

PERKINS, COIE, STONE, OLSEN & WILLIAMS

ANCHORAGE OFFICE

SUITE 301

420 "L" STREET

ANCHORAGE, ALASKA 99501

TELEPHONE: 907-279-8581

TELECOPIER: 907-276-3108

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

1900 WASHINGTON BUILDING

SEATTLE, WASHINGTON 98101

TELEPHONE: 206-682-8770

TELECOPIER: 206-682-8784

CABLE "PERKINS SEATTLE"

TELEX: 32-0319

PLEASE REPLY TO SEATTLE OFFICE

DOCKETED
USNRC

WASHINGTON, D.C. OFFICE

SUITE 1200

1110 VERMONT AVENUE, N.W.

WASHINGTON, D.C. 20005

TELEPHONE: 202-887-9030

JUL 28 11 15 AM '82
mdv
OFFICE OF SECRETARY
DOCKETING & SERVICE
BRANCH

July 26, 1982

Mr. Nicholas D. Lewis, Chairman
Energy Facility Site Evaluation Council
Mail Stop PY-11
4224 Sixth Avenue S.E.
Olympia, Washington 98504

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

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

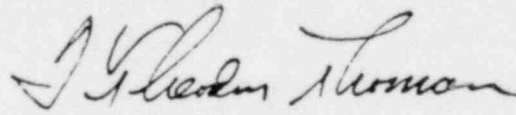
Gentlemen:

For the information of the Board, the Council, and the Parties we are enclosing a copy of Mr. Myers' letter (PLN-263) of July 16, 1982 to Mr. Regan, including Puget Power's attached responses to the four questions set forth in Mr. Regan's June 24 letter to Puget Power.

Very truly yours,

PERKINS, COIE, STONE,
OLSEN & WILLIAMS

By



F. Theodore Thomsen
Attorneys for Applicants

FTT:kd

cc w/enc: EFSEC Distribution List
NRC Service List

8207290191 820726
PDR ADOCK 05000522
G PDR

DS03

PUGET SOUND POWER & LIGHT COMPANY

PUGET POWER BUILDING - (206) 454-6363
BELLEVUE, WASHINGTON 98009

July 16, 1982
PLN-263

Mr. W. H. Regan, Jr., Chief
Siting Analysis Branch
Division of Engineering
Office of Nuclear Reactor Regulation
U. S. Nuclear Regulatory Commission
Washington, D. C. 20555

Dear Mr. Regan:

Puget Sound Power & Light Company
Skagit/Hanford Nuclear Project, Units 1 & 2
Docket Nos. 50-522 and 50-523
Need-For-Power Issue

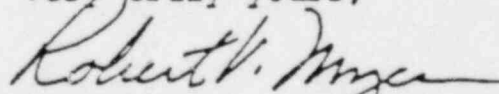
This is in response to your letter dated June 24, 1982, to Mr. Frank A. Spangenberg regarding the need-for-power issue.

We remain convinced that the Skagit/Hanford Nuclear Project (S/HNP) should be available as a resource option for the future, and that a demonstration of need can be made. We are currently developing a revised need-for-power section for our Application for Site Certification/Environmental Report, which we plan to file during the latter part of August. That amendment will address all available forecasts and will utilize an approach that we believe will be consistent with the draft Regional Power Plan when it is issued later this year. We, therefore, believe that the Final Environmental Statement can and should be issued this Fall, following your review of the updated information.

Our application has been under review since 1974. We believe there is considerable merit to concluding that review in a timely manner, which would include issuance of the FES in the timeframe suggested and the conduct of other activities leading to commencement of the environmental hearings in April, 1983.

We plan to discuss these matters with you at the meeting scheduled for July 21, 1982. In addition, we are enclosing our specific responses to the questions set forth in your June 24 letter.

Very truly yours,



Robert V. Myers
Vice President
Generation Resources

~~3247224397~~

Enclosure

ATTACHMENT TO PLN-263

July 16, 1982

Question 1:

Is the Applicant going to depend on a guarantee of the Bonneville Power Administration acquisition of power from the Skagit/Hanford Project before proceeding with construction?

