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AUTH. NAME AUTHOR AFFILIATION
SORENSEN, G. C. Washington Public Power Supply System
RECIP. NAME RECIPIENT AFFILIATION
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SUBJECT: Informs that BPA obligated to total annual cost of plant under terms of Net Billing Agreements. Opinion of BPA re ogligation to pay should satisfy requirements of 10CFR140.21. Compilance w/10CFR140.21.

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TITLE: Insurance: Indemnity/Endorsement Agreements

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WASHINGTON PUBLIC POWER SUPPLY SYSTEM

P.O. Box 968 • 3000 George Washington Way • Richland, Washington 99352

December 3; 1987

U. S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington; D. C. 20555

Gentlemen:

Subject: SUPPLY SYSTEM NUCLEAR PLANT NO. 2
OPERATING LICENSE NPF-21
GUARANTEE OF PAYMENT OF DEFERRED PREMIUM

Reference: Letter; GC Sorensen (Supply System) to A. Schwencer (NRC); same subject; dated December 19; 1984

This transmittal is provided in compliance with 10CFR 140.21 which requires annual filing of a guarantee of payment of deferred premiums in the amount of $10 million for each licensed reactor.

The Supply System obtains revenue from Plant No. 2 by selling the capability of the plant. The Bonneville Power Administration (BPA); an agency of the Department of Energy; has purchased the entire capability of Plant No. 2 from certain of its statutory preference customers who; in turn; purchased such capability from the Supply System; all under the Net Billing Agreements. A copy of the Net Billing Agreements was included as an attachment to the referenced letter. Under the terms of the Net Billing Agreements; BPA is obligated to pay the total annual costs of Plant No. 2 to the Supply System.

It is the opinion of BPA's General Counsel that "Bonneville is obligated to pay costs of ownership; operation; and maintenance; including costs of insurance; and specifically; that insurance obligation provided through the Price Anderson Act" (see referenced letter).

The opinion of Bonneville regarding their obligation to pay should satisfy the requirements of 10CFR 140.21. If you require additional documentation; please contact Rich Bresnahan at (509) 372-5131.

Very truly yours;

GC Sorensen

G. C. Sorensen; Manager
Regulatory Programs

cc: RB Samworth/NRC
I. Dinitz/NRC
JB Martin/Region V
NS Reynolds/BCP&R
C Bosted/NRC Site
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