

PUBLIC SERVICE COMPANY OF OKLAHOMA

A CENTRAL AND SOUTH WEST COMPANY

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Martin E. Fate, Jr.
President



June 12, 1985

The Honorable Nunzio J. Palladino, Chairman
U. S. Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Chairman Palladino:

Docket Nos. 50-556 and 50-557
Bill Number C0203 (Black Fox Station
Withdrawn Application for Construction Permits)

I am writing for the co-owners of the canceled Black Fox Station nuclear project. The Commission seeks to charge us a \$1,009,275 fee for withdrawal of our Construction Permit application. We originally advised the Commission of this withdrawal by my letter dated February 16, 1982, to your Harold R. Denton, Director of Nuclear Reactor Regulation.

As expressed in that letter, attached, our withdrawal was the culmination of intense frustration and disappointment to us and our customers. The administrative record on our application closed in February of 1979. The Construction Permits were in final form and all was ready for the Commission's final licensing decision. But instead, three years of regulatory and licensing delay by the Commission followed. These delays constituted a de facto suspension of licensing activities, a situation that denied us the opportunity to make a knowledgeable cancellation decision. The actions and statements by the NRC staff continued to lead us to believe our Construction Permits would be issued within a reasonable time period.

In the end, after three years of responding to changing Commission staff directions, we had little choice but to abandon our project and withdraw our application for Construction Permits. The length of the delay had simply made Black Fox Station no longer economically feasible.

Our continuing frustration comes from the knowledge that for those three years we did literally everything the Commission asked and "suggested" (and much more), in order to facilitate issuance of our Construction Permits which had been ready for the Commission's final decision since February 1979. No matter how well-intentioned, the long stall in licensing and

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EDD/ACB
ELD/RRO

CENTRAL AND SOUTH WEST SYSTEM

Central Power and Light
Corpus Christi, Texas

Public Service Company of Oklahoma
Tulsa, Oklahoma

Southwestern Electric Power
Shreveport, Louisiana

West Texas Utilities
Arlene, Texas

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ultimately the loss of our ability to prudently build the project was occasioned solely by the Commission. The Commission's actions deprived us of even the opportunity to effect withdrawal before the late-1981 operative date of a new regulation which charged withdrawal fees for the first time.

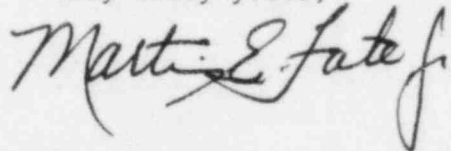
We are now told that this new regulation in 10 C.F.R. Part 170 compels the million-dollar withdrawal fee sought from us. But to apply the rote and rule of this regulation retroactively against us would be manifestly unfair. Not only did regulatory delay penalize our customers by loss of a costly project, but regulatory rule now seeks further retribution from our customers via a withdrawal fee.

This is an affront to them, to the Commission's laudable efforts at regulatory reform, to this Administration's posture on regulation, and to me personally. We have suffered enough with the loss and write-off of over \$400 million without the additional burden the Commission seeks to place upon us.

The enclosed fee-waiver application and supporting brief show more particularly why exacting a withdrawal fee from us would be grossly unfair, why a withdrawal fee against us would violate public policy, and why the unique facts surrounding our project call for full waiver of withdrawal fees. For these reasons, the co-owners of the canceled Black Fox Station nuclear project respectfully urge the Commission to grant our fee-waiver application.

Dialog in this matter has been established between our respective staffs. With your attention, I trust we will receive a speedy rendering of final action by the Commission.

Very truly yours,



MEF:lh

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cc w/enclosures:

William O. Miller, Chief
License Fee Management Branch
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Gerald F. Diddle, General Manager
Associated Electric Cooperative, Inc.

Thomas W. Stevenson, General Manager
Western Farmers Electric Cooperative

Oklahoma Congressional Delegation-

Hon. David L. Boren
Hon. Don Nickles
Hon. James R. Jones
Hon. Mike Synar
Hon. Wes W. Watkins
Hon. Dave McCurdy
Hon. Mickey Edwards
Hon. Glenn English

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