

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

9/3/83  
DOCKETED  
USNRC

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

SEP -7 A11:18

In the Matter of

APPLICATION OF TEXAS UTILITIES  
GENERATING COMPANY, ET AL. FOR  
AN OPERATING LICENSE FOR  
COMANCHE PEAK STEAM ELECTRIC  
STATION UNITS #1 AND #2  
(CPSES)

Office of Secretary  
Docket Nos. 50-445  
and 50-446

CASE'S MOTION REGARDING  
9/7/83 CONFERENCE CALL

Pursuant to 10 CFR 2.730, CASE (Citizens Association for Sound Energy),  
Intervenor herein, hereby files this, its Motion Regarding 9/7/83 Conference  
Call.

On August 30, 1983, Applicants' filed their Motion to Establish Schedule  
for Special Proceeding, Further Proceedings (If Necessary) and for Closing Records  
and for Expedited Reply. This was received by CASE on August 31, 1983.

In their pleading, Applicants moved that the Board "require replies hereto  
through a telephone conference to be initiated by the Board and held on the  
morning of August 31 or at such other earlier date as may be convenient for  
the Board."

Since neither CASE nor the NRC Staff received a copy of Applicants' motion  
until August 31, such a telephone conference call was virtually impossible  
unless it were to be held prior to receipt of Applicants' motion by the parties.  
The Licensing Board set up a conference call for 10 A.M. Eastern time on Wednesday,  
September 7, 1983.

CASE'S MOTION

For the reasons set forth herein, CASE hereby moves that the Board require the attendance and testimony during the conference call of James Gagliardo, whose title we believe is Director of the Division of Resident Reactor Projects and Engineering Programs at the NRC Region IV office in Arlington.

It is CASE's understanding from discussions on September 2 with Mr. Treby, NRC Staff counsel, that the Staff's position is that:

1. Applicants have yet to complete, and the NRC has yet to inspect, any other rooms (besides the Fuel Building) -- which must be done prior to Applicants' receiving their operating license;
2. The NRC's Office of Nuclear Reactor Regulation wants Applicants to have an independent assessment program, which has not yet been approved by the NRC -- which must be done prior to Applicants' receiving their operating license;
3. That, in regard to Applicants' statement in their motion "This proposed date for decision is premised on Applicants' projected fuel loading schedule of December 1983, a schedule with which the NRC Staff agrees . . .", the Staff's projection of March 3, 1983, was that December 1983 was the earliest possible fuel load date;
4. That items 1 and 2 above would tend to make Applicants' projection of a December 1983 fuel load date less likely;
5. That the Staff's official estimate to the Bevel Committee is based on Applicants' projected fuel load date; and
6. That the Staff will oppose CASE's instant motion since the conference

call is not an evidentiary hearing with testimony, etc.

CASE submits that, based on the preceding information, Mr. Gagliardo's presence and testimony during the conference call is desirable and necessary, for the following reasons.

Following the recent inspection by the NRC of the Fuel Building (the first completed building at Comanche Peak), Mr. Gagliardo was quoted publicly as stating:

"The NRC said none of the items posed a significant safety problem by itself.

"But James Gagliardo, director of the division of resident reactor projects and engineering programs at the NRC's regional office in Arlington, said, 'The question that you have is...are there more serious deficiencies out there that got through?' Texas Utilities' in-house inspection program.

"Because of the problems in the fuel building, Gagliardo said, the NRC will conduct unannounced inspections of other areas at Comanche Peak.

"No other areas have been reported by Texas Utilities as ready for NRC inspection. Gagliardo said that factor indicates 'the likelihood of them making that December fuel-load date is pretty small.'" (emphasis added.)

--DALLAS MORNING NEWS 8/11/83  
Attachment A hereto

"A chief inspector for the U. S. Nuclear Regulatory Commission says the builders of the Comanche Peak nuclear power plant unsatisfactorily inspected the first building completed at the site.

"Jim Gagliardo, director of inspections for the NRC's Arlington office, said Wednesday that fines or enforcement actions could be imposed if the utility consortium building the plant does not improve its final quality control inspections on completed facilities.

"Gagliardo said an NRC inspection of the plant's fuel storage building in late May and early June resulted in two notices of violation for 'multiple' instances of construction faults that Comanche Peak officials had failed to notice.

"Tony Vega, supervisor of quality assurance at the plant, said he believes the inspection 'reflects favorably on our program' and did not uncover any major problems.

"'I believe this is a positive report,' he said.

"Gagliardo, however, disagreed.

"'I would not characterize it as being a good effort on their part,' he said. 'We were dissatisfied with the fact that there were a number of items that we found that they did not identify in their effort.'

". . . But Gagliardo said the new inspection turned up a number of problems with loose bolts and equipment that did not match design documents. The inspection, he said, also raised concerns about checklists used to show which parts passed inspection and which need work.

"Plant officials insisted during the licensing hearings that the checklists provide proof every problem has been corrected. Gagliardo, however, said the new inspection revealed a more precise system is needed.

