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June 14, 1982

Charles Bechhoefer, Esquire  
Chairman, Administrative Judge  
Atomic Safety and Licensing  
Board Panel  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Dr. James C. Lamb III  
Administrative Judge  
313 Woodhaven Road  
Chapel Hill, North Carolina 27514

Ernest E. Hill  
Administrative Judge  
Lawrence Livermore Laboratory  
Post Office Box 808, L-46  
Livermore, California 94550

Re: Houston Lighting & Power Co., et al.  
South Texas Project, Units 1 & 2,  
Docket Nos. STN 50-498, STN 50-499

Gentlemen:

Enclosed are copies of a letter dated June 10, 1982, from Mrs. Buchorn of Citizens for Equitable Utilities (CEU) to Mr. Don Jordan of Houston Lighting & Power Company (HL&P) and of Mr. Jordan's reply of June 11, 1982, describing cooperative arrangements that have been developed between CEU and HL&P. In reliance upon such arrangements, CEU has decided to withdraw from the proceeding with the Board's approval.

CEU and HL&P respectfully request that the Board permit CEU to withdraw from the proceeding without prejudice to CEU's ability to renew its participation as a party if the cooperative arrangements between CEU and HL&P are terminated, provided, however, that at any time CEU seeks to renew its participation as a party (a) it shall be bound by any actions taken during its absence, (b) it shall take the

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Charles Bechhoefer, Esquire  
Dr. James C. Lamb III  
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proceeding as it finds it, and (c) it shall not ask for any extensions or delays to prepare for its renewed participation.

CEU respectfully requests that it remain on the distribution list for documents in the subject proceeding.

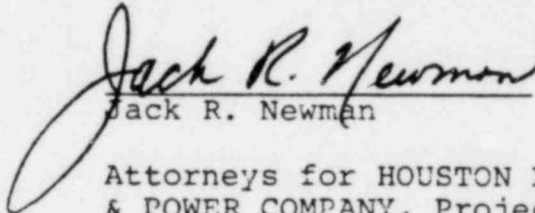
Respectfully submitted,

Respectfully submitted,

  
William S. Jordan, III

Counsel for Citizens  
for Equitable Utilities

Harmon & Weiss  
1725 I Street, N.W.  
Suite 506  
Washington, D.C. 20006

  
Jack R. Newman

Attorneys for HOUSTON LIGHTING  
& POWER COMPANY, Project Manager  
of the South Texas Project,  
acting herein on behalf of itself  
and the other Applicants, 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 CITY OF AUSTIN, TEXAS.

Of Counsel:

Lowenstein, Newman, Reis  
& Axelrad  
1025 Connecticut Avenue, N.W.  
Washington, D.C. 20036

Baker & Botts  
3000 One Shell Plaza  
Houston, Texas 77002

Enclosures (2)

cc: Certificate of Service

June 10, 1982

Mr. Don D. Jordan  
Chairman and Chief Executive Officer  
Houston Lighting & Power Company  
Post Office Box 1700  
Houston, Texas 77001

Dear Mr. Jordan:

This is to inform you that Citizens for Equitable Utilities (CEU) is seriously considering withdrawing its intervention in the South Texas Project (STP) licensing proceeding, if we can be given adequate assurances, in addition to changes HL&P has made to date, that the plant will be safe and reliable, and that CEU's concerns will be addressed during the course of the Project's development.

As you know, CEU has not opposed the Project in principle but, rather, has been concerned that the STP be built in a manner which provides reasonable assurance to the public that the plant will operate efficiently and safely. CEU entered the case because of severe reservations that these objectives would be attained with the Project as then organized.

Since then, we have noted a number of changes in the Project organization as well as other constructive steps taken by HL&P affecting the safety and efficiency of the Project.

CEU considers the decision by HL&P to obtain an independent review of the design of the STP to be such an important and constructive action.

Additionally, some two years after initially becoming involved in the intervention and after viewing and evaluating numerous construction documents and reports, CEU expressed the most serious reservations about HL&P's architect-engineer and constructor; urged Brown & Root's replacement; and sought a division of responsibility for the Project which would help to assure the independence of the QA and QC functions. We are encouraged by the steps HL&P has taken in this direction. In engaging Bechtel as architect-engineer and construction manager, and Ebasco as constructor, you have brought to the Project a level of experience which we were convinced was entirely lacking heretofore. By splitting the functions, as we and our consultants have suggested, the independence and authority of the QA/QC function can be strengthened and enhanced.

