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January 30, 1985

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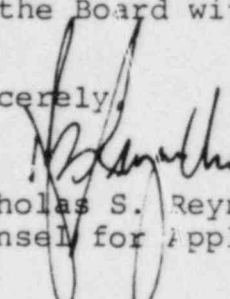
Subj: Texas Utilities Electric Company, et al.
(Comanche Peak Steam Electric Station,
Units 1 and 2); Docket Nos. 50-445 and 50-446 *OL*

Gentlemen:

Mindful of our obligation to apprise the Board of developments which bear on matters before it, including estimated schedules for commercial operation, this will advise the Board that Applicants recently completed their annual review of their construction program. That review considered several factors, including the present status of licensing for Comanche Peak. Based upon this review, Applicants now estimate that Unit 1 of Comanche Peak will probably not be placed in commercial operation before early 1986.

A copy of the Form 8-K recently filed by Applicants with the Securities and Exchange Commission is attached for your information. It will provide the Board with further details.

Sincerely,


Nicholas S. Reynolds
Counsel for Applicants

cc: Service List
Herbert Grossman, Esq.

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15 (d) of
the Securities Exchange Act of 1934

DATE OF EARLIEST EVENT REPORTED - JANUARY 16, 1985

TEXAS UTILITIES ELECTRIC COMPANY

I.R.S. Employer
No. 75-1837355

A Texas
Corporation

Commission File
No. 0-11442

2001 BRYAN TOWER, DALLAS, TEXAS 75201

(214) 653-4600

ITEM 5. OTHER EVENTS.

Reference is made to the Registrant's 1983 Form 10-K in Item 1 under Fuel Supply-Nuclear and Regulation and in Item 2 under Construction Program. Reference is also made to the Registrant's reports on Form 8-K dated May 2, 1984, October 22, 1984, and January 11, 1985.

The Registrant, a subsidiary of the Texas Utilities Company (Texas Utilities), is constructing two nuclear-fueled generating units at the Comanche Peak Steam Electric Station. Each unit has been designed for a capability of 1,150 megawatts. This project is subject to the jurisdiction of the Nuclear Regulatory Commission (NRC). NRC regulations govern the granting of licenses for the construction and operation of nuclear power plants.

The NRC has been reviewing the Registrant's application for operating licenses for the Comanche Peak units. As a part of that review, a proceeding was initiated before an Atomic Safety and Licensing Board (ASLB) and hearings on various issues have been ongoing since December 1981. After completion of the ASLB proceedings, the ASLB will make recommendations to the NRC regarding the issuance of operating licenses for the Comanche Peak units.

The principal remaining issue before the ASLB relates to the Registrant's quality assurance/quality control (QA/QC) program for the design and construction of the plant. In December 1983, the ASLB issued a memorandum questioning the QA program for design of certain portions of the plant and requested that the Registrant offer additional proof of adequate design and design review procedures. The Registrant has been responding to that request and, in accordance with the ASLB's suggestion, has employed an independent engineering firm to perform studies of the plant's design adequacy. Reports on some of these studies have been submitted to the ASLB. Additional reports from this firm are expected to be submitted in February 1985 and additional ASLB hearings on design issues are expected to take place during the spring of 1985. The ASLB is also reviewing several other related issues and has indicated its intent to review the results of the NRC's Technical Review Team (TRT) investigation discussed below.

In July 1984, a separate ASLB, including two of the three members on the original ASLB, was convened to receive testimony on allegations that QC inspectors at the plant have been subjected to an atmosphere of harassment and intimidation which is alleged to have affected the implementation of the Registrant's QA program. Hearings are also continuing on this part of the proceeding and are expected to be concluded in the spring of 1985.

As a separate part of the NRC's review of the Registrant's operating license application, in March 1984 the NRC established a task force to consolidate and carry out the various reviews necessary for the NRC Staff to reach its decision regarding the operating licenses.

