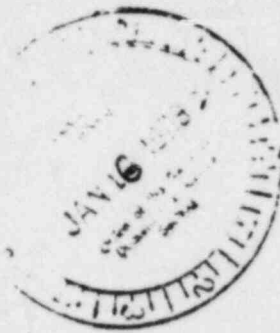


NEC PUBLIC



THE UNITED STATES OF AMERICA
BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

IN THE MATTER OF: §
§
HOUSTON LIGHTING & POWER § DOCKET NOS. 50-498A
COMPANY, ET AL (South § 50-499A
Texas Power, Units I §
and II) §

HOUSTON LIGHTING & POWER COMPANY'S
OBJECTIONS AND ANSWERS TO
THE DEPARTMENT OF JUSTICE'S
FIRST SET OF WRITTEN INTERROGATORIES
AND REQUESTS FOR PRODUCTION OF DOCUMENTS

GENERAL OBJECTIONS

Houston Lighting & Power Company objects to being served a joint set of written interrogatories that is directed simultaneously to Houston Lighting & Power and to other power companies within the State of Texas with which Houston Lighting & Power Company is not affiliated. Houston Lighting & Power Company does not have access to information in the possession of these non-affiliated power companies, and Houston Lighting & Power Company can in no way respond to questions directed at such non-affiliated utilities. Houston Lighting & Power Company will, however, attempt to answer the Department's interrogatories as if such interrogatories were directed at Houston Lighting & Power Company alone.

Houston Lighting & Power Company furthermore

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objects to the Department's requests for a list of documents withheld from production by reason of privilege. The Department has heretofore been furnished with the list of privileged documents submitted to the District Court for the Northern District of Texas. Houston Lighting & Power Company agrees to augment the list of privileged documents heretofore furnished to the Department in the event that the Department's request for production of

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documents calls for the production of documents not already produced and thereby causes a revision in the list of privileged documents.

ANSWERS AND OBJECTIONS

Without waiving these general objections, Houston Lighting & Power Company answers and lodges specific objections to the Department's interrogatories as follows:

1. Houston Lighting & Power Company is not aware of any requests of the nature set forth in subparts (a)-(d) made to Houston Lighting & Power Company other than as the question may relate to the interconnection between Houston Lighting & Power Company and Gulf States Utilities Company, which has existed since 1928. All documents related to the operation of the interconnection with Gulf States Utilities Company have been provided in connection with the matter of West Texas Utilities Co. and Central Power and Light Co. v. Texas Electric Service Co. and Houston Lighting & Power Co., No. CA3-76-0633-F, and previously made available to the Department. Houston Lighting & Power Company cannot and does not purport to answer for Texas Utilities.

2. Houston Lighting & Power Company cannot and does not purport to answer for any other electric utility. Houston Lighting & Power Company has had no contract, agreement or understanding with any third Electric Utility relating to the use of mechanical devices to prevent the

interstate flow of power, nor has it had any contract, understanding or agreement with any other electric utility to the effect that both would disconnect from any third Electric Utility with which they were interconnected should that third Electric Utility commence interstate operation. It has been the common understanding among all members of the Texas Interconnected Systems ("TIS") that should any

individual member of TIS desire to engage in interstate operation it would provide notice to all the other members of TIS in order that each individual member of TIS could make a decision as to whether it would choose to remain in intrastate operation or engage in interstate operation. This common understanding was explained at pages 256-257, 1141, 1145, 1152, 1189, 1269, 1271, 1307-08, 2754-55 of the transcript in the trial of West Texas Utilities Co., et al. v. Texas Electric Service Co., et al., supra. As also explained at pages 693-94, 712-14, 1141, 1145, 1152, 1189, 1269, 1271 of the transcript in that same proceeding, this was the interpretation placed upon interconnection agreements which were entered into prior to the formation of TIS. Copies of these interconnection agreements are included in the documents previously produced for review by the Department of Justice and/or in the exhibits in West Texas Utilities Co., et al. v. Texas Electric Service, Co., et al., supra.

