



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D. C. 20555

July 18, 1980

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Atomic Safety and Licensing Board  
U.S. Nuclear Regulatory Commission  
Washington, DC 20555

Dr. Emmeth A. Luebke  
Atomic Safety and Licensing Board  
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Washington, DC 20555

Dr. James C. Lamb III  
313 Woodhaven Road  
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In the Matter of  
Houston Lighting and Power Company, et al.  
(South Texas Project, Units 1 and 2)  
Docket Nos. 50-498, 50-499

Gentlemen:

This letter is being sent in accordance with the Staff's commitment to the Board to keep it apprised of the status of the enforcement action involving the Applicant in this proceeding. As the Board and parties are aware, a notice of violation and civil penalty, together with an order to show cause why the Applicant's construction permit should not be suspended, was issued by the Office of Inspection and Enforcement (I&E) on April 30, 1980. <sup>1/</sup> That action was taken as a result of an I&E investigation involving allegations of harrassment of Brown and Root quality assurance/quality control (QA/QC) inspectors and other alleged QA/QC deficiencies.

On May 23, 1980, Houston Lighting and Power (HL&P) responded to the notice of violation and civil penalty. It stated that it would not request a hearing with regard to the notice of violation and paid the penalty. Further, HL&P asserted that it would supply the information required in the April 30 order by the deadline set forth therein (July 31). The required information is, of course, related to the steps being taken by HL&P to eliminate the causes of the non-compliance with required QA/QC procedures.

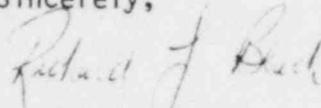
<sup>1/</sup> This document, and all other documents referred to in this letter, have been served on the Board and all parties.

On May 28, 1980, Mr. Sinkin, the representative of CCANP in this operating license proceeding, filed a request for a hearing with regard to the show cause order. The Applicant and Staff filed responses opposing the request for a hearing on June 13 and June 24, respectively. The Commission has not yet ruled on Mr. Sinkin's request.

The Board and parties should also be aware that the public meeting referred to in the April 30 order will be held on August 19, 1980, probably in Bay City, Texas. The purpose of the meeting will be to discuss questions which the Staff has with regard to HL&P's upcoming (July 31) response to the show cause order. In addition, there will be an opportunity provided for members of the public to discuss with the Staff matters related to the show cause order. Of course, the Staff will send the notice of this meeting to the parties to this proceeding as soon as it is prepared.

As indicated to the Board in Mr. McGurren's letter of May 13, 1980, the Staff continues to believe that discussions regarding the scheduling of an early hearing on QA/QC matters should abide the resolution of the enforcement action. We will continue to advise the Board and parties as there are significant developments to report.

Sincerely,



Richard L. Black  
Counsel for NRC Staff

cc: Melbert Schwarz, Jr., Esq.  
Mr. Lanny Alan Sinkin  
Mrs. Peggy Buchorn  
Richard W. Lowerre, Esq.  
Jack R. Newman, Esq.  
Atomic Safety and Licensing Board Panel  
Atomic Safety and Licensing Appeal Board  
Docketing and Service Section