

Washington Public Power Supply System
A JOINT OPERATING AGENCY

P. O. Box 968 3000 GEO. WASHINGTON WAY RICHLAND, WASHINGTON 99352 PHONE (509) 946-1611

Docket No. 50-513

December 30, 1977
601-77-864

Nuclear Reactor Regulation
Light Water Reactor Project
Branch No. 3
U.S. Nuclear Regulatory Commission
Washington, D. C. 20555

Attention: Mr. Olan D. Parr

Subject: WPPSS NUCLEAR PROJECT NO. 4
SUBMITTAL OF INFORMATION FOR
CONSTRUCTION PERMIT

Reference: Letter, D.L. Renberger, WPPSS, to Olan D. Parr,
NRC, same subject, dated December 9, 1977.

Dear Mr. Parr:

The reference transmitted three affidavits which were to be submitted to the WNP-4 Licensing Board to update the evidentiary record. The affidavit of Mr. James D. Perko updating the record on Financial Qualifications included a table titled, "Construction Projects Financing Activities, November 16, 1977." The fourth entry in this table, a \$180,000,000 sale of November 9, 1977 for WNP-1, needs to be deleted. As will be apparent from the discussion below, this change in no way affects the Supply System's financial qualifications to construct WNP-4.

After the sale of these bonds, on November 9, 1977, but before the underwriting firm accepted delivery, a suit was filed on November 14, 1977 in the U.S. District Court of the District of Oregon by the City of Portland and others against the Bonneville Power Administrator and the Secretary of the Department of Energy which alleged that the BPA net billing agreements are "null and void" and asked that the agreements be declared invalid because BPA has not prepared and distributed environmental impact statements related to the agreements. Due to this change in circumstances, the underwriting group informed the Supply System on December 6, 1977 of their decision not to accept delivery of the bonds, despite opinions by bond council, special council and council for the underwriters that the allegations in the suit were "without substantial merit."

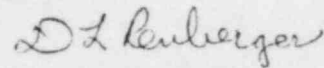
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Prior to the decision of the underwriters, Standard and Poor's and Moody's investor service reaffirmed their Triple A ratings for these bonds.

It is the Supply System's intent to proceed with its financing program for WNP-1 during early 1978. At the present time, the Supply System financing program calls for financing of Projects Nos. 4 and 5 shortly after the first of the year. We are currently in the process of developing necessary marketing documents to effectuate a sale of bonds for these projects in January 1978.

It should be understood that WNP-4 is not a "net-billed" project and as such the financing of WNP-4 is in no way effected by the above described action.

Very truly yours,



D.L. RENBERGER
Assistant Director -
Generation & Technology

DLR:AGH:cab

cc: JB Knotts, Debevoise & Liberman
NS Reynolds, Debevoise & Liberman
TH Cox, NRC

STATE OF WASHINGTON)
) ss
COUNTY OF BENTON)

D. L. RENBERGER, 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 December 30, 1977

D. L. Renberger
D. L. RENBERGER

On this day personally appeared before me D. L. RENBERGER 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 30th day of December, 1977.

Ernie H. Hester
Notary Public in and for the State of
Washington
Residing at Benton City

NEWS FROM

SUPPLY SYSTEM

P.O. BOX 968 RICHLAND, WN.
99352 TEL. 509-946-1611



FOR IMMEDIATE RELEASE - November 21, 1977
R. F. Nowakowski, Information Officer

WPPSS News Release No. 77-74
Page 1 of 2

ATTORNEYS REVIEW
PORTLAND LAWSUIT

The Washington Public Power Supply System and the City of Eugene, Oregon announced today that on November 14, 1977 two lawsuits were filed in the United States District Court for the District of Oregon (Cases Nos. 77-928 and 77-929) by the City of Portland, Oregon, its Mayor and four City Commissioners. The suits are against Donald P. Hodel, the Bonneville Power Administrator, and James Schlesinger, the Secretary of the Department of Energy of the United States of America.

In the first suit the plaintiffs seek a court declaration that the City of Portland is a preference customer entitled to a power sales contract from Bonneville. In the second suit plaintiffs seek a declaration that all Bonneville power sales contracts, extensions thereto, and net billing agreements entered into by Bonneville after January 1, 1970, are null and void based on plaintiffs' claim that such contracts were executed without the preparation of an environmental impact statement under the National Environmental Policy Act of 1969.