3. The decision by Houston Lighting & Power Company to disconnect on May 4, 1976, was made by Mr. Don D. Jordan who was President of Houston Lighting & Power Company at that time, in consultation with other officers of Houston Lighting & Power Company. The reasons given by Mr. Jordan for the disconnection are explained in exhaustive detail in his testimony set forth at pages 2713-2909 of the transcript in West Texas Utilities Co., et al. v. Texas Electric Service Co., et al., supra. The testimony of Mr. D. E. Simmons in that proceeding is also relevant

in this regard in that Mr. Jordan consulted with Mr. Simmons prior to making the decision to disconnect. Mr. Simmons' testimony is at pages 2915-3154 of the transcript. Houston Lighting & Power Company is not aware of any documents, other than those previously produced for the Department's inspection, which are relevant to this question.

4. As stated in answer to Interrogatory No. 3, Houston Lighting & Power Company believes that this question can best be answered by reference to the testimony of Mr. Jordan, who made the decision to disconnect on May 4, 1976, wherein Mr. Jordan testified as to the reasons why he decided to order the disconnection. Houston Lighting & Power Company cannot and does not purport to answer for Texas Utilities Company.

5(a). The requirements for participation in the South Texas Project are contained in the South Texas Project Participation Agreement.

5(b). The provisions of the South Texas Project Participation Agreement speak for themselves. To the extent that this subpart seeks to have Houston Lighting & Power Company further interpret the provisions of the Participation Agreement, it calls for legal conclusions, and Houston Lighting & Power Company objects to this subpart on that basis.

5(c)-(e). Houston Lighting & Power Company finds it impossible to answer the question as stated because there is no known way for one of the participants in the South Texas Project to simultaneously engage in intrastate and interstate commerce. Houston Lighting & Power Company can only presume that the Department of Justice intended to ask whether it would be technically possible for one of the participants in the South Texas

Project to operate through synchronous interconnections with the Southwest Power Pool while other members of the South Texas Project were not synchronously interconnected with the Southwest Power Pool. Two possible solutions have been suggested: (1) a division of ownership and physical separation of the two units in the Project; and (2) removing power from the Project by direct current (DC) interconnection. The affidavit of Mr. Wayne G. Siegelin

attached as Exhibit C to the Petition for Leave to Intervene and Request for Hearing Out of Time filed by Central Power and Light Company on June 4, 1976, in this proceeding-- and as modified by Mr. Siegelin's affidavit of January 15, 1977--describes some alleged technical problems with operation of the South Texas Project under the conditions assumed in Mr. Siegelin's affidavit.

Without knowing the exact details of a DC interconnection it is impossible to state the cost of such interconnection; however, Houston Lighting & Power Company notes that Mr. Siegelin asserts the cost of the DC interconnection could be somewhere in the range of \$60 to \$70 million, and Houston Lighting & Power Company's counterclaim in West Texas Utilities, et al. v. Texas Electric Service Co., et al., supra, estimated that the cost of a DC interconnection under certain circumstances could be \$67 million. Houston Lighting & Power Company is attaching as Exhibit A, summaries of studies made in 1976 of possible DC interconnections at the South Texas Project.

6. It is impossible to state what cost, if any, would be borne by Houston Lighting & Power Company or any other member of EPCOT if ERCOT were interconnected with the Southwest Power Pool without knowing the specific interconnection proposal and the basis for allocation of cost among all the parties involved in the interconnec-

tion. As explained in the testimony of Mr. D. E. Simmons, located at pages 2915-3109 of the transcript in West Texas Utilities Co., et al. v. Texas Electric Service Co., et al., supra, Houston Lighting & Power Company had on many occasions estimated the impact on the TIS transmission grid resulting from interconnection with the Southwest Power Pool without regard to specific transmission configurations. Copies of all the documents related to this calculation

are included in the documents produced for review by the Department and/or in the exhibits in West Texas Utilities Co., et al. v. Texas Electric Service Co., et al., supra.

