ARIZONA

OFFICE OF THE GOVERNOR



OFFICE OF

### ECONOMIC PLANNING AND DEVELOPMENT

Arizona State Clearinghouse Phone: (602) 255-5004

General Offices of OEPAD • 4th Floor

December 5, 1978

Mr. Roger S. Boyd, Director Division of Project Management Nuclear Regulatory Commission 17 H Street, N.W., Station 278 Washington, D.C. 20555

Re: Palo Verde Nuclear Generating Station Units 4 & 5 S.A.I. No.: AZ 78-80-0056

Dear Mr. Boyd:

The above project is currently undergoing A-95 review by the Arizona State Clearinghouse. Due to considerable interest in the project and limited copies of the document (which are being shared) it is necessary for the Clearinghouse to request an extension of time for completion of the review.

The enclosed comments are being forwarded to you for your information. Upon completion of the review, all comments will be sent to your office.

Thank you for your cooperation. If you have questions please call me at (602) 255-5004.

Sincerely,

JoAnn Youngblood, Supervisor Arizona State Clearinghouse

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Encl.

cc: Edwin E. Van Brunt

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Mr. Les Ormsby, Admin. Arizona Power Authority 1810 West Adams Street Phoenix, Arizona 85005

OCT 24, 1978

State Application Identifier (SAI)

No. 78-80-0056

Transportation Game & Fish Civil Rights Public Safety

Power Health Parks Land

Ag. & Hort.

Environmental Studies Center for Public Affairs OEPAD: R. Kingery

Region I

From: Arizona State Clearinghouse 1700 West Washington Street, Room 505 Phoenix, Arizona 85007

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- (3) its accord with any applicable law, order or regulation with which you are familiar
- (4) additional considerations

Please return THIS FORM AND ONE XEROX COPY to the clearinghouse no later than 17 working days from the date noted above. Please contact the clearinghouse if you need further information or additional time for review,

☐ No comment on this project

Proposal is supported as written

A Comments as indicated below

Comments: (Use additional sheets if necessary)

See attached letter dated Theo. 17, 1978

Reviewer's Signature La Omnshy
Title Allinimstrator

Date 11/17/98
Telephone 27/1-4263

COMMISSION

MARSHALL HUMPHREY

19

JAMES L. SAVAGE

PETER HERDER
JOHNNY GREGOVICH
K. SEWELL WINGFIELD



## Arizona Power Authority

1810 WEST ADAMS STREET PHOENIX, ARIZONA (602) 271-4263

November 17, 1978

CINDY TRUAN SECRETARY MAIL ADDRESS:

LESTER ORMSBY

MAIL ADDRESS:
P. O. BOX 6694
PHOENIX, ARIZONA
ZIP CODE: 85005

Mrs. Jo Ann Youngblood State Clearinghouse 505 Capitol Tower 1700 West Washington Phoenix, Arizona 85007

Dear Mrs. Youngblood:

Attached hereto are comments of the Arizona Power Authority concerning the Palo Verde Nuclear Generating Station Units 4 and 5-Environmental Report-Construction Permit Stage.

The Authority supports the application submitted to the Director of Nuclear Reactor Regulations and does not wish to delay the issuance of a construction permit or operating license. However, the Authority believes that the interests of the State would be better served by a proposal which is summarized in the attached comments. If consummated, the Authority's proposal would enable Arizona utilities to share in the economic benefits of this nuclear generating station which is located within the State. For this reason, the Authority requests that its comments be entered as a part of the record relating to the Environmental Report.

Very truly yours,

ARIZONA POWER AUTHORITY

L. S. Ormsby

Administrator

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#### STATEMENT OF ARIZONA POWER AUTHORITY S.A.I. No. A3-78-80-0056 Dated: 11/16/78

The Arizona Power Authority has reviewed the "Environmental Report-Construction Permit Stage-Palo Verde Nuclear Generating Station Units 4 and 5, and submits the following comments:

During recent years, utilities throughout the United States have attempted to combat rising energy costs and the problems associated with the construction and financing of new generating resources. One solution to these problems is the construction of larger generating units (such as Palo Verde) in order to take advantage of increased efficiency and lower per-unit construction costs. The Arizona Power Authority therefore supports the construction of Units 4 and 5, and is of the opinion that this generation resource would be beneficial to the Southwest. However, the proposal, as submitted by Arizona Public Service Company as Project Manager and the other joint applicants, commits (for the entire life of the generating station) 60.9% of the capacity output of Units 4 and 5 to entities located outside of the boundaries of the State of Arizona; the Authority, as discussed below, believes that the proposal does not develop for Arizona's electric utilities the economic benefits that should be made available from a nuclear generating station located within its boundaries.

