

SHAW, PITTMAN, POTTS & TROWBRIDGE

1800 M STREET, N. W.

WASHINGTON, D. C. 20036

RAMSAY D. POTTS  
STUART L. PITTMAN  
GEORGE F. TROWBRIDGE  
STEPHEN D. POTTS  
GERALD CHARNOFF  
PHILLIP O. BOSTWICK  
R. TIMOTHY HANLON  
GEORGE M. ROGERS, JR.  
JOHN B. RHINELANDER  
BRUCE W. CHURCHILL  
LESLIE A. NICHOLSON, JR.  
MARTIN D. KRALL  
RICHARD J. KENDALL  
JAY E. SILBERG  
BARBARA M. ROSSOTTI  
GEORGE V. ALLEN, JR.  
WM. BRADFORD REYNOLDS  
FRED A. LITTLE  
FRED GRASNER  
NATHANIEL P. BREED, JR.  
MARK AUGENBLICK  
ERNEST L. BLAKE, JR.  
CARLETON S. JONES  
THOMAS A. BAXTER  
JAMES M. BURGER  
SHELDON J. WEISEL  
JOHN A. McCULLOUGH  
J. PATRICK HICKEY  
JAMES THOMAS LENHART

STEVEN L. MELTZER  
DEAN D. AULICK  
JOHN ENGEL  
STEPHEN B. HUTTNER  
WINTHROP N. BROWN  
JAMES S. HAMLIN  
ROBERT E. ZAHLER  
RICHARD E. GALEN  
ROBERT S. ROBBINS  
LAURA K. FARRANO  
MATIAS F. TRAVIESO-DIAZ  
VICTORIA J. PERKINS  
JOHN H. O'NEILL, JR.  
JAY A. EPSTEIN  
GEORGE D. CROWLEY, JR.  
MICHAEL D. HAYS  
THOMAS H. MCCORMICK  
SUSAN D. FALKSON  
STEVEN M. LUCAS  
RAND L. ALLEN  
ALAN J. WEISSARD  
WILLIAM R. BARR  
ALAN R. YUSPEH  
JOHN L. CARR, JR.  
PHILIP J. HARVEY  
RAY L. RICHMAN  
TIMOTHY S. MCBRIDE  
CHARLES W. SURASKY



July 25, 1979

(202) 331-4100

TELECOPIER

(202) 295-0694 & 295-1750

TELEX

59-2593 (SHAWLAW WSH)

CABLE 'SHAWLAW'

JOHN H. SHARON

EDWARD B. CROSLAND

COUNSEL

\*NOT ADMITTED IN D. C.

Richard S. Salzman, Esquire  
Chairman  
Atomic Safety and Licensing  
Appeal Board  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Ivan W. Smith, Esquire  
Chairman  
Atomic Safety and Licensing  
Board  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

In the Matter of  
Northern States Power Company, et al.  
(Tyrone Energy Park, Unit 1)  
Docket No. STN 50-484

Gentlemen:

Please find enclosed a copy of a news release issued on July 24, 1979, by Northern States Power Company, which announces a decision by the co-owners of Tyrone Energy Park to cancel that project.

Pending before the Atomic Safety and Licensing Board in this matter is the remand ordered by the Atomic Safety and Licensing Appeal Board in ALAB-464, 7 N.R.C. 372 (1978). Also pending before the Appeal Board in this docket is a proceeding to determine the consequences of radioactive radon gas releases attributable to the mining and milling of uranium fuel and to factor the result into the NEPA cost-benefit analysis for the nuclear power facilities in this and a number of other dockets. See Philadelphia Electric Company, et al. (Peach Bottom Atomic Power Station, Units 2 and 3), et al., ALAB-480, 7 N.R.C. 796 (1978); ALAB-509, 8 N.R.C. 679 (1978); ALAB-540 (April 25, 1979).

1042 138

7909270 784

G

SHAW, PITTMAN, POTTS & TROWBRIDGE

Richard S. Salzman, Esquire  
Ivan W. Smith, Esquire  
July 25, 1979  
Page Two

In light of the decision to cancel the Tyrone Energy Park project, we respectfully request the Atomic Safety and Licensing Appeal Board to terminate the further proceedings which it has ordered in this docket.

Respectfully submitted,

*Thomas A. Baxter*

Thomas A. Baxter  
Counsel for Permittees

TAB:jah

Enclosure

cc: Service List

821 5401

1042 139

POOR ORIGINAL

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION



In the Matter of )

NORTHERN STATES POWER COMPANY, )  
ET AL. )

(Tyrone Energy Park, Unit 1) )

Docket No. STN 50-484

SERVICE LIST

Richard S. Salzman, Esquire, Chairman  
Atomic Safety and Licensing Appeal Board  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Michael C. Farrar, Esquire  
Atomic Safety and Licensing Appeal Board  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Dr. W. Reed Johnson  
Atomic Safety and Licensing Appeal Board  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Ivan W. Smith, Esquire, Chairman  
Atomic Safety and Licensing Board  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Dr. George C. Anderson  
Oceanography Department, WB-10  
University of Washington  
Seattle, Washington 98195