"'None of the individual deficiencies themselves were a safety concern, but the very fact that the quality control effort they were doing was not as good as we would like it to be raises a concern,' Gagliardo said."

--DALLAS TIMES HERALD 8/11/83  
Attachment A hereto

And following the decision by the NRC on August 18, 1983, to require a more extensive independent assessment program than Applicants had first envisioned, Mr. Gagliardo was quoted as stating:

"The new study, ordered after a special meeting with plant officials at NRC headquarters here (Bethesda, Md.), is expected to take four to six months once approval of the specific details is granted sometime next month (September).

"That timetable virtually rules out the utility's plan to load fuel in December and start power generation shortly thereafter, according to James E. Gagliardo, director of inspections for the NRC's Arlington branch.

"'The probability of making a December fuel load is very small,' Gagliardo said. 'I'm not saying it's impossible, but I don't see any indication at this stage that it's a realistic date.'

"Gagliardo said February or March would be a 'more realistic' projection for fuel loading, but he cautioned that further delays could occur if problems are uncovered by the study, which will be conducted by a San

Francisco consulting firm that has done two similar studies for a nuclear plant in Mississippi and another nuclear plant in Detroit.

"Comparable studies at about 20 other plants have turned up problems at each one, Gagliardo said.

"I'm not aware of any plants that have been clean -- that had no problem that needed correction or subsequent follow-up," he said.

". . . Gagliardo said the December fuel loading date probably would not have been met even if a major study had not been required.

"He said an NRC inspection in June of the first building to be completed at the site raised serious questions about the adequacy of inspections of completed work. The NRC will not grant a license to load fuel until all the other buildings have been approved by the NRC, but no other building has been finished yet.

"They're falling further and further behind in their schedule," said Gagliardo, who added that scheduling problems are wide-spread in the nuclear industry.

"I think the licensees (plant owners) tend to be optimistic in hoping that they won't have these kinds of problems, and then they are forced into having to face up to reality." . . ." (Emphases added.)

--DALLAS TIMES HERALD 8/19/83  
Attachment B hereto

As demonstrated from the preceding, it appears that Mr. Gagliardo has direct personal knowledge of material facts apparently not known to or not discussed by other NRC Staff witnesses or counsel in these proceedings. The Board's authority clearly extends to its being able to require the presence and testimony by Mr. Gagliardo in this instance. See 10 CFR 2.718 and especially 10 CFR 2.720(h)(2)(i).

It is of vital importance that the facts in Mr. Gagliardo's possession come to light during the 9/7/83 conference call. Applicants' have stated in their 8/30/83 Motion:

"The objective of Applicants' motion is the issuance of an initial decision by December 9, 1983. This proposed date for decision is premised on Applicants' projected fuel loading schedule of December 1983 . . ." (Emphasis added.)

Thus, the testimony of Mr. Gagliardo regarding the probability of Applicants' meeting this phony fuel load date is pertinent and necessary at this time, since a ruling by the Board based on Applicants' overly optimistic and false fuel load date could prematurely terminate the licensing hearings before all the facts are known. Such premature termination by the Board could jeopardize the Board's ability to assure that the requirements of 10 CFR 50.57 have been met prior to issuance of the operating license.

The Board should be aware of other factors which have influenced Applicants in filing their 8/30/83 Motion. Some of these the Board is already aware of, but some of them may not presently be known to the Board. However, CASE believes that they all are exerting pressures and are an integral part of the reasons for Applicants' motion. Consider the following:

1. The CAT Report discovered problems at Comanche Peak which had not been identified by either the Applicants or the NRC Region IV inspectors;
2. The NRC inspection of the Fuel Building, which was supposed to demonstrate that everything was fine at Comanche Peak, did not so demonstrate, but raised further serious questions about the adequacy of inspections of completed work (according to statements attributed to Mr. Gagliardo);
3. The NRC Office of Nuclear Reactor Regulation is requiring Applicants to have an independent assessment program; further, this IAP is to be more extensive than had first been envisioned by the Applicants and is to include design as well as construction aspects;
4. The IAP was initially required because of the NRC's loss of confidence that Comanche Peak was a safe plant, not only because of the CAT Report but also because allegations continued to come to the NRC -- allegations which in many cases the NRC was able to confirm were true;