The first three units of Palo Verde Nuclear Plant will have a combined nominal capacity of approximately 3800 MW. With the addition of Units 4 and 5 now proposed, approximately 2600 MW of generating capacity will be added. Due to financing requirements and limited load requirements for new generation, many smaller utilities in Arizona will not participate in these units. Over 41% of the generation capacity of Units 1, 2 and 3 will be delivered to utilities located in California, Nevada, New Mexico, and Texas and, with the addition of Units 4 and 5, present plans require nearly 61% of the generating capacity of the additional units to be delivered to utilities outside of Arizona.

Section One of the Environmental Report demonstrates that in the 1980's, new generating capacity will be required in the areas served by Palo Verde Nuclear Generating Station in order to meet the forecasted load demands, including adequate reserve margins. The report also demonstrates the indirect benefits connected with the generating station arising primarily from the substantial tax revenues accruing to local and state governments. However, the primary benefits of more efficient and lower per-unit construction costs will not accrue to many of Arizona's smaller electric utilities if the present proposal is followed; APS will be the only Arizona participant in Units 4 and 5 with a 39.1% ownership participation.

During the past several years, the Authority has become increasingly concerned over the rising costs of electric energy and the resultant adverse economic impact upon Arizona's utilities. There are approximately

SAI No. A-3-78-80-0056
Arizona Power Authority Comments
Page two

28 municipal-type electric utilities organized in Arizona serving the power and energy needs of the State. The majority of these utilities do not have generating resources of their own, and in the past have relied upon the Arizona Power Authority and the United States for hydroelectric power. Supplemental power has been supplied from thermal generation resources owned by Arizona Public Service Company, Salt River Project, and the Arizona Electric Power Cooperative, Inc. During the last several years, the cost of power and energy from these thermal resources has tripled. Energy costs in future years are expected to increase at an equally alarming rate.

Arizona utilities do not have unlimited resources for the generation of low-cost electric power and energy. The supply of hdyroelectric energy is limited. A shortage of natural gas for the generation of electric energy also exists. Fuel oil for electric generation has become too expensive to burn. Even though Arizona has coal resources (which are located largely on Indian Reservations) such sources of supply are becoming more costly due to the demands of the land owners, environmental constraints and the expense of pollution control equipment.

The Authority has concluded that the State of Arizona should preserve for the future use of its citizens, as much as possible of the Palo Verde generation resource. The Authority is therefore studying the means by which a larger portion of the nuclear installation may be held in reserve for Arizona's own future use. The Authority is investigating the purchase of approximately 840 MW of the capacity of Units 4 and 5 to be financed through the sale of revenue bonds. Power thus financed would be initially sold by the Authority to utilities in California and Nevada under "take-or-pay" contracts on a recapturable basis. The Authority does not propose to change the initial allocation of power as outlined in the Environmental Report. However, contrary to the proposal set forth in the Report, the Authority desires to sell at least 50% of the 840 MW (which the Authority proposes to . acquire) to out-of-state purchasers under contracts which would permit the recapture of at least 420 MW within 16 years of commercial operation of Units 4 and 5. Through such arrangements, nuclear power which cannot be utilized at the present time by Arizona purchasers can be contractually preserved for later use when Arizona's requirements for power will be greater.

