

SOUTH TEXAS PROJECT  
Minutes of the Management Committee  
July 23, 1981  
Holiday Inn  
Bay City, Texas

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The following members of the Management Committee and alternates were present from 1:30 p.m. until 5:15 p.m. on Thursday, July 23, 1981 at the Holiday Inn in Bay City:

For Austin, Mr. Pokorny  
For San Antonio, Messrs. Poston (Chairman) and  
von Rosenberg  
For CPL, Messrs. Borchelt and Range  
For HL&P, Messrs. Oprea and Goldberg.

Also present were: for San Antonio, Mr. Hardt; for CPL, Messrs. Muench, Moore and Ford (after 1:46); for HL&P, Messrs. Barker, Briskin and Dewease.

The sign-in roster of those in attendance is attached as Exhibit No. 1. Mr. Poston's agenda is attached as Exhibit No. 2.

Mr. Borchelt's letter of July 7, 1981 to Mr. Poston, regarding Mr. Range's replacement of Mr. Borchelt as CPL's principal representative on the Management Committee and Mr. Muench's replacement of Mr. Range as CPL's alternate representative, is attached as Exhibit No. 3. Mr. Davidson's letter of July 20, 1981 to Mr. Poston, advising of Mr. Pokorny's replacement of Mr. Muehlenbeck as Austin's alternate on the Management Committee, is attached as Exhibit No. 4. Mr. Pokorny's status as Austin's alternate became effective July 20, 1981. The changes involving Messrs. Borchelt, Range and Muench will not become effective until August 1, 1981.

Mr. Oprea introduced Mr. Dewease, who is HL&P's new vice president for nuclear plant operations. Mr. Dewease comes to HL&P from TVA, where he started in 1968 on the Brown's Ferry project. In 1977 he was named plant superintendent at Brown's Ferry and from 1979 until he departed in 1981, to join HL&P, was assistant director of nuclear operations for TVA.

Mr. Barker distributed copies of his report agenda (a copy is attached as Exhibit No. 5).

Mr. Barker reported that Brown & Root had projected construction progress at 5.6% for 1981 and that, having achieved 2.8% progress to date in 1981, this may be accomplished if the same rate is continued.

BUCKLE UP REGULATORY COMMISSION  
In the matter of: SIN 50-49806  
Applicant: DE WUP #113  
Contractor: DATE  
City: DATE  
DATE: 8/3/85  
RECEIVED: V  
REJECTED: V  
Witness: DATE  
Reporter: DATE

Mr. Hardt asked if engineering could get out far enough ahead to permit acceleration of construction, to which Mr. Goldberg replied that it will be a year to a year and a half before engineering can be substantially out ahead, noting that engineering is just now starting work that should have been started four years ago.

Mr. von Rosenberg inquired how Brown & Root's efforts to recruit a new project manager were progressing. Mr. Goldberg discussed the status of the three principal candidates.

Mr. Goldberg explained the discussions he had had with Mr. Salterelli and Mr. Salterelli's awareness of the engineering delays and the amount of engineering work that remains to be done before Brown & Root can see any real construction pickup. Mr. Goldberg also explained the efforts being made by Brown & Root to farm out certain engineering work to other organizations. Mr. von Rosenberg inquired how Brown & Root's efforts to hire the 20 or so very strong engineering managers had progressed, to which Mr. Goldberg replied that the number required was above 30 but the number thus far hired was only 3. A discussion followed concerning the reasons thought to exist for this failure of Brown & Root to hire the necessary personnel.

At 2:30 Mr. Barker distributed copies of a cash flow comparison (November 1980 versus June 1981) for budget year 1981 only (a copy of this comparison, consisting of two pages, is attached as Exhibit No. 6). A lengthy discussion followed concerning the \$79 million variance in the "overhead and indirects - home office" item. A number of questions were directed to Mr. Barker about whether the \$79 million increase reflected amounts already spent or amounts budgeted for future expenditures. Mr. Barker explained that some of the \$79 million had already been spent but nearly \$50 million of it related to expenditures anticipated for the remainder of calendar year 1981. Mr. Borchelt requested that the Management Committee be furnished with additional detailed information concerning what the \$79 million increase represented. Mr. Barker reported that he could supply this information within a short time (see Mr. Barker's letter of August 4, 1981, attached as Exhibit No. 7).

