

July 7, 2006
GO1-06-0035

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, D.C. 20555-0001

Subject: **ENERGY NORTHWEST NUCLEAR PROJECT NO. 1 (WNP-1),
DOCKET NO. 50-460; RESPONSE TO REQUEST FOR ADDITIONAL
INFORMATION**

Reference: Letter, dated August 9, 2005, GO1-05-0030, JV Parrish (EN) to NRC,
"Termination of Construction Permit CPPR-134"

Dear Sir or Madam:

In the referenced letter Energy Northwest requested the termination of Construction Permit CPPR-134. On May 16, 2006, Energy Northwest received a request for additional information concerning the termination of this Construction Permit. Our response to the request for additional information is attached.

There are no commitments being made to the NRC by this letter.

Should you have any questions regarding this information, please contact Mr. MP Hedges at (509) 377-8277.

Respectfully,



DW Coleman
Manager, Regulatory Programs
Mail Drop PE20

Attachment: RAI response with 3 enclosures

cc: BS Mallett, NRC RIV
BJ Benney, NRC NRR
NRC Sr. Resident Inspector – 988C
RN Sherman – BPA/1399
WA Horin – Winston & Strawn

Ados

RESPONSE TO REQUEST FOR ADDITIONAL INFORMATION

Attachment

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NRC Question 1

Identify the licensing action that subsumed the Unit 4 construction permit (CP) into the Unit 1 CP.

Energy Northwest Response

Letter, dated November 27, 1985, GO4-85-0001, GC Sorensen (SS) to HR Denton (NRC), "Nuclear Project No. 4 Construction Permit No. CPPR-174"

The referenced letter (Enclosure 1) informed the NRC of our decision to allow the Construction Permit for WNP-4 to expire. In this letter we stated that we would pursue WNP-4 site restoration with the Washington state Energy Facility Site Evaluation Council (EFSEC) and the Department of Energy (USDOE - landowner).

This letter also stated that the timing of site restoration may be dependent on the schedule of completion for WNP-1.

NRC Question 2

What is the purpose and need for the proposed action? For instance, is the WNP-1/4 site to be returned to the Department of Energy (DOE) or will the permittee undertake other activities on the site?

Energy Northwest Response

Energy Northwest is notifying the NRC that we will not complete construction of WNP-1 and are no longer considering sale of this asset to another company for completion as a nuclear power plant.

Energy Northwest is responsible for site restoration in accordance with EFSEC Resolution No. 302. Final restoration of the site is not required until 2029. Energy Northwest will retain control of this site until its obligations have been met.

Energy Northwest is also investigating the possible use of the WNP-1/4 site for an industrial park.

NRC Question 3

Has there been an application for an operating license for either WNP-1 or WNP-4?

RESPONSE TO REQUEST FOR ADDITIONAL INFORMATION

Attachment

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Energy Northwest Response

Yes. An application for an operating license was filed with the NRC for WNP-1. The Operating License Proceeding was terminated by the Atomic Safety Licensing Board on July 26, 2000.

NRC Question 4

Distinguish between "contouring" and "grading."

Energy Northwest Response

In the site restoration plan contouring implies a more natural look utilizing a gradual elevation change, versus grading which implies the same level.

NRC Question 5

What is the approximate ground elevation in the area of the containment and general services buildings?

Energy Northwest Response

The ground elevation around containment and the general services building at WNP-1 and 4 is approximately 455 feet above mean sea level.

NRC Question 6

Describe the lease agreement with DOE for the WNP-1/4 site.

Energy Northwest Response

The WNP-1/4 lease agreement and request for extension is in Enclosure 2.

NRC Question 7

The 1/16/06 letter to the Energy Facility Site Evaluation Council (EFSEC) indicates with a note that the cooling tower basins have not been backfilled to ground level, and drain holes were not provided, as stated in Attachment B to EFSEC Resolution No. 302 dated December 15, 2003. Confirm that this deviation is acceptable to EFSEC. Discuss the plans for reuse and/or the agreed upon plan for restoration.

RESPONSE TO REQUEST FOR ADDITIONAL INFORMATION

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Energy Northwest Response

Clarification: The cooling tower exit weirs were to be sealed, have drain holes drilled, and backfilled (cooling tower basin restoration is part of final restoration). The letter dated 1/16/06 explained that to allow reuse of the cooling tower basins, the weirs had been sealed only. The weirs did not have drain holes drilled and were not backfilled.

EFSEC acknowledged satisfactory completion of the near-term health, safety and environmental activities required by EFSEC Resolution No. 302 in a letter dated May 12, 2006. (Enclosure 3)

Energy Northwest would like to convert the WNP-1/4 site into an industrial park. Currently, we are leasing available warehouse space. Other plans are being evaluated, but to date none have been considered commercially viable.

NRC Question 8

Was the turbine pedestal the only portion of the Unit 4 turbine-generator building that was ever constructed?

Energy Northwest Response

Construction of the WNP-4 turbine-generator building was stopped following completion of the building shell (structural steel, floor slabs, walls, roof, exterior siding, etc.). These elements were demolished in 1990 prior to the site restoration agreement with EFSEC. Only the turbine pedestal and portions of the ground floor slab remain.

NRC Question 9

EFSEC Resolution 302 specifies that the circulating water pump house buildings and surface slabs will be removed and the pit backfilled and that the large underground circulating water lines would be removed and backfilled. No mention is made of the river intake structure. What is the final disposition of the intake and does the Army Corps of Engineers (COE) 404 permit come into play? What discussions have taken place with the COE?

