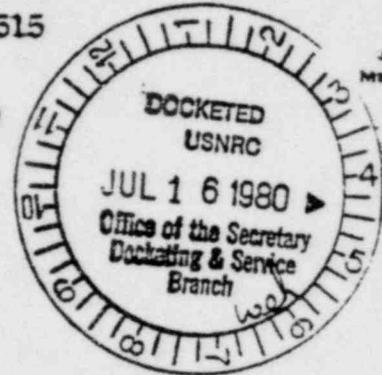


Congress of the United States
House of Representatives
Washington, D.C. 20515

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(503) 778-2351

July 14, 1980

Mr. John Ahern, Chairman
Nuclear Regulatory Commission
1717 H Street, N.W.
Washington, D. C. 20006



Dear Mr. Chairman:

As you know, the Commission on June 17, 1980 issued an Escalated Enforcement Act in the form of a \$61,000 penalty to the Washington Public Power Supply System (WPPSS) for its WNP-2 project. In addition to specific items of non-compliance regarding the sacrificial shield wall and pipe width restraints, the Notice of Violation sited other shortcomings on the part of WPPSS relating to quality assurance and inspection procedures.

The WPPSS enjoys a most unusual financing arrangement for WNP-2 (and WNP 1 and 3). The Bonneville Power Administration (of the U. S. Department of Energy) has "purchased the total capability of the Project... from the supply system. Bonneville is obligated to pay... the total annual costs of the Project, including debt service on the Bond, whether or not the Project is completed, operable or operating and notwithstanding the suspension, reduction or curtailment of the Project output (Bond Statement for WPPSS Nuclear Project #2, 11-1-79)." In other words, WPPSS has no financial liability for the project's costs or schedule. This BPA-WPPSS relationship has been examined by several management consultants. Some have criticized the arrangement as exacerbating the management problems at WPPSS; Mr. Eugene Akridge of Theodore Barry and Associates said in congressional testimony (2/79) that "(t)here is no question but that (the financing guarantee) removes certain management tensions that typically build up in an organization." Thus, the management problems at WPPSS that the NRC is concerned with may be linked to this arrangement.

While I would be very interested in your thoughts on that question, I would like instead to ask a similar series of questions. The schedule delays and cost overruns at WPPSS have been unusually high, even for an industry plagued with such problems. I am curious as to the correlation between such problems in the rest of the nuclear industry and any financial arrangements similar to those of WPPSS.

DSAB
SAL

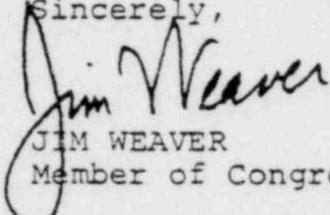
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Mr. John Ahern
July 14, 1980
Page Two

- 1) Do any other NRC licensees (OL or CP) benefit from similar financing guarantees by a federal government agency?
- 2) Do any other NRC licensees (OL or CP) benefit from similar financing guarantees by state or other government agency?
- 3) Are any plants licensed by the NRC (OL or CP) a part of a multi-plant consortium that spreads the benefits and risks of the several plants among all utility members of the consortium, even though each utility-member may not directly own a part of each plant?
- 4) What other institutional arrangements are utilized by NRC licensees that might have the same effect of guaranteeing the financing of a power plant as does the WPPSS-BPA arrangement?
- 5) Finally and most importantly, in each of the above categories, what has been the history of cost escalation and schedule delays?

Because the House of Representatives is now considering legislation that would extend the BPA-WPPSS type of relationship to new thermal facilities, a prompt reply to this request would be greatly appreciated. If you need clarification of this request, please contact Mark Reis of my staff at 225-6416.

Sincerely,


JIM WEAVER
Member of Congress

JW/mro

80-1404 Filing Date 7/15/80

NRC SECRETARIAT

<input type="checkbox"/> Commissioner	_____	Date _____
<input checked="" type="checkbox"/> Exec. Dir./Oper.		<input type="checkbox"/> Gen. Counsel
<input type="checkbox"/> Cong. Liaison		<input type="checkbox"/> Solicitor
<input type="checkbox"/> Public Affairs		<input type="checkbox"/> Secretary
<input type="checkbox"/> _____		<input type="checkbox"/> Inspector & Auditor
		<input type="checkbox"/> Policy Evaluation

Incoming: Rep Jim Weaver
 From: _____

To: Ahearne Date 7/14/80

Subject: ques re fed financing & guarantees as that of WPPSS for other state, local & fed agencies

Prepare reply for signature of:

Chairman Suspense: July 22

- Commissioner _____
- EDO, GC, CL, SOL, PA, SECY, IA, PE
- Signature block omitted
- _____

Return original of incoming with response

- FIN direct reply*
- FIN appropriate action
- FIN information

Remarks: Cpys to: Chm, RF, OCA to Ack, docket

For the Commission: billie

*Send three (3) copies of reply to Secy Correspondence and Records Branch

ACTION SLIP

DSB3
50/1