

Higher Arizona Nuclear Project Costs Predicted

By Thorne Gray
Modesto Bee Staff Writer

An independent consultant hired by the Modesto Irrigation District and the city of Redding has warned that the Arizona Nuclear Power Project is likely to end up costing

nearly \$1 billion more than now anticipated.

That could raise the partner-agencies' cost of buying into the project, although the amount of the increase remained uncertain Tuesday as the consultant's report was made public in Modesto Tuesday.

The consultant, Ebasco Services Inc., said the massive nuclear project 50 miles west of Phoenix appears to be right on schedule and within its \$3.9 billion budget.

But the schedule and budget are tight, the report said, warning Modesto and Redding that they should plan on the project falling behind and costing more.

The news didn't stop the Modesto Irrigation District Board of Directors from adopting an enabling ordinance to carry out the purchase and from setting a June 8 vote on the matter. The city of Redding will vote on the proposal in April.

Assuming their voters agree, the agencies are planning to sell some \$300 million in bonds or notes later this year to finance the acquisition. A 3.9 percent share of the project is for sale by the El Paso Electric Co., which wants capital for a transmission venture. Of that, the Modesto district would buy 83 percent and Redding the rest at a combined cost of \$157 million, plus more for financing, taxes, cooling supply, transmission lines and nuclear fuel.

Because they will go to the bond market for money, Redding and the irrigation district hired Ebasco for an independent study of the nuclear project.

Unit 1 of the Arizona project currently is more than 90 percent complete and expected to begin operating by May 1983, Ebasco found. Unit 2 is set for completion in May 1984 and Unit 3 in May 1986.

Ebasco offered several alternative, and slower, completion schedules, each with a correspondingly

higher price tag. Delays are likely to occur because of the time it takes to get a completed plant fully tested and ready to run, the consultant's report said. At the Arizona project, like other projects around the nation, that turnover process already is 2½ months behind schedule and not moving as fast as construction has moved.

The most likely schedule would set back Units 1 and 2 by eight months and Unit 3 by nine months and would cost \$4.85 billion, Ebasco found.

Charles Viss, MID's assistant general manager for power resources, said that would raise the cost to MID and Redding from \$157 million to \$192 million, with an undetermined impact on the estimated \$300 million total investment.

Press Intelligence, Inc.
WASHINGTON, D.C. 20005

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Real need for n-power?

With all the debate over nuclear power, let us not forget that it supplies only three percent of the energy we use in the United States, and that it is never likely to supply more than nine percent. The latter figure is not from environmental groups but from the Shell Oil Company.

Energy conservation, or using energy wisely, could save more than that. Do you really want all the problems that come with nuclear power for this small amount of energy?

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