Energy Northwest Response

The permit issued by the Army Corps of Engineers for the river intake structure requires that if Energy Northwest decides to abandon the structure, Energy Northwest must restore the area to a condition satisfactory to the District Engineer. At this time the river intake structure may be a part of future plans for use of the site and abandonment is not under consideration; therefore, no discussions with the Army Corps of Engineers have occurred.

RESPONSE TO REQUEST FOR ADDITIONAL INFORMATION

Enclosure 1

Letter, dated November 27, 1985, GO4-85-0001, GC Sorensen (SS) to HR Denton (NRC), "Nuclear Project No. 4 Construction Permit No. CPPR-174

Washington Public Power Supply System

3000 George Washington Way P.O. Box 968 Richland, Washington 99352-0968 (509)372-5000

Docket No. 50-513

November 27, 1985
G04-85-0001

Mr. Harold R. Denton, Director
Office of Nuclear Reactor Regulation
U. S. Nuclear Regulatory Commission
Washington, D. C. 20555

Dear Mr. Denton:

Subject: NUCLEAR PROJECT NO. 4
CONSTRUCTION PERMIT NO. CPPR-174

Reference: Letter R. L. Ferguson to W. J. Dircks,
dated February 1, 1982, "Termination of Supply
System Nuclear Projects 4 and 5"

In February 1978, Construction Permit CPPR-174 was issued to the Washington Public Power Supply System (Supply System) for Washington Nuclear Project No. 4 (WNP-4). As we advised you in the referenced letter, the Supply System Board of Directors terminated WNP-4 in January 1982 when the project was 18% complete. Consequently, the construction of WNP-4 will not be completed by the latest completion date (December 1, 1985) authorized in the construction permit. It is the intent of the Supply System to allow the construction permit to expire in accordance with 10CFR 50.55(b).

The WNP-4 site is approximately twelve miles north of the City of Richland on the Department of Energy's Hanford Site in Benton County, Washington. The Supply System holds leases from the Department of Energy totaling 2061 acres for the construction and operation of three nuclear projects: WNP-1 (CPPR-134), WNP-2 (OL-NPF-21), and WNP-4. WNP-4 is located about 1000 feet west and 3000 feet north of its twin unit, WNP-1, and 4700 feet east and 1500 feet north of the operating WNP-2.

Most of the approximately 290 acres within the security fenceline of WNP-4 experienced only moderate disturbance during construction. The areas used for material staging and laydown are reseeding naturally with native and introduced grasses. Several laydown areas still contain materials and components for which the Supply System has an on-going asset disposition program. About forty construction-phase buildings remain on the site and are in use, primarily as storage facilities. The most noticeable structures are the main plant buildings inside a plant island fence that includes the cooling towers and spray pond. Other than the plant structures, the only significant terrain alteration is a 550' x 1250' borrow pit which is used jointly with WNP-1 as a refuse landfill.

HR Denton

WNP-4 Construction Permit

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During construction the principal environmental concern was exposure of disturbed areas to wind erosion and dust generation. With the cessation of construction and the consequent natural restabilization of the site, the WNP-4 property has not shown susceptibility to erosion. Future site restoration plans will evolve through dialogue with the Department of Energy and the Washington State Energy Facility Site Evaluation Council. The timing of specific activities may be influenced by the schedule for completion of WNP-1. During the continuing asset disposition phase for WNP-4 and the extended construction delay for WNP-1, we intend to maintain our periodic environmental surveillances. The site presents no nuisance or hazard to the public because of its relative remoteness and because access is controlled by Supply System security personnel.

If you have any questions, please do not hesitate to contact me.

Very truly yours,



G. C. Sorensen, Manager
Regulatory Programs

cc: C. Eschels, EFSEC
JB Martin, Region V
NS Reynolds, BLCP&R
D. Hood, NRC
JR Lewis, BPA

RESPONSE TO REQUEST FOR ADDITIONAL INFORMATION

Enclosure 2

WNP-1/4 LEASE

Letter, dated December 5, 2002, GO1-02-0057, JV Parrish (EN) to HB Hathaway (USDOE), Contract No. AT(45-1)-2416 Land Lease Extension Option

DISTRIBUTION

JW Baker/1035, WG Edmonds/PE10, MN Hatcher/1396, WA Kiel/PE20, LC Oakes/817, JV Parrish/LB/1023,
DJ Poirier/1030, WNP-1 Files/817
December 5, 2002
GO1-02-0057

FILE COPY

H. Boyd Hathaway, Realty Specialist
U.S. Department of Energy
Richland Operations Office
P.O. Box 550
Richland, WA 99352

Post-It® Fax Note	7671	Date	5-2/03	# of pages	1
To	Glen Edmonds		From	Robbi	
Co./Dept.	S		Co.		
Phone #			Phone #	8246	
Fax #	4357		Fax #	1059	

Dear Mr. Hathaway:

Subject: **ENERGY NORTHWEST
CONTRACT NO. AT (45-1)-2416
LAND LEASE EXTENSION OPTION**

Reference: Letter 03-SSD-0007 dated October 24, 2002, H. Boyd Hathaway (USDOE) to J. V. Parrish (Energy Northwest), same subject


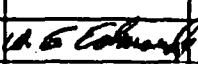
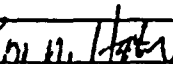

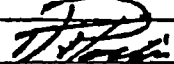
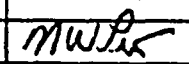
In accordance with Article 8 of the subject contract, Energy Northwest is exercising our option to extend the subject lease from June 30, 2005, to June 30, 2015. This decision will assure that any activity within the exclusion zone will be subject, without exception, to the strict emergency planning and security requirements imposed by the Columbia Generating Station exclusion area. In addition, the extension will allow us to complete the required regulatory requirements associated with restoration activities.

