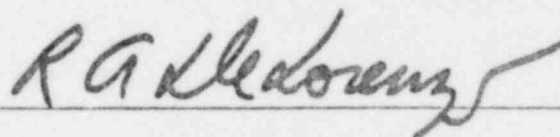


WNP-4/5 TERMINATION
PROGRAM DIRECTOR'S
MONTHLY REPORT



R. A. DE LORENZO
PROGRAM DIRECTOR
WNP-4/5 TERMINATION

INTRODUCTION

ON JANUARY 22, 1982, THE BOARD OF DIRECTORS TERMINATED THE WNP-4 AND WNP-5 PROJECTS. ONE WEEK LATER, THEY APPROVED AS A "DRAFT," *THE MANAGEMENT PLAN FOR TERMINATION OF WNP-4/5*. THE PLAN REQUIRED ISSUANCE OF A MONTHLY STATUS REPORT PROVIDING AN UPDATE OF PROGRESS, RELATIVE TO BUDGET AND SCHEDULE, IN THE FINANCIAL, COMMERCIAL AND MATERIALS MANAGEMENT AREAS. THIS IS THE FIRST MONTHLY STATUS REPORT, AND COVERS THE PERIOD JANUARY 22, 1982 THROUGH FEBRUARY 28, 1982.

MONTHLY PROGRESS REPORT	WASHINGTON PUBLIC POWER SUPPLY SYSTEM 4/5 TERMINATION PROGRAM	DATE: 2/28/82 NAME: R. A. DELORENZO
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PROGRAM DIRECTOR'S SUMMARY

WITH THE ISSUANCE OF THE MANAGEMENT PLAN, THE MANAGING DIRECTOR FORMED THE TERMINATION PROGRAM OFFICE. R. A. DELORENZO WAS APPOINTED PROGRAM DIRECTOR. OUR INITIAL EFFORTS WERE RELATED TO ESTABLISHMENT OF A PROGRAM TEAM, WHICH WOULD BE RESPONSIBLE FOR IMPLEMENTATION OF THE PLAN. THAT TEAM HAS BEEN FORMED.

IN THE FIRST WEEK OF FEBRUARY INITIAL DIRECTION WAS PROVIDED TO SUPPLY SYSTEM PERSONNEL REGARDING SUSPENSION OF ANY ONGOING WORK. ALL CONTRACTOR WORK WAS SUSPENDED (STOPPED) EXCEPT WHERE A DEFINITE DECISION TO CONTINUE WORK COULD BE MADE FOR ONE OR MORE OF THE FOLLOWING REASONS:

- TO CONTINUE IN FORCE THE LICENSES FOR WNP-4 AND WNP-5
- CONTINUATION OF WORK RESULTS IN LESS NET COST TO THE PROJECT THAN TERMINATION.
- FOR MAINTENANCE OF SAFETY-RELATED OR LONG-LEAD-TIME MAJOR ITEMS
- TO PERFORM RECEIVING INSPECTIONS AND STORAGE.
- TO PROCESS 10CFR50.55(e) REPORTS AND I&E BULLETINS.
- TO CONTINUE DEMOBILIZATION OR CONTRACT CLOSEOUT ALREADY IN PROCESS.

PROGRAM DIRECTOR'S SUMMARY (CONTINUED)

FURTHER DIRECTION WAS PROVIDED SHORTLY THEREAFTER REGARDING ISSUANCE OF NOTICES OF TERMINATION TO CONTRACTORS AND VENDORS. NOTICES ARE TO BE ISSUED FOR ALL CONTRACTS *EXCEPT* WHERE WORK IS TO CONTINUE FOR THE ABOVE REASONS, OR:

- LEAD TIME FOR PROCUREMENT OF THE TERMINATED EQUIPMENT, MATERIAL OR WORK UNDER A NEW OR REISSUED CONTRACT WOULD CRITICALLY IMPACT RESUMPTION OF CONSTRUCTION BY A NEW OWNER.
- TO PERFORM MAINTENANCE OR OTHER WORK ACTIVITIES REQUIRED DURING THE TERMINATION PROGRAM.

CONTRACTS TO BE TERMINATED ARE BEING DIVIDED INTO TWO CATEGORIES.

- CATEGORY 1: THOSE CONTRACTS TO BE TERMINATED IMMEDIATELY.
- CATEGORY 2: THOSE CONTRACTS TO BE TERMINATED LATER DURING TERMINATION PHASE I.

CONTRACTS TO REMAIN IN EFFECT ARE CONTAINED IN A SINGLE CATEGORY.

- CATEGORY 3: THOSE CONTRACTS TO REMAIN IN EFFECT DURING PHASE I TO PRESERVE THE ASSETS/LICENSES OR TO ALLOW POSSIBLE SALE OF THE COMPLETE PLANT TO A PROSPECTIVE OWNER.

MONTHLY PROGRESS REPORT	WASHINGTON PUBLIC POWER SUPPLY SYSTEM 4/5 TERMINATION PROGRAM	DATE: 2/28/82 NAME: R. A. DELORENZO
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MAJOR MILESTONES

COMPLETED IN FEBRUARY:

- TERMINATION PROGRAM OFFICE ESTABLISHED; TEAM MEMBERS APPOINTED.
- ADMINISTRATIVE AND GENERAL BUDGET AND WBS PROGRAMS DEVELOPED AND FUNCTIONAL.
- NOTIFICATION OF TERMINATION SENT TO OUTSIDE PARTIES.
- REVIEW/APPROVAL REQUIREMENTS DEFINED FOR COMMERCIAL ACTIONS.
- GARDINIER FUELS CONTRACT SETTLEMENT COMPLETED.

