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Office of the Secretary  
Docketing & Service  
Section

513

Docket No. 50-513

## I. Background

1/ By letter to the Board dated July 9, 1976, the Applicant proposed that the Board receive pertinent evidence in the form of affidavits to supplement the record without hearing. By letter dated July 27, 1976, the Staff agreed to this proposal, and set forth a stipulated suggested schedule for the submission of affidavits (August 6) and for responses to Board interrogatories (if any) and the filing of proposed findings of fact (August 20).

## II. Applicant's Evidence

### A. Financial Qualifications

The Applicant hereby moves that the Board receive into evidence as Applicant's Exhibit 42 the "Affidavit of James T. Bobo Regarding Applicant's Financial Qualifications". The Bobo affidavit discusses the Applicant's sources of construction funds for WNP-4. As an interim measure to cover initial expenditures, advances or guarantees from purchasers or prospective purchasers of the output of WNP-4 (and WPPSS Nuclear Project No. 5 ("WNP-5"))<sup>2/</sup> provide sources of construction funds. For permanent financing, debt securities in the form of revenue bonds and notes are issued.

The first level of security for repayment of debt securities is the revenues from operation of WNP-4 (and WNP-5). The second level of security is the existing contractual commitments between WPPSS and 88 public and cooperative utilities to purchase the electrical capability of WNP-4 and the WPPSS share (90%) of WNP-5. The aggregate of the 88 participants' obligations equals the total costs of acquiring, constructing and operating the facilities, including the amount required annually to pay the

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<sup>2/</sup> WNP-4 and the WPPSS share (90%) of WNP-5 will be financed as one system utilizing the project financing approach. Under this approach, the Applicant's Board of Directors adopts note and bond resolutions which serve as the indentures to the buyers of the securities.

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interest and a portion of the principal on outstanding bonds. Each of the 88 participants promises to pay a specified portion of these total costs. The participants are obligated to make payments whether or not the facilities are completed, operable or operating, and notwithstanding interruption or curtailment of output.

Prior to execution of the contractual commitments between WPPSS and the 88 participants, short-term revenue notes and bonds in the amounts of \$17.5 million and \$100 million, respectively, were issued for WNP-4 (and WNP-5). The short-term revenue notes in the amount of \$17.5 million have been retired. Since contractual commitments have been executed, financing of the facilities will be continued by the issuance of long-term revenue bonds in series from time to time during construction.

Upon receipt into evidence of the Bobo affidavit, and in view of the examination by the Board of the Applicant's witnesses at the evidentiary hearings held in November, 1975 (Tr. 796-800, 841-44, 849), we submit that the record contains substantial evidence to support favorable findings of fact and conclusions of law on the financial qualifications issue.

#### B. Need For Power

In its Partial Initial Decision on environmental and site suitability issues which was issued on July 30, 1976,<sup>3/</sup> the Board made

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<sup>3/</sup> LBP-75-41, NRCI-75/7 131 (July 30, 1975).

certain findings relating to the need for power issue. In conclusion the Board found that "there will be a need for the base-load energy which can be provided from WNP-1 and WNP-4 in the time frame in which those plants are anticipated to operate." NRCI-75/7 at p. 142. Nevertheless, in view of the delays encountered in the issuance of the construction permit for WNP-4,<sup>4/</sup> it appears appropriate out of an abundance of caution to update the record on the need for power issue. E.g., Matter of Potomac Electric Power Company (Douglas Point Nuclear Generating Station, Units 1 and 2) ALAB-277, NRCI-75/6 539 (June 18, 1975); Matter of Duke Power Company (William B. McGuire Nuclear Station, Units 1 and 2) ALAB-143, RAI-73-9 623 (September 6, 1973).