Our lease option extension is motivated by the controls imposed by the Columbia Generating Station exclusion area requirements. This property lies almost entirely within the Columbia Generating Station exclusion area, which is defined as all lands within a 1.2-mile radius of the Columbia Generating Station and includes both leased and non-leased portions of the Department's lands. The exclusion area conditions are described in an October 1975 memorandum of understanding that modified the language in Article 7 of the subject contract. This provision establishes Energy Northwest's authority to determine all activities within the exclusion area within the meaning of 10 CFR 100.3(a).

Please provide written confirmation of this extension for our records.

Respectfully,

J. V. Parrish (Mail Drop 1023)
Chief Executive Officer

AUTHOR: LC OAKES				FOR SIGNATURE OF: JV PARRISH	
FOR APPROVAL OF	WG EDMONDS	MN HATCHER	WA KIEL	DJ POIRIER	JW BAKER
APPROVED					
DATE		12-5-02	12/4/02		12/4/02

This Indenture of Lease, entered into this 7th day of June, 1975, between the United States of America (hereinafter called the "Government"), represented herein by the United States Energy Research and Development Administration (hereinafter called the "Administration"), and the Washington Public Power Supply System (hereinafter called the "Supply System"), a municipal corporation, joint operating agency and publicly owned utility organized under the laws of the State of Washington.

RECITALS

1. The Supply System is organized under Revised Code of Washington, Chapter 43.52, Laws of the State of Washington, and is authorized by law to lease or acquire land in order to construct and operate works, plants, and facilities for the generation and/or transmission of electric power and energy.

2. The Executive Committee of the Board of Directors of the Supply System has by Resolution dated May 9, 1975, authorized the execution of this lease with the Administration for certain lands within the federally-owned area known as the Hanford Operations Area for the construction, operation, maintenance, and use of two nuclear electric generating plants and related facilities.

3. The Administration, pursuant to the Energy Reorganization Act of 1974, 42 USC 5801, et sec; the Atomic Energy Act of 1954, as amended, 42 USC 2011 et sec; and 43 USCA 931 c. is authorized to lease to the Supply System land located within the Hanford Operations Area.

4. The Administration has taken all other requisite actions required by law in order to enter into this transaction.

INSTRUMENT OF LEASE

1. Definitions

As used in this contract:

(a) The term "Contracting Officer" means the person executing this Lease on behalf of the Government and includes his successors or any duly authorized representative of any such person.

(b) The term "Administration" means the United States Energy Research and Development Administration or any duly authorized representative or successor thereof, including the Contracting Officer except for the purpose of deciding an appeal under the article entitled "Disputes."

(c) "Revenue Bonds" means the bonds issued by the Supply System as authorized by its Bond Resolution.

(d) "Supply System" means the Washington Public Power Supply System, a joint operating agency of the State of

Washington, and its officers and employees while acting within the scope of their authority.

2. Purpose and Scope of Lease

(a) The Supply System covenants with the Administration that the leased premises shall be occupied and used solely for the construction, operation, maintenance, and use of two nuclear electric generating plants, and related facilities and for such other uses as may be authorized in writing from time to time by the Administration under terms and conditions to be agreed upon by the parties.

(b) The Supply System covenants that it will, at its own expense, design, construct, operate, maintain, and use the plants and related facilities in accordance with applicable laws and regulations, including but not limited to the construction permit and operating license granted by the Nuclear Regulatory Commission and consistent with safe and reliable utility practices. The terms and conditions of any such permit or license are in addition to the requirements of this Lease; provided, however, that the Administration's actions under this Lease shall not be contrary to any requirement which is a condition of the permit or license.

(c) The Supply System covenants that it will, at its own expense, design, construct, operate, maintain, and

use the plants and related facilities in a manner determined by the Administration that will not materially interfere with the Administration's then existing operations and programs in the Hanford Operations Area; or with operations or programs proposed to be conducted in such area provided that such proposed operations or programs are being actively considered by the Manager of the Richland Operations Office or his designee or higher Administration authority. Such determinations regarding material interference shall be made promptly upon request of the Supply System. The Administration will promptly advise the Supply System of its determination regarding material interference with respect to any significant changes or alterations subsequently proposed by the Supply System. In the event that the Administration determines that the design, construction, maintenance, or operation of the plants and related facilities, or any significant changes or alterations thereof will materially interfere with such operations and programs, it will provide its reasons therefor, including appropriate supporting data. The Supply System shall submit to the Administration at its offices in Richland, Washington, such information and documentation as is necessary to enable the Administration to make such determinations. In the event that the Contracting Officer determines that the Supply

System is not maintaining or operating the plants and related facilities in compliance with the manner that the Administration has previously determined will not materially interfere with the Administration's operations and programs, the Contracting Officer may require the Supply System to take such corrective action at its own expense as may be required to achieve compliance.

