

NEWS FROM NSP

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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-

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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.

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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.