

RELATED CORRESPONDENCE

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING APPEAL BOARD

In the Matter of

PUGET SOUND POWER & LIGHT COMPANY,  
et al.,

(Skagit Nuclear Power Project,  
Units 1 and 2)

) NRC PUBLIC DOCUMENT ROOM  
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Docket Nos. STN 50-522  
50-523

ANSWER OF PORTLAND GENERAL ELECTRIC COMPANY TO  
INTERVENOR SCANP'S INTERROGATORIES AND REQUESTS  
FOR PRODUCTION DATED MAY 30, 1979

In accordance with 10 CFR, §2.740B and 10 CFR §2.741,  
Portland General Electric Company answers SCANPS Interrogatories  
and responds to its accompanying Requests for Production as  
follows:

Documents produced will be made available at the  
offices of Perkins, Coie, Stone, Olsen and Williams, 1900  
Washington Building, Seattle, Washington at 9:00 a.m. June 29,  
1979, or at such other time and place as may be agreed upon.

519 001



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ANSWERS TO  
SCANP INTERROGATORIES  
DATED MAY 30, 1979

Interrogatory No. 1

"Trojan's incremental costs" are those costs incurred for energy produced by the plant over any fixed costs which are incurred whether or not such energy is produced. While Trojan was out of service, its incremental cost of energy would have been approximately 2.6 mils per kilowatt hour, nearly all of which is attributed to fuel consumption.

Interrogatory No. 2

The affect on the Compar earnings, cash position, and available capital from the denial of rate relief sought to recover excess power costs due to the Trojan shutdown is already included in the financial statements included in the prospectus. Increased power costs of approximately \$26 million were incurred as a result of the Trojan shutdown. Based on a maximum statutory tax rate of 51.9 percent, PGE estimates that the effect on earnings of this additional power cost was about \$0.50 /share of common stock. The effect on PGE's cash position was substantially less than \$26 million, since replacement power was not all purchased immediately, but rather borrowed for future replacement in some cases. PGE is unable to determine what the term "available capital" in Interrogatory 2 is referring to. It would be pure speculation to attempt to assess the effect of the Trojan shutdown on "available capital" from the myriad sources of funds which make up the capital market.

519 002

519 002

Interrogatory No. 3

PGE's "present plans for joint ownership of certain future generating facilities" are discussed at length beginning on pge 20 of the prospectus under the title "Future Resources". The specific generating facilities referred to may be found in the table presented on page 20.

Interrogatory No. 4

PGE is able to issue preferred stock on the date hereof. Later in 1979 and beyond the capacity to issue preferred stock will depend upon power purchase cost, the form of financings selected to raise new capital and the timeliness and amount of rate relief. Other financing alternatives to PGE include the issuance of bonds and common stock, short and intermediate term borrowings, and lease financing.

Interrogatory No. 5

PGE is able to issue additional first mortgage bonds on the date hereof.

Interrogatory No. 6

Table 2-8 of Applicant's Testimony on Financing Qualifications, Note 4, states that Table 2-7 was constructed using a forecasted rate of increase in average sales price of 9.9 percent, which maintains a constant 12.84 percent per year return on common stock equity. This is assumed to be received through future rate relief. Under this forecast, the earnings coverage ratio for bonds improves through 1990. The coverage ratio for preferred stock would also improve through 1990.

experience at Trojan. This estimate was put in both a cash flow format and an FPC Account format, both of which are available for review. PGE and Bechtel periodically review and update the estimate. The most recent cost estimate in FPC Account form is available for review.

Information with respect to the Boardman coal plant is based in part on estimates by PGE engineers and Bechtel, but also on actual costs incurred in constructing this plant. The most recent construction cost studies by PGE and Bechtel are available for review.

Information with respect to the Skagit, Colstrip and WPPSS No. 3 projects has been obtained from the respective project sponsors.

The direct construction cost estimates used by the co-owners of any given plant are identical. However each co-owner may choose its own form of presentation for various disclosure documents required by regulatory agencies. The "discrepancy" between the cost/kw figure as presented by Puget Sound and PGE is attributable to

- a) a difference in the capitalized cost of money which accrues on direct construction costs between the two companies,
- b) a difference in certain overhead cost items,
- c) the capitalization of property taxes by Puget on its share and the deletion of this by PGE, and
- d) the election by PGE to treat both units of a project separately and the combined treatment by Puget.

519 004

Interrogatory No. 7

The "future generating units" referred to are those in the table on page 20 of the prospectus. The specific plants subject to partial sale or delay would be selected after consideration of a number of factors, including licensing status, cost projections, load forecasts, financing capability and other factors. Prospective purchasers of a partial interest in a future generating facility include investor-owned and publicly-owned utilities in the Pacific Northwest and California.