3. Conveyance of Interest in Land

(a) The Government, as lessor, for and in consideration of the rents, covenants, conditions, warranties, and agreements herein contained as assumed by the Supply System, lessee, does hereby demise and lease to the Supply System real property of the Government situated in the County of Benton, State of Washington (hereinafter called the "Leased Premises"), and within the federally owned area known as the Hanford Operations Area, United States Energy Research and Development Administration, all as more particularly described below.

A parcel of land lying in Section 4 of Township 11 North, Range 28 East, Willamette Meridian, described as follows:

Beginning at the Southwest corner of Section 11, Township 11 North, Range 28 East, W.M., (said corner being located by reference to the Washington State Coordinate System South Zone at coordinates North 408,335.30 and East 2,307,653.50) thence North 65°-17'-03" West 12113.14 feet to the TRUE POINT OF BEGINNING (said point being located by refer-

ence to the Washington State Coordinate System South Zone at coordinates North 413,400.00 and East 2,296,650.00); thence North 01°-01'-23" West 3000.48 feet to a point; thence East 5280.00 feet to a point; thence South 01°-01'-23" East 3000.48 feet to a point; thence West 5280.00 feet more or less to the TRUE POINT OF BEGINNING, containing 363.69 acres more or less; and

A parcel of land lying in Sections 3 and 4 of

Township 11 North, Range 28 East, and Sections

33 and 34 of Township 12 North, Range 28 East,

Willamette Meridian, described as follows:

Beginning at the Southwest corner of Section 11, Township 11 North, Range 28 East, W.M., (said corner being located by reference to the Washington State Coordinate System South Zone at coordinates North 408,335.30 and East 2,307,653.50) thence North 50°-42'-00" West 14,311.63 feet to the TRUE POINT OF BEGINNING (said point being located by reference to the Washington State Coordinate System South Zone at coordinates North 417,400.00 and East 2,296,578.57); thence North 01°-01'-23" West 3000.48 feet to a point; thence East 5,280.00 feet to a point; thence South 01°-01'-23" East 1200.19 feet to a point; thence East 5,973.57 feet to a point; thence South 1°-01'-23" West 1800.29 feet to a point; thence West 11,189.29 feet more or less to the TRUE POINT OF BEGINNING, containing 609.15 acres more or less.

The bearings used herein are Grid Bearings based on the Washington State Coordinate System, South Zone.

(b) The Administration reserves the right to operate, maintain, repair, and replace any of its existing railway facilities and any of its existing underground or overhead utility lines on the Leased Premises.

4. Ingress and Egress Rights to Leased Premises

(a) Together with and as a part of this Lease, the Administration grants a general right of ingress and egress to and from the Leased Premises, over and above the Government-owned roads and streets located within the Hanford Operations Area. In addition, the Administration grants a general right of ingress and egress over and above the Government-owned railways for as long as the railways are maintained and operated by the Administration or its contractors. The Supply System's right to the use of said roads, streets, and railways shall not be exclusive but shall be of equal standing with that of the Administration's employees and other authorized personnel using said roads, streets, and railways, and shall be subject to such reasonable rules and regulations of general application to the reservation as may be promulgated by the Administration. In the event that the Administration discontinues operations and maintenance of the Government-owned railways, the Government will exert its best efforts to permit the Supply System to continue to use the system.

(b) To the extent that it does not interfere with the use of the Leased Premises for the purpose and scope of this Lease, as provided in Article 2 hereof, the Administration may, but shall not be obligated to, relocate, close, vacate, alter, widen, extend, grade, improve, re-

pair, maintain, and regulate the use of the said roads, streets, and railways, and may at any time or times provide alternate ingress or egress ways to the Leased Premises over specific roads, streets, or railways of the Administration within the Hanford Operations Area.

(c) To the extent deemed necessary for the protection of health and safety and/or the protection of property, the Administration may, but shall not be obligated to, deny access to the Leased Premises, provided, however, that the Administration shall give such advance notice as circumstances permit. In no event will the Administration deny access to the Leased Premises to the extent the Supply System must have such access for personnel and/or property in order to fulfill any obligations it may have under the Atomic Energy Act of 1954, as amended, and under rules, regulations, licenses, technical specifications or orders of the Nuclear Regulatory Commission. The Administration's determination that the action(s) described in the first sentence is necessary shall be conclusive and the Government, the Administration, their officers, employees, or authorized representatives shall not be liable for any loss or damage resulting from the Supply System having been denied access to such Leased Premises.

5. Construction of Roads and Tracks - Rights of Way

(a) The Supply System may construct and maintain rail-

way tracks and roads on the Leased Premises as it may require for the construction and operation of the plants and related facilities. The construction and maintenance of such tracks and roads shall meet as a minimum the then current Hanford standards. Connections to Administration roads and railroads shall be at a location mutually agreed upon by the parties. The Administration shall have the right of ingress and egress to and from the Leased Premises over any roads and tracks constructed by the Supply System.

(b) Subject to the provisions of Section 161 q. of the Atomic Energy Act of 1954, as amended, the Administration has authority to grant easements for rights of way for roads, transmission lines and for any other purpose and agrees to negotiate with the Supply System for such rights of way over the Hanford Operations Area as are necessary to service the Leased Premises.