Mr. Barker next went to the item on his agenda labeled "Important Items/Action". He explained a number of recent examples involving disputes between the NRC and HL&P, in each of which cases the NRC ultimately agreed with HL&P. He felt that the backlog of nonconformance reports was being worked off at a satisfactory rate and that the vendor control program should be cleared up by the end of the year. With respect to cable tray supports, Mr. Barker felt that the problem was solved but that there was still a lot of undone work to be accomplished. He explained that HL&P was going to take over the administration building and complete whatever items that had not been completed

by Brown & Root. Mr. Barker also explained measures being taken to improve efficiencies in the use of telephones, copiers, data processing equipment and motor vehicles.

There next followed a discussion of a request that had been made to each of the participants during recent weeks by a geophysical company wishing to do seismic exploration on the plant site. Mr. Oprea reported that the Project Manager was resisting these and any other efforts to explore for or develop minerals under the site.

At 3:35 Mr. Barker began a discussion of the progress that was being made with the reforecast of schedule and cost and reiterated that the target date for completion was September 1. Mr. Poston inquired about the level III fully integrated schedule and was advised by Mr. Barker that it was not up yet but that it would be before the reforecast could be completed because the reforecast would depend upon the fully integrated level III schedule.

At 3:50 p.m. Mr. Barker completed his status report and he and Mr. Briskin were excused. Mr. Dewease also left at this time.

The Management Committee next discussed the draft Coopers & Lybrand audit report. Mr. Range explained that the Finance Committee had signed off on the draft report except that the Finance Committee had requested more detail from Coopers & Lybrand on the "other indirect costs" item. The Finance Committee thereafter determined that the additional details could not be readily obtained without delaying the report unduly. The Finance Committee therefore recommended, according to Mr. Range, that the report be accepted as is and that the participants' internal auditors thereafter, possibly with some help from Coopers & Lybrand's staff, delve further into the "other indirect costs" item. Upon motion by Mr. Borchelt, seconded by Mr. Oprea, this recommendation of the Finance Committee was unanimously approved.

Mr. Range also explained the efforts that were under way by the Finance Committee to get a firm commitment from Coopers & Lybrand regarding the scope and cost of the 1981 audit. At 4:15 Mr. Range concluded his report.

Mr. Hardt then began a report on nuclear fuel. He advised that documentation will be sent to the participants concerning administrative matters with Chevron and the U.S. Department of Energy (DOE). (These documents were subsequently transmitted to the Secretary and are attached to these minutes with the Chevron letter marked as Exhibit No. 8 and the DOE notice marked as Exhibit No. 9).

Mr. Hardt summarized the Chevron documents as a letter agreement with Chevron which saves the participants the costs of essentially meaningless negotiations and also saves one year of carrying costs on the floor price increase for deliveries in June and July, 1981.

Mr. Hardt next reported that the annual notice updating the STP enrichment requirements had been sent to the DOE. Mr. Hardt remarked that the schedules attached to the notice were prepared with the concurrence of the Nuclear Fuel Committee to maintain the philosophy expressed last year of keeping maximum flexibility in the enrichment schedules without incurring additional costs.

Mr. Hardt then reported on the status of negotiations having for their purpose the substitution of Gulf for Westinghouse under Exhibit M of the STP-Westinghouse Agreement of Settlement and recounted some of the more important events from the initial contact by Westinghouse up to the present.

