

# NEWS FROM

WASHINGTON PUBLIC POWER  
SUPPLY SYSTEM

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## SYNDICATE DECLINES TO ACCEPT BOND ISSUE

A \$180-million bond issue sold on Nov. 9 will not be accepted for delivery by the successful syndicate managed by Smith, Barney, Harris, Upham and Co., New York, the Washington Public Power Supply System was informed Tuesday.

Smith, Barney informed the Supply System that the reason the underwriting syndicate was not accepting delivery of the bonds was the change in circumstances which required a qualified legal opinion from WPPSS's bond and special counsels. The bonds had been purchased and resold on Nov. 9 with an unqualified legal opinion. A contributing factor to the syndicate's decision was the decline in general market price levels which occurred during this period.

"The decision by the syndicate is disappointing," said J. D. Perko, Supply System Assistant Director for Finance and Administration and Treasurer. "However, we intend to proceed with our financing program as prepared for the next year," he said.

The bonds, rated "Triple A" by both Standard and Poor's and Moody's rating services, were sold at an effective interest rate of 5.497 percent. The ratings were subsequently reaffirmed after closing of the sale was delayed.

An allegation that the Bonneville Power Administration's (BPA) net billing agreements were "null and void" was found to be "without substantial merit" by bond counsel, special counsel and counsel for the underwriters.

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The allegation was made in a lawsuit filed Nov. 14 in the U. S. District Court for the District of Oregon by the City of Portland, Oregon, its Mayor and four City Commissioners seeking to have the agreements declared invalid because BPA had not prepared and distributed environmental impact statements related to the agreements.

Proceeds from the bonds were to be used to finance a portion of the cost of the Supply System's Nuclear Project No. 1, being built at Hanford. The net billing agreements with project participants and owners provide security for the bonds.

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