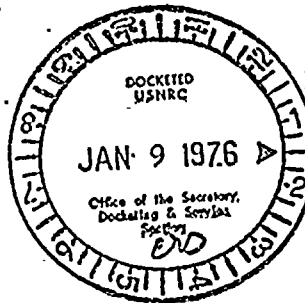


Hugh K Clark
Chairman NRC Hearing Board
PO Box 127A
Kennedyville Md 21645



DOCKET NUMBER
PROD. & NINE, FAC. 50-528/530
December 19, 1975

1/12/76

Dear Mr Clark:

I wish to inform you that the Arizona Clean Energy Coalition is withdrawing as the intervenor in the construction permit hearings for the Palo Verde Nuclear Generating Station.

We are doing so for two basic reasons: The first is simply a lack of funds. We do not feel that our chances in the hearings justify our raising several thousand dollars for witnesses and other expenses.

The second reason is far more important, however. It would be worth the effort to raise the money if we felt we had a chance at a fair hearing, but we can't fight both the applicants and the NRC staff at the same time.

Virtually every claim by the applicant about the cost and need for Palo Verde is contrary to present local and national trends and contrary to national projections, yet apparently all were accepted by staff without any question during the entire hearing process.

The national projections for the cost of building a nuclear power plant have escalated about 1/3 per year for the last six years. (See Attached) Staff has accepted the applicants' estimate of 7% per year.

Present interest rates for long term bonds are 10.5% and higher. Staff has accepted 8%. At the applicants' projected construction costs this amounts to an additional \$1.7 billion in interest on a 25-year bond.

Uranium has tripled in price in the last 2 years and is expected to double again within a decade. (Nuclear Exchange Corp.) Westinghouse, the supplier under contract, would have to accept almost a 1/2 billion dollar loss by 1990 for ANPP to get fuel at the \$22/lb they project.

Though it is more difficult to prove, the projected need for the plant seems to be just as far from reality as the projected cost. For at least a decade before the Arab oil boycott, the real cost of electricity (in current dollars) dropped rapidly in both the applicants' service areas and in the nation as a whole. At the same time the economy was booming and most people were completely unaware of the impending energy shortages.

Since the Arab oil boycott, these trends have, rather emphatically, been reversed and are expected to remain that way for the foreseeable future. Based on these facts, one would expect the projections of need listed in the NRC Final Environmental Statement to be different from those of the Draft ES since the DES used projections based on pre-boycott data.

They are. They're higher.

In fact, the projected growth rate in electrical consumption for 1976 over 1975 is higher than any growth rate any of the applicants has ever experienced in their entire history. This projection follows the first drops in electrical consumption any of the applicants has ever experienced in their entire history.

I asked one of the members of the legal staff to check and find out if the technical staff had ever questioned the applicants on this. He checked and said that we (NRC staff) "haven't done too much work on that column." "That column" is the basic justification for even considering building a power plant in the first place.

Like other intervenors around the country, we requested funds from the NRC to help us present the point of view of people who stand to lose if these plants are built. For all practical purposes we, like all the others, were refused.

The prospect that (if the NRC rules favorably on the basic issue) the Board might (after the hearings are over) grant us (after the hearings are over) an indeterminate fraction of our expenses, is simply not good enough. Public interest groups like ourselves, that operate on volunteer time from volunteer people, can't survive on maybes.

A part time board cannot be expected to bear the full load of protecting the public. If the intervenors can't and the staff

won't, that only leaves the applicants who stand to make several billion dollars net profit from these plants.

Until some very basic changes are made, the public will not be protected.

