



UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

ATOMIC SAFETY AND LICENSING BOARD

Before Administrative Judges:
Elizabeth S. Bowers, Chairman
Dr. Walter H. Jordan
Dr. William E. Martin



In the Matter of)

PORTLAND GENERAL ELECTRIC COMPANY,)
ET AL.)

Docket Nos. 50-514 CP
50-515 CP

(Pebble Springs Nuclear Plant,)
Units 1 and 2))

5/14/81

RESPONSE TO BOARD'S ORDER OF
APRIL 28, 1981

Applicants' Respond to the Board's Order of April 28, 1981
inquiring as to PGE's future plan for Pebble Springs as follows:

In February of 1980 Applicants advised the Board of the deferral of the Pebble Springs Project to the 1990's. For the Board's convenience, a copy of that communication is attached. As the Board will note from that letter the Project was deferred to that time period because it could not be constructed in time to meet then expected needs -- It was not to be abandoned.

On March 12, 1981 Merrill Lynch Pierce Fenner & Smith, Inc. (Merrill Lynch) released through its Securities Research Division a report (the Release) on electric utilities who own or are building nuclear power plants. Portions of the Release deal with Portland General Electric Company. They are attached.

THIS DOCUMENT CONTAINS
POOR QUALITY PAGES

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The Release was apparently picked up and then paraphrased by Nucleonics Week in its issue of April 2, 1981 and in this form came to the Board's attention.

The Board will note the Release was apparently written by a Doris A. Kelley associated with the New York City office of Merrill Lynch. In a statement to the press on May 8, 1981, a spokesperson for Merrill Lynch attributed statements in the Release to "the firm's researchers" and to public information, including "rumors". Please see the clipping attached.

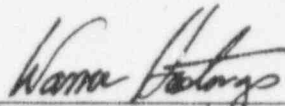
In comparing the Release with the Nucleonics article, it is apparent the writer of the article has exercised literary license on the Release. For example, the Release suggests PGE "could" benefit from cancelling Pebble Springs and Skagit if certain conditions present themselves. The writer of the Nucleonics article has turned this into the statement "Portland General Electric would benefit from cancellation of Pebble Springs 1 and 2, --".

Irrespective, the conditions for cancellation outlined by Merrill Lynch do not fully exist in PGE's case. PGE has an investment in Pebble Springs approaching \$150 million. It does not propose to write this off without compensation. Secondly, it can not act unilaterally. Others own substantial interests in Pebble Springs. While it is true PGE has "some wait and see room --" due to the completion of its Boardman Plant, the Regional Bill, and construction progress on the Colstrip 3 and 4 and WPPSS No. 3 units, this does not mean the Pebble Springs Project is to be abandoned.

PGE's position on Pebble Springs remains as stated in the letter of its President, Mr. Lindblad (then Vice-President), to the NRC of September 30, 1980 and as reiterated in the attached press releases. Although a copy of Mr. Lindblad's letter was previously made available to the Board, an additional copy is attached for the Board's convenience.

We trust the foregoing is suitable for the Board's purposes. We would be happy to answer any further inquiries the Board may have.

Respectfully submitted,



Warren Hastings, of Attorney
for Applicants

Dated at Portland, Oregon this 14th day of May, 1981.