

"WPPSS LATE ON DIRECTOR, TOO: LITTLE GENERATED BUT
DELAYS", Seattle P-I, 4/28/80, p. D-1

By Joel Connelly
P-I Staff

RICHLAND — The new managing director of the Washington Public Power Supply System was to have been chosen by the WPPSS board of directors at their meeting here last Friday.

But like many of the schedules at WPPSS, this one proved too optimistic. As the date approached, a search committee was still considering 50 names of prospective candidates.

The completion date of WPPSS' managing director search is now vaguely pegged as sometime during the "second quarter" of 1980. WPPSS is paying \$60,000 for consultants to aid in the search.

When chosen, the new head man will confront twin problems of soaring costs and overly ambitious schedules at the five WPPSS nuclear plants.

But it won't just be the managing director's problem. Troubles in nuclear construction will hit the pocketbooks and light switches of every household and business in the Northwest.

When WPPSS decided to build its five nuclear plants in the early 1970s—and the Bonneville Power Administration arranged to buy power from three of them—preliminary cost estimates totaled \$4.1 billion.

The WPPSS staff now estimates total costs at \$15.6 billion—an escalation expected to more than quadruple electrical bills for public utility customers around the state.

The first blow, an average 50 percent rate increase, has already fallen in most areas. Seattle expects an average 36 percent rate increase later this year.

The first two WPPSS nuclear plants slated for completion, WNP-2 and WNP-1, are expected to begin operation in January of 1983 and June of 1985. Despite its numerical title, WNP-2 will come on line first.

The plants are running five to six years behind their original schedules. The latest scheduled delays of 12 to 16 months were approved by WPPSS directors here last week.

As a result of the delays, the Pacific Northwest Utilities Conference Committee says there is an 80 percent chance the region will run short of power by 1985.

A shortage would mean an automatic cut-off of interruptible power to northwest aluminum producers. The region's governors would be in charge of further curtailments, and would have to decide on whether to cut back power to people's homes or places of work.

WPPSS has begun to vigorously defend itself. It approved a \$3 million public relations and lobby budget for that purpose last year.

A part of the defense has been cosmetic. The organization's initials are pronounced "Whoops," an embarrassing nickname for an error-prone agency. The official abbreviation has been changed to "the Supply System."

The initial \$4.1 billion cost estimate has also disappeared from WPPSS publications, although not from the Supply System's in-house budget history.

WPPSS claims that a "more realistic" basis for comparisons is the "first official estimate" of \$6.6 billion. By using the later estimate, the cost increase figure is shaved by 100 percent.

A more basic defense is that costs

have soared throughout the nuclear industry. WPPSS' latest newsletter blames those increases almost entirely on changes in federal regulations and safety standards.

The newsletter concluded the nuclear industry cannot be held accountable for any of its cost increases, and that WPPSS can be criticized only when its costs fall above the industry average.

But WPPSS' internal documents disclose problems unique to the organization—from prolonged labor strife to erosion of hillsides during preparation of the Satsop project site.

For example, WPPSS ordered three different kinds of reactors for its five nuclear plants. As a result, it had to buy three different simulators to train control-room personnel. Total cost: more than \$25 million.

A uranium exploration contract with a Denver mining firm cost WPPSS \$3 million. It was terminated two weeks ago without yielding a pound of ore.

The most snake-bit nuclear plant has been WNP-2. In 1972, its estimated cost came to \$397 million. The latest staff forecasts have pushed the price tag to \$2.4 billion.

The nuclear plant looks like it could begin operating tomorrow. Its squat cooling towers are in place, and the reactor building rises most imposingly from the desert north of Richland.

But there's a problem with WNP-2. It chugs, or would if completed according to the original design.

WNP-2 is a General Electric boiling water reactor. Like a giant tea kettle, the reactor has been known to shake as it boils water—not a desired effect with a nuclear power plant.

General Electric has worked successfully to solve the problem, but "hundreds of changes" must be made in WNP-2 as a result, one senior WPPSS official said. In addition, WNP-2 must meet new federal regulations in the wake of Pennsylvania's Three Mile Island nuclear accident.

The two problems—design changes and federal regulations—mean major repair work must be done on WNP-2's Sacrificial Shield Wall, one of the key safety devices in a nuclear plant.

A key WPPSS internal document, the Level 1 Report, outlines the many problems of WNP-2 and concludes:

"The unfavorable cost trend has continued as a result of the inefficiencies discussed above. Future costs will continue to exceed the FY 1980 budget as a result non-anticipated repair and rework."

The fate of WNP-2 has been put in the hands of a top-flight nuclear industry "rescue" team. But it can only—correct—not prevent—expensive past mistakes.

After years of conflict with its contractors and admittedly lax supervision of the nuclear project, WPPSS has at last assembled teams of leading nuclear engineers.

The nuclear industry's nationwide decline has brought a lot of talent to Richland and Satsop.

But top-level management is still a problem. "The two main problems with this organization are no direction and no accountability," said one past consultant to WPPSS.

The consultant—who asked not to be named—argues that WPPSS does not have adequate procedures for keeping track of materials, knowing what work is complete, and assessing costs and length of jobs remaining to be done.

In a report prepared for BPA and WPPSS last year, a California-based

consultant, the Decision Planning Corp., recommended an "integrated project management system" for WPPSS. Its recommendation was not accepted.

But WPPSS assistant director, Frank McElwee, argues that improvements have been made in management systems. "It's a painfully slow process and there are no magic solutions," he said.

If there is to be a magic man, it would have to be the new managing director. Western Washington utilities forced WPPSS' previous chief, Neil Strand, to resign last February. Strand has stayed on as acting managing director.

"It is a consensus of the board and executive committee that we must leave the new managing director free to establish an organization as he sees fit," said Stan Olsen, Snohomish County utility commissioner and chairman of the research committee.

In plain English, that means the new WPPSS chief can shake things up—maybe.

Old guard public utility commissioners on WPPSS' board have fought against any reform of the organization, and protested against Strand's ouster two months ago.

The WPPSS board rarely, if ever, hears a discouraging word at its meetings. This could be seen in the very appearance of WPPSS' Richland board room, where directors met last week.

Before the meeting, one wall of the room was covered with charts which illustrated delays and problems in construction. So-called "problem areas" were marked on the charts with little red devil figures, a reminder to those in charge.

But the charts were taken down before the WPPSS board meeting, on orders from top management.