

50-397

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11-22-85

NOTE TO: Bill Travers
Technical Assistant, EDO

FROM: Jim Petersen
Senior Licensee Relations Analyst, OSP

SUBJECT: WPPSS' ASSURANCE OF FUNDING WNP-2 OPERATING AND DECOMMISSIONING COSTS

Subsequent to our telephone conversation late last week, I reconfirmed the following information with James Perko, Treasurer of WPPSS. The following is consistent with our financial qualifications analysis (copy attached) regarding WNP-2 operation that was issued just prior to the NRC rule change that eliminated such reviews of utility applicants.

There are three levels of assurance that WNP-2 operating costs and eventual decommissioning costs will be fully funded. The first level of assurance is provided by the revenues that will be collected from ratepayers who use electricity generated by the plant. The second level of assurance is evidenced by the Net Billing Agreements between WPPSS and the utility participants. These contracts, to which BPA is also a party, provide that each participating utility will pay its share of all WNP-2 costs regardless of whether or not WNP-2 is completed, operable or operating. The utilities are the municipal, cooperative and public utility district systems that have contracted with WPPSS and BPA to provide financial backing to

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UNITED STATES
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WASHINGTON, D.C. 20555

11-22-83

~~James~~

Daryl

Attached is a proposed note
to Bill Travers re his office's
concerns on the funding of WNP-2
operating costs. Comments?

Jim

Jim

add intention to be given
income of at least \$568 million
& looking into legal and cost
questions pertaining to their ability
to purchase additional property
insurance (we suggested this info
to J. Martin for his use in testimony
before Congress).

construction and operation of the unit in exchange for the unit's capacity. The third level of funding assurance is provided by BPA's obligation, through such contracts, to make up any deficiencies in WNP-2 project costs not provided by the participating utilities.

The overall WNP-2 operating budget was approved in spring 1983 by WPPSS, BPA and the participating utilities. WPPSS has established ^{stat.} and made an initial deposit into a sinking fund that is to provide for eventual decommissioning expenses. Provisions for the maintenance of the fund are covered by the Net Billing Agreements discussed above.

Jim Petersen

2-3 sentences for Bill Travers

Call Jones Park, WPPSS Truss. Action 11-23-83

Do rates include provision for full recovery from customers of eventual decommissioning costs. Yes
 Our SER stated that WPPSS was doing this.

Operations Budget Approved by ~~the~~

WPPSS, BPA, the participating utilities Yes
 in Spring '83,

gap

ROUTING AND TRANSMITTAL SLIP

Date

11-29-83

TO: (Name, office symbol, room number, building, Agency/Post)

Initials

Date

1. Bot	O.K. - see suggested	Jed	
2. Davel	addition	RSW	
3.	no comments		
4.			
5.			

Action	File	Note and Return
Approval	For Clearance	Per Conversation
As Requested	For Correction	Prepare Reply
Circulate	For Your Information	See Me
Comment	Investigate	Signature
Coordination	Justify	

REMARKS

Jerry asked that this memo to Travers be revised to add the additional words on the decommissioning sinking fund and the property insurance. Do you have any comments? I will include you or concurrence.

DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

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