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April 26, 1982

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Judge John F. Wolf, Chairman
Atomic Safety and Licensing Board
3409 Shepherd Street
Chevy Chase, MD 20015

Nicholas D. Lewis, Chairman
Washington Energy Facility Site
Evaluation Council
Mail Stop PY-11
Olympia, WA 98504



In the Matter of Puget Sound Power & Light Company, et al.,
(Skagit/Hanford Nuclear Project, Units 1 and 2)
Docket Nos. STN 50-522 and STN 50-523
Application No. 81-1

Gentlemen:

Reference is made to the special prehearing conference to be held in this proceeding on May 5, 1982. According to the Board's notice, one purpose of this conference will be to establish a schedule for further action in this proceeding. To facilitate the consideration of scheduling matters by the Board, the Council, and the parties, we thought it would be helpful to set forth, in advance, Applicants' suggestions on these matters.

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Judge John F. Wolf
Nicholas D. Lewis
April 26, 1982
Page 2

By way of background, it will be recalled that in January of this year, at the urging of Applicants, the NRC Staff and the Council agreed to a tentative schedule for this proceeding. This schedule called for the joint NRC/EFSEC evidentiary hearing on environmental matters to begin on June 15, 1982.

To date, the NRC Staff, the Council Staff, and Applicants have been proceeding on the basis of this tentative schedule. Now, however, in view of the uncertainties that have arisen concerning the need-for-power issue, Applicants have concluded that it would be in the best interest of all concerned, and promote the expeditious conduct of this proceeding in the long run, to defer commencement of the evidentiary hearings pending resolution or clarification of these uncertainties.

The uncertainties we refer to stem principally from two new load forecasts issued since the tentative hearing schedule was established. The first is the 20-year forecast of regional electricity demand included in the WNP 4 and 5 study commissioned by the Washington State Legislature. This forecast suggests that the Skagit/Hanford units will not be needed until after the turn of the century. Although the validity of this forecast is open to serious question, it should not be ignored; it was funded by the Washington State Legislature and produced under the auspices of the Energy Research Center of Washington State University and the University of Washington.

The second forecast is the draft 20-year forecast of electricity consumption in the region recently issued for comment by the Bonneville Power Administration. According to the most probable or "base" case presented in this forecast, the Skagit/Hanford units will not be needed until the late 1990s. The final version of this forecast is scheduled for release in July.

In marked contrast to these two forecasts are Applicants' forecasts and the soon to be released annual forecast of the Pacific Northwest Utilities Conference Committee. These forecasts will show that the Skagit/Hanford units will be needed during the early 1990s.

Judge John F. Wolf
Nicholas D. Lewis
April 26, 1982
Page 3

New uncertainties have also arisen on the resource side of the need-for-power equation. In January of this year, it was decided to terminate WNP 4 and 5, two nuclear units being constructed in Washington by the Washington Public Power Supply System. The Supply System is now attempting to find new owners for these units and has advised the Council that it may be as long as a year before the region will know whether a way can be found to complete these units.

A further source of uncertainty on the resource side is the question of what effect Washington State Initiative No. 394 will have on the completion of WNP 1, WNP 2, and WNP 3, three additional nuclear units under construction in Washington by the Washington Public Power Supply System. Initiative 394, which is being challenged in court, will, if held valid, require a favorable vote of the people for the issuance of additional bonds to complete these units. The first such election is scheduled for next November. This unknown is one of the factors that caused BPA to recommend last week that the construction of WNP 1 be suspended for up to five years.

In view of these still evolving uncertainties, it would, we believe, be premature, and probably fruitless, to conduct evidentiary hearings on need-for-power this summer, as tentatively scheduled. The facts are simply not in yet.

Probably the most significant need-for-power development still to come in the near-term will be the issuance of the regional conservation and electric power plan currently being developed by the Regional Council in fulfillment of its obligations under the Pacific Northwest Power Planning and Conservation Act. This plan is due to be issued in final form in April 1983, with a draft version to be available prior to that. It is anticipated that the regional plan will play a major role in determining what new generating resources will be constructed in the region.

When the outcome of the WPPSS bond election and the findings of the Regional Council become known, it should be possible to expeditiously hear and reach an informed decision on the need-for-power issues--something that would be difficult at best, if the hearings were to proceed this summer.

Judge John F. Wolf
Nicholas D. Lewis
April 26, 1982
Page 4

Although it would be possible to proceed this summer with evidentiary hearings on such other environmental matters as may be ready for hearing, Applicants would not favor such piecemeal hearings. Prior experience in this proceeding has amply demonstrated that piecemeal hearings are not likely to be productive.

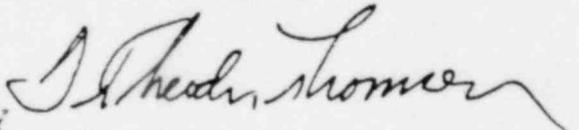
Accordingly, at the special prehearing conference, we will propose that further evidentiary hearings on environmental issues in the proceeding be postponed until the spring of 1983, when the results of the Regional Council's deliberations and the WPPSS bond election will be known. In the interim, Applicants propose to submit quarterly progress reports to the Board, the Council, and all parties, so that such evidentiary hearings can be rescheduled at the earliest feasible time.

We will also urge that, during the interim, other licensing activities proceed. For example, these would include (i) completion by URS of its review of the Application for Site Certification/Environmental Report, (ii) issuance by the NRC Staff and the Council of the FES, and (iii) issuance by the NRC Staff of the final supplement to the SER. It is important that these and similar steps be accomplished during the interim so as to preserve Applicants' ability promptly to license the Skagit/Hanford units when the need-for-power uncertainties are resolved.

In closing, we wish to emphasize that Applicants are confident that the Skagit/Hanford units will be needed, and indeed are essential to the future well being of the region. They consider it of the utmost importance--to the region and to their customers--that the Skagit/Hanford option be preserved and remain viable.

Very truly yours,

PERKINS, COIE, STONE,
OLSEN & WILLIAMS



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