In the case of the City of Eugene, it has net billing agreements which were entered into in 1970 in connection with its outstanding \$154,215,000 of Trojan Nuclear Project Revenue Bonds, Series of 1977. These net billing agreements provide for the payment of such bonds until such time as the city may elect to take into its own system its 30 percent share of the power produced by the Trojan Nuclear Project. The project

was completed in 1975 and has been in operation since that time.

In the case of the Supply System, it has net billing agreements which were entered into during 1971 through 1973 and which provide the security for its outstanding \$1,215,000,000 of bonds issued for its Nuclear Projects Nos. 1, 2 and 3 and an additional \$180,000,000 of its bonds for its Nuclear Project No. 1, sold on November 9, 1977 and scheduled to be delivered to the purchasers in December 1977. The purchasers are a syndicate led by Smith, Barney, Harris, Upham and Co., Incorporated. Such net billing agreements also supplement the security for the Supply System's Hanford Project Electric Revenue Bonds of which \$54,200,000 were outstanding as of October 1, 1977.

The Supply System's nuclear projects have been under construction beginning in 1972 pursuant to authorizations from the United States Nuclear Regulatory Commission.

The Supply System and the City of Eugene stated that their attorneys are reviewing these lawsuits, together with the attorneys for the Bonneville Power Administration. It was pointed out by the Supply System and Eugene that extensive environmental impact statements for each project were prepared and issued by the Nuclear Regulatory Commission and the Atomic Energy Commission, its predecessor agency, and were the subject of lengthy public hearings on environmental concerns.

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FOR IMMEDIATE RELEASE - December 7, 1977
R. F. Nowakowski, Information Officer

WPPSS News Release No. 77-83
Page 1 of 2

SYNDICATE DECLINES TO ACCEPT BOND ISSUE

A \$180-million bond issue sold on Nov. 9 will not be accepted for delivery by the successful syndicate managed by Smith, Barney, Harris, Upham and Co., New York, the Washington Public Power Supply System was informed Tuesday.

Smith, Barney informed the Supply System that the reason the underwriting syndicate was not accepting delivery of the bonds was the change in circumstances which required a qualified legal opinion from WPPSS's bond and special counsels. The bonds had been purchased and resold on Nov. 9 without a qualified legal opinion. A contributing factor to the syndicate's decision was the decline in general market price levels which occurred during this period.

"The decision by the syndicate is disappointing," said J. D. Perko, Supply System Assistant Director for Finance and Administration and Treasurer. "However, we intend to proceed with our financing program as prepared for the next year," he said.

The bonds, rated "Triple A" by both Standard and Poor's and Moody's rating services, were sold at an effective interest rate of 5.497 percent. The ratings were subsequently reaffirmed after closing of the sale was delayed.

An allegation that the Bonneville Power Administration's (BPA) net billing agreements were "null and void" was found to be "without substantial merit" by bond counsel, special counsel and counsel for the underwriters.

The allegation was made in a lawsuit filed Nov. 14 in the U. S. District Court for the District of Oregon by the City of Portland, Oregon, its Mayor and four City Commissioners seeking to have the agreements declared invalid because BPA had not prepared and distributed environmental impact statements related to the agreements.

Proceeds from the bonds were to be used to finance a portion of the cost of the Supply System's Nuclear Project No. 1, being built at Hanford. The net billing agreements with project participants and owners provide security for the bonds.

NEWS FROM

WASHINGTON PUBLIC POWER SUPPLY SYSTEM

P.O. BOX 968 RICHLAND, WN.
99352 TEL. 509-946-1611



FOR IMMEDIATE RELEASE - November 30, 1977
R. F. Nowakowski, Information Officer

WPPSS News Release No. 77-77
Page 1 of 1

NET BILLING AGREEMENTS ARE
VALID, WPPSS ATTORNEYS SAY

A lawsuit against Bonneville Power Administrator (BPA) and the Secretary of the Department of Energy brought by the City of Portland is "without substantial merit" as it relates to net billing agreements, bond counsel and special counsel for the Washington Public Power Supply System said today.

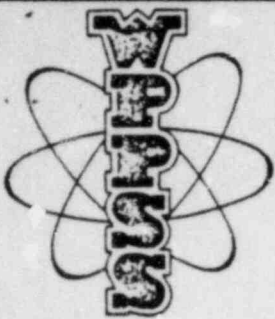
The net billing agreements provide security for revenue bonds issued and to be issued for the Supply System's Nuclear Projects 1, 2, and 3.