This effort involved the establishment of the TRT which began an intensive on-site investigation in July 1984 and subsequently has issued reports requesting additional information from the Registrant with respect to several functional areas of the plant's construction program. The Registrant has submitted to the TRT a plan to respond to the questions raised by those reports which provides for the appointment of a special team, including independent experts in each area addressed by the TRT. Such plan is presently being implemented.

In January 1985, the TRT issued a report on its review of the QA/QC programs at Comanche Peak. The report states that although the QA program documentation met NRC requirements, the implementation of the QA program demonstrates that the Registrant has lacked the commitment to aggressively implement an effective QA/QC program in several areas. The TRT indicated that it has found evidence of faulty construction and ineffective QA and QC inspections. Questions were also raised concerning the training and qualification of QC personnel and in the reporting of deficiencies. The TRT further found that prior to July 1984 problems had existed in the control of documentation. In addition, deficiencies in several other areas were described. The Registrant has been requested to submit to the NRC a program and schedule for completing a detailed and thorough assessment of these QA/QC issues presented by the TRT. The Registrant also has been asked to consider the use of management personnel with a fresh perspective to evaluate the TRT findings and implement corrective action, and to consider the use of an independent consultant to oversee the corrective action program. The Registrant is presently assessing the TRT report and intends to promptly address the questions it raises. In such connection, also in January 1985, the Registrant suggested to the original ASLB that it consider deferring further hearings until March 1985 and take no immediate action on the Registrant's pending application for authority to load fuel, in order to give the Registrant an opportunity to complete this process.

In a separate but related action, the Registrant was also notified in January 1985 that the NRC's Executive Director of Operations has recently directed the formation of two panels, each consisting of NRC senior staff management, to prepare the NRC Staff's positions on issues presently being considered by the ASLB.

In December 1983, the completed cost of the two units at Comanche Peak was estimated to be \$3.89 billion, including the allowance for funds used during construction (AFUDC), of which \$3.313 billion was allocable to the 87 5/6% of the plant owned by the Registrant. These amounts were based on an estimated commercial operation in early 1985 for Unit 1 and mid-1986 for Unit 2. As a result of the Registrant's regular annual review of its construction program, which has included consideration of the present status of the licensing effort described above, the Registrant now estimates that Unit 1 of Comanche Peak will probably not be placed in commercial operation before early 1986, and Unit 2 is now estimated to become operational in mid-1987. Based on this schedule, the total cost of

the plant, including AFUDC, is now estimated to be \$4.564 billion, of which the Registrant's share is estimated to be \$3.898 billion, including AFUDC, or \$1.930 per kilowatt.

Although construction of Unit 1 of Comanche Peak is virtually complete, no assurance can be given that the scheduled commercial operation dates of these units can be met or that the estimated completion costs thereof will not be exceeded. Failure to secure timely and favorable regulatory approvals or any further delay occasioned by reinspections or possible rework resulting therefrom will increase the cost of the plant and would likely increase financing requirements.

In a related development, in January 1985 Texas Utilities announced the completion of its annual comprehensive review of its construction program for each of the years 1985 through 1987. Construction expenditures (net of participation by others) for utility property, including AFUDC but not including nuclear fuel, are projected to be as follows: \$1.125 billion for 1985, \$1.150 billion for 1986 and \$1.225 billion for 1987. The net effect of revisions in the construction schedule, including the cost increase of Comanche Peak, is no change in the estimate for 1985 and a \$150 million decrease for 1986 from those announced in December 1983; there had been no previously announced estimates for 1987.

In addition to the delay in the in-service dates for the Comanche Peak units indicated above, operating dates for four lignite-fueled units were rescheduled as follows: Twin Oak 1 was rescheduled from 1989 to 1991, Twin Oak 2 from 1990 to 1992, Martin Lake 4 from 1991 to 1994 and Forest Grove from 1989 to 1993. Texas Utilities also announced the addition of 190 megawatts of combustion turbine units to be completed in 1988.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TEXAS UTILITIES ELECTRIC COMPANY

Date: January 23, 1985

By /s/ Erle Nye
Erle Nye
Executive Vice President