5. The unannounced inspections of other areas at Comanche Peak which the NRC plans to conduct may well uncover other previously unidentified problems which must be corrected prior to fuel load;
6. Fines or enforcement actions could be imposed if the Applicants do not improve their final quality control inspections on completed facilities -- difficult to explain away in these proceedings;
7. Further delays could occur if problems are uncovered by the IAP which the NRC has ordered; in fact, based on past similar studies, it is reasonable to assume that such problems will be uncovered;
8. The open items from the SIT Report still have not been addressed;
9. The Licensing Board recently left several items open in its 7/29/83 Proposed Initial Decision (Emergency Planning, Board Questions, and certain aspects of Construction Quality Control);
10. The Board recently accepted as binding on it the decision by Secretary of Labor Donovan that Charles Atchison was wrongfully fired for reporting deficiencies at Comanche Peak and that the reasons given for his firing were pretextual;
11. The Licensing Board recently requested the State of Texas as an interested party in these proceedings to investigate whether or not the firing of Charles Atchison for reporting deficiencies at Comanche Peak was an isolated incident or if there is a pattern of intimidation of Quality Control inspectors at Comanche Peak; the State's investigation is currently on hold awaiting the report by the NRC Office of Investigations (see item 12 following).
12. The NRC Office of Investigations is currently investigating whether or not the firing of Charles Atchison for reporting deficiencies at Comanche Peak was an isolated incident or if there is a pattern of intimidation of Quality Control inspectors at Comanche Peak;
13. Allegations are still being brought to the NRC regarding the quality of construction at Comanche Peak (to CASE's personal knowledge, because we have put NRC investigators in touch with several individuals who have concerns regarding the construction at Comanche Peak) -- although CASE is not certain from indications at the present time when many of these allegations will be investigated by the NRC, since their current investigation appears to CASE to be severely and unduely limited; from all indications, the NRC investigators have not yet even completed their investigation (much less completed their report regarding it);

14. A favorable decision by the Board on any of many of CASE's recommendations in CASE's 8/22/83 Findings of Fact and Conclusions of Law (Walsh/Doyle Allegations) could mean reanalyses and/or rework or backfitting by Applicants;
15. Applicants are in financial difficulties regarding construction costs for Comanche Peak; the Texas Public Utilities Commission has an entirely new three-member Commission appointed by newly-elected Governor Mark White (who took office in January 1983); the State Legislature recently passed a new utility-reform law which took effect September 1 which created a public counsel's office to represent residential and business customers before the Public Utility Commission and which changes the way utilities can be compensated for construction financing costs; Applicants are anxious to get Comanche Peak into the rate base as quickly as possible (apparently whether or not safety concerns have been resolved); see Attachments C through H;
16. Both Texas Electric Service Company (TESCO) and Dallas Power & Light Company (DP&L) have recently filed for rate increases; questions which are difficult for the utilities to answer are expected to be asked in the hearings, such as the reasons for the continuing increase in construction costs, whether portions of such increases are attributable to poor management practices by the utilities and failure to properly oversee construction by Brown & Root, why ratepayers should have to pay for sloppy construction, poor managements, etc., etc.; and in the TESCO hearings, TEX-LA Electric Cooperative (one of the small owners in Comanche Peak) is challenging the plans of TESCO to charge ratepayers for 100% of construction work in progress (CWIP) in the rate base! (see especially Attachments C and F, as well as D, E, and G and H);
17. Even if further investigations are not made by the NRC or included in the operating license hearings, there is the possibility that the Texas State Attorney General's office and/or the Texas Public Utility Commission may conduct investigations regarding the quality of construction at Comanche Peak in connection with rate hearings or other matters under their jurisdiction; it is therefore necessary that the NRC do a thorough job prior to granting Applicants an operating license to avoid further loss of confidence by the public and Congress in the NRC's regulatory ability.

All of the preceding factors are at work at the present time. Applicants must feel as though they are living in a nightmare world! Their carefully crafted

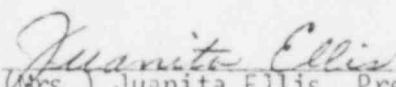


house of cards is beginning to topple and they are desperately afraid that any further investigations by the NRC, any further requirements by the Licensing Board or the NRC Staff, any further allegations which are proved to be true, can bring their play house crashing down around their ears. All the chickens which have been circling, waiting to come home to roost, must be looking more and more like vultures to the utilities. But it must be remembered that these problems are of Applicants' own making, through conscious decisions made by them through the years -- decisions such as waiting until the end of construction to deal with design and construction problems which should have been addressed and corrected along the way.

CASE submits that Applicants' recent motion is one more desperate attempt to force the Licensing Board to prematurely close the hearings before all the facts are in for the Board to make a reasoned, informed decision as to whether or not Applicants should be granted an operating license for Comanche Peak.

We believe that the testimony of James Gagliardo will assist the Board in making the determination as to whether or not to grant Applicants' motion, and we move that the Board require his presence and testimony during the 9/7/83 Conference Call.

Respectfully submitted,

  
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(Mrs.) Juanita Ellis, President  
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1426 S. Polk  
Dallas, Texas 75224  
214/946-9446

# Inspection quality questioned

DALLAS MORNING NEWS, Thurs., 8/11/83 - 33A

## NRC finds minor flaws at Comanche Peak disturbing

By Bill Lodge  
Staff Writer of The News

Federal officials said Wednesday that minor problems discovered during a recent inspection at the Comanche Peak nuclear power plant raise questions about the quality of safety inspections at the plant.

Officials of the Nuclear Regulatory Commission said the questions probably will prevent Texas Utilities Co., the plant's primary owner, from obtaining NRC permission to fuel Comanche Peak's first reactor this year.

