

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

ROCKETED
'83 MAR 31 P1:27

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of

HOUSTON LIGHTING AND POWER
COMPANY, ET AL.
(South Texas Project,
Units 1 and 2)

Docket Nos. 50-498 OL
50-499 OL

CORRECTIONS TO
CITIZENS CONCERNED ABOUT NUCLEAR POWER (CCANP)
MOTION FOR NEW CONTENTION

On March 22, 1983, Citizens Concerned About Nuclear Power (CCANP) filed its Citizens Concerned About Nuclear Power (CCANP) Motion for New Contention.

Unfortunately, there were two errors in that motion. This filing is to correct those errors.

On page six, the fourth full paragraph should read "Exhibit 2 at 33-34," not "Exhibit 2 at 31." Pages 33 and 34 of the hearing examiner's report are attached hereto as Attachment 1.

On page seven, the fourth full paragraph should read "Exhibit 2 at 37," not Exhibit 2 at 31."

Respectfully submitted,

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Dated: March 29, 1983

laid at management's door step, the time for HL&P to "put-up or shut-up" has arrived; Dow feels we now have a "final, final honest-to-gosh" dollar estimate on STP, and a firm estimate for time of completion, and concludes that HL&P needs to be monitored more closely, that the Commission should improve its regulatory control over construction of these massive units, and that any more delays or cost overruns should be assessed against the stockholders.

F. HL&P

HL&P focused its primary defense in this issue on the lack of management or engineering expertise of Ms. Blumenthal. HL&P's position that discussion of poor management practices can be undertaken only by one with an academic degree in management or engineering, and extensive management experience, should be rejected. It does not require an expert in the area of management to conclude from the evidence in this case, (which consisted of government and in-house documents outlining problems at the project in plain, understandable language, and Dr. Goldberg's candid testimony at deposition, also in plain English) that, indeed, HL&P cannot escape from all blame associated with this project.

G. Discussion

Because HL&P attacked Ms. Blumenthal's credentials, and because many of the documents concerning STP were admitted into the record with little or no discussion about their contents, (to the examiner's dismay) the examiner has attempted as thorough a review of them as possible within the time allowed. The following is a discussion of problems at STP which indisputably appear in the record.

Evidence shows that data existed in 1973 indicating that the 55 month construction schedule promised by B&R (a firm with no prior experience in engineering design for nuclear plants) was optimistic then, and increasingly so as time went on. Available information which indicated that 55 months might be unreasonable was contained in the Nuclear Regulatory Commission (NRC) "yellow Book" NUREG-0030, which is a compilation of statistical data which profiles construction durations of nuclear plants in general and is available to all utilities. Prior to 1970, the Yellow Book showed construction durations of approximately 46 months; in 1971, 52.9 months. For the years 1972 and 1973, the months of duration skyrocket to approximately 59.9 to 70.1. Again, in 1974, the duration period for larger units is 75.9 months; in 1975, 68.6. In 1976 the duration for 1000 MW units and larger rose to 92.6 months. The year 1977 shows 67.8 months and 1978 approximately 87.7 months. Gibbs and Hill, Inc., which authored a "Performance Evaluation" of the project, dated April 1980, stated:

In summary, there were clear indications during the period 1973 to 1978, from available information on completed projects, contemporary projects and other projects under construction that pointed to a need to reevaluate the (STP) schedule. However, there appears to have been no attempt to factor into the (STP) management and decision process this industry data, even though much was available. (Final draft, p. 44)

The evidence also shows that the magnitude by which this project was growing was not appreciated by HL&P. The Gibbs - Hill study shows that by 1976 most bulk quantities and manhours for construction had increased over 50 percent. However, the schedule was not analyzed to determine the realism of maintaining the original fuel loading dates.

Gibbs - Hill also commented on the absence of prior nuclear project experience on this project:

The lack of identification of cause or effect for over 4,000,000 manhours of increases on STPEGS (STP) can be attributed, in our opinion, primarily to the absence of prior nuclear project experience and the lack of project control systems sophisticated enough to monitor progress and successfully anticipate current and future problems on a project of such size and complexity. (Final report, p. 44)

In fact, HL&P's Dr. Goldberg stated:

I hadn't found too many people that I would have had that confidence that they would have realized it (problems with B&R) sooner. HL&P's staff, which had remarkable basic technical qualifications, a lot of fellows with post-graduate degrees, unfortunately, had very little prior design experience. (Deposition, Cities Ex. 2, p. 60)

In summary, the most conservative statement which can be made concerning HL&P's management of this project is that the overall plant operation, (until the recent past), was definitely not integrated by the strong hand of an overall project manager in total control of the project.

H. Possible Regulatory Treatment of STP

HL&P refers to Ms. Blumenthal's suggestions for treatment of STP as "draconian." However, Ms. Blumenthal's suggestions might be considered very moderate in light of alternative regulatory treatment which might be recommended if mismanagement is found to exist.

For example, a penalty on return could be imposed similar to that adopted in Docket No. 3094, General Telephone Company of the Southwest, (June 8, 1980). Management itself could be penalized by refusing raises in officers' salary levels in cost of service. See, e.g. Docket No. E-2, Application of Carolina Power and Light Company, (September 24, 1982). In this case, CPL was also penalized by a decrease of one percent on return on equity capital because of poor management of already existing nuclear plants. However, the Commission staff conducted a four month on-site evaluation of project management and intervenors also contributed substantial independent evaluation of CPL management of the plants in question.

Another regulatory alternative is an incentive/penalty program similar to that adopted by the New York Public Service Commission in Case 28059, Inquiry, Nine Mile Point No. 2 Nuclear Station, (April 16, 1982). In that case, the Commission adopted

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CERTIFICATE OF SERVICE

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I hereby certify that copies of CORRECTIONS TO
CITIZENS CONCERNED ABOUT NUCLEAR POWER (CCANP)
MOTION FOR NEW CONTENTION was served by deposit in
the United States Mail, first class postage paid
to the following individuals and entities on the
29th day of March 1983.

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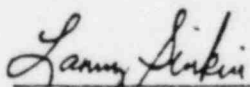
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