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June 5, 1979

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Re: In the Matter of Houston Lighting & Power Company, et al.,
(South Texas Project, Units 1 and 2), Docket Nos.
STN 50-498 OL, STN 50-499 OL

Dear Members of the Board:

Applicants are in receipt of NRC Staff counsel's letter of May 29, 1979, addressed to this Board on behalf of the Staff, Citizens for Equitable Utilities (CEU) and Citizens Concerned About Nuclear Power (CCANP), suggesting additional time (until July 2, 1979) for further discussions and negotiations among the parties with respect to the contentions of CEU and CCANP. The time heretofore allotted by this Board for that purpose and which expired May 29, 1979, was entirely adequate. Meetings for this purpose took place sufficiently early in the allotted time, 20 days prior to its expiration, to permit further discussions had the intervenors so desired but were not followed by timely requests for such discussions. Accordingly, Applicants oppose the request for additional time for such discussions and negotiations.



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It is the Applicants understanding of this Board's Prehearing Conference Order of April 3, 1979, as supplemented by this Board's Order of April 30, 1979, that:

(i) CCANP Contention 2 as to the alleged practices specified in subparagraph (b) through (g) and CCANP Contention 3, each as set forth in CCANP's Petition for Leave to Intervene served under Certificate of Service dated December 26, 1978 and each subject to suitable rewording, were admitted, and the balance of CCANP's contentions as set forth in said petition were denied. (Opinion, pages 20-25);

(ii) CEU Contention 1 and CEU Contention 5, each as set forth in CEU's Petition for Leave to Intervene served under Certificate of Service dated February 23, 1979, were admitted but this Board did not rule on "CEU's remaining contentions, [for] we do not have enough information to accept or reject any of them." (Opinion, pages 53-57);

(iii) CCANP and CEU were urged "[w]ith respect to the contentions which we have accepted, but concerning which we have indicated that some further particularization or rewriting is called for . . . to seek the assistance of the Staff and/or the Applicants and to attempt to reach agreement on the wording of the various contentions."; and that within 30 days (later extended to on or before May 29, 1979), "the parties [were] to report to the hearing Board their progress in this regard, including contentions as to which there is agreement as to final wording and those where a dispute remains." (Opinion, page 65);

(iv) It was suggested that "CEU [might] also wish to negotiate with the Staff and Applicants about the contentions on which [the Board has] not finally ruled;" and that "in any event, [CEU] should submit on or before May 29, 1979, either a stipulation or the further information we have called for in order to determine whether those contentions are acceptable."

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As reflected by Applicant's letter to this Board of May 25 and NRC Staff counsel's letter dated May 29, meetings were held with representatives of CEU in Austin, Texas, on May 9, and with representatives of CCANP in San Antonio, on May 10. CCANP has now filed what it has designated as "CCANP Reformulated Contention #2" and "CCANP Reformulated Contention #3," which in the case of Reformulated Contention #2 goes far afield of the alleged practices identified in subparagraphs (b) through (g) of Contention #1 set forth in its Petition to Intervene filed under Certificate of Service dated December 26, 1978, and considered by this Board in this Board's Prehearing Conference Order. CEU has now filed a supplement to its initial petition rephrasing each of its contentions. CEU Contention 5, as so rephrased, corresponds with the wording on which tentative agreement was reached in the May 9 meeting. CEU Contention 1, as so rephrased, does not.

Twenty days elapsed between the last of the meetings with these two intervenors and May 29. At no time were Applicants' counsel contacted to discuss the rewording of admitted contentions or the contentions of CEU on which this Board has yet to rule. Applicants respectfully urge that the lapse of this period without any attempt to seek further agreement demonstrates that the time previously allotted for this purpose was adequate, that it is now timely for the Applicant and NRC Staff to reply formally to the latest filings of CCANP and CEU, and for this Board to enter an appropriate order. Accordingly, Applicants object to any further extension of time "for further discussions and negotiations among the parties" and transmits herewith responses to the pleadings of CEU and CCANP.

Applicants believe that the negotiations among the parties have progressed to a point beyond which further discussions are unlikely to be fruitful. Applicants, in the attached pleadings, have identified the limits of their agreement with both Intervenor and the nature of the differences which appear irreconcilable.

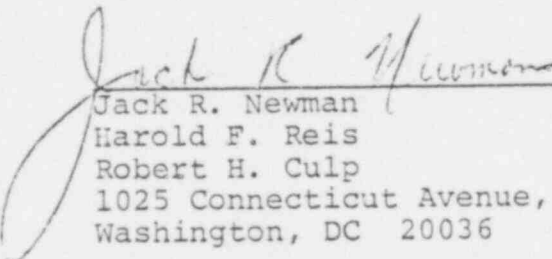
In this connection we note that, although Staff counsel's letter states that further discussions "may lead to a stipulation among the parties as to the language of the contentions . . .," it--significantly--fails to state that any of the parties believes this to be likely. Indeed, the only justification for the proposed extension of time is that the extension "will not cause any undue delay in the schedule of this proceeding since STP's fuel

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loading date is currently estimated to be November, 1981." However, the fuel loading date is far from the only factor which should be considered in determining whether to permit further delay. There are other important considerations involved. For example, the substance of the admitted contentions should be resolved as rapidly as possible, for they might influence construction practices and costs in a highly inflationary period. The mere fact that a contested proceeding exists may impact financial planning. In addition, the fact that a considerable amount of effort is being expended by the parties and the NRC indicates that the proceeding is a serious one which should be handled efficiently and with reasonable dispatch.

For all of the foregoing reasons, we urge the Board to rule now on the pleadings so that discovery may commence in this, the tenth month of this proceeding.

Respectfully submitted,



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THE CITY OF SAN ANTONIO, TEXAS,
acting by and through the City
Public Service Board of the City
of San Antonio, CENTRAL POWER AND
LIGHT COMPANY and THE CITY OF
AUSTIN, TEXAS

cc: See attached Certificate of Service

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