Accordingly, the Applicant hereby moves that the Board receive into evidence as Applicant's Exhibit 43 the "Affidavit of Robert B. Gallup Regarding Need For Power Update,"<sup>5/</sup> and as Applicant's Exhibit 44 the 1976 West Group Forecast ("1976 Forecast"), which was issued subsequent to the evidentiary hearing on environmental and site suitability issues (May 13-15, 1975).<sup>6/</sup>

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<sup>4/</sup> The delays encountered were unrelated to the need for power issue. Rather, the Applicant requested that the Board defer consideration of the Applicant's financial qualifications to construct WNP-4 pending completion of secondary environmental impact statements pursuant to Washington State law. See NRCI-75/12 922, 927-28 (December 22, 1976).

<sup>5/</sup> Mr. Gallup testified on the need for power issue at the evidentiary hearings held on May 13-15, 1975 (Tr. following p. 164; Tr. 155-58, 160-64, 174-76, 247-48, 263-344, 346-76).

<sup>6/</sup> The 1976 Forecast was issued on March 1, 1976. The 1975 West Group Forecast ("1975 Forecast") was received into evidence as Applicant's Exhibit 4. See NRCI-75/7 at p. 141.

The Gallup affidavit summarizes the forecasts of loads and resources for the Pacific Northwest region contained in the 1976 Forecast. The 1976 Forecast indicates that there has been a decrease in energy loads forecasted for the period 1976-1987 which has been more than offset by a decrease in energy resources estimated to be available in that same period. The decrease in estimated resources is due to slips in schedule of certain nuclear and coal-fired facilities which were credited as resources for a given year in the 1975 Forecast. The slips in schedule were due to several factors, including regulatory delays, financing difficulties, load reductions and construction delays. The changes in energy load estimates and resource schedules have resulted in a shift from surpluses to deficits for each year during 1983-1986, the period during which the 1976 Forecast takes initial credit for energy from WNP-4.

Thus, the 1976 Forecast more than confirms the Board's finding as to the need for WNP-4 in the time frame projected. Relative to the forecasts contained in the 1975 Forecast and to the other evidence of record when the Board rendered its findings on the need for power issue, the need for WNP-4 is even more urgent.

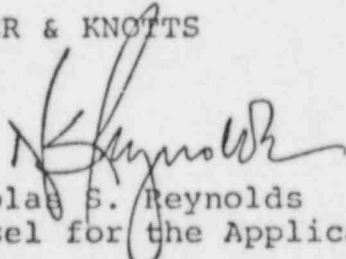


III. Proposed Findings of Fact  
and Conclusions of Law

Based upon the stipulated suggested schedule set forth in the Staff's letter to the Board dated July 27, 1976 (supra, n. 1), responses to Board questions (if any) and proposed findings of fact and conclusions of law must be filed by August 20, 1976. The Applicant and the Staff both believe it appropriate that this matter be considered on affidavits without hearing.<sup>7/</sup> In the event that the Board agrees with this approach, we request that the Board so inform the parties and transmit Board questions (if any) by August 12, 1976 to facilitate the filing of responses to any Board questions and proposed findings of fact and conclusions of law by both parties by August 20, 1976.

Respectfully submitted,

CONNER & KNOTTS

  
Nicholas S. Reynolds  
Counsel for the Applicant

Dated: August 5, 1976

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<sup>7/</sup> See Applicant's and Staff's letters to the Board dated July 9, 1976, and July 27, 1976, respectively.

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

In the Matter of	)	
	)	
WASHINGTON PUBLIC POWER	)	Docket No. 50-513
SUPPLY SYSTEM	)	
	)	
(Nuclear Project No. 4)	)	

CERTIFICATE OF SERVICE

I hereby certify that copies of "Applicant's Motion For Receipt Into Evidence Of Affidavits And Documentary Material", dated August 5, 1976, in the captioned matter, have been served upon the following by deposit in the United States mail this 5th day of August, 1976:

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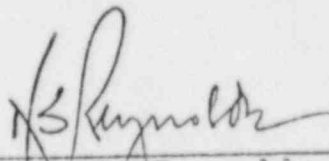
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