But spokesmen for Texas Utilities said that because only minor problems have been discovered is proof that the plant is being built safely. They said the company will meet its December fuel-load date

and begin commercial operation of the first reactor sometime in 1984.

Utility officials have said that a delay of commercial operation until 1985 would cost \$1 million per day in interest and the price of replacement power.

The NRC inspected Comanche Peak's fuel building in May and June and reported Wednesday that problems were found with 16.5 percent of a sample of 85 pipe supports. There are more than 40,000 steel supports at the plant and many of them carry coolants to the plant's twin reactors.

Problems also were found with supports for cable trays — steel containers for electrical wiring — and with procedural controls on lists used by the utility to record changes to plant components, according to the report.

The NRC said none of the items posed a significant safety problem by itself.

But James Gagliardo, director of the division of resident reactor projects and engineering programs at the NRC's regional office in Arlington, said, "The question that you have is... are there more serious deficiencies out there that got through?" Texas Utilities' in-house inspection program.

Because of the problems in the fuel building, Gagliardo said, the NRC will conduct unannounced inspections of other areas at Comanche Peak.

No other areas have been reported by Texas Utilities as ready for NRC inspection. Gagliardo said that factor indicates "the likelihood of them making that December fuel-load date is pretty small."

# Comanche inspections criticized

By JACK BOOTH Th. 8/11/83 D-1  
Staff Writer DALLAS TIMES HERALD

A chief inspector for the U. S. Nuclear Regulatory Commission says the builders of the Comanche Peak nuclear power plant unsatisfactorily inspected the first building completed at the site.

Jim Gagliardo, director of inspections for the NRC's Arlington office, said Wednesday that fines or enforcement actions could be imposed if the utility consortium building the plant does not improve its final quality control inspections on completed facilities.

Gagliardo said an NRC inspection of the plant's fuel storage building in late May and early June resulted in two notices of violation for "multiple" instances of construction faults that Comanche Peak officials had failed to notice.

Tony Vega, supervisor of quality assurance at the plant, said he believes the inspection "reflects favorably on our program" and did not uncover any major problems.

"I believe this is a positive report," he said.

Gagliardo, however, disagreed.

"I would not characterize it as being a good effort on their part," he said. "We were dissatisfied with the fact that there were a number of items that we found that they did not identify in their effort."

The NRC inspection was the first test of the plant's inspection program, which was the subject of extensive testimony in licensing hearings in May and June.

A major NRC construction appraisal earlier this year said too many inspection activities had been left until the final stages of the building process. NRC inspectors said they were concerned that inspectors would end up being overworked and would rush the job to satisfy construction deadlines.

The appraisal also said many design changes at the plant were not adequately documented, preventing NRC inspectors to determine whether equipment was installed according to the final design.

Officials of the Texas Utilities Generating Co., the consortium building the plant near Glen Rose, testified at the licensing hearings that the final inspections, which had not been completed at that point, would show the program worked.

But Gagliardo said the new inspection turned up a number of problems with loose bolts and equipment that did not match design documents. The inspection, he said, also raised concerns about checklists used to show which parts passed inspection and which need work.

Plant officials insisted during the licensing hearings that the checklists provide proof every problem has been corrected. Gagliardo, however, said the new inspection revealed a more precise system is needed.

"None of the individual deficiencies themselves were a safety concern, but the very fact that the quality control effort they were doing was not as good as we would like it to be raises a concern," Gagliardo said.

Dallas Times Herald

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# Metro

Friday, August 19, 1983 . .

C

## Study likely to delay Comanche fuel loading

By JACK BOOTH  
Staff Writer

BETHESDA, Md. — Federal officials said Thursday that the Comanche Peak nuclear plant will have to undergo an extensive study of construction quality that could cost as much as \$500,000 and is likely to delay plans to load radioactive fuel by December.

A delay in the fuel loading past

the end of the year could cost the plant's owners as much as \$1 million a day, according to Homer Schmidt, manager of nuclear services at the plant being built near Glen Rose.

Any delay costs would add to the estimated \$3.44 billion price tag of the plant, which has encountered massive cost overruns since the original price of \$799 million was announced in 1974. The delay also would push back the time when

the plant could begin producing power, currently scheduled for sometime next year.

Schmidt said Thursday's decision by the U.S. Nuclear Regulatory Commission staff probably will double the \$250,000 cost of a smaller study that would have been completed next month.

The new study, ordered after a special meeting with plant officials at NRC headquarters here, is expected to take four to six months

once approval of the specific details is granted sometime next month.

That timetable virtually rules out the utility's plan to load fuel in December and start power generation shortly thereafter, according to James E. Gagliardo, director of inspections for the NRC's Arlington branch.

"The probability of making a December fuel load is very small," Gagliardo said. "I'm not saying it's impossible, but I don't see any indi-

cation at this stage that it's a realistic date."

Gagliardo said February or March would be a "more realistic" projection for fuel loading, but he cautioned that further delays could occur if problems are uncovered by the study, which will be conducted by a San Francisco consulting firm that has done two similar studies for a nuclear plant in Mississippi and another nuclear plant in Detroit.