Mr. Hardt reiterated that, as reported to the Management Committee at its January 22, 1981 meeting, initial meetings with Gulf indicated the availability of a more attractive delivery schedule under a Gulf contract than under the existing Westinghouse contract, along with the potential for more favorable terms. Mr. Hardt then explained that, following the initial meetings, CPS personnel reviewed the current status of the Westinghouse projects and obtained initial technical briefings on the Gulf uranium projects. Mr. Hardt continued that, following evaluation of the estimated impact on STP uranium inventory of either the existing Westinghouse contract or a Gulf substitution (which evaluation was reported to the Management Committee at its February 19, 1981 meeting), CPS began detailed negotiations with Gulf over the framework of proposed terms and conditions. According to Mr. Hardt, during these negotiations the need for a detailed technical review of the Gulf projects by an outside consultant was identified. Mr. Hardt then said that subsequent to the March 19, 1981 meeting, where the Management Committee gave its approval for CPS to retain a consultant of its choice to perform this technical review, CPS hired Dames & Moore to carry out the review under the scope defined by CPS. Mr. Hardt related that preliminary results of the Dames & Moore study yielded no information which would cast doubt on Gulf's ability to deliver, but negotiations with Gulf over terms and conditions indicated that, under a delivery schedule later than the existing Westinghouse schedule, the terms and conditions acceptable to Gulf were essentially the same as terms being offered for the same time frame by other uranium suppliers. Mr. Hardt advised that CPS then met with Westinghouse, in early June, 1981, to determine what Westinghouse would be willing to offer if STP could not reach agreement with Gulf. Mr. Hardt reported that Westinghouse informed CPS that it would not get involved in any STP-Gulf discussions nor would



Westinghouse be willing to modify the terms and conditions of the existing contract with the STP owners while negotiations with Gulf were continuing. Mr. Hardt then related that last minute negotiations with Gulf over proposed terms, along with last minute discussions with Westinghouse, resulted in the framework of a Gulf uranium supply to be delivered over the approximately same time as the original Westinghouse schedule, but at a substantial discount from market price along with a partial rebate from Westinghouse of revenues it will receive from Gulf, the principles to which the Management Committee agreed via telephone on July 14.

Mr. Hardt then reported that Gulf and Westinghouse had mutually agreed to a 60 day period for finishing and executing all required contract documents. Mr. Hardt reported that while this period would not end until September 14, 1981, the parties agreed that the target for completion and execution of all documents was September 1, 1981. Mr. Hardt expressed the concern that even without the target, much work remained before final documents would be ready for approval, and thus close coordination with the various committees and the Management Committee would be required. Mr. Hardt said that the staff at CPS would be available to support this effort in whatever manner was required.

At 4:30 the Management Committee took up the draft minutes for January, February, March, April and June (there was no Management Committee meeting in May). The Management Committee's disposition of such draft minutes was as follows:

The proposed minutes for the January 22 and January 23 meetings of the Management Committee were approved without change.

In the proposed minutes for the February 19, 1981 meeting of the Management Committee, the Management Committee wished to substitute revised Exhibits 5 and 6 (which are attached hereto as Exhibits 10 and 11) for the Exhibits 5 and 6 attached to the draft minutes. The Management Committee also wished to revise the fourth complete paragraph on page 2 to read as follows:

"Mr. Goldberg next began a discussion of HL&P's review of Brown & Root's engineering. Mr. Goldberg explained that the review, being done by Nuclear Services Corporation, is scheduled for completion during the third week in March, with a final report due during the second week in April."

and to correct the typo in the word "necessary" on the third line on page 4.

In the February 20, 1981 draft minutes, in the first numbered paragraph on page 1, the name "Herrington" should be changed to "Harrington".

The draft minutes for the March 19, 1981 meeting will be changed to eliminate the word "audit" in line 2 of paragraph 4 on page 1 and line 2 on page 2 and to substitute in each instance therefor the word "review".

The draft minutes for the March 20, 1981 meeting of the Management Committee were approved without change.

The draft minutes for the April 27, 1981 meeting of the Management Committee were approved without change.

The June 26, 1981 draft minutes will be corrected by substituting the corrected page 5 and the completed Exhibit 14, as transmitted to the Management Committee by the secretary with his memorandum of July 7, 1981.

