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STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

1315 W. 4th Avenue • Kennewick, Washington 99336-6018 • (509) 735-7581

September 15, 1998

Mr. Douglas Coleman, Manager
Regulatory Affairs
Washington Public Power Supply System
P.O. Box 968, MSIN: PE-20
Richland, WA 99352-0968



Dear Mr. Coleman:

Re: Resource Conservation and Recovery Act (RCRA)/Dangerous Waste (DW)
Financial Responsibility for Closure and Liability

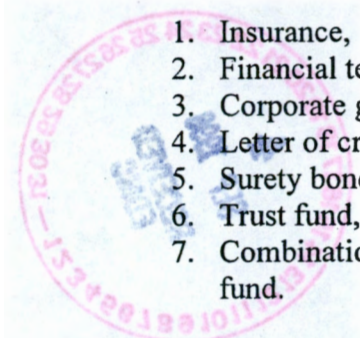
The Washington State Department of Ecology (Ecology) has reviewed the revised closure cost estimate received from the Washington Public Power Supply System (Supply System). The closure cost estimate of \$374,800 is acceptable, provided that the Supply System continues to store the present inventory of mixed waste. If additional dangerous or mixed waste is accepted for storage, Ecology must be notified and the adequacy of the closure cost estimate will be reviewed.

Ecology has reaffirmed our decision that the Supply System is out of compliance with Washington Administrative Code (WAC) 173-303-400, Dangerous Waste Regulations, financial requirements. These regulations are very specific on the type of financial instrument that a facility can use to demonstrate RCRA/DW financial responsibility and makes no allowances for the "net billing agreement" or any other instrument. Consequently, the Supply System must select from the options listed in the regulations. For closure, the options are:

1. Closure Trust fund,
2. Surety bond guaranteeing payment into a closure trust fund,
3. Surety bond guaranteeing performance of closure,
4. Closure letter of credit,
5. Closure insurance,
6. Financial test and corporate guarantee,
7. Combination of trust fund, surety bond-payment, letter of credit, and insurance.

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For liability coverage, the options are:

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1. Insurance,
 2. Financial test,
 3. Corporate guarantee,
 4. Letter of credit,
 5. Surety bond-payment,
 6. Trust fund,
 7. Combination of insurance, financial test, guarantee, letter of credit, surety bond, and trust fund.

Therefore, the Supply System must obtain alternative financial assurance for both liability and closure within sixty (60) days of receipt of this letter.

If you have any questions, please contact me at (509) 736-3011 or Rob Kirkwood, Ecology's Financial Assurance Officer, at (360) 407-6717.

Sincerely,



Steven J. Skurla, Permit Writer
Nuclear Waste Program

SJS:sdb

cc: Mary Lou Blazek, OOE
Administrative Record