Mr. Lester Kornblith, Jr.  
Atomic Safety and Licensing Board  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Stephen H. Lewis, Esquire  
Office of the Executive Legal Director  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Docketing and Service Section  
Office of the Secretary  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Peter A. Peshek, Esquire  
State Public Intervenor  
114 East, State Capitol  
Madison, Wisconsin 53702

Mr. Thomas Galazen  
Route 2, Box 64  
Turtle Lake, Wisconsin 54889

Jocelyn Furtwangler Olson, Esquire  
Special Assistant Attorney General  
Minnesota Pollution Control Agency  
1935 W. Country Road B2  
Roseville, Minnesota 55113

Richard Ihrig, Esquire  
c/o William Mitchell College of Law  
875 Summit Avenue  
St. Paul, Minnesota 55105

Michael J. Cain, Esquire  
Bureau of Legal Services  
Department of Natural Resources  
Box 7921  
Madison, Wisconsin 53707

Steven M. Schur, Esquire  
Chief Counsel  
Public Service Commission of Wisconsin  
Hill Farms State Office Building  
4802 Sheboygan Avenue  
Madison, Wisconsin 53702

Mr. Stanley Cider  
c/o Durand Postmaster  
Tyrone, Wisconsin 54736

1A1 5A01

1042 140

NEWS  
FROM

POOR ORIGINAL

**NSP**

NORTHERN STATES POWER COMPANY  
414 NICOLLET MALL, MINNEAPOLIS, MINN. 55401

FOR ADDITIONAL INFORMATION CONTACT:

Beth Allen  
Communications Representative  
612/330-7679

7-24-79

FOR IMMEDIATE RELEASE

### TYRONE ENERGY PARK CANCELLED

Co-owners of the proposed Tyrone Energy Park today cancelled the 1,100-megawatt nuclear power plant planned for western Wisconsin.

"We believe that it will not be possible to license and build the project in time to meet the needs of our customers," said Don McCarthy, Northern States Power Co.-Minnesota board chairman and president.

McCarthy made his comments at a news conference today, after the project's co-owners voted to cancel the unit. Co-owners of the project and their participation are: NSP-Wisconsin Co. of Eau Claire, Wisc., 67.6 percent; Cooperative Power Association of Edina, Minn., 17.4 percent; Dairyland Power Cooperative of La Crosse, Wisc., 13 percent; and Lake Superior District Power Co. of Ashland, Wisc., two percent.

"The co-owners believe that Tyrone cannot be licensed in the 1980s and that other options must be pursued to insure an adequate supply of electricity," McCarthy said. He added that NSP-Wisconsin has proposed a 650-megawatt coal-fired plant to be lo-

...more...

1042 141

POOR ORIGINAL

-2-

cated in western Wisconsin. It is scheduled to be in service in 1987. Dairyland Power Cooperative also is planning a 650-megawatt coal-fired unit in Wisconsin. Both projects are subject to regulatory approvals.

The main reason for the Tyrone cancellation is the March 6 denial of the project by the Public Service Commission of Wisconsin. A month later, the co-owners filed an appeal of that order in Eau Claire County Circuit Court. "However, even with a successful court appeal, the co-owners believe a 1986 in-service date could not be met," McCarthy said.

The March accident at the Three Mile Island nuclear plant in Pennsylvania was considered by the co-owners in making the decision. "Generally, the accident has increased the uncertainties about the future of nuclear power," McCarthy said. "These uncertainties make it less likely that the Tyrone project could be licensed in a timely fashion."

McCarthy emphasized that the company is still committed to nuclear power and that "Tyrone represents the most economical and best method of meeting the needs of our customers. There is no question in our minds that nuclear power plants are safe, dependable and economical. However, if nuclear plants cannot be licensed in a timely fashion, another option must be pursued," he added.

The project's co-owners share a total financial commitment estimated at \$105 million for the project. NSP's estimated \$80 million portion includes about \$40 million spent to date on the project and an additional \$40 million commitment for contracted equipment.

1042 142

...more...

POOR ORIGINAL

-3-

As the Tyrone cancellation occurred in 1979, McCarthy said it is appropriate that a write-off of the loss begin in 1979. A five-year amortization plan is anticipated. McCarthy said the company will include Tyrone costs in future rate filings.

"However, we do not contemplate any increases in the rates paid by our Minnesota or Wisconsin customers in 1979, despite the Tyrone write-off," McCarthy said. He explained that rate cases are not determined by one item of expense but upon the accumulation of all costs. That accumulation currently is not sufficient to warrant a rate increase. NSP's last Minnesota electric rate increase went into effect in June 1977.

"NSP is a highly regulated company in which the financial benefits of successful operation are passed on to customers in their electric rates. Consequently, it is appropriate to pass on Tyrone losses since they were incurred in good faith through prudent activities," McCarthy said.

"Overall, the write-off would amount to about \$3.80 annually for the typical Minnesota residential customer over the five-year period. Of course, the ultimate effect on customer bills will be determined by the appropriate regulatory authorities.

"In any event, we still don't expect NSP's electric rates to increase, on average, any more than the general inflation rate over the next five years," McCarthy said.

The Tyrone project began in 1973 when NSP announced plans to construct a nuclear power plant at the Durand, Wisc., site. The federal Nuclear Regulatory Commission issued a construction permit for the project in December 1977. However, the state permit for the project was denied last March.

1042 143