. S. Ormsby

Administrator,

FORM TO BE CONFESTED THE	
Odventor	
Mr. James R. Carter, Oirector Agriculture & Horticulture Dept.  421 Capitol Annex West  OCT 24, 19	78-90-0054
Phoenix, Arizona 85007  rom: Arizona State Clearinghouse 1700 West Washington Street, Room 505 Phoenix, Arizona 85007	Transportation Power  Game & Fish Health  Civil Rights Parks  Public Safety Land  Ag. & Hort.  Environmental Studies  Center for Public Affairs  OEPAD: R. Kingery
	Region I
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Reviewer's Signature James E. Cart	Date 10/27/78
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Title.....

Michael A. Ramnes, Director Arizona State Parks Board 1688 W. Adams Room 109 Phoenix, Arizona 85007

Arizona State Clearinghouse

Phoenix, Arizona

1700 West Washington Street, Room 505

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State Application Idenufier (SAI)

OCT 24, 1978

No. 78-80-0056 AZ

Transportation

Power

Game & Fish

Health

Civil Rights Public Safety

Parks Land

Ag. & Hort.

Environmental Studies Center for Public Affairs

GEPAD: R. Kingery

Region I

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- (4) additional consideration:

TO:

Please return THIS FORM AND ONE XEROX COPY to the dearinghouse no later than 17 working days from the date noted above. Please contact the clearinghouse if you need further information or additional time for review.

- No comment on this project
- Proposal is supported as written
- Comments as indicated below

Comments: (Usa additional sheets if necessary)

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Phoenix, Arizona 8500	OCT 24, 1978	State AZ No.	78-80-0056
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State Land Dept C grecord with Power Line String Committee Close ## 40	+ Plant &	- Transmer	Less

Telephone.....

State Application Identifier (SAI)

Mr. Andrew L. Bettwy

Reviewer's Signature Psysy Space

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lie			Telephone		

Lawrence L. Roeser, Admin. Mgr. Arizonans for Jobs and Energy 671 Security Center 222 No. Central Ave. Phoenix, AZ 85004

State Application Identifier (SAI)

OCT 24, 1978

No. 78-80-0056 Power

Transportation Game & Fish Civil Rights Public Safety

State

Health Parks Land

Aq. & Hort.

Environmental Studies Center for Public Affairs

OEPAD: R. Kingery

Arizonans for Jobs & Energy

Region I

Arizona State Clearinghouse 1700 West Washington Street, Room 505 Phoenix, Arizona 85007

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Comments: (Use additional sheets if necessary)

The attached testimony, submitted at the learning before the Arizona Power Plant and Transmission Line Siting Committee on Onvember 2, 1978, by Gordon Marshall, Chairman of Arizonans for Jobs & Energy, reflects the position of our organization relative to this project. Thank you.

#### Arizonans for Jobs and Energy

SUITE 671. SECURITY CENTER, 222 N. CENTRAL AVE., PHOENIX, AZ 85004 (602) 257-0660

October 27, 1978

The Honorable Jack LaSota, Chairman Power Plant and Transmission Line Siting Committee State Capitol Phoenix, Arizona, 85007

Dear Mr. Chairman:

The undersigned, pursuant to Title 40, Chapter 2, Article 6.2, A.R.S., wishes to make a limited appearance in Case No. 40 before the State of Arizona Power Plant and Transmission Line Siting Committee. Said Case is scheduled for hearing beginning November 2, 1978.

Enclosed is our statement, which we respectfully request be made a part of the record.

incerely,

Gordon Marshall

Chairman

Arizonans for Jobs & Energy

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# STATEMENT OF ARIZONANS FOR JOBS AND ENERGY Gordon Marshall

I would like to echo the underlying theme of many of the other statements made before this committee today. The various towns and Chamber's of Commerce have made it crystal clear that the construction going on now at Palo Verde has been of real and substantial benefit to these communities. These benefits have been in the form of direct employment at the plant, jobs created as a result of purchases in Arizona related to plant construction and, of course, the indirect employment benefits that are created when such massive amounts of money flow through the economy.

Our organization is dedicated to advancing, in every way we can, the proposition that jobs and adequate energy supplies go hand in hand. Nowhere is this proposition more vividly demonstrated than at Palo Verde.

Let me recap briefly just a few of the facts concerning Palo Verde construction and operation that scope the magnitude of this project's impact.

Nearly 5,000 construction jobs are involved with a yearly payroll of about \$130 million.