Response:

Not necessarily. Selling the output of the S/HNP to the Bonneville Power Administration under the provisions of the Regional Power Act may be one option available to the Applicants. The resulting assured revenue stream from Bonneville would presumably make financing of the Project easier and less expensive than if the Applicants pursued conventional financing methods. There are drawbacks to such a sale, however. The seriousness of such drawbacks will depend on future circumstances. An example of such a drawback would be that the Applicants would have to rely on other resources to meet their load requirements. A likely candidate would be long-term power supply contracts from Bonneville, but presently there is no assurance this would be less expensive than retaining the Project output to meet load. Depending on legislative, regulatory, economic and tax developments, there could be mechanisms available to the Applicants to finance the Project on reasonable terms without selling the output to Bonneville and taking power supply contracts from Bonneville in return. Therefore, it is not the Applicants' position that acquisition by Bonneville of the Project output is currently a condition to proceeding with construction.

Question 2:

If the answer to the previous question is negative, what would the decision to construct the Project be based on?

Response:

The decision to proceed with the construction of the S/HNP, as we have stated in other forums throughout the region, will be based upon a number of considerations. The ultimate decision is, of course, one of need for the S/HNP and economics. Among the factors we have identified as affecting the economics of the Project are an improved regulatory climate which will introduce certainty into the construction and operation of the Project -- both with respect to the time to construct and the extent and nature of changes which might be imposed upon the Project during its construction and subsequent operation.

The financial and economic climates which exist at the time the decision is made obviously have significant impacts. A period of high inflation and interest rates, such as we experienced over the past few years, will have a substantial and negative impact on the relative economics of capital intensive nuclear projects. On the other hand, the controlled inflation rates and lower interest rates we experienced in the early 70's might prove very favorable to a nuclear project.

In addition, the labor climate which exists at the time this decision is made, and the type of labor agreement that can be reached, will have an economic impact and affect the decision. An environment where frequent work stoppages, wildcat strikes and labor difficulties can occur can greatly increase the economic uncertainty associated with a project of any type, but particularly can impact nuclear power projects.

The need-for-power considerations influencing a decision to construct the Project are discussed in the response to Question 3.

Question 3:

What forecast will need-for-power for the Project be based on?

Response:

In April 1983, the Regional Power Council, created by the Pacific Northwest Electric Power Planning and Conservation Act, 94 Stat. 2697, will publish a regional conservation and electric power plan. It is anticipated this plan will contain a range of electric demand forecasts for the region that will provide significant planning information. While the regional plan is not likely to identify each individual planned generating resource, it is expected it will, as a minimum, define a low and high average annual growth rate through the year 2000, which will assist utilities and the region in determining the type and timing of resources to be constructed and the range of years during which resources will be needed.

In addition to the Regional Council's plan, the four utilities sponsoring the S/HNP will review their own forecasts to assess the need for the S/ENP.

Thus, to the extent the S/HNP will be available as one of the regional resources for meeting regional needs in the future, the Regional Council's plan will be significant in determining need. To the extent the S/HNP is needed to meet loads of the sponsoring utilities, their forecasts will be significant.

Question 4:

What is the Applicants' current position on the possibility of acquisition of Washington Public Power Supply System Units 4 and 5?

Response:

At this time it is not possible to determine whether the Applicants should undertake acquisition of WPPSS Units 4 and 5. Many important economic, contractual, licensing and operating factors must be considered. Among these are how the purchase price would be determined, how the price would be paid, and how the nuclear steam supply system and associated equipment for the S/HNP Unit 1 would be disposed of; what warranties would be obtained, whether the current architect-engineer would be retained, and how construction errors discovered after purchase would be handled; how the status of the units would be determined at time of purchase, what problems would be associated with transferring licenses, and what unresolved problems would be assumed; and the potential problems in sharing facilities and the site.

In addition to these factors, the future power needs in the region will be a significant factor. Should we experience a high rate of growth, the WPPSS units may well be needed in addition to the S/HNP.

The Applicants do not believe it will be feasible to resolve these matters and make a decision on the possible acquisition of WPPSS Units 4 and 5 until after issuance of construction permits for the S/HNP.

In our view, both WPPSS Units 4 and 5 and the two S/HNP units should be among the resource options available in the future to meet regional power needs. The question of the proper mix of generating resources and the time when each will be needed are questions that can only be answered in the future, as some of the uncertainties now present are resolved and the economy enters a period of growth.