Mr. Oprea next discussed the proposed solution to the microwave problem, which has been before the Management Committee and its subcommittees for several years, by HL&P's charging of the cost of the STP and Bay City terminals to the Project participants but allowing free use by the Project participants of HL&P's remaining microwave system. Mr. Oprea advised that he would furnish further detail in time for action at the next meeting of the Management Committee.

Mr. Poston discussed the schedule for Management Committee meetings during the remainder of 1981, noting that the August and September meetings are still firmly scheduled as set out in his letter of April 6, 1981 (attached as Exhibit 15 to the minutes of the April 27, 1981 meeting of the Management Committee). Mr. Poston further advised that no meeting was scheduled for October and that the November meetings would be as follows (see also Mr. Poston's letter of August 3, 1981, attached as Exhibit No. 12 and Mr. Poston's letter of August 7, 1981, cancelling the August 19, 1981 meeting, attached as Exhibit No. 16):

Thursday, November 5, at 1:30 p.m. in Bay City  
(site to be announced).

Friday, November 6, at 9:00 a.m. at the Site.

Mr. Poston further advised that the Management Committee has not yet scheduled a meeting for December.

A set of resumes provided by Mr. Barker to the members of the Management Committee with his letter of July 13, 1981, in response to Mr. Hancock's request at the June 26 meeting of the Management Committee, is attached as Exhibit No. 13.

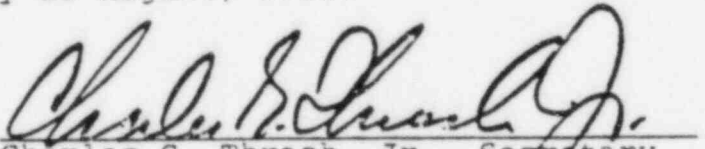
A preliminary statement of costs incurred through June 30, 1981, as transmitted by Mr. Oprea to the other members of the Management Committee with his letter of July 14, 1981, is attached as Exhibit No. 14.

A preliminary statement of costs incurred through July 31, 1981, as transmitted by Mr. Oprea to the other members of the Management Committee with his letter of August 14, 1981, is attached as Exhibit No. 17.

A clarification of the project manpower reports for April and May, as transmitted by Mr. Barker to members of the Management Committee with his letter of July 21, 1981, is attached as Exhibit No. 15 (in addition to revising the manpower reports in the April and May Monthly Progress Reports, this data also revises the manpower totals at May 30, 1981 as set out on Exhibit 11 to the minutes of the June 26 meeting of the Management Committee).

At 5:15 p.m. the Management Committee meeting was adjourned.

Prepared this 7th day of August, 1981.

  
Charles G. Thrash, Jr., Secretary



SOUTH TEXAS PROJECT  
Minutes of the Management Committee  
July 24, 1981  
Plant Site

The following members of the Management Committee and alternates were present from 9:00 a.m. until 12:45 p.m. on Friday, July 24, 1981 at the Plant Site:

For Austin, Messrs. Hancock and Pokorny  
For San Antonio, Messrs. Poston (Chairman) and  
von Rosenberg  
For CPL, Messrs. Borchelt and Range  
For HL&P, Messrs. Oprea and Goldberg.

Also present were: for San Antonio, Messrs. Spruce and Hardt; for CPL, Messrs. Muench, Moore and Read; for HL&P, Mr. Jordan.

The sign-in roster of those in attendance is attached as Exhibit No. 1. Mr. Barker's agenda for the meeting is attached as Exhibit No. 2.

Mr. Barker began by explaining the new badge procedures which would soon be instituted and which would require that persons leaving the site leave their badges at the gate. He also urged all who had old badges to get the new versions.

Mr. Barker expressed the sorrow of all those present at the untimely death of Mr. Alfred Geisler last Monday evening in an auto accident, on his way home from the STP hearing in Houston. Mr. Geisler had been Brown & Root's senior licensing engineer.

Mr. Barker first presented a status overview slide (a copy of which is attached as Exhibit No. 3, which showed a total engineering earned percentage of 54.9 and a total construction earned percentage of 45.1).