6. Additional Reserved Rights of the Administration

The Administration reserves from the Leased Premises the following rights in addition to the rights otherwise provided for in this Lease:

(a) The right to construct on the Leased Premises and to maintain, repair, and replace utility lines as may be necessary to provide electricity, heat, water, steam, power, gas, telephone and other communication services, to the extent

necessary for Administration purposes; provided, that such lines will not unreasonably interfere with any of the Supply System's operations; and

(b) The right to construct on the Leased Premises and to maintain, repair, and replace drainage facilities including sanitary sewers, storm sewers, and other piping and conduits to the extent necessary for Administration purposes; and

(c) The right to place on the Leased Premises, to use, repair, and maintain monitoring facilities, and fire control and alarm facilities, to the extent necessary for Administration purposes; and

(d) The right to construct on the Leased Premises and to maintain, repair, and replace access roads and railroad facilities to the extent necessary for Administration purposes; provided, that such roads and railroad facilities will not unreasonably interfere with any of the Supply System's operations.

7. Exclusion Area

The Administration recognizes the exclusion area as provided for in the operating license and will undertake no action or activity which would interfere with or restrict the Supply System's right to fully comply with this condition of the operating license.

8. Term of the Lease

The term of this Lease shall commence at 12:01 a.m. on July 1, 1975 and continue for a term of 30 years. The Administration grants to the Supply System an option to extend the Lease for an additional period of ten years, provided that the Supply System gives the Administration written notice of its intention to exercise this option not less than one year prior to the expiration date.

9. Payments

(a) The Supply System shall pay to the Administration as rent for the Leased Premises and for the rights and privileges obtained under this instrument the sum of \$3,900.00 annually for the first five annual periods hereof and, subject to the provisions of subparagraph (b) of this article, the sum of \$7,500.00 for such succeeding annual period during the remaining term hereof. The first annual payment shall be due and payable upon execution of this Lease; succeeding annual payments shall be payable annually in advance on or before each anniversary date hereof.

(b) After the tenth anniversary date of this Lease and at subsequent intervals of five or more years, the Administration may require an appraisal of the Leased Premises for the purpose of enabling the Administration to deter-

mine the fairness of the annual rent. Such appraisal(s) shall be by an appraiser selected by the Administration, an appraiser selected by the Supply System, and a third appraiser selected by the two persons thus designated. On the basis of those appraisals and after consultation with the Supply System and consideration of any relevant information provided by the Supply System, the Administration may, by written notice to the Supply System, revise the aforesaid annual rent to such amounts as are determined by the Administration to be the fair rental value for the Leased Premises. Those revised amounts shall, during the remaining term of this Lease, continue in effect and be paid by the Supply System unless and until they are revised as a result of subsequent appraisals and determination by the Administration in the manner described in this subparagraph.

(c) The Supply System will pay for supplies and services provided pursuant to Article 16 herein, in accordance with charges to be established by the Administration. Such charges will be based upon the Administration's established pricing policy. A statement of such pricing policy will be furnished the Supply System upon request. The Administration's pricing policy may be amended from time to time.

(d) All payments hereunder shall be made in lawful money

of the United States at the offices of the Administration in Richland, Washington, or elsewhere if so designated by the Administration, without notice or demand therefor from the Administration. With respect to payments under subparagraph c. thereto, the Supply System shall advance an amount equal to the Administration's estimate of such cost. Upon ascertainment of the exact cost, any necessary adjustments will be promptly made.

10. Condition of Leased Premises

The Supply System has inspected and is fully familiar with the physical condition of the Leased Premises. The Administration has made no representations, warranties, or undertakings as to such condition, or that the Leased Premises are free and clear of all contamination and hidden hazards or as to the fitness or availability of the Leased Premises for any particular use.

11. Termination

(a) This Lease is made subject to the condition that if there should occur any of the events hereinafter provided in this paragraph, the Administration may terminate this Lease under the conditions and in the manner hereafter stated and sue for and recover all rents and damages accruing hereunder, or may sue and recover without terminating the Lease; provided, that upon any such termination the Administration may re-enter and take possession of the

Leased Premises without compensation to the Supply System on account of such termination.

(1) In the event the Supply System uses the Leased Premises in a manner not in substantial compliance with the covenants and purposes provided herein or discontinues its use of the Leased Premises for such purposes, and such misuse or disuse continues for sixty (60) days after written notice thereof has been given by the Administration to the Supply System, the Administration may, upon the expiration of said sixty (60) days or at any time thereafter, by giving the Supply System written notice, terminate this Lease, and this Lease shall expire upon the date specified in such notice.

(2) In the event the Supply System shall become insolvent, make an assignment for the benefit of creditors, file a petition in bankruptcy, seek the benefit of any bankruptcy, composition or insolvency law, or be adjudged bankrupt, or if a receiver or trustee of the property of the Supply System shall be appointed, the Administration may immediately or at any time thereafter, by written notice to the Supply System terminate this Lease and this Lease shall expire upon the date specified in such notice; provided that, if such default be cured by the Supply

System prior to the termination date specified in such notice, this Lease shall remain in full force and effect if the provisions of the preceding subparagraph (1) do not apply.

(b) In the event the Supply System is unable, for any reason, to obtain the necessary permits and licenses required by Article 19 hereof, including but not limited to a construction permit, the Supply System shall immediately provide written notice thereof to the Administration and this Lease shall terminate upon the date specified in such notice. Subject to the provisions of Article 12 Supply System's liability in the event of termination pursuant to this paragraph shall be limited to the amounts due under Article 9, prorated as of the date of termination.