What is important now is the addition of the S/HNP units to the resource options available to the region, through issuance of construction permits on a timely basis.

Date July 26, 1982

APPLICANT

Mr. Ted Van Decar
Senior Environmental Engineer
Puget Sound Power & Light Company
Puget Power Building
Bellevue, WA 98009

Mr. Gordon W. Jacobsen
Vice President, Nuclear Projects
Northwest Energy Services Company
P.O. Box 1090
Kirkland, WA 98033

Mr. F. Theodore Thomsen
Perkins, Cole, Stone,
Green & Williams
1900 Washington Building
Seattle, WA 98101

EXECUTIVE SECRETARY

Mr. William L. Fitch
Executive Secretary
Energy Facility Site
Evaluation Council
Mail Stop PY-11
Olympia, WA 98504

COUNCIL

Mr. Nicholas D. Lewis, Chairman
Energy Facility Site
Evaluation Council
Mail Stop PY-11
4224 Sixth Avenue S.E.
Olympia, WA 98504

Mr. Art Scheunemann
Department of Agriculture
General Administration Building
Mail Stop AX-41
Olympia, WA 98504

Mr. Merlin Smith
Comm. & Economic Development
General Administration Building
Mail Stop AX-11
Olympia, WA 98504

Mr. Fred D. Hahn
Department of Ecology
Mail Stop PV-12
Olympia, WA 98504

Mr. David H. Guier
Dept. of Emergency Services
4220 East Martin Way
Mail Stop PT-11
Olympia, WA 98504

Mr. John G. Douglass
State Energy Office
400 East Union
Mail Stop ER-11
Olympia, WA 98504

Dr. Charles Woelke
Department of Fisheries
General Administration Building
Mail Stop AX-11
Olympia, WA 98504

Mr. Jon Gilstrom
Department of Game
600 North Capitol Way
Mail Stop GJ-11
Olympia, WA 98504

Mr. John L. Chambers
Department of Natural Resources
Public Lands Building
Mail Stop QW-21
Olympia, WA 98504

Mr. Claude E. Lakewold
Office of Financial Management
House Office Building
Mail Stop AL-01
Olympia, WA 98504

Mr. John A. Clark
Parks and Recreation Commission
7150 Cleanwater Lane
Mail Stop KY-11
Olympia, WA 98504

Mr. Bert Baron
Planning & Community Affairs
400 Capitol Center Building
Mail Stop GH-51
Olympia, WA 98504

Mr. Sam I. Reed
Social and Health Services
Mail Stop LD-11
Olympia, WA 98504

Mr. Thomas C. Stacer
Washington Utilities and
Transportation Commission
Highways and Licenses Building
Mail Stop PB-02
Olympia, WA 98504

Mr. Joe Bell
Department of Transportation
Highway Administration Building
Mail Stop KF-01
Olympia, WA 98504

COUNSEL FOR THE COUNCIL

Mr. Kevin M. Ryan
Assistant Attorney General
Temple of Justice
Mail Stop AV-21
Olympia, WA 98504

COUNCIL LEGAL OFFICERS

Mr. Patrick Biggs
Legal Officer
Energy Facility Site
Evaluation Council
Mail Stop PY-11
Olympia, WA 98504

Darrel L. Peoples
Legal Officer
Energy Facility Site
Evaluation Council
Mail Stop PY-11
Olympia, WA 98504

COUNCIL FOR THE ENVIRONMENT

Mr. Thomas R. Bjorgen
Assistant Attorney General
Mail Stop AQ-01
Temple of Justice
Olympia, WA 98504

AGENCY PARTIES

Mr. Spencer W. Daniels
Assistant Attorney General
Department of Transportation
Mail Stop KP-01
Olympia, WA 98504

Mr. R. C. Schuster
District Administrator
Department of Transportation
P.O. Box 52
Yakima, WA 98907

Mr. Charles Lean
Department of Ecology
Mail Stop PV-11
Olympia, WA 98504

James M. Johnson
Paul S. Majkut
Assistant Attorneys General
Departments of Fisheries
and Game
Temple of Justice
Mail Stop PB-53
Olympia, WA 98504