Mr. Barker next presented slides showing the engineering-physical design on Units 1 and 2 (copies of which are attached as Exhibits 4 and 5) and construction percents complete on Units 1 and 2 (copies of which are attached as Exhibits 6 and 7).

A number of questions developed about Exhibit No. 6 and Mr. Barker concluded that 3% during the remainder of 1981 and 6% in 1982 represented a fair estimate of construction in the near future.

At 9:30 Mr. Barker began a discussion of Project manpower (a copy of this slide is attached as Exhibit No. 8).

At 9:40 Mr. Barker displayed a slide setting forth the "major challenges" (a copy of this slide is attached as Exhibit No. 9). With respect to the first four problems, Mr. Barker reported that the corrective work was programmed and proceeding satisfactorily. With respect to items 5 (American Bridge) and 6 (paintings and coatings) Mr. Barker reported that these problems are still with us and will be for a time longer.

With respect to item 6 on Exhibit 9 (paintings and coatings) Mr. Hancock inquired whether this work will hold up the cable tray support work, to which Mr. Thompson replied that it would. Further, with respect to this item, Mr. Poston pressed for detail concerning what Brown & Root was doing to correct it and when it would be corrected. Mr. Salterelli discussed the test panels that were presently being exposed to high radiation levels and explained the economic decisions that would have to be made in determining the procedures and materials to be used. In response to further questions by Mr. Poston, Mr. Hawks said it could be between 30 and 90 days before the answers are worked out. Mr. Gibson explained the 16 hour per day weekday schedule that was being followed on coating and the weekend schedule being followed on blasting to remove the defective materials presently in place. Mr. Oprea inquired when the blasting should be complete, to which Messrs. Hawks and Thompson replied that it should be complete in October because the mechanical work was scheduled to begin at that time.

Mr. Barker next discussed item 7 on Exhibit 9, the Quadrex review, and reported that Brown & Root had developed a plan of action on these items. Mr. Goldberg explained that this program would run through 1982. Mr. Salterelli explained the computer code verification problem and described the contractor who had been hired to assist with this work, which should be completed by the end of 1981. The analysis of the outside pipe breaks problem and the HVAC system will, according to Mr. Salterelli, take longer. Mr. Salterelli reported that the computer code verification and HVAC problems had been reported to NRC and that the shielding problem, that was first reported, had been removed from a reportable category. Mr. Goldberg explained that the design had been out of sequence, that the outside pipe should have been designed four years ago and that the functional environment of some of the engineered equipment which has been ordered will have to be restudied. Mr. Salterelli reported that he hoped to have all cable tray supports designed by the middle of 1982.

Mr. Poston inquired of Mr. Salterelli how all this could have happened, to which Mr. Salterelli replied that it appears to have been the result of a lack of coordination between technical disciplines. Mr. Salterelli insisted, however, that Brown & Root had discovered many of these problems a year ago, before Quadrex found them.

Mr. Barker returned to item 8 on his Exhibit 9, the Hilti Bolts, and reported that tests show that some of the sizes can be used. Mr. Barker hopes to have this problem resolved within two months.

With respect to item 9 on Mr. Barker's Exhibit 9, the vendor control program release system, he reported that he feels that he has gotten the control he needs and has not yet found any item that needs to be redone. He hopes to have this project completed in 1981.

In response to questions by Mr. Hancock, there followed a discussion of turnover, with respect to which Messrs. Salterelli and Muelner felt that the situation was improving.

Mr. Barker next went to item V on his agenda, "Important Accomplishments". He explained that in several instances recently, when differences of opinion developed between HL&P and the NRC, the result was the NRC's ultimate agreement with HL&P. He also reported that the weld rejection rate of 1% was outstanding.

Mr. Hancock inquired about the emergency cooling water pipe repair program, to which Mr. Thompson replied that it was on an 18 month schedule of which about half had been done. Mr. Barker reported that he hopes to have a full release on ASME welding in 60 days.

