



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D. C. 20555

*Draft*  
*11/8/83*

November 8, 1983

To: Jerry ~~\_\_\_\_\_~~  
Darrel

From: Jim

Subject: WNP-1 Affidavit

Attached for your review and comment is my draft affidavit on the question of BPA's influence over the decision as to the planned completion date of WNP-1. The purpose of this affidavit is to seek summary disposition of the issue and thus avoid a hearing on the issue currently scheduled for Jan. 10. If we are not successful I will be testifying at that hearing.

Thanks for your assistance.

*Jim*  
Jim

cc: Bob

8409270324 840824  
PDR FOIA  
COHEN84-603 PDR

TO: Mary Wagner, ELD  
FROM: Jim Petersen, OSP

Draft  
11-8-83

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of )  
 )  
WASHINGTON PUBLIC POWER SUPPLY SYSTEM ) Docket No. 50-460 CPA  
 )  
(WPPSS Nuclear Project No. 1) )

AFFIDAVIT OF JIM C. PETERSEN  
IN SUPPORT OF SUMMARY DISPOSITION OF  
COALITION FOR SAFE POWER AMENDED CONTENTION 2

1. I, Jim C. Petersen, being duly sworn do depose and state: I am employed by the U.S. Nuclear Regulatory Commission in the Office of State Programs. A statement of my professional qualifications is attached. I am a NRC staff analyst currently assigned to the Washington Public Power Supply System (WPPSS or permittee) Nuclear Project No. 1 (WNP-1). I certify that I have personal knowledge of the matters set forth herein with respect to the extension of the construction completion date of the WNP-1 project, and that the statements made are true and correct to the best of my knowledge.

2. As admitted by the Licensing Board in its Memorandum and Order, dated March 25, 1983, the Coalition for Safe Power (CFSP) Amended Contention #2 states:

Petitioner contends that the Permittee's decision in April 1982 to "defer" construction for two to five years, and subsequent cessation of construction at WNP-1, was dilatory. Such action was without "good cause" as required by 10 CFR 50.55(b). Moreover, the modified request for extension of completion date to 1991 does not constitute a "reasonable period of time" provided for in 10 CFR 50.55(b).

3. Pursuant to 10 CFR 50.55(b), permittee requested an amendment to the WPPSS Nuclear Project No. 1. (WNP-1) Construction Permit No. CPPR-134. First, by letter dated July 21, 1981 permittee requested an extension of the latest construction completion date of January 1, 1982, to June 1, 1986. Subsequently, by letter dated January 11, 1983, permittee requested that its pending amendment request of July 21, 1981 be modified to request that the earliest construction completion date be modified to June 1, 1988, and the latest construction completion date be modified to June 1, 1991. Permittee cited six factors as cause for the construction completion delay. Those factors were evaluated and reported on by the staff in its Safety Evaluation Report, dated June 16, 1983. The purpose of this affidavit is to provide further evaluation of the permittee's claim that the sixth factor (quoted below) is one cause of the construction completion delay.

4. The sixth factor put forth by permittee as a reason for extension of its construction completion date is:

. . . recommendations of the BPA [Bonneville Power Administration] and WPPSS that the construction on WNP-1 be delayed for an additional period of two to five years (beyond June 1, 1986) due to load/response balance changes and economic factors identified in the BPA's report, "Analysis of Resource Alternatives," dated April 19, 1982. (Permittee's letter dated January 11, 1983.)

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The pertinent issue here is whether or not the relationship between BPA and WPPSS, and specifically the degree of BPA's influence over WPPSS, is such that BPA can control the planned construction completion date of WNP-1.

5. BPA's influence can be measured in at least two ways. First is the provision in the WNP-1 bond indenture which makes the BPA ultimately responsible for payment of principal and interest on the WPPSS revenue bonds issued to finance the project. Since WPPSS is a public agency its permanent financing for utility plants is all in the form of bonded indebtedness. There is no equity capital such as that contributed by the stockholders of an investor-owned utility. The first level of security for the WNP-1 revenue bonds is the revenues that will be collected from ratepayers who use electricity generated by the plant. The second level of security is evidenced by the Net Billing Agreements between WPPSS and the publicly-owned utilities and by the Exchange Agreements between WPPSS and the privately-owned utilities. These contracts, to which BPA is also a party, provide that each participating utility will pay its share of WNP-1 costs (including all debt service costs) regardless of whether or not WNP-1 is completed, operable or operating. The third level of security is provided by BPA's obligation through such contracts to make up any deficiencies in project costs (including all debt service costs) not provided by the participating utilities. Thus, BPA's financial stake (and financial responsibility) in the successful completion and operation of WNP-1 is so high as to give it de facto control over significant decisions on the project. It is reasonable that such control and influence should extend, as it does, to the planned completion date of the facility, a factor that has major financial and operating significance to BPA and to WPPSS.

6. A second measure of BPA's effective control over WNP-1 decisions is its approval authority over the issuance of WPPSS bonds to finance the project. The WNP-1 Project Agreement between BPA and WPPSS provides that BPA has approval/disapproval authority over WPPSS' issuance of WNP-1 revenue bonds. WPPSS must issue WNP-1 bonds in such amounts and at such times so as to fulfill the WPPSS budget and financial plan over which BPA has approval authority.

7. Based on the information set forth above, I conclude that EFA's involvement in the WNP-1 project is so substantial and so integral that it effectively has control over such decisions as the planned completion date of the project.

\_\_\_\_\_  
Jim C. Petersen

SUBSCRIBED and sworn to before  
me this        day of        , 1983

\_\_\_\_\_  
Notary Public  
My commission expires: