

741

RELATED CORRESPONDENCE

ISHAM, LINCOLN & BEALE  
COUNSELORS AT LAW

EDWARD S. ISHAM 1872-1902  
ROBERT T. LINCOLN 1872-1889  
WILLIAM G. BEALE 1885-1923

THREE FIRST NATIONAL PLAZA  
CHICAGO, ILLINOIS 60602  
TELEPHONE 312 558-7500  
TELEX 2-5288

85 OCT 10 12:33

WASHINGTON OFFICE  
1120 CONNECTICUT AVENUE, N.W.  
SUITE 840  
WASHINGTON, D.C. 20036  
202 833-9730

October 8, 1985

Mr. Alan S. Rosenthal,  
Chairman  
Mr. Thomas S. Moore,  
Administrative Judge  
Atomic Safety and Licensing Appeal Board  
United States Nuclear Regulatory Commission  
Washington, D.C. 20555

Re: In the Matter of  
Consumers Power Company  
Midland Plant Units 1 and 2  
Docket Numbers 50-329 and 50-330 OL&OM

Dear Chairman Rosenthal and Administrative Judge Moore:

This letter supplements our letter to you dated August 9, 1985.

On September 25, 1985, Consumers Power Company's Board of Directors adopted the following resolution:

RESOLVED: That officers of the company are authorized to effect an immediate abandonment of the process steam equipment located in and about the evaporator building of the Midland Nuclear Plant, in the manner presented to the meeting, by severing pipe and other connections from the retained portions of the Midland Nuclear Plant, by taking steps to render physically unusable the major components of the process steam system, by offering for sale the salvageable components, by reducing or discontinuing all surveillance, maintenance and other similar activities with respect to the components which cannot be salvaged, and by taking such other action as the officers, in their discretion, may deem advisable.

In accordance with the resolution, the Company plans to physically disable equipment installed in and about the evaporator building to serve process steam to The Dow Chemical Company. All of the equipment and structures being abandoned are non-Q. The physical work necessary to

8510110217 851008  
PDR ADOCK 05000329  
G PDR

DS03

Mr. Alan S. Rosenthal  
and Mr. Thomas S. Moore  
October 8, 1985  
Page Two

accomplish the abandonment is expected to begin during the second week in October and to be completed by December 15, 1985.

Also enclosed, for your information, is the Company's September 30, 1985, press release on this subject.

Very truly yours,



Michael I. Miller

MIM:KMB

Enclosure

cc: Service List



**Consumers Power Company**



General Offices: 212 West Michigan Avenue  
Jackson, Michigan 49201 (517) 788-0333

FOR IMMEDIATE RELEASE

JACKSON, Mich., Sept. 30, 1985 -- Consumers Power Company's board of directors has authorized the abandonment of the process steam equipment at the Midland nuclear plant.

The equipment had been installed to provide process steam to The Dow Chemical Company. Dow withdrew from its contract to purchase the steam in July 1983. As a result, the equipment is no longer useable under any foreseeable event.

The equipment includes evaporators, in which steam from the plant would have transferred its heat to water piped from Dow. The water would then be turned into steam for Dow's manufacturing operations. The equipment also includes the associated piping for the heat exchange equipment along with various miscellaneous equipment.

The company will remove and sell the equipment where feasible, for either direct use or scrap, and abandon the remainder in place. Because of the lack of a market and the specialized nature of much of the equipment, the salvage value is estimated to be insignificant compared to the original investment of approximately \$150 million.

Vice chairman James B. Falahee said the move complies with provisions contained in the debt restructuring agreement that the Company recently negotiated to stabilize its financing. He also noted that the action is not expected to have any impact on current net income.

--more--

Construction of the Midland nuclear plant was shutdown because of a lack of funds on July 16, 1984. A program of maintenance and surveillance activities is keeping the plant's equipment in a usable condition should the plant be sold and a decision made to complete it. The abandonment action will not affect the plant's potential use as an electric generating facility.

Consumers Power officials have repeatedly stated that the company does not have the resources to finish the Midland facility which is 85 percent complete. Further, under conditions imposed by the Michigan Public Service Commission, the utility could not resume construction work without prior MPSC approval.

###

September 30, 1985

NR985-02-MGK