Interrogatory No. 8

PGE has not predicted with assurance that the regional power legislation will in fact be passed, and if it does pass, what the form will be. Why the currently proposed regional power legislation would "give assurance to the Company that the cost of construction and operation of its new thermal plants would be recovered" is explained in paragraph 3 under the heading "Proposals for Reallocation of Federal Power" on page 18 of the prospectus. The only document relevant to the answer of this interrogatory is the regional power bill itself which is Senate Bill 885 - Pacific Northwest Electric Power Planning and Conservation Act.

Interrogatory No. 9

Cost information in the table on page 20 of the prospectus pertaining to the Pebble Springs Project has been produced by PGE engineers and Bechtel, the engineering firm employed on the construction of Trojan and Pebble Springs. An original estimate was made by Bechtel based on the construction cost

Interrogatory No. 10

Agreement, dated January 23, 1976, among the four utilities participating in the Skagit and Pebble Springs projects, which has previously been made a part of the record in this proceeding.

Interrogatory No. 11

Puget will supply you a copy of the letter from the U.S. Geological Survey confirming the adequacy of the Skagit site.

Interrogatory No. 12

The coal contract for Boardman was entered into during 1974 during a market when commercial bargaining position of supplies and users was substantially different than today. Therefore the contract, and any provisions thereof pertaining to price, are not relevant to any matter in controversy, particularly the cost of alternate sources of energy such as coal fired generating plants.

Information as to actual current coal prices which is relevant and not confidential proprietary may be found in a number of coal industry periodicals, including Coal Week, published by McGraw-Hill. A copy of prices from this publication is available for review.

The most definitive current railroad tariff for coal transportation to the Boardman plant has been published by the Burlington Northern (copy available for review). The parties are attempting to negotiate lower tariffs. This may be subject to <sup>519.006</sup>contest before

the Interstate Commerce Commission. There is no assurance that the published tariff will not become the actual tariff.

Interrogatory No. 13

- a) no
- b) no
- c) no

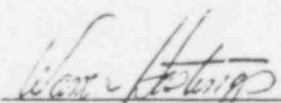
Interrogatory No. 14

PGE's principal lines of credit are under three agreements:

- a) The Boardman Power Company Loan Agreement, dated as of November 15, 1977.
- b) Credit Agreement, dated July 31, 1978.
- c) Revolving Facility, dated July 20, 1978.

The banks participating in such lines of credit and the conditions or circumstances under which such lines of credit may be cancelled, terminated, or reviewed, are stated in the respective agreements.

Respectfully submitted,

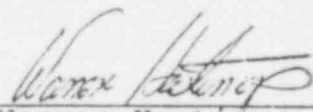
  
\_\_\_\_\_  
Warren Hastings  
Attorney for Applicants

Dated at Portland, Oregon  
this 18th day of June, 1979.

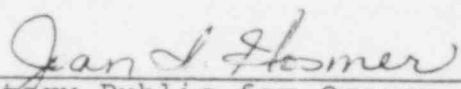
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State of Oregon       )  
                              )   ss  
County of Multnomah )

I, WARREN HASTINGS, being first duly sworn, depose and say that I am Assistant Secretary and Associate Corporate Counsel of Portland General Electric Company. The foregoing Portland General Electric Company's Answers to SCANP Interrogatories dated May 30, 1979 were prepared under my supervision and direction and are true as I verily believe.

  
\_\_\_\_\_  
Warren Hastings

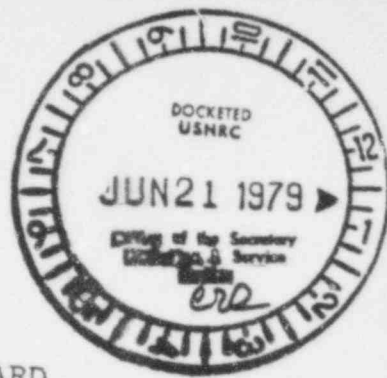
Subscribed and sworn to before me this 18th day of June, 1979.

  
\_\_\_\_\_  
Notary Public for Oregon  
My Commission expires: April 11, 1980

519 008



RELATED CORRESPONDENCE



UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING APPEAL BOARD

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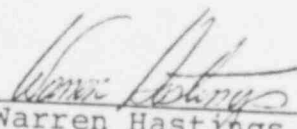
CERTIFICATE OF SERVICE

I hereby certify that the following:

ANSWER OF PORTLAND GENERAL ELECTRIC COMPANY TO  
INTERVENOR SCANP'S INTERROGATORIES AND REQUESTS FOR  
PRODUCTION DATED MAY 30, 1979

in the above-captioned proceeding have been served upon the  
persons shown on the attached list by depositing copies thereof  
in the United States mail on June 18, 1979 with proper postage  
affixed for first class mail.

Dated: June 18, 1979

  
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519 009

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