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June 18, 1982

Sheldon J. Wolfe, Esq., Chairman  
Atomic Safety and Licensing  
Board Panel  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

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Mr. Gustave A. Linenberger  
Atomic Safety and Licensing  
Board Panel  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Dear Members of the Board:

This is with reference to our letters of February 12 and March 15, 1982, in which the Board was advised that HL&P was re-evaluating the feasibility of continuing the Allens Creek project (ACNGS). The latter communication stated that the Board would be kept advised of any change in the status of the ACNGS.

Testimony filed by HL&P on June 16 in a rate proceeding before the Texas Public Utilities Commission (PUC) indicates that although the need for power in the HL&P's service area remains acute throughout the 1980's and in the period after 1990, these requirements may best be met by a generation expansion plan which relies on accelerating the schedule of certain coal-fired capacity in lieu of constructing Allens Creek. HL&P has advised the PUC that this plan is largely the result of financial constraints. The PUC has been further advised that the plan is feasible from a financial standpoint only if HL&P is permitted to recover its investment in the ACNGS through rates. If favorable action on its request for rate relief is not forthcoming, HL&P will have, among its options, construction of the project.

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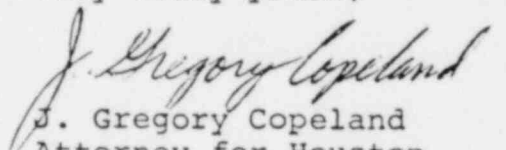
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The Company has informed the PUC that, pending action on its recently-filed rate case (not expected until late this year) it will take no action which would irrevocably foreclose or jeopardize a decision on its application for a construction permit and that it will continue its efforts to secure a construction permit for the project.

Accordingly, the feasibility of continuing the ACNGS remains under consideration by HL&P, the ultimate determination depending on the disposition, later this year, of its request to the PUC for rate relief.

In these circumstances, continuation of the project remains an option and a timely decision by this Board remains an element in the Company's planning. Accordingly, HL&P asks that the Board continue on its present course toward that decision.

Very truly yours,

  
J. Gregory Copeland  
Attorney for Houston  
Lighting & Power Company

JGC:50  
cc: All Parties