The lawsuit, filed Nov. 14 in the U. S. District Court for the District of Oregon, claims that BPA did not prepare, publish, circulate and file a detailed Environmental Impact Statement for each net billing agreement entered into after the National Environmental Policy Act (NEPA) became effective on Jan. 1, 1970.

The complaint asks a declaratory judgment declaring such net billing agreements null and void, enjoining the performance of such net billing agreements and an order requiring the defendants to prepare, publicly circulate, file and consider a final and adequate Environmental Impact Statement for each such net billing agreement.

Copies of the forms of the revised opinions of counsel relating to the Supply System's \$180 million Nuclear Project No. 1 revenue bonds, Series 1977, sold Nov. 9, have been made available to Covington and Burling, counsel to the prospective bond purchasers and are available to other interested parties at Charles P. Young and Co., 75 Varick St., New York, N. Y. Covington and Burling is now reviewing the opinions which were made available to the Supply System.

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Washington Public Power Supply System
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FOR IMMEDIATE RELEASE - December 16, 1977
R. F. Nowakowski, Information Officer

WPPSS News Release No. 77-88
Page 1 of 1

WPPSS WILL DEFEND
ITS INTEREST IN LAWSUIT

SEATTLE -- The Washington Public Power Supply System will defend its interests in a lawsuit brought by the City of Portland and others against the Bonneville Power Administrator and the Secretary of the Department of Energy.

The Supply System's Executive Committee said Friday it is giving Managing Director N. O. Strand the authority to take any action necessary to protect the Supply System in the action.

The suit, filed in the U.S. District Court for the District of Oregon on Nov. 14, alleges that Bonneville Power Administration's (BPA) net billing agreements are "null and void" and asks to have the agreements declared invalid because BPA had not prepared and distributed environmental impact statements related to the agreements.

The agreements with Supply System project participants and owners provide security for revenue bonds used to finance three nuclear power projects now under construction.

The suit was filed after the Supply System sold \$180 million in revenue bonds Nov. 9 for its Nuclear Project No. 1 and resulted in the underwriting firm not accepting delivery, despite opinions by bond counsel, special counsel and counsel for the underwriters that the allegations in the suit were "without substantial merit."

The Executive Committee's action Friday permits the Supply System to enter the legal proceedings.

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50-513

NRC DISTRIBUTION FOR PART 50 DOCKET MATERIAL

FILE NUMBER

DATE OF DOCUMENT

12/30/77

DATE RECEIVED

01/04/78

NUMBER OF COPIES RECEIVED

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TO: Mr. Oland D. Parr

FROM: WPPSS
Richland, Washington
D. L. Renberger

LETTER
 ORIGINAL
 COPY

NOTORIZED
 UNCLASSIFIED

PROP INPUT FORM

DESCRIPTION

Consists of information concerning Supply System's financial qualifications to construct WNP-4...Notorized 12/30/78....

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PLANT NAME: WPPSS 4
jcm 01/05/78

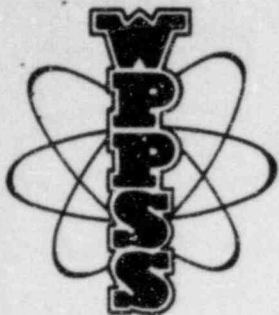
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| PROJECT MANAGER: | | PROJECT MANAGER: | |
| LICENSING ASSISTANT: | | LICENSING ASSISTANT: | |
| | | | B. HARLESS |

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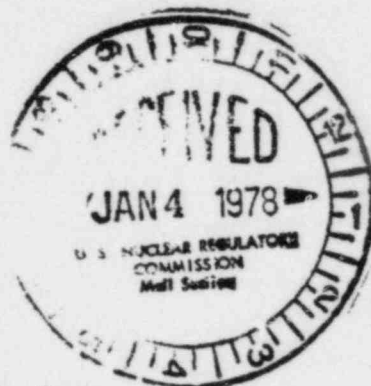
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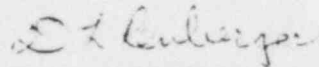
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Very truly yours,



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Assistant Director -
Generation & Technology

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cc: JB Knotts, Debevoise & Liberman
NS Reynolds, Debevoise & Liberman
TH Cox, NRC

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) ss
COUNTY OF BENTON)

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DATED December 30, 1977

D. L. Renberger
D. L. RENBERGER

On this day personally appeared before me D. L. RENBERGER 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 30th day of December, 1977.

Evelina H. Yates
Notary Public in and for the State of
Washington
Residing at Benton City