12. Ownership, Removal and Disposition of Property

(a) All alterations, additions and improvements to the Leased Premises made by the Supply System, including the plant, shall be and remain the property of the Supply System during the term of this Lease, irrespective of the manner in which they may be attached to the land. If, prior to the expiration or termination of this Lease, the Administration and the Supply System agree upon and execute an extension or renewal of this Lease or any new lease covering the same premises, all such alterations, additions and improvements shall remain the property of the Supply

System during the term thereof.

(b) The Supply System shall have a period of one year following expiration or termination of this Lease to remove, dismantle and salvage any of its property whether affixed to the land or not, provided that with respect to the removal, dismantling and salvaging of property affixed to the land, if requested by the Administration, the premises shall be returned as nearly as possible to its original condition at the time of execution of this Lease. Any property of the Supply System whether affixed to the land or not, not so removed, shall thereupon become and be the property of the Government, free of all encumbrances, without cost to the Government.

(c) Upon expiration or termination of this Lease, the Supply System shall, at its own expense, secure the Leased Premises and all facilities and property located thereon against all health and safety hazards to the satisfaction of the Administration provided, however, the Administration's requirements hereunder shall not be contrary to any requirement imposed by applicable laws or regulations, or any license or permit.

(d) In the event that this Lease is terminated by the Supply System under Article 11 (b), the Supply System shall, if requested by the Administration, remove any alterations, improvements or additions to the Leased Premises and restore the premises to the original con-

dition as near as may be possible subject to the approval of the Administration.

13. Protection Against Claims and Losses

(a) The Government, the Administration, contractors of the Administration, and the officers, employees or representatives of any of them shall not be liable for and the Supply System shall indemnify and save them and each of them free and harmless from any and all liability, loss, damage, or costs (including attorneys' fees) incurred in the defense of or arising out of any claim, suit, action or other legal proceedings brought against any of them by third parties for injury to or death of persons or injury to or destruction of property caused by or arising out of: (1) the conduct of the business of the Supply System or its use of the Leased Premises, or any operations which are necessary or incidental thereto, (2) the erection or removal of any equipment, building or part thereof, or the making of any repairs, replacements, alterations, additions and/or improvements to the Leased Premises, or (3) any default or negligence in the performance of any covenant or obligation of the Supply System hereunder; provided, that the foregoing shall not apply to any injury, destruction or death (1) as may be caused by the negligence or default of the Government, the Administration, contractors of the Administration, and the officers, employees or representatives of any of them, or (2) as to which the

Supply System is a person indemnified under Section 170 of the Atomic Energy Act of 1954, as amended.

(b) Unless otherwise requested by the Administration in writing, the Supply System shall maintain or cause to be maintained insurance in at least such minimum amounts as required by the Administration from time to time in writing for purposes of providing protection against the claims, suits, actions and other legal proceedings specified in the preceding paragraph (a) of this article. Copies of such insurance policy or policies shall be filed with and shall be subject to the approval of the Administration and the Administration shall be given ten (10) days advance notice by mail of any changes in or cancellation of any such insurance.

14. Access to Leased Premises by Administration

The Administration or any person authorized by it, shall at all times have access to the Leased Premises for all reasonable purposes, subject to applicable health and safety requirements of the Supply System.

15. Rights and Remedies; No Waiver Implied

All rights and remedies of the Administration or the Supply System under this Lease shall be cumulative and none shall exclude any other allowed either party by law, and the use of or resort to any one or more shall not exclude or be deemed a waiver of any other or others,

nor shall any express or implied waiver of a breach of any term, covenant or condition of this Lease constitute or be construed as a waiver of any other breach of the same or any other term, covenant or condition.

16. Government-Furnished Supplies and Services

The Administration shall, if requested by the Supply System and after reasonable notice, provide the Supply System with supplies and services to the extent (1) that they are not reasonably commercially available, (2) that the Administration determines it has such supplies and services available in the Hanford Operations Area in excess of its own requirements in that area, and (3) that the Administration continues to provide such supplies and services for its own activities in the vicinity of the Supply System's facilities within the Hanford Operations Area.

Notwithstanding the provisions of the above paragraph of this article, the Government, the Administration, contractors of the Administration, and the officers, employees or representatives of any of them shall not be liable for any losses, damages or costs arising out of temporary interruptions in such services or for any failure to provide such services.

17. Covenants and Conditions

All of the terms and provisions of this Lease to be per-

formed or complied with by the Lessee shall be deemed and construed to be "covenants" or "conditions" as though words specifically expressing or importing covenants and conditions were used in each separate term and provision hereof, and the same shall be construed as covenants running with the land.

18. Prohibition Against Assignment

(a) The Supply System, its successors and assigns shall have no right, authority, or power without the written consent of the Administration: (1) to transfer this Lease, any interest herein, or any right hereunder, by way of assignment, sublease, or other arrangement to any other person to occupy space in or make any continuing use of any part of the Leased Premises, or (2) permit any act, by way of pledge, hypothecation or sufferance of lien, voluntarily or by operation of law, which would in any way encumber any title or interest of the Government in and to said Leased Premises or any part thereof.

