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7/15/85

## Houston Lighting &amp; Power Company

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## OFFICE MEMORANDUM

To South Texas Project File

September 15, 1981

From D. D. Jordan

OFFICE OF SECRETARY  
DOCKETING & SERVICE  
BRANCHSubject Meeting with Project Partners and with Mr. Tom Feehan, President of  
Brown & Root

The CEO's of the partners on the South Texas Project met today at 9 a.m. to discuss whether or not some change should be made in the engineering construction management or construction of the South Texas Project. A detailed presentation was made to the group by Jerry Goldberg in which he outlined proposals from Westinghouse, Ebasco, Stone & Webster and Bechtel. The conclusion was that the Westinghouse bid was not responsive and that it offered no prospect for improvement to the project. Bids from Ebasco, Stone & Webster and Bechtel were responsive, and all three made a distinct effort to support the project with organization and experienced people. We determined that the Stone & Webster and Bechtel bids offered the most organizational strength and there was little difference in the commercial terms. It was, therefore, suggested that Houston Lighting & Power Company pursue a contract with Bechtel to take over the engineering and construction management of the project and that Brown & Root continue to serve as the constructor. After detailed discussion, the owners unanimously agreed with the suggestion.

I meet with Mr. Feehan in the Brown & Root offices at 3 p.m. today to inform him of the decision made by Houston Lighting & Power Company and the owners of the project to remove Brown & Root from the engineering and construction management on South Texas. Mr. Feehan had been informed on three prior occasions that consideration was being given to replacing Brown & Root on portions or all of the work at South Texas and was, therefore, familiar with the possibility that Brown & Root would be removed. The initial reaction seemed to be one of surprise in that he really did not believe it would happen. He indicated that others had also had problems with the construction of nuclear power plants and that he thought Brown & Root could do as well as anyone else. We reviewed the history of the project, discussed the problems which have continued in engineering throughout the project's life, and the fact that Brown & Root either could not or would not respond to our request to "employ the strongest people available in the world" which was made over two years ago. I informed him that we had no confidence that Brown & Root could complete the engineering in a reasonable time

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NUCLEAR REGULATORY COMMISSION  
 In the matter of: STN 50-49804  
 Official Exp. No. 77  
 RECEIVED  
 DATE 7/15/81  
 WITNESS  
 TATZ  
 INTERVIEWER  
 CONTRASTOR  
 SILENT  
 TATZ

# Houston Lighting & Power Company

## OFFICE MEMORANDUM

To

From

Subject Meeting with Project Partners and with Mr. Tom Feehan, President of Brown & Root - page 2

frame and that we in effect had decided to change engineering and construction managers in order that we could get the engineering people we believe the project needs. Mr. Feehan said that he agreed they had problems in the engineering group and that if foresight was as good as hindsight, we probably should have made the change in 1974. We informed him that it would be necessary for us to make an oral statement to the licensing board through our attorney, Jack Newman, informing them that consideration was being given to reassignment of certain responsibilities on the project. I gave him a preliminary statement and told him that we were sensitive to the Brown & Root public image question, we needed and wanted their cooperation in the transition, and we would accept any sound changes he wished to make in the announcements as long as they were true. We discussed the contract, and he was informed that Houston Lighting & Power Company had the right, under the contract, to take the action proposed. He was also left with a preliminary list of activities which Brown & Root was asked to participate in. These included a request to meet during the week of September 22 with our people and hopefully the new architect/engineer to discuss transition plans, to assign the necessary people in his organization to effect the transition; and to meet with us, the new architect/engineer and the Nuclear Regulatory Commission to discuss this change. He indicated he would talk to his people about the change and would be prepared to discuss it with us later.

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