7. Not applicable.

8. With respect to Houston Lighting & Power Company, the answer is none. Houston Lighting & Power Company cannot and does not purport to answer for Texas Utilities.

9. The only occasion on which Houston Lighting & Power Company has ever received a direct communication from Central Power and Light Company regarding Central Power and Light Company's desire to commence interstate operation was in December, 1975. The circumstances surrounding this meeting are described in the testimony of Mr. Don D. Jordan in West Texas Utilities Co., et al. v. Texas Electric Service Co., et al., supra. Houston Lighting & Power Company has never discussed this matter directly with West Texas Utilities Company.

10(a)-(d). Houston Lighting & Power Company's decision as to whether to operate on an intrastate basis has always been since 1935 a matter of decision by the President or Chief Executive Officer. The present and past Presidents and Chief Executive Officers who are still living are Don D. Jordan, John G. Reese, and P. H. Robinson. Houston Lighting & Power Company knows of no

[REDACTED]

oral or written communications regarding their views about intrastate operation beyond that given in their testimony and/or depositions in West Texas Utilities Co., et al. v. Texas Electric Service Co., et al., supra, and the documents previously produced for inspection by the Department. Houston Lighting & Power Company has no way of stating any oral communications made by past Presidents or Chief Executive Officers who are now deceased other than as

such communications may have been recorded in writing, in which event they would be contained in the documents previously produced for inspection by the Department.

11. Houston Lighting & Power Company has maintained an interconnection with Gulf States Utilities since 1923, and has not had direct interconnections with any other Electric Utility engaged in interstate commerce. Testimony presented at pages 3242 to 3260 of the transcript in the trial of West Texas Utilities Co., et al. v. Texas Electric Service Co., et al., supra, indicates that during World War II, Houston Lighting & Power Company was indirectly interconnected with several Electric Utilities other than Gulf States Utilities Company which are now members of the Southwest Power Pool. However, Houston Lighting & Power Company has not located any records indicating purchases or sales to any interstate Electric Utility other than Gulf States Utilities Company. The total number of kilowatt hours transmitted to or received from Gulf States Utilities since January 1, 1937, are:

<u>Year</u>	<u>KWH To GSU</u>	<u>KWH From GSU</u>
1937	-	-
1938	-	-
1939	-	-
1940	-	-
1941	-	-
1942	-	-
1943	16,697,300	-
1944	23,784,000	34,600
1945	32,514,000	133,000
1946	12,305,000	-
1947	10,018,000	-
1948	12,523,000	-
1949	7,359,000	-
1950	217,000	-
1951	227,300	51,150
1952	462,300	77,459,000
1953	143,000	22,341,000
1954	146,000	3,268,000
1955	268,000	940,000
1956	389,000	-
1957	1,489,000	67,344,000
1958	72,297,000	12,652,000

<u>Year</u>	<u>KWH To GSU</u>	<u>KWH From GSU</u>
1959	-	-
1960	-	-
1961	-	-
1962	-	-
1963	-	-
1964	-	-
1965	363,000	-
1966	-	-
1967	5,199,000	-
1968	-	-
1969	-	-
1970	-	-
1971	-	-
1972	-	-
1973	-	-
1974	-	-
1975	-	-
1976	-	-
1977	-	-

The "specific circumstances" surrounding the interconnection with Gulf States Utilities Company are set forth in Exhibit B hereto, which is an excerpt from a report to the Federal Power Commission in January, 1968, entitled "Interconnection Study, Houston Lighting & Power Company, Gulf States Utilities Company and Texas Power and Light Company."

12(a). Houston Lighting & Power Company has not made any detailed study of the FERC's interconnection and reliability evaluation to assess the validity of the \$31,175,000 figure as the cost of the facilities recommended in the evaluation, or the validity of the assumption and calculations that led the FERC staff to select those facilities and to exclude others.

