 2602. 2603. 2604. 2605. 2606. 2607. 2608. 2609. 2610. 2611. 2612. 2613. 2614. 2615. 2616. 2617. 2618. 2619. 2620. 2621. 2622. 2623. 2624. 2625. 26

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During hearings that were held on September 14, 1983 by the Subcommittee on Energy Conservation and Power of the House Committee on Energy and Commerce to examine the subject of financing the completion of power plants owned by the Washington Public Power Supply System (WPPSS) and in particular proposed section 317 of H.R. 3363 a question was asked of the NRC representative to which we now submit a supplemental response.

Pursuant to the proposed legislation, one of the methods that would be available as a means for financing the completion WPPSS Units One, Two and Three would be the formation of a new entity, established by State law, that would provide funds for the continued construction of the project. Mr. Wyden, at page 67 of the transcript, requested information concerning what the impact would be on the licensing of WPPSS Unit Three, if the new entity were required to have an ownership interest in the facility.

The answer to the question posed depends on the nature of the activities of the new entity. If the new entity is to be an owner, in whole or in part, of the facility, an amendment of the construction permit or operating license would be required authorizing such ownership. This involves, after appropriate notice, a determination that the new owner is qualified for the activity authorized; e.g. if it involves simple partial ownership with no control over operation of the facility, only financial qualification need be assessed (there would be no question of alien ownership). However, if the new entity were to be involved in the construction or operation of the facility, its technical

qualifications would also be evaluated. If the new entity were to own or control the current licensee then Commission approval under 10 C.F.R. § 50.80 would be required. On the other hand, if the new entity were to be a mortgage holder or other creditor only, general Commission approval has been granted by regulation, 10 C.F.R. § 50.81, and no license amendment would be required.

Until the exact form and functions of the new entity are decided, it is not possible to provide greater detail as to what may be required in order to transfer an ownership interest to this new entity.

1514 method of payment they are using now isn't giving them the
1515 discipline to pay the government when they should be paid.

1516 So that is a policy that they seem to be resisting any
1517 change to, and that goes back to 1981 when we first brought
1518 it to their attention.

1519 Mr. WYDEN. Let me just ask--let the gentleman from FERC
1520 comment, and I have one other quick question. My chairman
1521 says we are about out of time, but I have one other very
1522 quick and important question.

1523 The gentleman from FERC.

1524 Mr. LAMKE. With regard to the priorities and discretion,
1525 many of these policies were carried forward, developed by
1526 the Department of Interior when they had authority over
1527 power marketing agencies. They had been carried forward to
1528 a large extent by the Department of Energy.

1529 Some things have been changed. I don't recall that the
1530 level of priority of payment has been changed, and most of
1531 those priorities are found in a document referred to as RA-
1532 6120-2 of the Department of Energy that sets out these types
1533 of priorities as to when you are going to pay for what.

1534 Mr. WYDEN. Thank you.

1535 One last question to the gentleman from the NRC. If the
1536 new entities, so-called new entity under the approach being
1537 taken by Mr. McClure were required to have an ownership
1538 interest as a condition for Wall Street participation, how

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1539 would this affect NRC's licensing of WPPSS three?

1540 Mr. MARTIN. Mr. Wyden, I am going to have to get you an
1541 answer for the record on that, a precise answer, but my
1542 impression is there would be some administrative changes to
1543 the license, but that it would not involve anything very
1544 major, but I just don't know precisely those legal details..

1545 Perhaps--I have a counsel here who could probably answer
1546 that, Mr. Rutberg.

1547 Mr. OTTINGER. Would you identify yourself?

1548 Mr. RUTBERG. Joseph Rutberg.

1549 Mr. OTTINGER. How do you spell your last name?

1550 Mr. RUTBERG. R-u-t-b-e-r-g. I reiterate what Mr. Martin
1551 said. I would like an opportunity to go back and reflect on
1552 the question, but initially a new owner would have to be
1553 considered by the NRC and licensed as a new owner as any
1554 other owner would have to be.

1555 Mr. WYDEN. So the whole process would really start over.

1556 Mr. RUTBERG. When you say the whole process, I am not
1557 sure.

1558 Mr. WYDEN. You said permits? You said new owner.

1559 Mr. RUTBERG. No, there would have to be an addition of
1560 that owner to the new license. There would not have to be a
1561 new license, a new permit.

1562 Mr. WYDEN. We look forward to your answer on that as
1563 well.

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