COUNTY MEMBER

Commissioner William H. Sebero
Board of Benton County Comm.
Benton County Courthouse
Pasco, WA 99301

INTERVENORS

Frank J. Owens, Esq.
Construction Impact Group
Owens, Weaver, Davies & Dominick
926 - 24th Way S.W.
Olympia, WA 98502

Mr. Robert C. Lothrop
Attorney for Columbia River
Inter-Tribal Fish Commission
Suite 320
8383 N.E. Sandy Blvd.
Portland, OR 97220

ATOMIC SAFETY AND LICENSING BOARD

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

Dr. Frank F. Hooper
Administrative Judge
Atomic Safety and Licensing Board
School of Natural Resources
University of Michigan
Ann Arbor, MI 48190

Mr. Gustave A. Linenberger
Administrative Judge
Atomic Safety and Licensing Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Judge Robert Lazo
Atomic Safety and Licensing Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

NRC STAFF

Richard L. Black, Esq.
Office of the Executive Legal Director
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Mr. Jan A. Norris
Senior Siting Engineer
Siting Analysis Branch
U.S. Nuclear Regulatory Commission
M/S AR-5200
Washington, D.C. 20555

COMMISSION

Secretary of the Commission
Docketing and Service Branch
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

LICENSING BOARD

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

Dr. Frank F. Hooper
Administrative Judge
Atomic Safety and Licensing Board
School of Natural Resources
University of Michigan
Ann Arbor, MI 48190

Mr. Gustave A. Linenberger
Administrative Judge
Atomic Safety and Licensing Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

APPEAL BOARD

Alan S. Rosenthal, Chairman
Atomic Safety and Licensing
Appeal Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Dr. John H. Buck, Member
Atomic Safety and Licensing
Appeal Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Michael C. Farrar, Member
Atomic Safety and Licensing
Appeal Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

NRC STAFF

Richard L. Black, Esq.
Counsel for the NRC Staff
U.S. Nuclear Regulatory Commission
Office of the Executive Legal
Director
Washington, D.C. 20555

INTERESTED STATES AND COUNTIES

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

Kevin M. Ryan, Esq.
Washington Assistant Attorney
General
Temple of Justice
Olympia, WA 98504

Frank W. Ostrander, Jr., Esq.
Oregon Assistant Attorney General
500 Pacific Building
520 S.W. Yamhill
Portland, OR 97204

Bill Sebero, Chairman
Benton County Commissioner
P.O. Box 470
Prosser, WA 99350

APPLICANTS

F. Theodore Thomsen
Perkins, Coie, Stone,
Olsen & Williams
1900 Washington Building
Seattle, WA 98101

David G. Powell, Esq.
Lowenstein, Newman, Reis & Axelrad
1025 Connecticut Avenue N.W.
Washington, D.C. 20036

James W. Durham, Esq.
Senior Vice President
General Counsel and Secretary
Portland General Electric Company
121 S.W. Salmon Street
Portland, OR 97204

APPLICANTS (cont.)

Warren G. Hastings, Esq.
Associate Corporate Counsel
Portland General Electric Company
121 S.W. Salmon Street
Portland, OR 97204

Richard D. Bach, Esq.
Stoel, Rives, Boley, Fraser & Wyse
2300 Georgia Pacific Building
900 S.W. Fifth Avenue
Portland, OR 97204

OTHER

Nina Bell, Staff Intervenor
Coalition for Safe Power
Suite 527, Governor Building
408 S.W. Second Avenue
Portland, OR 97204

Ralph Cavanagh, Esq.
Natural Resources Defense Council
25 Kearny Street
San Francisco, CA 94108

Terence L. Thatcher, Esq.
NWF and OEC
708 Dekum Building
519 S.W. Third Avenue
Portland, OR 97204

Mr. Robert C. Lothrop
Attorney for Columbia River
Inter-Tribal Fish Commission
Suite 320
8383 N.E. Sandy Blvd.
Portland, OR 97220

James B. Hovis
Yakima Indian Nation
c/o Hovis, Cockrill & Roy
316 North Third Street
P.O. Box 487
Yakima, WA 98907

Canadian Consulate General
Donald Martens, Consul
412 Plaza 600
6th and Stewart Street
Seattle, WA 98101