

Washington Public Power Supply System
A JOINT OPERATING AGENCY



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October 22, 1975
601-75-238

Docket Nos. 50-460
50-513

Mr. Roger Boyd, Acting Director
Division of Reactor Licensing
Division of Nuclear Reactor Regulation
U. S. Nuclear Regulatory Commission
Washington, D. C. 20555

Subject: WPPSS NUCLEAR PROJECTS NOS. 1 & 4
CONTRACTUAL AND FINANCIAL ARRANGEMENTS
FOR WPPSS NUCLEAR PROJECT NO. 4

Reference: Letter, JJ Stein, WPPSS, to A. Giambusso, NRC,
"Submittal of Financial Data," dated May 29, 1975.

Dear Mr. Boyd:

The purpose of this letter is to confirm what we have advised your staff during the last two weeks regarding the status of contractual and financial arrangements for WPPSS Nuclear Project No. 4 ("WNP-4") and, to request that consideration of the financial qualifications of WNP-4 be deferred.

In the reference, we stated that execution of the Participants' Agreements for WNP-4 would be completed "about the time of the Construction Permit". It has now been determined that these agreements should not be executed until secondary environmental impact statements are completed. These statements are being prepared to avoid litigation or threatened litigation against certain of our Participants. This threat of litigation is based on the theory that such statements are required under recent interpretations of the Washington State Environmental Policy Act (SEPA). These environmental impact studies, which relate primarily to socio-economic aspects of the use of power from WNP-4 by these Participants, must be completed before the Participants can execute the Participants' Agreements. It is essential to the financing of WNP-4 that there be no legal obstacle to the execution of these Participants' Agreements. Under these present circumstances, it does not appear that the Participants can sign these agreements until the impact statements are completed.

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Until the Participants' Agreements are signed, the WNP-4 Project and WPPSS Nuclear Project No. 5 ("WNP-5") are limited essentially to funding in the amount of \$100 million to cover preliminary design and engineering, licensing, site preparation and initial equipment procurement and construction costs. These funds must also cover contract termination, site redress, and other costs in the event of cancellation of either project. Reservation of the estimated cancellation and termination costs was not considered significant since the permanent financing was expected to be available by the time the Construction Permit for WNP-4 was approved.

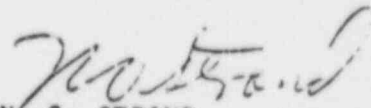
Considering all expenses and contingencies, such as termination charges and potential site redress costs, it has become apparent that the presently assured funds for WNP-4 (and WNP-5) would be substantially committed upon receipt of the Construction Permit or soon thereafter. For this reason, we must request a delay in the issuance of the Construction Permit for WNP-4.

We do not believe that issuance of a Construction Permit for WNP-4 should be delayed beyond the time required to prepare and publish draft and final supplementary environmental reports, which is now estimated to require six months.

This request relates only to WNP-4 and not to WPPSS Nuclear Project No. 1 ("WNP-1") at the same site. The financial and contractual arrangements for WNP-1 and WNP-4 are independent of each other.

Funds on hand for WNP-4 (and WNP-5) are sufficient to maintain our present schedule, including contingencies and to redress the site(s) in the event that, for any reason, we become unable to complete the financing arrangements.

Very truly yours,


N. O. STRAND
Assistant Director
Generation & Technology

NOS:AGH:km

cc: CR Bryant - Bonneville Power Administration
JB Knotts - Conner, Hadlock & Knotts
JR Schmieder - United Engineers & Constructors
EG Ward - Babcock & Wilcox

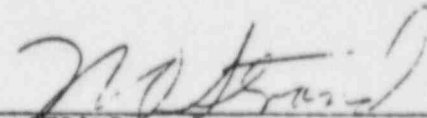
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CONTRACTURAL AND FINANCIAL ARRANGEMENTS
FOR WPPSS NUCLEAR PROJECT NO. 4

STATE OF WASHINGTON }
 } SS
COUNTY OF BENTON }

N. O. STRAND, Being first duly sworn, deposes and says: That he is the Assistant Director, Generation and Technology, for the WASHINGTON PUBLIC POWER SUPPLY SYSTEM, the applicant herein; that he is authorized to submit the foregoing on behalf of said applicant; that he has read the foregoing and knows the contents thereof; and believes the same to be true to the best of his knowledge.


DATED October 22, 1975



N. O. STRAND

On this day personally appeared before me N. O. STRAND to me known to be the individual who executed the foregoing instrument and acknowledged that he signed the same as his free act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and seal this 22nd day of October, 1975.



Notary Public in and for the State of
Washington
Residing at 510 S. ...
Richland

