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September 5, 1980

Mr. Harold Denton
Director, Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Re: Docket No. 50-367
Northern Indiana Public Service
Company (Bailly Generating Station,
Nuclear-1)

Dear Mr. Denton:

The State of Illinois has recently filed a "Motion to Compel Staff Determination" which asked the Licensing Board in the Bailly construction permit extension proceeding to require the Staff to decide whether it will prepare an environmental impact statement with respect to NIPSCO's request for the permit extension. Illinois takes the position that a new or supplemental statement is required and relies upon a letter dated August 12, 1980, from the Chairman of the Council on Environmental Quality to the Illinois Attorney General.

On behalf of NIPSCO, we are responding separately to the Illinois Motion and have also prepared the enclosed Memorandum which addresses the substantive question of the

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need for an impact statement and the arguments advanced by
CEQ. This letter and the enclosure are being served on the
Board and all other participants.

Very truly yours,

LOWENSTEIN, NEWMAN, REIS, AXELRAD
& TOLL

Counsel for NIPSCO

By: Kathleen H. Shea
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KHS/jg

Enclosure