Sincerely yours,

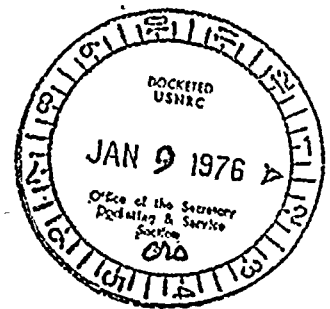
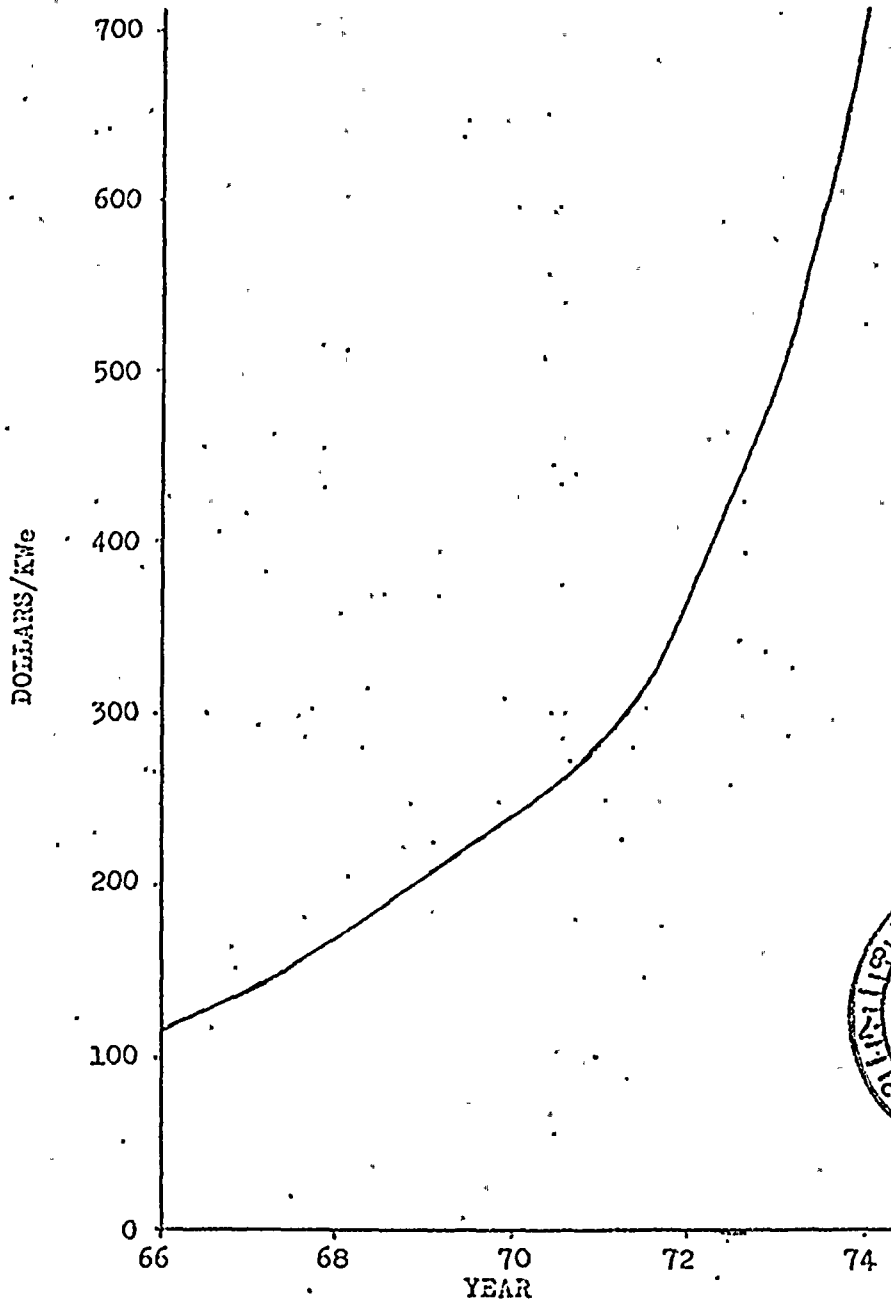
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Arizona Clean Energy
Coalition

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ESTIMATED COSTS FOR NUCLEAR POWER
(Source: USAEC WASH-1345,
Power Plant Capital Costs, Oct. 1973)



UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of)

ARIZONA PUBLIC SERVICE COMPANY,)
ET AL.)

Docket No.(s) 50-528
50-529
50-530

(Palo Verde Nuclear Generating)
Station, Unit Nos. 1, 2, and 3))
)
)

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document(s) upon each person designated on the official service list compiled by the Office of the Secretary of the Commission in this proceeding in accordance with the requirements of Section 2.712 of 10 CFR Part 2 - Rules of Practice, of the Nuclear Regulatory Commission's Rules and Regulations.

Dated at Washington, D.C. this

12th day of Jan 1976

Peggy A. Downing
Office of the Secretary of the Commission

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