Comparable studies at about 20 other plants have turned up problems at each one, Gagliardo said.

"I'm not aware of any plants that have been clean — that had no problem that needed correction or subsequent follow-up," he said.

The NRC staff decided a study was needed after a major NRC inspection earlier this year uncovered numerous construction flaws that

See COMANCHE on Page 2

# Comanche study expected to delay loading of fuel

COMANCHE — From Page One  
had escaped the attention of quality-control inspectors at Comanche Peak.

Plant officials had proposed a less extensive study in May, but the NRC staff rejected that proposal Thursday and said they wanted an in-depth study of equipment that was complicated and safety-related. The new proposal will examine the residual-heat removal system, a crucial component in cooling the plant after a shutdown.

Gagliardo said the December fuel loading date probably would not have been met even if a major study had not been required.

He said an NRC inspection in June of the first building to be completed at the site raised serious questions about the adequacy of inspections of completed work. The NRC will not grant a license to load fuel until all the other buildings have been approved by the NRC, but no other building has been finished yet.

"They're falling further and further behind in their schedule," said Gagliardo, who added that scheduling problems are widespread in the nuclear industry.

"I think the licensees (plant owners) tend to be optimistic in hoping that they won't have these kinds of problems, and then they are forced into having to face up to reality."

Schmidt said he expected the management of the Texas Utilities Generating Company, the consor-

tium that is building Comanche Peak, to comply with the NRC staff's request for a major study.

Thursday's order by the NRC staff was a turnaround from last December, when the staff tentatively said no study of any kind would be needed. That decision was reversed in March after the NRC inspection uncovered construction problems and after numerous allegations of shoddy work were raised by former plant employees.

Robert A. Purple, deputy director of licensing for the NRC staff, said the Comanche Peak review will be typical of studies conducted at the 20 nuclear plants in the country in the past year.

The NRC began requiring such studies after it first granted an operating license to the Diablo Canyon nuclear plant in California, and then had to revoke the license after engineers discovered they had installed seismic supports backwards.

Schmidt said TUGCO had not determined the exact amount it would lose each day if Comanche Peak is finished by the end of the year but has not been granted an operating license by the NRC.

He said utilities around the country have placed the costs of delay at around \$1 million a day, although the amount varies according to the type of fuel — oil, gas or coal — that must be used to replace the power that would have been generated by the nuclear plant.

# Utility OKs review of Comanche Peak

FRONT PAGE - DALLAS MORNING NEWS Fri. 8/19/83

By Jim Landers

Washington Bureau of The News

WASHINGTON — Texas Utilities Generating Co. bowed to the wishes of the Nuclear Regulatory Commission licensing staff Thursday and agreed to an extensive design review of the Comanche Peak nuclear power plant.

But officials of Texas Utilities, owner of the power plant 80 miles southwest of Dallas, complained at a meeting in Washington with NRC officials that the broadened independent review of the plant could delay the December target date for licensing the first of two reactors at the site.

Homer Schmidt, Texas Utilities manager of nuclear services, said

the broadened review also could increase significantly the cost of the study, from \$250,000 to about \$500,000.

"If we end up submitting a revised proposal and the increase in cost is substantial, will you go with me to the Texas Public Utility Commission to justify that cost?" Schmidt asked.

"You're big boys. You don't need our help," one of the NRC officials responded.

The commission first requested an independent review of the plant in March after a special inspection team from NRC headquarters uncovered 16 potential violations of NRC requirements and expressed

Please see UTILITY on Page 20A.

(OVER)



# Utility OKs review of Comanche Peak

Continued from Page 1A.

concern about the large number of design changes in plant construction.

Before the special inspection, the NRC had told the utility that an independent design review might not be necessary.

Texas Utilities hired Cygna Energy Services of San Francisco in June to evaluate the company's system of design changes to ensure that final construction matches the final plant drawings.

But the NRC, in a July 15 letter, told the utility that it wanted several other areas covered by Cygna's review.

The company agreed Thursday to include an examination of design and performance of a residual-heat-removal system on the reactor. The system is designed to remove excess heat from the nuclear reactor core.

Last month, Texas Utilities delayed its schedule for the licensing of the first reactor at the site from September to December. Schmidt estimated that the broadened requirements of the design review could take two to three months to complete and that the NRC might take another month to approve the review.

"Obviously, we've got to complete this before the NRC will issue a low-power operating license," Schmidt said. "December's not very far away."

Texas Utilities was willing to

broaden the scope of the inquiry, Schmidt said, but it first wanted assurances from the NRC that the revisions were "really necessary" and that they would meet with NRC approval.

"If you were to propose what you have presented here today, barring something else weird popping out of the woodwork, you would certainly get a favorable response from us," said Robert Purple, NRC deputy director of licensing.

The NRC began requiring independent design-verification studies for nuclear power plants in 1981 after a design mishap at the Diablo Canyon plant in California. Seismic supports for the twin reactors at Diablo Canyon were installed improperly, leading the NRC to suspend the plant's low-power operating license.

