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SUBJECT: Submits guarantee of payment of deferred premium in compliance with 10CFR140.21.

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WASHINGTON PUBLIC POWER SUPPLY SYSTEM

P.O. Box 968 • Richland, Washington 99352-0968

December 10, 1998

GO2-98-208

Docket No. 50-397

U.S. Nuclear Regulatory Commission

Attn: Document Control Desk

Washington, D.C. 20555

Gentlemen:

Subject: **WNP-2, OPERATING LICENSE NPF-21
GUARANTEE OF PAYMENT OF DEFERRED PREMIUM**

Reference: Letter dated December 19, 1984, GC Sorensen (SS) to A Schwencer (NRC),
same subject

This transmittal letter is provided in compliance with 10 CFR 140.21, which requires annual filing of a guarantee of payment of deferred premiums in the amount of \$10 million for each licensed reactor.

The Supply System obtains revenue from Plant 2 by selling the capability of the Plant. The Bonneville Power Administration (BPA), an agency of the Department of Energy, has purchased the entire capability of Plant 2 from certain of its statutory preference customers who in turn purchased such capability from the Supply System, all under the Net Billing Agreements. A copy of the Net Billing Agreements was included as an attachment to the referenced letter. Under the terms of the Net Billing Agreements, BPA is obligated to pay the total annual costs of Plant 2 to the Supply System.

It is the opinion of BPA's general counsel that "Bonneville is obligated to pay costs of ownership, operation and maintenance, including costs of insurance and specifically the insurance obligation provided through the Price Anderson Act."

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GUARANTEE OF PAYMENT OF DEFERRED PREMIUM

The opinion of BPA regarding their obligation to pay satisfies the requirements of 10 CFR 140.21(f). If you require additional documentation, please contact Mr. GP Armatrout at (509) 372-5637.

Respectfully,



R L Webring

Vice President, Operations Support/PIO

Mail Drop PE08

AGC/lw

cc: EW Merschoff - NRC RIV
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