Houston Lighting & Power Company did comment on the report by letter dated August 11, 1978, to Mr. Kenneth F. Plumb, Secretary of the Federal Energy Regulatory Commission, (Exhibit C hereto) and stated its belief that "any theoretical benefits available from interconnections beyond the present ERCOT service territory are outweighed by additional transmission, management and reliability costs."

Houston Lighting & Power Company cannot and does not purport to answer for Texas Utilities.

12(b). Houston Lighting & Power Company does not know whether the quoted passage is correct or incorrect. Houston Lighting & Power Company was not a participant in the FERC study, and it does not know what overloads and/or adverse effects were or were not observed by the Fort Worth regional office. Houston Lighting & Power Company points out that the discussion on page 28 of the evaluation deals with "inertial load flows", rather than "internal load flows", as suggested by subpart (b).

12(c). Refer to the answers above.

12(d). See Exhibit C.

13. Houston Lighting & Power Company objects to this question as being vague and ambiguous. The phrase "the costs of regulation" is wholly undefined, and without a definition the question and any answer that might be given are meaningless.

14. Houston Lighting & Power Company had no reason to assume that any of Texas Utilities' operating companies would disconnect from any other electric utility should Houston Lighting & Power Company be forced to disconnect from other electric utilities. Therefore, no study of the effects of a joint or simultaneous disconnection has ever been made.

15. Houston Lighting & Power Company cannot answer this question as stated since it is based on the mistaken assumption that Houston Lighting & Power Company is not subject to FERC jurisdictional authority for purposes of the implementation of interconnections and transmission services. The question as to whether any particular interconnection or wheeling order would be determinative to Houston Lighting & Power Company's customers depends on the nature and terms of the order.

16(a). As to Houston Lighting & Power Company:

<u>Year</u>	<u>Community Public Service</u>	<u>Wharton County Elect. Coop</u>
1950	80,528,092*	-
1951	109,902,997	-
1952	140,236,736	315,360
1953	170,061,435	472,140
1954	201,116,354	531,270
1955	260,577,539	545,340
1956	309,921,938	613,980
1957	377,190,622	663,420
1958	484,766,402	659,040
1959	551,273,148	657,960
1960	616,993,124	680,640
1961	716,431,503	700,800
1962	949,546,883	781,560
1963	1,025,431,330	803,910
1964	1,180,822,973	985,150
1965	1,217,372,900	974,745
1966	1,134,796,178	1,030,185
1967	1,231,218,799	1,127,115
1968	1,329,824,759	1,199,340
1969	1,470,311,621	1,461,915
1970	1,567,829,240	1,567,790
1971	1,687,870,358	1,771,650
1972	1,827,391,102	2,016,360
1973	1,954,038,019	1,997,775
1974	2,076,439,399	-
1975	2,158,832,394	-
1976	2,502,163,994	-
1977	2,637,376,430	-
1978 (11 months)	2,594,890,399	-

* Includes 5,787,005 KWH sold to Gulf States Utilities Co. in Alvin prior to the purchase of the Alvin Dist. System by CPS in October, 1950.

16(b). None.

16(c). None.

17. This information was previously provided to the Department in response to Questions Number 4 and 8 of the South Texas Project Units 1 and 2, Antitrust Information. ERCOT was formed as one of the nine regions of the National Electric Reliability Council (NERC). The primary function of ERCOT is to serve as an information

gathering and reporting organization. All documents related to the formation of ERCOT were previously produced for inspection by the Department. Houston Lighting & Power Company objects to the question contained in the second sentence of Interrogatory No. 17 in that it incorrectly assumes that Houston Lighting & Power Company is sufficiently familiar with the range of activities engaged in by the other regional reliability councils to enable Houston Lighting & Power Company to compare the range of activities engaged in by those other councils to the range of activities engaged in by ERCOT.