Since then, all but one of the reactors across the country awaiting licenses from the NRC have been required to undergo an independent design-verification study, Purple said.

Schmidt said during the meeting Thursday that Cygna began its review of the plant last June under the more limited proposal submitted by the utility.

"I have a little problem with them starting already, but not a serious problem," Purple said. "If it was an unfamiliar firm doing the study, we'd be more nervous."

Cygna has performed design-verification studies on reactors in Mississippi and Michigan.



# DP&L seeks hike of \$104.8 million

DALLAS MORNING NEWS

7/16/83

By Bill Lodge

Staff Writer of The News

Dallas Power & Light Co. is seeking a rate increase that would raise the average residential customer's monthly bill by about \$12.50, company officials said Friday.

Expenses related to construction of the Comanche Peak nuclear power plant are responsible for "about half of the (requested) increase," DP&L spokesman Charles Carter said.

Increased interest rates on loans were cited by utility officials as another major factor in the decision to seek additional revenue.

The request, filed Friday with the Public Utility Commission in Austin, seeks \$104.8 million more revenue annually — a 14.4 percent increase in DP&L's combined annual residential and commercial income.

Carter said residential rates would increase about 18 percent if the PUC approves the DP&L request. Commercial rates would go up about 12 percent, he said.

DP&L officials said a typical residential customer uses 1,000 kilowatt-hours of electricity a month and pays monthly bills averaging \$69.40. Carter said monthly residential bills will average \$81.89 if the PUC grants all of the requested rate increase.

A typical small business uses 3,600 kilowatt-hours in an average month and pays \$219, Carter said. The DP&L proposal would increase

## EFFECT OF PROPOSED DP&L RATE INCREASE

Dallas Power & Light Co. is seeking Public Utility Commission permission to increase rates annually by \$104.8 million (14.4 percent). If approved, the rate increase would have the following effect on monthly bills:

■ **Residential Customers** — Now pay \$69.40 for 1,000 kilowatt hours of electricity in an average month. DP&L plan would raise the average monthly bill to \$81.89, an increase of 18 percent.

■ **Small Business Customers** — Now pay \$219 for 3,600 kilowatt hours of electricity in an average month. DP&L plan would increase the average monthly bill to \$245.28, a boost of 12 percent.

■ **Rates for industrial customers** are identical to those for small businesses.

SOURCE: Dallas Power & Light Co.

*The Dallas Morning News*

the monthly charge for typical small businesses to \$245.28, he said.

DP&L sought an increase of \$80.6 million in 1981, but the PUC granted only \$56.2 million of that amount, Carter said.

DP&L serves 335,000 customers in Dallas County. It is one of three power-delivery subsidiaries of Dallas-based Texas Utilities Co.

Texas Power & Light Co., one of DP&L's sister firms, sought PUC approval for a \$488 million rate increase in 1982 but received approval of only \$72 million of that amount. The third Texas Utilities subsidiary, Texas Electric Service Co., is seeking PUC permission to increase its rates by an annual total of \$195 million.

# DP&L requests rate hike

By JACK BOOTH  
Staff Writer

Dallas Power & Light Co. on Friday filed a request for a record \$104.8 million rate hike — half of which was attributed to costs of financing the Comanche Peak nuclear plant.

The proposed increase, filed with the state Public Utility Commission, would raise residential rates by 18 percent, with the average monthly bill going from \$50 to \$59.

Of every dollar on a customer's bill, an estimated 12 cents would pay interest charges on construction loans for Comanche Peak near Glen Rose, compared to the current 7 cents, according to DP&L spokeswoman Joan Hunter.

The company last requested a rate increase in February 1981, when it was granted a \$56.2 million increase after asking for \$80.6 million. Ms. Hunter said any new rates would not take effect before next year.

The proposal calls for higher rates in the summer than in the winter, compared to the current flat rate, and for a higher percentage increase for residential users than for industries and businesses.

DP&L president W. W. Aston

DALLAS TIMES HERALD 7/16/83

18-A ••

Saturday, July 16, 1983, DALLAS TIMES HERALD

## Residential rates would increase 18%

### RATES — From Page One

said the increase was necessary because of inflation and high construction costs for the company, which provides service to about 949,000 people in Dallas, University Park, Highland Park and Cockrell Hill.

The interest cost on the company's debt has risen almost 40 percent in the past three years, according to DP&L documents filed with the PUC. The documents said 90 percent of the current financing costs are attributable to Comanche Peak.

The current projected cost for the two reactors at Comanche Peak is \$3.44 billion with production of electricity scheduled to begin next year. The nuclear plant is owned by a consortium of six utilities, with DP&L owning 18.3 percent of the plant. The consortium announced last week that loading of fuel at the plant — the last step before operations begin — has been postponed by three months until December, the second delay

this year, because work on the plant is behind schedule.

Utility officials said the plant's cost will be revised upward if the fuel is not loaded before 1984. The delay would cost members of the consortium as much as \$500,000 a day, a utility official has said.

