

NORTHWEST ENERGY SERVICES COMPANY

P O BOX 1090 • KIRKLAND, WASHINGTON 98033

July 8, 1980

Mr. Harold R. Denton
Director of Nuclear Reactor Regulation
U.S. Nuclear Regulation Commission
Washington, DC 20555

Dear Harold:

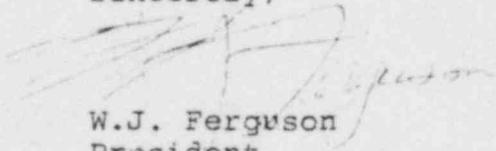
I am delighted to inform you that four private utilities, co-owners of the Skagit Project, have taken a strong step in forming a wholly owned engineering and construction company to perform Engineering, Licensing and Construction Services for major generating projects. The new engineering and construction company, Northwest Energy Services Company, will be activated July 15. A copy of the press release is attached for your further information.

One of the projects which will immediately be assigned to Northwest Energy Services Company will be the Skagit Nuclear Project for the project's licensing, engineering and construction phases. Puget Sound Power & Light Company will remain as the sponsoring utility and the other project co-owners will also be unchanged.

As you can see from the press release, Mr. Jacobsen and I will continue in a Management role for the Skagit Project. In addition, the principle Puget employees associated with the Skagit Project will also transfer to Northwest Energy Services Company, so the continuity of the Project is assured. We believe that assignment of the Skagit Project to Northwest Energy Services Company by the four utility co-owners will provide for a much stronger technical staff, thus alleviating many of the concerns identified by TMI-2 Lessons Learned Task Forces.

As soon as possible after the new company is implemented, we will review with you and your staff the capabilities and staffing of the new organization. In the meantime if you have any questions, please don't hesitate to call me.

Sincerely,


W.J. Ferguson
President

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cc: Region V

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FOR IMMEDIATE RELEASE

July 3, 1980

REDUCED COSTS KEY TO FORMATION OF ENERGY COMPANY

Four Northwest private utilities today announced a major organization change in a direct bid to reduce spiraling construction costs, an effort that should result in a net reduction in the cost of electrical energy for the consumer.

Formation of a newly-formed company -- Northwest Energy Services Company (NESCO) -- was announced today by John W. Ellis, President and Chief Executive Officer of Puget Sound Power & Light Company, one of the four investor-owned utilities involved. The others are Pacific Power & Light Company, Portland General Electric Company, and The Washington Water Power Company.

The move, effective July 15, involves transfer of engineering and construction management personnel from the four companies into one centralized organization, Ellis said. The objective is to develop advanced engineering and construction techniques to bring construction costs substantially below that being experienced through current practice. The concept to be developed by Northwest Energy Services Company involves standardization of design and development of construction techniques involving a high degree of construction pre-job planning, prefabrication, and modularization.

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The new organization will provide the parent companies management services for the design and construction of new electric energy resources. Operation of the new projects will be done by the parent companies.

A major initial assignment of the new company will be to assist in the development of coal-fired generation projects.

The president of Northwest Energy Services Company will be Warren J. Ferguson, former Vice President of Engineering and Construction for Puget Power. Wendell Satre, President and Chairman of the Board of The Washington Water Power Company, will be Chairman of the Board.

Other officers of the company include Bruce L. Brown, Vice President Fossil Projects (formerly Manager of Projects for Pacific Power & Light Company), Gordon W. Jacobsen, Vice President Nuclear Projects (formerly Director of the Skagit Nuclear Power Project for Puget Sound Power & Light Company), James M. Anderson, Vice President Administrative Services (formerly Assistant Controller for Portland General Electric Company) and Michael E. Schaefer, Treasurer (formerly Manager Internal Audit for Puget Sound Power & Light Company).

The company headquarters will be located in Bellevue, Washington.

"Utilities today must be extensively involved with their architect-engineer and contractors in developing electric

energy resources that operate reliably and can be built within predictable costs and schedules," Ferguson said. "Pooling of experience, continuity of effort, commonality of approach, plus an enhanced ability to attract the best talent will allow Northwest Energy Services Company to contribute substantially to improve construction productivity, reduced construction schedules, lower costs, and improved plant performance. The overall impact of Northwest Energy Services Company should be a net reduction in the cost of electrical energy for the consumer."

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