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11-8-83

The Honorable Jim Weaver, Chairman  
Subcommittee on Mining, Forest Management  
and Bonneville Power Administration  
Committee on Interior and Insular Affairs  
United States House of Representatives  
Washington, D. C. 20515

Dear Mr. Chairman:

This is in response to your letter to Chairman Palladino, dated October 11, 1983, in which you asked the status of the review of the current financial situation of the Washington Public Power Supply System (WPPSS) on licensing of WPPSS Nuclear Project No. 2 (WNP-2).

The newspaper article implying that such a financial review is being performed is not correct. The NRC staff completed the financial review for an operating license for WNP-2 in February 1982. The staff concluded (in accordance with 10 CFR 50.33(f)) that WPPSS had demonstrated reasonable assurance that it could obtain the funds necessary to cover estimated operating and eventually decommissioning of the plant. On March 31, 1982, the Commission issued a rule change eliminating its financial qualification reviews of electric utilities constructing and operating nuclear power plants (47 FR 13750). The Commission determined that such reviews of electric utilities were ineffective in promoting the Commission's public health and safety objective.

Under the provisions of 10 CFR 50.54(w) an electric utility licensee for a nuclear power plant must maintain on-site property damage insurance equal to a formula of certain minimum coverage available from insurers. At present that coverage would be at least \$568 million for WNP-2. WPPSS could be expected to use the proceeds from such insurance to cover costs of on-site property damage. In case of liability arising from injury to a member of the public, WPPSS would be covered by provisions of the Price-Anderson Act. Also, Bonneville Power Administration's substantial involvement in financing and utilization of the WPPSS nuclear units might lead BPA to support accident recovery.

I trust the above information is responsive to your request. I would be pleased to provide any additional information relating to this matter which you may find necessary.

Sincerely,

William J. Dircks  
Executive Director for Operations

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