

Bechtel Power Corporation

Engineers - Constructors
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Washington, DC 20006

F. M. Staszky, Jr.
Manager of Government Relations - Power

July 24, 1984

Mr. Harold R. Denton
Director
Nuclear Regulatory Commission
1717 H Street, N.W.
Washington, D.C. 20555

Dear Mr. Denton:

Last week, the Consumers Power Company Board of Directors in Jackson, Michigan was forced to cancel the Midland Nuclear Power Station. We at Bechtel believe this event represents a tragedy of national proportions and we are sure it is of concern to you as a senior member of the Nuclear Regulatory Commission.

Midland represents the fifth and sixth nuclear units to be abandoned or suspended in the central industrial region so far this year. At this point, each new cancellation announcement sends a wave of apprehension through the financial community and a shock of alarm through the utility industry. True, there have been numerous cancellations before; but there are major differences.

Until now, the units had not started construction or were in early phases, so that a cancellation did not create the dilemma of who would pay the enormous costs of a nearly completed and abandoned facility. Furthermore, until recently, the cancellations only served to reduce large generating reserve margins. Now, however, almost every cancellation creates an economic and social tragedy of sunk cost responsibility undermining the financial integrity of the utilities. Each event reduces reserve margins to the point where load growth only slightly above forecasts will create shortages in the early 1990's. In fact, for the past 52 weeks electric production has grown at 8.3% in contrast to an aggregate industry forecast over the next decade of only 2.7% per year. We at Bechtel are extremely concerned over an acceleration of plant cancellations and foresee a potential for a domino effect of electric utility bankruptcies.

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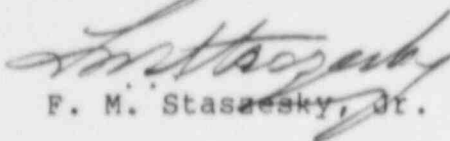
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Attached is a copy of a letter by Bechtel Power Corporation President, Harry O. Reinsch, to Bechtel employees describing the circumstances surrounding the cancellation of the Midland project. As Mr. Reinsch points out, the time has clearly come for changes to be made in the electric utility regulatory process to protect the interests of the majority of Americans against the small cadre of no-growth special interest groups who now dominate the energy regulatory process. Worse yet, under the current system of regulation these groups are totally unaccountable for their actions.

For the past several years, we at Bechtel have become increasingly concerned over the course of events which results today in an electric utility industry financially hamstrung and unable to meet its future obligations to customers to provide needed supplies of electricity at a reasonable price. We feel now that the utility industry stands on the precipice of a catastrophe. While some may not view this as the condition on a near-term basis, long-term consequences are being set in motion based on today's decisions. As such we feel that responsible organizations and individuals can no longer ignore this problem and assume that some miracle will occur to make the problem go away.

By this letter, we would like to take this opportunity to call on your support to bring to the attention of the American public, Congress and the Administration the concern which we feel you share with us over the serious implications a shortage of electricity in the United States would entail. The time has clearly passed when responsible organizations and individuals can stand idly by and watch a situation develop which could result in a stagnation of our economic growth and a threat to our national security.

Sincerely,


F. M. Staszek, Jr.

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Attachment



HARRY REINSCH
PRESIDENT, BECHTEL POWER CORP.

A TRAGIC LOSS

To: All Bechtel Employees

The decision to shut down construction at the Midland Nuclear Power Project is a tragedy. That shutdown will have an adverse impact for more than three decades on Michigan. It obviously also has an immediate adverse impact on Bechtel Power Corporation.

The Midland plant remains today a sound effort and one which should have a place in meeting Michigan's power needs and providing the additional electricity capacity necessary to sustain our future economic growth and create jobs. Instead, the tremendous investment of manpower and money is being wasted. The costs to Michigan are staggering and will be felt for years:

- o Initially an investment of \$3.5 billion already on the ground will be wasted.
- o Over the life of the Midland plant, Michigan will pay \$11 billion more for alternative energy supplies than if Midland were completed.
- o Michigan soon will lose 4,450 jobs related to the construction and 5,000 permanent jobs the plant would have created. Bechtel has 3,350 jobs directly related to the project. Subcontractors have 1,100.
- o Michigan taxing agencies will lose \$2 billion in taxes the plant would have generated.

The demise of Midland ultimately was brought about by a virulent no-growth anti-power lobby seeking to weaken the very society in which it lives. That group has taken upon itself the responsibility to decide that power supplies for growth are not needed. Under the current system it can be frivolous, deceitful and even malicious yet never be held accountable for the impact and monumental costs it causes. The no-growth anti-power lobby must be held accountable for its actions.

The overwhelming majority of the American people continues to pay for the actions of those few who abuse the system. Clearly changes must be made by Congress to protect the interests of

the majority of Americans against the small no-growth anti-power lobby that now dominates the regulatory process.

We regret that the coalition seeking a shutdown did not see fit to accept proposals by Consumers Power Company to continue construction, which included a substantial assistance package by the Bechtel Power Corporation.

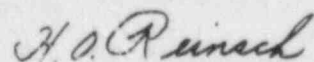
Nevertheless, the Consumers Board of Directors acted in good faith and we must accept its decision. We want to assure our employees that Consumers' decision for abandonment was one it attempted to avoid at all costs, and Bechtel's Ann Arbor Power Division must now begin the demobilization process.

We are prepared to initiate an orderly, step-by-step shutdown and work to keep as many of our employees as we possibly can. Arrangements are already made in many cases to transfer employees to other Ann Arbor Power Division offices and jobsites, as well as to other assignments in the worldwide Bechtel organization. Employees will report to work as usual for instructions from their supervisors.

Other steps include our efforts to assist layoff candidates to communicate with potential employers; Consumers Power has agreed to support a job fair at the Midland jobsite in the near future.

We salute the thousands of engineers, craft workers, technicians, secretaries, and all other skills who worked with dedication on the project. We strongly believe that it is imperative that the investment of Consumers Power and the fine efforts of the Midland Project team not be lost as a resource. We will continue to work with Consumers Power to see that this plant will not be closed forever.

Sincerely,



Harry O. Reinsch

PLEASE SHARE THIS INFORMATION WITH
THOSE UNDER YOUR SUPERVISION

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