(b) In the event the Supply System sublets, assigns, or takes or permits any action referred to in paragraph (a) above, with respect to any part of the Leased Premises whether with or without the Administration's written consent, the Supply System shall remain responsible to the Administration for such part of the Leased Premises, the use thereof, and all other obligations hereunder, as if

such subletting or action has not been taken or permitted, unless specifically relieved of such responsibility in writing by the Administration.

19. Permits and Licenses

The Supply System shall procure all necessary permits and Licenses and abide by all applicable laws and regulations and ordinances of the United States and of the State, territory, and political subdivision in which the Leased Premises are located.

20. Taxes and Assessments; Payments in Lieu Thereof

The Supply System shall have the duty to pay and shall save and hold harmless the Administration from the payment of all legally imposed taxes, assessments for local improvements and similar charges which may be levied by any duly constituted authority of the State, County, or other political subdivision of the State upon the leasehold estate herein created, the Leased Premises and all buildings or other improvements now or hereafter upon the Leased Premises. In the event that, under any statute now or hereafter enacted, the Administration shall make payments in lieu of taxes or assessments to any such authority on account of such property, the Supply System shall pay to the Administration the amount of such payments, and such amount shall become due and payable as additional rent hereunder.

21. Disputes

(a) Except as otherwise provided in this Lease, any dispute concerning a question or fact arising under this Lease which is not disposed of by agreement shall be decided by the Contracting Officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Supply System. The decision of the Contracting Officer shall be final and conclusive unless within 30 days from the date of receipt of such copy, the Supply System mails or otherwise furnishes to the Contracting Officer a written appeal addressed to the Administration. The decision of the Administration or its duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal proceeding under this article, the Supply System shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Contracting Officer's decision shall be controlling.

(b) This "Disputes" article does not preclude consideration of law questions in connection with decisions pro-

vided for in paragraph (a) above; provided, that nothing in this contract shall be construed as making final the decision of any administrative official, representative, or board on a question of law.

22. Equal Opportunity

Unless exempted pursuant to Executive Order 11246 of September 24, 1965, and the rules, regulations and relevant orders of the Secretary of Labor thereunder, the Supply System agrees as follows:

(a) The Supply System will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Supply System will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Supply System agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this Equal Opportunity article.

(b) The Supply System will, in all solicitations or ad-

vertisements for employees placed by or on behalf of it, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(c) The Supply System will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Contracting Officer, advising the said labor union or workers' representative of the State's commitments under this Equal Opportunity article, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Supply System will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(e) The Supply System will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the Administration and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(f) In the event of the Supply System's noncompliance with the Equal Opportunity article of this Lease or with any of the said rules, regulations, or orders, this Lease may be canceled in whole or in part and the Supply System may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor or as otherwise provided by law.

(g) The Supply System will include the provisions of paragraphs (a) through (g) in every sublease, subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each sublessee, subcontractor or vendor. The Supply System will take such action with respect to any sublease, subcontract or purchase order as the Administration may direct as a means of enforcing such provisions, including sanctions for noncompliance; provided, however, that in the event the Supply System becomes involved in, or is threatened with, litigation with a sublessee, subcontractor or vendor as a result of such direction by the Adminis-

tration, the Supply System may request the United States to enter into such litigation to protect the interests of the United States.

23. Officials Not to Benefit

No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this Lease, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this Lease if made with a corporation for its general benefit.

24. Covenant Against Contingent Fees

The Supply System warrants that no person or selling agency has been employed or retained to solicit or secure this Lease upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Supply System for the purpose of securing business.

25. Convict Labor

In connection with the performance of work under this Lease, the Supply System agrees not to employ any person undergoing sentence of imprisonment except as provided by Public Law 89-176, September 10, 1965, (18 USC 4082 (c) (2)) and Executive Order 11755, December 29, 1973.

26. Employment of the Handicapped

(This clause applies to all nonexempt contracts and sub-

contracts which exceed \$2,500 as follows: (1) Part A applies to contracts and subcontracts which provide for performance in less than 90 days, (2) Parts A and B apply to contracts and subcontracts which provide for performance in 90 days or more and the amount of the contract or subcontract is less than \$500,000, and (3) Parts A, B and C apply to contract and subcontracts which provide for performance in 90 days or more and the amount of the contract or subcontract is \$500,000 or more.)

Part A

(a) The Supply System will not discriminate against any employee or applicant for employment because of physical or mental handicap in regard to any position for which the employee or applicant for employment is qualified. The Supply System agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising; layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

(b) The Supply System agrees that, if a handicapped individual files a complaint with the Supply System that he is not complying with the requirements of the Act, Public Law 93-112, he will (1) investigate the complaint and take appropriate action consistent with the requirements of 20 CFR 741.29 and (2) maintain on file for 3 years, the record regarding the complaint and the actions taken.

(c) The Supply System agrees that, if a handicapped individual files a complaint with the Department of Labor that he has not complied with the requirements of the Act, (1) he will cooperate with the Department in its investigation of the complaint, and (2) he will provide all pertinent information regarding his employment practices with respect to the handicapped.

(d) The Contractor agrees to comply with the rules and regulations of the Secretary of Labor in 20 CFR Ch VI, Part 741.

(e) In the event of the Supply System's noncompliance with the requirements of this clause, the Lease may be terminated or suspended in whole or in part.

(f) This clause shall be included in all subcontracts over \$2,500.