Mr. Barker next displayed slides concerning cable tray support developments (a copy of which is attached as Exhibit No. 10) and pipe hanger status (a copy of which is attached as Exhibit No. 11), both on Unit 1 and common.

With respect to soil structure interaction, Mr. Barker reported a meeting with NRC scheduled for August 7.

Mr. Barker concluded his report on accomplishments by explaining the efforts being made to improve efficiencies in the use of telephones, copying equipment, automotive vehicles and similar items.

At 10:45 Mr. Barker began a discussion of the reforecast activities. There followed a discussion of the bases for such reforecast insofar as labor productivity is concerned - whether past Brown & Root performance or industry averages. Mr. Hancock inquired when shift work would be plugged into the estimate, to which Mr. Gibson replied that prudent extra shiftwork would be included in the assumptions.

Mr. Spruce inquired whether Brown & Root had been using any overtime work in engineering, to which Mr. Salterelli replied that Brown & Root had not. Mr. Muelner commented that a year from now Brown & Root would be putting out engineering product at a faster rate than construction can build.

Mr. Hancock inquired whether this meant engineering will no longer be a restraint a year from now, to which Mr. Muelner replied in the affirmative. A discussion followed concerning the staffing levels, installation rates and utilization of shift work that had been assumed.

Mr. Oprea inquired what monthly percentage construction completion was assumed by the end of 1982. Mr. Gibson thought that Brown & Root could be up to 1.5% per month.

As Mr. Barker was concluding his report, he inquired whether Messrs. Feehan, Pieper and Rice had any comments. Mr. Rice said that he felt that the next six months were extremely critical to the Project in terms of getting decisions and getting production from the nearly 1,000 engineers. Mr. Rice felt that communications had improved between senior personnel in Brown & Root and HL&P and that the quality assurance coordination was refreshing. He expressed the view that the staffing "from Goldberg on down and from Salterelli on down" was improving.

Mr. Feehan observed that he was glad to see, with respect to the NRC, that if the Project rears up on its hind legs it can win.

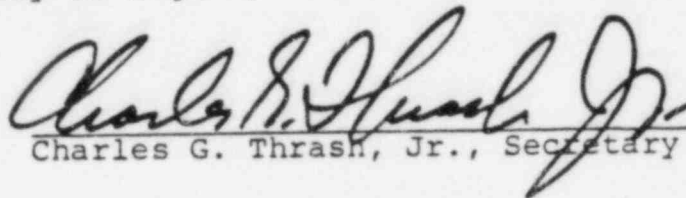
At 11:00 a.m. the Management Committee meeting was recessed for a site tour (until noon) and a barbeque lunch in the conference room (until 12:45 p.m.), after which the meeting was adjourned.

Mr. Barker distributed but did not discuss, copies of the following exhibits:

Exhibit 12	Actual vs. Scheduled Progress Engineering-Physical Design Units 1 & 2 Total
Exhibit 13	Actual vs. Scheduled Progress Engineering-Manhours Expended
Exhibit 14	Construction Percent Complete Unit 1 Power Block
Exhibit 15	Construction Percent Complete Unit 1 & Common
Exhibit 16	Construction Percent Complete Unit 2 Power Block
Exhibit 17	Construction Percent Complete Unit 2

Exhibit 18	Construction Percent Complete Units 1 & 2 Total
Exhibit 19	Engineering Productivity
Exhibit 20	Construction Productivity Unit 1 & Common
Exhibit 21	Construction Productivity Unit 2
Exhibit 22	Construction Productivity Units 1 & 2 Total

Prepared this 7th day of August, 1981.

  
Charles G. Thrash, Jr., Secretary



# MAJOR CHALLENGES

1. PIPE HANGERS, SUPPORTS, RESTRAINTS
2. CONDUIT SEPARATION
3. IVC PROBLEMS
4. TMI ACTIVITIES
5. AMERICAN BRIDGE
6. PAINTINGS AND COATINGS
7. QUADREX REVIEW
8. HILTI BOLTS
9. VCP RELEASE SYSTEM
10. NONCONFORMANCE REPORTS