But the efficacy of the steps you have taken remains to be seen in the actual performance of the new contractors, as well as the controls which are exercised by HL&P management. The latter is particularly important if public confidence in HL&P is to be restored. I raise two concerns in this connection. First it is extremely important that HL&P continue to recruit experienced and qualified personnel, and that HL&P support these

June 10, 1982

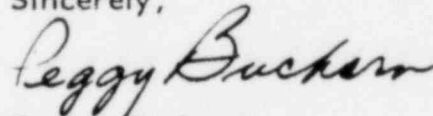
personnel in their efforts to assure safe construction and operation. Second, I hope that you will make use of periodic audits by organizations with absolutely no stake, financial or otherwise, in the STP.

Finally, I hope that you have sensed the value of constructive citizen participation in activities of this type which are of overriding concern to the public welfare and safety. This is the reason -- and the sole reason -- for CEU's participation in the STP proceeding. We believe that it is in the best interests of HL&P and its ratepayers to encourage public participation through more frequent and meaningful communication and by direct citizen involvement in Project activities such as review of QA/QC functions. We stand ready to assist in any useful way.

In this regard, I understand and appreciate concerns you may have about possible grandstanding or use of the media by CEU. Should we become aware of information concerning safety problems or other difficulties that may arise at STP, I assure you that we have no intention of taking any such action. To do so would be counterproductive. Rather, we would work with HL&P to assure that the problems were resolved in a timely manner.

I would appreciate an expression of your views.

Sincerely,



Peggy Buchorn  
Executive Director  
Citizens for Equitable Utilities

# **The Light company**

Houston Lighting & Power P.O. Box 1700 Houston, Texas 77001 (713) 228-9211

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June 11, 1982

Mrs. Peggy Buchorn  
Citizens for Equitable Utilities  
Route 1, Box 1684  
Brazoria, Texas 77422

Dear Mrs. Buchorn:

I would like to thank you for your thoughtful letter of June 10, 1982.

There is no question that the ultimate responsibility for the safety and efficiency of the STP rests squarely on Houston Lighting & Power Company and that this Project requires public support and confidence if it is to succeed. I hope that your decision to consider withdrawing your intervention in the STP proceeding is a reflection of that support and confidence. In any event, we are confident that our program will justify it.

The record of the STP proceeding reflects problems which we believe have been, or will be, remedied by the changes we have made over the past two years. In-house, we are staffing up in a way which will assure reliance upon qualified, experienced personnel and greater visibility and more detailed involvement of HL&P management in QA/QC activities, as well as effective programmatic direction which will continue to be applied to our new, more experienced contractors, Bechtel and Ebasco. Construction deficiencies (e.g., welding and voids in concrete), some of which were the subject of CEU's contentions, have been or will be corrected. As you know, Project engineering is undergoing a thorough review by Bechtel.

These actions represent a positive response to many of the problems identified by CEU, HL&P and the NRC.

We have an opportunity for a new beginning at STP and I share your view that greater public participation can help us realize the benefits which that opportunity presents. I think immediately about such a role in the QA/QC area.

As you know, one of many new steps we are taking to assure the quality of the STP is our commitment to an annual independent audit of the STP QA/QC program during construction. This year the STP program will be thoroughly audited by a group of individuals drawn from other utilities with experience in the QA field. They would have a very broad charter to assess our quality activities.



