

*U.S. house of Representatives
Committee on Energy and Commerce
Room 2125, Rayburn house Office Building
Washington, DC 20515*

March 20, 1989

The Honorable David S. Ruder
Chairman
Securities and Exchange Commission
450 Fifth Street, N. W.
Washington, D. C. 20549

Dear Chairman Ruder:

This is in response to recent press reports that the Washington Public Power Supply System expects to offer new tax-exempt bonds for its nuclear power plants Nos. 1 and 3.

As you know, between 1977 and 1981, WPPSS issued tax-exempt municipal revenue bonds to finance the construction of two nuclear power plants, Nuclear Projects Nos. 4 and 5. Construction was terminated in June 1982 due to cost overruns, to WPPSS' inability to continue to sell bonds to finance construction costs, and to growing skepticism regarding the need for the power to be provided by the plants. In 1983 WPPSS defaulted on \$2.25 billion in principal.

On January 11, 1984, the Commission issued a formal order of investigation relating to the WPPSS default. In September 1988, the Commission voted to terminate that investigation without enforcement action and to release a Staff Report on the staff's information concerning the circumstances that led to the default. The Staff Report raises serious questions about the adequacy and accuracy of disclosure of certain significant and material facts related to Projects Nos. 4 and 5 in the official statements for those WPPSS bonds.

Given WPPSS's intentions to reenter the bond market, please advise us what steps have been or will be taken to make sure that there is full and fair disclosure in the official statement for Nos. 1 and 3 bonds with respect to that offering as well as with respect to the 1983 default.

Thank you for your cooperation and attention to this request.

Sincerely,

JOHN D. DINGELL
CHAIRMAN

cc: Municipal Securities Rulemaking Board