- . Total construction payroll will amount to about \$728 million.
- More than \$500 million will be spent in Arizona for materials and supplies.
- · Units 1 through 3 will have an operating staff of about 400 who will earn \$13 million a year.
- · Units 1 through 3 will generate \$100 million per year in property taxes to support many government services.
- Between 1.6 and 2.6 million in revenues will accrue to Metro area communities through the sale of sewage effluent cooling water.
- And, finally, Units 1 through 3 will provide electricity for over one million homes in Arizona when all three units are on line in 1986.

These benefits will continue and expand with the construction and operation of Palo Verde Units 4 & 5. In our judgment, the responsible parties have carefully analyzed all the factors that bear on future electricity needs in Arizona and have correctly concluded that Palo

Verde Units 4 & 5 are not only the best option for meeting the inevitable growth in demand for electric power, but are vitally needed to insure that sufficient energy is available to support needed employment, industrial activity and residential and commercial requirements.

As this committee knows, one of the critical requirements if Units 4 & 5 are to be built is sufficient condenser cooling water. There have been several stories in the press recently which indicate that sewage treatment options are being considered by several communities that could threaten the supply of sewage effluent needed for Palo Verde expansion. Since we firmly believe that Arizona needs Palo Verde 4 & 5, we think that any action that would threaten the viability of these units runs contrary to the public interest. The cities involved should live up to the 1973 agreement to provide a combined total of up to 140 thousand acre-feet of waste water effluent on an annual basis.

Moreover, it seems to us that the provision of this waste water is in everyone's best interest, including the cities involved. This conclusion is supported by a study which was done in June of this year by Management Research, Inc.

which found that using waste water for Units 4 & 5 would result in the highest tax benefits to the state and its communities from property, sales and income taxes. Annual tax payments after the units are completed would exceed \$150 million. Management Research also found that there would indeed be sufficient waste water to supply present contractual users and all five Palo Verde units with enough left over to exchange for fresh water for other beneficial uses, such as irrigation and recreation.

In summary, we believe that the construction and operation of Units 4 & 5 as proposed by the applicants is vital to the future of Arizona. We hope this committee will agree.

TO:	Mr. Arthur Garcia F.	OMPLETED BY RI	EVIEWING AGENCY	
	Assistant Attorney General AZ Civil Rights Division 1645 W. Jefferson Street Phoenix AZ 85007	State Application	,	-80-0056
From:	Arizona State Clearinghouse 1700 West Washington Street, Room Phoenix, Arizona 85007	505	Transportation Game & Fish Civil Rights Public Safety Ag. & Hort. Environmental Studies Center for Public Affairs OEPAD: R. Kingery	Power Health Parks Land

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NUV 1 5 1978

Date ARIZ CIVIL RIGHTS DIVISION

Telephone......271-5263

G. Garcia Executive Director

Dr. Suzanne Dandoy, Director Department of Health Services 1740 West Adams Street Phoenix, Arizona 85007 State Application Identifier (SAI)

OCT 24, 1978

State AZ No. 78-80-0056

Transportation Game & Fish Civil Rights Public Safety

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It is planned that the entire nuclear waste output from this power plant will be stored at the site for an indefinite period of time until the U.S. Government decides on a method of disposal. However the details of such on-site storage activity are not adequately addressed in this statement.

Two documents regarding the environmental impacts of storing spent nuclear fuel have been issued, one by the U.S. Department of Energy, and one by the U.S. Nuclear Regulatory Commission. However, neither statement has specifically addressed storage of the spent fuel at the Palo Verde Nuclear Generating Station site.

It is recommended that the spent fuel storage aspect be comprehensively addressed either in the final version of this statement or in a separate environmental impact statement specifically covering the storage of spent fuels at this facility.

Why are the population figures (Figures 2.2-3 and 2.2-4) for 1980 lower than those for 1977? What are the sources for the population projections?

Reviewer's Signature

Title.

P. Buce Sott

NOV 2 U 1978

Date....

ASS	ISTANT	DIR	ECT	OR	
ADD.	ONA D	CPT	OF	HEALTH	SERVICES