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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION
BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

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| In the Matter of | § | |
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| HOUSTON LIGHTING AND | § | Docket Nos. 50-498 OL |
| POWER COMPANY, ET AL. | § | 50-499 OL |
| (South Texas Project, | § | |
| Units 1 and 2) | § | June 20, 1984 |

STATE OF TEXAS RESPONSE TO CCANP'S
MOTION FOR RECONSIDERATION OF ASLB'S
MEMORANDUM AND ORDER DATED MAY 22, 1984

By memorandum of June 11, 1984, the ASLB invited other parties to respond to CCANP's June 6, 1984, Motion for Reconsideration of the Board's May 22, 1984, Memorandum and Order. The CCANP motion asks the Board to "alter its Memorandum and Order to provide the following:

1. Discovery not limited as to any aspect of the Quadrex Report.
2. Such discovery to commence after the filing of the briefs on notification and reportability by all parties or alternatively an order to the Applicants that such questions are to be answered regardless of whether the briefs have been filed or not.
3. No defining of the issues to be litigated until after the discovery and the prehearing conference, i.e. rescission of the Board's limitations on the issues set forth in the Memorandum and Order."

The State of Texas supports the CCANP motion, with the qualification that the additional discovery would be non-duplicative.

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In its June 24, 1982, Memorandum, the Board memorialized its decision not to admit 20 contentions (proposed by CCANP) on the Quadrex Report. The parties agreed that the contentions could be considered within the existing issues or within the scope of examination outlined in the Fourth Prehearing Conference Order, dated December 16, 1981 (at p. 5). The State of Texas discovery conducted last year was based on a much broader interpretation than the Board now seems to have about the scope of Phase II. That discovery included, but was not limited to:

- a. the history of design and engineering problems as reflected in the project audits,
- b. the definition of the tasks given to Quadrex as the tasks evolved over time,
- c. the meaning of Quadrex terminology, the categorization of deficiencies, and the overall assessment,
- d. the causes of the deficiencies found by Quadrex,
- e. the Bechtel analysis of the Quadrex deficiencies,
- f. the NRC response to discovery of the Quadrex Report,
- g. the NRC analysis of the Quadrex deficiencies, and
- h. whether deficiencies in the design and engineering process at STP would change either the evaluation of the seriousness of any defects in HL&P's character and competence or the explanation of the reasons for any such defects.

The restrictions on Phase II contained in the Board's May 22 order are severe. They do not seem to flow naturally from the PID. For example, inexperience may explain some of the problems, but

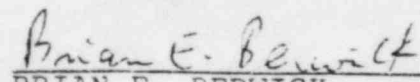
there has been no litigation specifically on that point to date-- so such a conclusion is premature. The Board seems to take the position that because Brown and Root is no longer on the job, nothing B & R did is worth litigating (other than whether the deficiencies were fixed). This would seem to fall short of the Issue A mandate to determine the character and competence of HL&P based on the past acts of HL&P and its agents, without regard to the remedial steps taken.

A key question under the recent Memorandum and Order is whether HL&P should have notified the NRC of any Quadrex findings or turned the entire report over to the NRC. For the Board to make definitive findings, there must be either an agreement or a full-blown determination of the validity of the Quadrex findings.

The State of Texas sought discovery relevant to the notification and reportability of the Quadrex findings. However, HL&P objected because the briefs on the issue were not in. The discovery provided in the May 22 order appears to close discovery prior to having available the briefs on the scope of the issue.

Therefore, the State of Texas supports CCANP's Motion for Reconsideration.

Respectfully submitted,


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CERTIFICATE OF SERVICE

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I hereby certify that copies of State of Texas Response to CCANP's Motion for Reconsideration of ASLB's Memorandum and Order Dated May 22, 1984, were served by deposit in the United States Mail, first class postage paid to the following individuals and entities on the 20th day of June, 1984.

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