Mrs. Peggy Buchorn  
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I would be delighted to have a representative of CEU (Mr. Kenneth Buchorn or another representative mutually acceptable to CEU and HL&P) participate fully in this effort in the following fashion: We would provide to you a copy of all of the materials and information that are transmitted to this audit team (which you would use exclusively for purposes of your participation in the work of the audit team); you would attend the meeting of the audit team at which the scope of the audit is discussed, and have the opportunity, at a meeting immediately thereafter with HL&P management, to comment on such scope; you would attend the exit interview between the audit team and HL&P, and have the opportunity to meet with HL&P management immediately thereafter to state your views on the matters presented and to obtain answers to any questions you might have on the audit report; you would receive the audit report prepared by the audit team, contemporaneously with its transmittal to us; and if you had any remaining questions after the audit was completed, we would meet separately with you, and, if necessary, respond to them in writing. In other words, by the foregoing means the CEU representative would be kept fully informed as to the planning and conduct of the audit and would have an opportunity to provide his comments, suggestions and views concerning matters being addressed. As we discussed, CEU's representative may, from time to time, wish to be accompanied by a knowledgeable friend or associate for particular purposes. We would not object to periodic participation by such an additional individual provided that he/she is acceptable to HL&P. As you may be aware, HL&P from time to time engages the services of consultants who serve as third party experts on a variety of subjects. If CEU identifies any concerns which they believe merit an outside review, subject to HL&P concurrence, such review will be undertaken.

We view this first attempt as a trial program and will maintain flexibility in its implementation to achieve our mutual goals. We would also encourage open communication between CEU and HL&P management should you have concerns outside the audit process. I believe that our meetings on June 4, 1982, opened a dialogue which I hope will continue; you may be assured of continued access to our management for this purpose.

Although HL&P has not decided how the annual audit of QA/QC will be performed each year until completion of construction, a similar role for a CEU representative will be provided throughout that period. For example, if, as we presently anticipate, a similar utility audit team will return for another audit of the STP QA/QC program in early 1983, the CEU representative would be able to participate in similar fashion. This year's audit will be conducted over a relatively brief period. The 1983 audit will be conducted over a longer period of time and, consequently, the audit team may meet with HL&P management from time to time to review with HL&P the progress of the audit and the preliminary results thereof. Accordingly, in addition to the participation we have described above, you would attend such meetings and have the opportunity to meet separately with HL&P management immediately thereafter to identify questions that you believe require further review.

Mrs. Peggy Buchorn  
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I understand that the arrangements I have described are acceptable to CEU and that your counsel and HL&P's counsel will jointly inform the Atomic Safety and Licensing Board thereof and of CEU's withdrawal from the proceeding in reliance thereon.

Again, I deeply appreciate your letter and the opportunity to meet with you and look forward to constructive cooperation with you and CEU.

Sincerely,

A handwritten signature in dark ink, appearing to read "Don D. Jordan". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

Don D. Jordan  
Chairman and Chief  
Executive Officer

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of	)	
	)	
HOUSTON LIGHTING AND POWER	)	Docket Nos. 50-498 OL
COMPANY, <u>ET AL.</u>	)	50-499 OL
	)	
(South Texas Project,	)	
Units 1 and 2)	)	

CERTIFICATE OF SERVICE

I hereby certify that copies of a letter from William B. Jordan, III, Counsel for Citizens for Equitable Utilities, and Jack R. Newman, Counsel for Houston Lighting & Power Co., dated June 14, 1982, have been served on the following individuals and entities by deposit in the United States mail, first class, postage prepaid, or by arranging for hand delivery as indicated by asterisk, on this 14th day of June, 1982.

Charles Bechhoefer, Esq.\*  
Chairman, Administrative Judge  
Atomic Safety and Licensing  
Board Panel  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Dr. James C. Lamb, III  
Administrative Judge  
313 Woodhaven Road  
Chapel Hill, North Carolina 27514

Ernest E. Hill  
Administrative Judge  
Lawrence Livermore Laboratory  
University of California  
P.O. Box 808, L-46  
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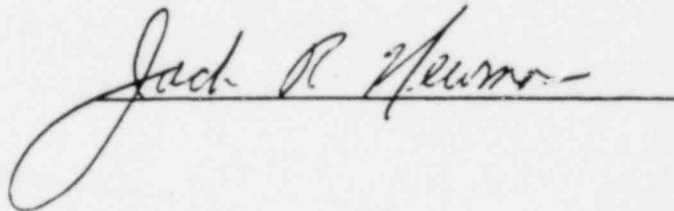


Jay M. Gutierrez, Esq.\*  
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A handwritten signature in cursive script, reading "Jack R. Newman", is written over a horizontal line.