

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

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MEMORANDUM FOR: William D. Travers
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Office of the Executive Director
for Operations

THRU: Darrel A. Nash, Section Leader
Licensee Relations Section
Office of State Programs

FROM: Jim C. Petersen
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SUBJECT: WPPSS' ASSURANCE OF FUNDING WNP-2 OPERATING AND DECOMMISSIONING COSTS

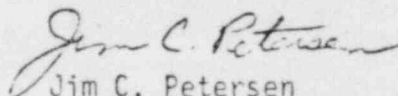
Subsequent to our telephone conversation late last week, I reconfirmed the following information with James Perko, Treasurer of WPPSS. The following is consistent with our financial qualifications analysis (copy enclosed) regarding WNP-2 operation that was issued just prior (February 1982) to the NRC rule change that eliminated such reviews of utility applicants (47 FR 13750; March 31, 1982) (copy enclosed).

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 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.

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We provided the above information to Jack Martin, Region V Administrator, as background (copy enclosed) for his testimony before the House Energy and Commerce Committee on September 14, 1983. As discussed in that background material, WPPSS has expressed its intention to buy property insurance on WNP-2 of at least \$568 million, the current minimum total coverage required under NRC regulations (see 10 CFR 50.54(w) in the enclosed rule change). This insurance would provide funds to clean up and restore WNP-2 after an accident. WPPSS is also looking into legal and constitutional questions pertaining to its ability to purchase additional property insurance on the unit, above the minimum required.

The overall WNP-2 operating budget was approved in spring 1983 by WPPSS, BPA and the participating utilities. In accordance with the approved budget, WPPSS has established and made an initial deposit into a sinking fund that is to provide for eventual decommissioning expenses. Provisions for contributions to the fund are covered by the Net Billing Agreements discussed above. Funding will be provided out of the participating utilities' revenues and invested in interest bearing accounts.



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Enclosures:
As stated