

The Light company

Houston Lighting & Power

South Texas Project Electric Generating Station P. O. Box 289 Wadsworth, Texas 77483

November 1, 1994

ST-HL-AE-4914

File No.: G25

10CFR2

Mr. James Lieberman
Director, Office of Enforcement
U. S. Nuclear Regulatory Commission
Washington, DC 20555-0001

South Texas Project
Units 1 and 2
Docket Nos. STN 50-498, STN 50-499
Response to NRC Concern Regarding STP Tracking System

Dear Mr. Lieberman:

This is in response to your letter of October 6, 1994, concerning certain information contained in a litigation tracking system document used by Houston Lighting & Power.

As you may be aware, two of the co-owners of the South Texas Project, the cities of Austin and San Antonio, have sued Houston Lighting & Power for damages, alleging that Houston Lighting & Power has breached its duties to them. The co-owners' litigation is currently in discovery, and the document you cited fits the description of one prepared by our litigation support staff to track and respond to discovery requests filed by Austin and San Antonio. The document is used to provide responsible plant personnel with the precise question that they must respond to so that Houston Lighting & Power can discharge its obligations to the court in providing complete and accurate discovery responses. The language you quoted from the tracking document was a verbatim repetition of words the City of Austin had used in a Request for Production directed to Houston Lighting & Power, which is publicly available at the Harris County Courthouse.

While we do not know how it came into your possession, I can assure you that the document is not one routinely circulated at STP, though the breadth of Austin's discovery demands has necessitated fairly wide circulation of our materials in order to ensure that relevant documents are identified. In addition, the document has not been labeled as "confidential" since it simply repeats words used in publicly filed legal documents. Accordingly, it is unlikely that any actual "chilling effect" has occurred. We have renewed instructions that personnel participating in responding to discovery requests take care that the materials they handle be safeguarded from access by anyone who does not have a need to review or respond to those matters.

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All of the individuals who were identified in Austin's request had already expressed their concerns publicly through docketed proceedings under Section 210/211 or otherwise. Nonetheless, we wish to assure that litigation activities do not adversely affect the willingness of individuals to raise concerns. Accordingly, we have taken the action discussed above. In addition, our counsel and litigation support personnel will attempt to review discovery requests prior to their circulation to others in order to ascertain if they contain any information that should be subjected to special protective measures in order to avoid potential adverse effects on our employee concerns program or on other areas.

I am proud that our recent survey of employees' willingness to express concerns has found a favorable climate at STP, and we certainly want to continue our progress to ensure that all employees feel free to identify concerns without fear of retaliation, whether they choose to do so anonymously or publicly. To that end, I have also discussed your letter with the management representatives of the other owners, both through a personal phone call and by the attached letter. In that effort I have reminded the other owners of the importance of our employee concerns efforts, which the other owners have fully supported, and that we should be sensitive in the litigation process to avoid activities which could have an adverse effect on our goals in that regard.



W. T. Cottle
Group Vice President, Nuclear

Attachment: Letter from W. T. Cottle to South Texas Project Co-owners dated November 1, 1994

Houston Lighting & Power Company
South Texas Project Electric Generating Station

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c:

L. J. Callan
Regional Administrator, Region IV
U. S. Nuclear Regulatory Commission
611 Ryan Plaza Drive, Suite 400
Arlington, TX 76011-8084

Thomas W. Alexion
Project Manager
U. S. Nuclear Regulatory Commission
Washington, DC 20555-0001 13H15

David P. Loveless
Sr. Resident Inspector
c/o U.S. Nuclear Regulatory Comm.
P. O. Box 910
Bay City, TX 77404-910

J. R. Newman, Esquire
Newman, Bouknight & Edgar, P.C.,
STE 1000, 1615 L Street, N.W.
1615 L Street, N.W.
Washington, DC 20036

K. J. Fiedler/M. T. Hardt
City Public Service
P. O. Box 1771
San Antonio, TX 78296

J. C. Lanier/M. B. Lee
City of Austin
Electric Utility Department
721 Barton Springs Road
Austin, TX 78704

G. E. Vaughn/C. A. Johnson
Central Power and Light Company
P. O. Box 2121
Corpus Christi, TX 78403

Rufus S. Scott
Associate General Counsel
Houston Lighting & Power Company
P. O. Box 61867
Houston, TX 77208

Institute of Nuclear Power
Operations - Records Center
700 Galleria Parkway
Atlanta, GA 30339-5957

Dr. Joseph M. Hendrie
50 Bellport Lane
Bellport, NY 11713

Richard A. Ratliff
Bureau of Radiation Control
Texas Department of Health
1100 West 49th Street
Austin, TX 78756-3189

U. S. Nuclear Regulatory Comm.
Attn: Document Control Desk
Washington, DC 20555-0001

Joseph R. Egan, Esq.
Egan & Associates, P.C.
2300 N Street, NW
Washington, DC 20037

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M. T. Hardt
City Public Service
P. O. Box 1771
San Antonio, TX 78296

G. E. Vaughn
Central Power & Light Company
P. O. Box 1221
Corpus Christi, TX 78403

J. C. Lanier
City Of Austin
Electric Utility Dept.
721 Barton Springs Road
Austin, TX 78704

Gentlemen:

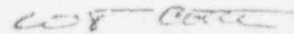
As discussed during our recent telephone conversation, enclosed is a letter we received from Jim Lieberman of the NRC's Office of Enforcement. Also enclosed is the reply I am sending to Mr. Lieberman along with a copy of this letter. As I said during our telephone conversation, Mr. Lieberman's letter expresses concerns that undue publicity to the names of individuals who have filed public concerns, when those individuals are identified as "whistleblowers" in the documents, could have a chilling effect on others at STP.

As I think all of you agree, we are strongly committed to maintaining an effective employee concerns environment at STP, and we have implemented new measures to improve that environment. So far, our efforts seem to be having a beneficial effect. Accordingly, we want to avoid activities that could undermine our program.

In Mr. Lieberman's letter and in telephone calls we have received from Nuclear Reactor Regulation personnel, NRC representatives have expressed concerns that the efforts that are underway in the litigation among the owners could undo those beneficial effects. NRC representatives have reminded us that all of our owners are licensees, and in the NRC's view, actions by one of the owners could result in enforcement action against STP as a whole.

Ideally, we would not find ourselves in the situation we are now in with litigation between us, but even so, it is incumbent on each of us to avoid actions in that litigation which could damage the value of our common asset and could adversely affect our ability to operate STP in accordance with our common goals. As we move forward in that litigation, therefore, I urge each of you to ensure that your counsel remain sensitive to our common obligations as licensees of these facilities.

Very truly yours,



W. T. Cottle

WTC/nol

c: Robert R. Carey, CEO Central Power & Light Co.
John Moore, CEO City of Austin Electric Utility
Arthur von Rosenberg, CEO City Public Service
D. D. Jordan

Attachments: Letter from James Lieberman to W. T. Cottle, dated October 6, 1994

Letter from W. T. Cottle to James Lieberman, dated November 1, 1994
(ST-HL-AE-4914)