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6-23-83

STAFF RESPONSES TO COALITION FOR SAFE POWER FIRST SET OF

INTERROGATORIES, JUNE 9, 1983

Docket No. 50-460 CPA

INTERROGATORY 15: (a) Is it your position that BPA support is necessary to the financing of WNP-1?

(b) if your answer to Interrogatory 15(a) is in the affirmative, identify and give full details with respect to all information upon which you base that statement.

Response: Yes. BPA is involved contractually with WPPSS and WNP-1 participants as a power transmitting and coordinating agent to such an extent that its support is necessary to the financing of WNP-1. BPA is an integral party to (1) the WNP-1 Net Billing Agreements with the Participants (the publicly and cooperatively owned utilities); and (2) the WNP-1 Exchange Agreements with the Companies (the investor-owned utilities). Under these contracts the utilities will assign the WNP-1 capability to BPA which in turn will transmit the power and exercise a billing function, among other things.

INTERROGATORY 16: Is it your position that the financial support or lack of financial support by BPA for WNP-1 would have an effect on the financing costs of WNP-1?

Response: Because of the integral nature of BPA's involvement in the WNP-1 project, noted above, BPA's support is probably essential to WPPSS's ability to obtain financing at all for WNP-1. The effect of

BPA's financial support or lack of financial support on WNP-1 financing costs is therefore a moot question.

INTERROGATORY 17: Is it your position that the opinion of BPA as to when WNP-1 should go into commercial operation would have an effect on the financing costs of WNP-1?

Response: No. It is our opinion that the nature of BPA's involvement in the project gives BPA substantial influence over the decision as to when WNP-1 should go into commercial operation. The period and duration of construction do affect financing costs, not the fact that BPA influences the commercial operation date.

INTERROGATORY 18: (a) Is it your belief that BPA has the authority to disapprove any further financing of WNP-1 construction?

(b) If your answer to Interrogatory No. 18(a) is in the affirmative, explain fully the factual basis for that statement.

Response: Yes, indirectly. Although BPA does not to our knowledge have actual veto authority over WPPSS financing, BPA's significant role in the project gives it an advisory and concurrence function in decisions affecting the project such as financing.

INTERROGATORY 30: What is the effect of bond ratings on WPPSS ability to finance WNP-1? Explain fully and provide the basis for your response.

Response: Bond ratings have a direct effect on the interest rates that are paid on the bonds, or the cost of financing. A high bond rating indicates a perceived sense of security and low risk generally leading to a lower interest rate than for a lower rated bond of a similar type of security. Bond ratings and financing costs affect WPPSS' ability to finance WNP-1 to the extent that the System is able and willing to pay a given level of financing costs.

INTERROGATORY 31: If a bond rating service refused to rate WPPSS bonds, would WPPSS be able to finance the construction of WNP-1? Explain your answer.

Response: It is unlikely that WPPSS could raise the sums needed to finance WNP-1 if the bond rating services refused to rate WPPSS bonds for an extended period. Of particular significance would be the reason for the lack of rating. In addition a temporary rating suspension would not necessarily jeopardize the ability to finance over a long term.

INTERROGATORY 32: Is it your position that the Atomic Safety and Licensing Board Initial Decision (LBP-75-72, 2 NRC 922) for the Construction Permit found that the Bonneville Power Administration had the power to approve or disapprove the issuance of bonds by WPPSS? If yes, give the reasons in detail for approval and/or disapproval.

Response: Yes, indirectly. As in our response to Interrogatory No. 18, above, although BPA does not to our knowledge have actual veto authority over WPPSS financing, BPA's significant role in the project gives it an advisory and concurrence function in decisions affecting the project such as financing. In its Initial Decision the Licensing Board gave significant weight to BPA's role in financial arrangements for WNP-1. (slip op. pp. 6-11) It stated among other things that:

"The third level of security is the obligation of the United States Government (through the Bonneville Power Administration) ultimately to pay the debt securities issued by WPPSS for WNP-1. (slip op. p. 11.)

This statement was in the context of the Licensing Board's explanation that the first level of the bond's security is eventual revenues from operation of WNP-1 and that the second level of security is the contractual obligation of the utilities to pay WNP-1 construction and operation costs.

INTERROGATORY 33: Is it your position the ASLB Initial Decision (LBP-75-72, 2 NRC 922) found that BPA could control the construction of WNP-1? If yes, in what manner? Explain in detail the basis for your answer.

Response: Rather than using the word "control," it is probably more accurate to state that BPA has significant "influence" over the construction of WNP-1. The basis for this is given in our response to Interrogatory No. 32, above. In addition, our responses to

Interrogatory Nos. 15, 16, 17 and 18, above, discuss the nature of BPA's role.

INTERROGATORY 34: Is it your position that the original finding by the ASLB in its Initial Decision (LBP-75-72, 2 NRC 922) on WPPSS financing ability remains valid? Explain the basis for your answer in detail.

Response: We have not re-evaluated WPPSS' financial qualifications for this proceeding. On March 31, 1982 the NRC eliminated the review and litigation of electric utilities' financial qualifications to construct or operate nuclear power plants. (See 47 Federal Register 13750).

INTERROGATORY 36: Is it your position that the only reason the ASLB found WPPSS financially qualified is because of BPA financial backing?

(a) If yes, explain the basis in detail.

(b) If no, cite all the reasons you believe the finding of financial qualification.

Response: No. The Licensing Board relied on a number of factors to establish WPPSS financial qualifications. These were enumerated by the Board in paragraphs 1 through 9 on pages 6-12 (slip op.) of the Decision. BPA's participation was held to be one of a number of significant financial strengths for the project. ~~among others.~~



INTERROGATORY 40: Is cost of financing an issue in this proceeding? If so, why?

Response: The cost of financing is an issue in this proceeding only to the extent that WPPSS and BPA considered the issue vis-a-vis various construction schedules and financing alternatives relative to the WNP units.

INTERROGATORY 47: What is the difference between BPA withholding approval for financing and BPA disapproving of financing?

Response: Since the staff views BPA review authority over WPPSS financing as being indirect, it is difficult to differentiate between BPA "withholding approval for financing" and BPA "~~Dis~~approving financing."

INTERROGATORY 49: Is it your position that the only obstacle to financing of the WNP-1 was/is the BPA recommendation?

Response: No.