

EXECUTIVE BOARD

RESOLUTION NO. 142

A RESOLUTION DIRECTING THE MANAGING
DIRECTOR TO IMPLEMENT AN EXTENDED
CONSTRUCTION DELAY OF PROJECT 3

The Managing Director reports that on May 27, 1983, the Executive Board adopted Resolution No. 147 directing the Managing Director to submit Bonneville Power Administration's proposal for a three-year construction delay of Project 3 to the Project 3 Owners' Committee and directing the Managing Director to implement an immediate construction slowdown for a period not to exceed 90 days and to continue to make every effort to obtain financing for continued construction, and that such proposal was submitted to the Owners' Committee on June 1, 1983, pursuant to the Project 3 Ownership Agreement, and

The Managing Director further reports that on June 24, 1983, the Executive Board adopted Resolution No. 151, directing the Managing Director to propose revised Annual and Construction Budgets for Project 3 to the Project 3 Owners' Committee, the Bonneville Power Administration and the Participants' Review Board, pursuant to the Project 3 Ownership Agreement, Project Agreement and Net Billing Agreements, which budgets provide for continued construction of Project 3 on the current approved cost and schedule and payment of the Supply System's costs of construction by payments received under the Project 3 Net Billing Agreements, and that such budgets were submitted on June 27, 1983, and

The Managing Director further reports that efforts have been undertaken to secure either conventional or alternate sources of funding for

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continued construction of Project 3, which efforts have not yet been successful, and that the Managing Director and staff are unaware of any current source of funds to continue construction of Project 3 and have no expectation of securing any source of funds within a reasonable time in order to continue either full or partial construction, and

The Managing Director further reports that the Bonneville Power Administration proposal for a three-year construction delay and the Supply system's proposal for continued construction of Project 3 on the current approved cost and schedule have been disapproved by various parties pursuant to the relevant agreements, and

The Managing Director further reports that the funds presently available to the Supply System, including investment income, for payment of the costs of construction of Project 3 are insufficient to pay current commitments together with the additional costs of slowing down construction and preservation costs. Delay of a decision whether to slow down construction would worsen the situation without increasing the prospects of a successful financing, and

The Executive Board finds that it is unaware of any current source of funds for continued full or partial construction of Project 3 and that it has no expectation of securing any funds within a reasonable time to continue either full or partial construction, and

The Executive Board further finds that it would not be prudent for the Supply system to continue full or partial construction of Project 3 in the absence of an assured source of funds to pay the costs and expenses that would thereby be incurred and that it is in the best interests of the ratepayers to implement an immediate extended construction delay of Project 3, until an assured source of funds for continued construction of Project 3 is obtained; NOW, THEREFORE,

IT IS RESOLVED that the Managing Director is directed to implement an immediate extended construction delay of Project 3 until an assured source of funding for continued construction can be obtained and to prepare and deliver a detailed implementation plan to the Executive Board consistent with the foregoing, and

IT IS FURTHER RESOLVED that the Managing Director is directed to continue to seek to remove the impediments preventing the Supply System from financing continued construction of Project 3, and

IT IS FURTHER RESOLVED that the Managing Director is directed to take all necessary steps to resolve the dispute regarding the disapprovals of the proposed Annual and Construction budgets through the processes prescribed by the relevant contracts, by agreement, or by litigation, as appropriate, and to report to the Executive Board at its next regular meeting.

ADOPTED by the Executive Board of Washington Public Power Supply System this 8th day of July, 1983.

ATTEST:

APPROVED AS TO
FORM AND LEGALITY:

Secretary

Counsel