Under the proposal, residential bills would be increased by 18 percent, compared to a 12.7 percent hike in 1981. Business bills would go up 12 percent, compared to 11 percent in 1981, and bills for large industrial users would go 7.8 percent, compared to an 11 percent hike in 1981. Municipal bills would increase by 21 percent, compared to the current 9.1 percent.

Ms. Hunter said the changes resulted from studies of how much each class of customer costs the utility for the electricity that is used. She said some customers, including residential ones, paid less than a fair share in the past. She said under the current proposal, every class of service would pay the cost of generating electricity for that group.

Residential customers now pay a flat monthly rate of \$70.05 per 1,000 kilowatt-hours of usage. Under the proposal, rates would vary in winter and summer and average \$77.95 per 1,000 kilowatt-hours of consumption. A bill that is now \$50 a month would go up to \$53.94 in the winter and \$63.64 in the summer.

By filing now, the company avoided a new rate law, scheduled to take effect Sept. 1, that changes the way utilities can be compensated for construction financing costs.

Until the Legislature modified state utility regulations last month, interest charges on construction work in progress were a routine part of company costs used in arguing for a rate increase. The Legislature decided that the interest should be allowed only as an "exceptional form of rate relief," but the measure will not apply to rate cases filed before Sept. 1.

Company officials said financ-

ing costs were the single largest reason for the proposed increase. DP&L wants to charge its customers for \$50.2 million in financing costs for Comanche Peak. A rate increase in 1978 called for only \$3.7 million in financing charges for the nuclear plant.

Don J. Hampton, vice president and chief financial officer of DP&L, said the amount of construction money spent by the company from 1976 through 1982 was "staggering."

In the last DP&L rate case, the PUC allowed the company to bill its customers for interest charges on 79 percent of the construction money. DP&L now wants to bill for 100 percent of the finance charges on the \$503 million in outstanding construction debt. Customers will begin repaying the debt when the plant begins operation.

Hampton said the ability to charge customers for financing is needed if the company is to remain financially healthy.

ATTACHMENT E

# Rural co-op challenges TESCO plan

DALLAS MORNING NEWS

By Bill Lodge 8/31/83

Staff Writer of The News

A rural electric cooperative is challenging the plans of Texas Electric Service Co. to charge ratepayers for 100 percent of the interest on loans for construction prior to completion of power plants.

Consultants for Nacogdoches-based Tex-La Electric Cooperative of Texas Inc. say TESCO's plans will cost ratepayers \$40 million annually in unnecessary charges.

TESCO spokesman George Hedrick said Tuesday that the utility disagrees with Tex-La's position and believes that 100-percent payment for interest on construction work in progress (CWIP) actually will save ratepayers \$800 million in interest charges for each \$1 billion in construction projects.

The state Public Utility Commission will have to settle the dispute after rate hearings begin Sept. 6 in Austin.

Please see RURAL on Page 20A.

20 A

The Dallas Morning News

Wednesday, August 3

## Rural electric cooperative challenges TESCO plan

Continued from Page 17A.

Fort Worth-based TESCO is seeking a rate hike of \$195 million in a package that includes the request for 100-percent CWIP payments. TESCO is one of three subsidiaries of Dallas-based Texas Utilities Co. that, together, own nearly 88 percent of the Comanche Peak nuclear power plant.

Comanche Peak, currently budgeted at \$3.44 billion, is the largest construction project ever undertaken by Texas Utilities. The plant is under construction 80 miles southwest of Dallas near Glen Rose, Somervell County. It is scheduled to be completed by Dec. 31, 1985.

Tex-La holds a 2.16 percent ownership interest in Comanche Peak, but it also buys electricity from the Texas Utilities system and is intervening in the TESCO rate case before the PUC.

TESCO officials have stated that 100-percent interest payments are necessary to maintain the firm's Triple-A bond rating and financial integrity.

But in written testimony filed last week with the PUC, a Tex-La consultant said ratepayers will

have to pay \$44.5 million annually to save only \$4.5 million in lower interest rates attributed to the Triple-A bond rating.

David C. Ewert, professor of finance and director of the executive master of business administration program at Georgia State University in Atlanta, Ga., also noted that TESCO and sister firms Dallas Power & Light Co. and Texas Power & Light Co. are the only utilities in the nation that have Triple-A ratings.

"The customers would stand to lose \$40 million per year when the company seeks extra coverage to obtain Triple-A-rated bonds," Ewert testified.

Another Tex-La consultant, J. Bertram Solomon of Atlanta-based Southern Engineering Co., said he concluded that it was unnecessary for TESCO to charge the 100-percent interest payments in its "rate base in order for it to remain a financially sound and financially viable utility."

Hedrick said Tuesday that TESCO officials had not concluded their analysis of the testimony of Ewert and Solomon and could not comment immediately.

# PUC chief expects

## new term

DALLAS MORNING NEWS

Austin Bureau of The News 8/31/83

AUSTIN — Public Utility Commission Chairman Al Erwin, whose term expires Wednesday, said this week that he expects Gov. Mark White to reappoint him.