Part B

(g) The Supply System agrees (1) to establish an af-

firmative action program, including appropriate procedures consistent with the guidelines and the rules of the Secretary of Labor, which will provide the affirmative action regarding the employment and advancement of the handicapped required by Public Law 93-112, (2) to publish the program in his employee's or personnel handbook or otherwise distribute a copy to all personnel, (3) to review his program on or before March 31 of each year and to make such changes as may be appropriate, and (4) to designate one of his principal officials to be responsible for the establishment and operation of the program.

(h) The Supply System agrees to permit the examination by appropriate contracting agency officials or the Assistant Secretary for Employment Standards or his designee, of pertinent books, documents, papers, and records concerning his employment and advancement of the handicapped.

(i) The Supply System agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the Assistant Secretary for Employment Standards, provided by the contracting officer stating the contractor's obligation under the law to take affirmative action to employ and advance in employment qualified handicapped employees and applicants for employment and the rights

and remedies available.

(j) The Supply System will notify each labor union or representative of workers with which he has a collective bargaining agreement or other contract understanding, that the Supply System is bound by the terms of Section 503 of the Rehabilitation Act, and is committed to take affirmative action to employ and advance in employment physically and mentally handicapped individuals.

Part C

(k) The Supply System agrees to submit a copy of his affirmative action program to the Assistant Secretary for Employment Standards within 90 days after the award to him of a contract or subcontract.

(l) The Supply System agrees to submit a summary report to the Assistant Secretary for Employment Standards by March 31 of each year during performance of the Contract, and by March 31 of the year following completion of the contract, in the form prescribed by the Assistant Secretary, covering employment and complaint experience, accommodations made, and all steps taken to effectuate and carry out the commitments set forth in the affirmative action program.

27. Third Parties

Nothing in this Lease shall be construed to grant, vest,

or allow any right to be given to any employee or other third party, or to the legal representatives, heirs, assigns, or successors of any of them, as a third party beneficiary. This provision is not intended to limit or impair the rights which any person may otherwise have under applicable Federal statutes or which are granted or reserved to the Government in this Lease.

28. Supplemental Payments

In recognition of the use that will be made of the Hanford Reservation as a result of its construction and operating activities, the Supply System agrees to pay to the Administration each year commencing July 1, 1975, an equitable amount towards the costs that the Administration will incur in providing general reservation services that benefit the Supply System, such as road maintenance, which are not covered under Article 16.

29. Headings

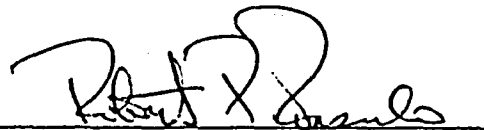
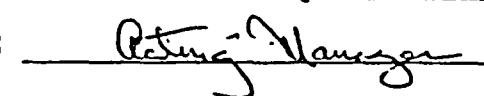
The headings in this Lease are for purposes of reference and convenience only.

IN WITNESS WHEREOF, the parties have executed this Lease in several counterparts.

UNITED STATES ENERGY RESEARCH
AND DEVELOPMENT ADMINISTRATION

By

TITLE

CONTRACT NO. AT(45-1)-2416

WASHINGTON PUBLIC POWER SUPPLY SYSTEM

By *H. G. F. H. H. H.*
ACTING MANAGING DIRECTOR

RESPONSE TO REQUEST FOR ADDITIONAL INFORMATION

Enclosure 3

Letter, dated May 12, 2006, Allen Fiksdal (EFSEC) to Douglas Coleman (Energy Northwest), "WNP-1/4 Site Restoration – Completion of Near-Term Activities"



GI 1-06-0033

STATE OF WASHINGTON
ENERGY FACILITY SITE EVALUATION COUNCIL
PO Box 43172 • Olympia, Washington 98504-3172

May 12, 2006

Mr. Douglas W. Coleman
Manager, Regulatory Programs
Energy Northwest
PO Box 968 (MD: PE20)
Richland, Washington 99352-0968

Subject: WNP-1/4 Site Restoration – Completion of Near-Term Activities

Dear Mr. Coleman:

During its regular meeting of May 9, 2006, the Council approved a motion acknowledging that the near-term health, safety and environmental activities at WNP-1/4 are complete. The Council's action recognizes that activities completed by Energy Northwest at WNP-1/4 satisfy the requirements of EFSEC Resolution No. 302 for completing the level 3D - Demolish and Seal (with the exception of removing the turbine pedestals) restoration work consistent with the approved Site Restoration Plan (December 2002) for the 1 and 4 project sites. Documentation of the completed restoration work was provided by Energy Northwest in a letter and status report dated January 16, 2006 and an overview was provided at the March 14, 2006 EFSEC monthly meeting.

During the past two years, the Council has closely monitored WNP-1/4 restoration activities. Under the leadership of WNP-1/4 Site Manager Doug Culver, not only were the near-term tasks completed, but a number of the long-term or final restoration tasks were also completed ahead of schedule. Please express our appreciation to Mr. Culver and his staff for their efforts in making the 1 and 4 sites safe, while achieving cost-savings, and maintaining selected facilities for industrial development or reuse opportunities. Consistent with the conditions of the January 2003 WNP-1/4 Site Restoration Funding Agreement (4-Party Agreement), the Council will now move forward in working with Energy Northwest to amend the WNP-1/4 Site Certification Agreement to reflect the current status of the projects and the remaining restoration requirements.

Thank you for your continued cooperation.

Sincerely,

Allen J. Fiksdal
EFSEC Manager