TO BE COMPLETED IN MARCH:

- APPROVAL OF "FINAL" MANAGEMENT PLAN.
- COMPLETION OF SITE TERMINATION PLANS.
- IDENTIFICATION OF CATEGORY 1, 2, & 3 CONTRACTS.

MONTHLY PROGRESS
REPORT

WASHINGTON PUBLIC POWER SUPPLY SYSTEM
4/5 TERMINATION PROGRAM

DATE: 2/28/82
NAME: R. A. DELORENZO

CRITICAL ITEMS

CRITICAL ITEMS

- PARTICIPANT COMMITMENT TO \$70.5 MILLION IN TERMINATION PROGRAM LOANS.
- RESOLUTION OF PACIFIC POWER & LIGHT INTERFACE.

PROGRAM DIRECTOR'S SUMMARY

This is the second monthly status report for the WNP-4/5 Termination Program, and covers the period March 1 through March 31, 1982. During that period, the Participants fully committed to the \$70.5 million Termination Program loans; executed notes have been provided to the lending Participants. No further action by the Supply System is necessary to make the loan agreements effective.

With the issuance of "Guidelines for WNP-4/5 Contract Termination Settlements," and the Program Directive for the "WNP-4/5 Business Action Approval Process," the internal Supply System methodology for contract termination and settlement has been established. On-going efforts to identify review and approval requirements by the Participants and Pacific Power & Light Company should lead to revision of the Termination Management Plan, incorporating those requirements. In the meantime, negotiations are in process with both the Participants and PP&L.

The Termination Program Team is in the process of developing a detailed Program Budget for the termination period (Phase I and Phase II). Upon completion of budget preparation, the budget will be submitted for internal approval, through the Supply System Board of Directors, and then to the Participants' Committee and PP&L. At this time, there have been no projected expenditures identified which would cause the total \$343 million Termination Budget to be exceeded.

As part of the contract classification efforts, those contracts have been identified which must remain active to preserve the assets, maintain the licenses, and provide for possible resale to another owner. The monthly costs for these contracts have been estimated. Additionally, the costs for Architect/Engineer, Construction Manager, and Owner's Administrative and General expenses have been reviewed to determine an upper bound for these costs. (This is an upper bound because it includes all costs during Phase I in these categories, not just preservation costs). As a result of these efforts, the following estimated costs reflect the "upper bound" on the costs to preserve the assets/retain the licenses during Phase I. It should be noted that transition from Phase I to Phase II would not eliminate all of these costs.

	WNP-4	WNP-5 (\$ in thousands)	Total
Mar-Dec 1982 (10 Months)	\$5,066	\$6,082	\$11,148
Monthly (Average)	\$ 507	\$ 608	\$ 1,115
Annualized	\$6,080	\$7,300	\$13,380

PROGRAM DIRECTOR'S SUMMARY (continued)

Preparation of the Termination Budget will segregate the A/E, CM and Owner's A&G costs for preservation of the assets/retention of the licenses from other Phase I costs. When segregation of those costs allows evaluation of the reduced costs strictly required to preserve the assets/retain the licenses, the revised cost estimates will be published.

Efforts to sell the projects in their entirety are in the preliminary stages. Actions include establishment of an advisory committee of the Board of Directors (including representatives of the participants and PP&L) and drafting of a summary description of the projects for sales purposes, as well as maintenance of the construction permits and preservation of key contracts and assets.

Insufficient information is currently available to determine whether there is a reasonable chance of sale of the plants at a reasonable price, and it would not be justified to foreclose that option until that information becomes known. The most significant item since termination is the Independent Review of WNP-4 and WNP-5 mandated by the 1981 Legislature, issued March 22, 1982, which recommends that every effort be made to preserve the option of completing the plants.

Sales of component assets and transfers to other Supply System projects are limited to date, in compliance with the guidelines of the Management Plan for Termination. Only one significant disposition, transfer of a \$600,000 computer from WNP-4 to WNP-1 has occurred.

At this time, the Termination Program Office believes it is prudent to continue to sell non-essential assets (as defined in the Management Plan) and to preserve the assets and retain the licenses, while continuing those efforts directed toward the sale of the complete plants. As further information becomes available the Program Office will continue to review whether it is prudent to continue efforts to sell the projects as complete units and will make appropriate recommendations to the Participants and PP&L.

MAJOR MILESTONES

COMPLETED IN MARCH:

- PARTICIPANTS' COMMITMENT TO \$70.5 MILLION IN CONTROLLED TERMINATION LOAN FUNDS.
- IDENTIFICATION OF CATEGORY 1, 2 & 3 CONTRACTS.
- DRAFTS OF SITE TERMINATION PLANS COMPLETE.
- SUMMARY PROJECT DESCRIPTIONS PREPARED FOR SALE OF PLANTS.

TO BE COMPLETED IN APRIL:

- APPROVAL OF "FINAL" MANAGEMENT PLAN.
- APPROVAL OF "FINAL" SITE TERMINATION PLANS.
- PREPARATION OF FY '83 BUDGET.
- ESTABLISHMENT OF SALES TEAM FOR ASSETS DISPOSAL.

CRITICAL ITEMS

- RESOLUTION OF PACIFIC POWER & LIGHT INTERFACE