Erwin, the friend whom White tapped in February to fill the vacancy left by the unexpected resignation of Commissioner George Cowden, joked, "I'm up for parole, but I don't think I have much chance.

"I wouldn't feel too good about leaving in the middle of the Bell case," Erwin said more seriously. A hearing on Southwestern Bell's record \$1.7 billion rate-increase request is scheduled to begin Oct. 11, but a PUC order is not expected until February.

Erwin has indicated that he does not plan to complete a six-year term if he is reappointed. In 1975, he was named one of the PUC's first three members, but he resigned in 1979 to write a novel.

Erwin said he has not spoken recently to White about his term. The governor has been meeting privately with aides this week to fill numerous job openings.

One of those is the new job of public counsel for utility cases, a job that will be created Thursday by the utility-reform law passed by the 1983 Legislature. Tuesday, White's aides released a list of 10 applicants for the consumer advocate post and said the choice will be announced by Thursday.

The contenders are Consumers Union attorney Carol Barger and PUC attorney Mark Zeppa, the presumed front-runners; Dallas attorney Ray Besing; Austin lawyers Jerry Cain, Geoffrey Gay and Mike James; William Dickman Jr. of San Antonio; Donald Kenneth Hill of Houston; David Sullivan of Amarillo, and Sheila Jackson Lee, a Houston lawyer who was previously considered for White's "housewife" spot on the PUC.

The public counsel will represent residential ratepayers in electric and telephone cases at the PUC and in gas utility cases at the Texas Railroad Commission.

ATTACHMENT G



Friday, September 2, 1983

The Dallas Morning News

13 A

## TEXAS &amp; SOUTHWEST

More Texas &amp; Southwest news, Page 22A

# Ratepayers' advocate named

By Jackie Calmes

Austin Bureau of The News

AUSTIN — Longtime consumer advocate Jim Boyle gave up an uncertain race for the Texas Senate Thursday to accept Gov. Mark White's nomination as the state's first utility customers' representative.

"My goal is going to be to see that all those Texans receiving an affordable basic telephone service now will continue to receive," said Boyle, who will serve a two-year term. "Second, we are going to look at every utility rate increase that comes our way and try to give them a low-cal diet. We're going to try to take out every bit of fat that's in there."

Boyle, 39, is a past president and lobbyist for the Texas Consumer Association. He was co-founder of a group that lobbied for creation of the Public Utility Commission in the early 1970s. He has been a legal-services lawyer in Louisiana and a Washington lobbyist for the Consumer Federation.

Boyle also helped found the consumer-law section of the State Bar of Texas and is a member of the Consumer Advisory Council for the Federal Reserve Board.

He recently became a candidate for the state Senate seat that Lloyd Doggett, D-Austin, is giving up to run for the U.S. Senate. He had not sought the counsel's job but was recruited by White.

Boyle said he gave up the Senate race because the public counsel's job



Jim Boyle

"is a fantastic opportunity to represent ratepayers when they need it the most."

White made his long-awaited announcement Thursday, the day the state's new utility-reform law takes effect.

The law created the public counsel's office to represent residential and business customers before the Public Utility Commission and the Texas Railroad Commission.

The office has been granted a \$659,676 annual budget — including \$57,539 for Boyle's salary. Boyle said he wants to hire a staff of eight to 10 people.

Consumer groups had been eager for White to fill the office so the counsel could begin the fight against Southwestern Bell's \$1.4 billion rate-increase request and Texas Electric Service Co.'s \$195 million request.

White also reappointed PUC Chairman Al Erwin to a six-year term on Thursday. Erwin joked afterward that he had been "re-sentenced."

Erwin joined other utility experts to praise White's choice of Boyle. "The ratepayers of this state will feel well-represented," Erwin said.

"This will bring a new dimension to the regulatory process," Erwin said. "As commissioners, we are limited as to what we can order by what's in the record. Oftentimes, the record has not been a very good one because the strongest intervenors were there for industrial customers or wholesale customers."

Austin attorney Don Butler, who represents Texas cities in utility cases, said Boyle supported utility regulation "back before it became topical."

Utility consultant Jack Hopper of Austin said, "There wasn't anyone else on White's list who could have mobilized support like Boyle. He is a pro at dealing with the press and the Legislature."

Southwestern Bell spokesman Jim Lydon said, "We look forward to working with him, and we pledge our cooperation in doing anything we can to assist his office."

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of

APPLICATION OF TEXAS UTILITIES  
GENERATING COMPANY, ET AL. FOR  
AN OPERATING LICENSE FOR  
COMANCHE PEAK STEAM ELECTRIC  
STATION UNITS #1 AND #2 (CPSES)

Docket Nos. 50-445  
and 50-446

CERTIFICATE OF SERVICE

By my signature below, I hereby certify that true and correct copies of  
CASE'S MOTION REGARDING 9/7/83 CONFERENCE CALL

have been sent to the names listed below this 3rd day of September, 1983,  
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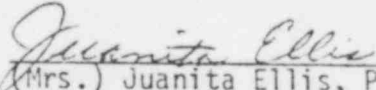
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