



Portland General Electric Company

Stephen M. Quennoz
Trojan Site Executive

October 16, 1996

VPN-064-96

Trojan Nuclear Plant
Docket 50-344
License NPF-1
Docket 72-0017

U.S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, D.C. 2005

Dear Sirs:

Planned Merger of Parent Company, Portland General Corporation, with Enron Corp.

This supplements PGE's August 20, 1996 letter on this subject. We understand from informal telephone discussions between the NRC's Robert Wood and PGE's Doug Nichols and Mahendra Shah, that the NRC is considering conditioning its approval of the planned merger between PGE's parent company, Portland General Corporation, and Enron Corp. on PGE providing the NRC with 60 days notice prior to any significant transfer of consolidated net utility plant. We understand this condition has been imposed by the NRC in certain cases of corporate restructuring involving operating nuclear plants. Paragraph 3.B of SECY-94-280 of November 18, 1994, indicates that this condition is the result of concerns at the NRC about the ability of licensees after restructuring to fund expenditures for safety and decommissioning. The purpose of this letter is to suggest what we believe would be an effective way of implementing such a condition with respect to PGE's funding of Trojan decommissioning.

At the outset, it is worth emphasizing that the merger is likely to improve the overall financial strength and stability of PGE's parent company. PGE's current parent company, PGC, has assets of approximately \$3.4 billion,¹ while Enron has assets of approximately \$14.6 billion.²

As noted in our August 20 letter, the Oregon Public Utility Commission has approved PGE's decommissioning and funding plan for inclusion in rate base. The Trojan Decommissioning Plan, which was approved by the NRC on April 15, 1996, provides for the completion of Trojan decommissioning through final site survey and termination of the 10 CFR Part 50 license for Trojan in 2001. Given the approved funding of the decommissioning, and the expected completion of the decommissioning within 5 years, we respectfully submit that the NRC may appropriately limit its review, with respect to PGE's share of Trojan decommissioning

¹Portland General Corporation Form 10-Q for the period ending June 30, 1996.

²Enron Corp. Form 10-Q for the period ending June 30, 1996.

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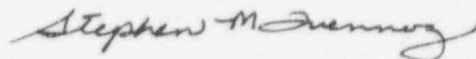
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funds, to PGE's ability to fund its decommissioning trust funds according to the Decommissioning Plan as approved by the NRC. Accordingly, PGE would be willing to agree to the following conditions on the NRC's consent to the planned merger:

- (1) PGE will continue to fund its decommissioning trust funds in accordance with the schedule provided in the Decommissioning Plan as approved by the NRC,
- (2) Until such time as PGE has in place the financial assurance mechanism prior to the start of the DECON phase of decommissioning as provided in the Trojan Nuclear Plant Decommissioning Plan as approved by the NRC, PGE will inform the Director, NRR, sixty days prior to a transfer (excluding grants of security interests or liens) from PGE to its proposed parent or to any other affiliated company of facilities for the production, transmission or distribution of electric energy having a depreciated book value exceeding ten percent (10%) of PGE's consolidated net utility plant, as recorded on PGE's books of account. After PGE has the financial assurance mechanism in place, PGE will no longer be required to inform the Director, NRR, prior to any such transfer, so long as PGE continues to provide the financial assurance required by the Decommissioning Plan approved by the NRC. Any such notice to the Director, NRR, shall be exempt from public disclosure to the extent permitted by the NRC's regulations implementing the Freedom of Information Act.

Please let me know if you have any questions on this matter.

Sincerely,



Stephen M. Quennoz
Trojan Site Executive

c: M. T. Masnik, NRC, NRR
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