18. This information was previously provided to the Department in response to Questions Number 4 and 8 of the South Texas Project Units 1 and 2, Antitrust Information. TIS's formation was the formalization of an evolving process of interconnections between electric utilities in Texas over a period of several decades. The purpose of TIS was to put on a more formal basis the relationship that had grown up between electric utilities within Texas as a result of the electric interconnections referred to above. All documents in Houston Lighting & Power Company's possession that relate to the formation of TIS have previously been furnished for the Department's inspection.

To the extent that Houston Lighting & Power Company has information concerning requested membership in TIS by other electric utilities, that information is contained in the documents that have previously been furnished for the Department's inspection.

19(a). Houston Lighting & Power Company objects to this question in that it calls upon Houston Lighting & Power Company to speculate about the possible results of a course of conduct that never occurred. As such, the

question calls for argument and conjecture, not facts, and is therefore not proper.

19(b). Not applicable.

19(c). Not applicable.

20(a). Such communications with Houston Lighting & Power Company that are not privileged, if any, would be contained in the deposition testimony of P. H. Robinson taken in West Texas Utilities Co., et al. v. Texas Electric Service Co., et al., supra, and the documents already made available for the Department's inspection. Houston Lighting & Power Company cannot and does not purport to answer for Texas Utilities.

20(b). None.

20(c). None.

21. This information was supplied in response to Interrogatory No. 19 of Central Power and Light Company's First Interrogatories in this proceeding. Other than the documents already made available for the Department's inspection, see Exhibit D.

22. Not applicable.

23(a)-(c). The answer to these Interrogatories was previously provided by Houston Lighting & Power Company in response to Interrogatories 15 and 16 of the Plaintiffs' First Set of Interrogatories in West Texas Utilities Co., et al. v. Texas Electric Service Co., et al., supra.

23(d). Houston Lighting & Power Company does not keep records from which the estimation called for in subpart (c) could reasonably be made.

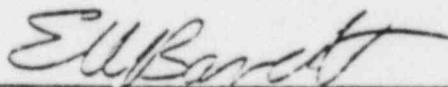
23(e). Beyond documents previously provided for the Department's inspection, there are none.

24. Not applicable.

25. It is Houston Lighting & Power Company's belief that its historical mode of operation has enabled

it to maintain the highest degree of reliability at the lowest possible cost to its customers. Accordingly, Houston Lighting & Power Company is not aware of any situation in which considerations of intrastate versus interstate operations had any effect on the design of its transmission and generation facilities, and Houston Lighting & Power Company does not believe that the decision to operate on an intrastate basis has had any adverse cost impact on the design of its transmission or generation facilities.

Respectfully submitted,



E. W. Barnett

3000 One Shell Plaza
Houston, Texas 77002
(713) 229-1234

Attorney-in-Charge for Defendant,
Houston Lighting & Power Company

OF COUNSEL:

BAKER & BOTTS
3000 One Shell Plaza
Houston, Texas 77002
(713) 229-1234

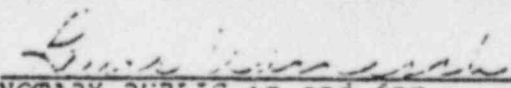
STATE OF TEXAS §
 §
COUNTY OF HARRIS §

BEFORE ME, THE UNDERSIGNED AUTHORITY, on this
day personally appeared D. E. SIMMONS, who upon his oath
stated that he has answered the foregoing Houston Lighting
& Power Company's objections and answers to the Department
of Justice's first set of written interrogatories and
requests for production of documents in his capacity as
Vice President of Corporate Planning for Houston Lighting

& Power Company, and all statements contained therein
are true and correct.

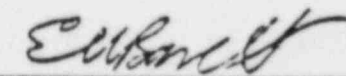

D. E. SIMMONS

SUBSCRIBED AND SWORN TO BEFORE ME by the said
D. E. Simmons, on this 16th day of January, 1979.


NOTARY PUBLIC in and for
Harris County, TEXAS X A S
Notary Public in and for Harris County, Texas
My Commission Expires June 1, 1981

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy
of the foregoing instrument has been forwarded to all
counsel of record in this matter, on this the 11th
day of January, 1979.


E. W. Barnett