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October 30, 1981

Charles Bechhoefer, Esquire  
Chief Administrative Judge  
Atomic Safety and Licensing  
Board Panel  
U.S. Nuclear Regulatory Commission  
Washington, D. C. 20555

Dr. James C. Lamb, III  
Administrative Judge  
313 Woodhaven Road  
Chapel Hill, North Carolina 27514

Ernest E. Hill  
Administrative Judge  
Lawrence Livermore Laboratory  
Post Office Box 808, L-123  
Livermore, California 94550

Re: Houston Lighting & Power Co. et al.  
South Texas Project, Units 1 & 2,  
Docket Nos. STN 50-498, STN 50-499

Gentlemen:

In a telephone call to each of the parties yesterday, Chairman Bechhoefer stated that the Board was meeting in Bethesda today to consider issuing an Order to schedule a hearing for December 8-10. Such hearing would be convened to hear testimony responding to questions the Board would identify in the Order concerning Attachment A to the letter of October 16, 1981, from Houston Lighting & Power to the Director of NRC Region IV.

Applicants respectfully urge the Board not to schedule



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October 30, 1981  
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such a hearing at this time. As we will elaborate in our response to CEU's Motion to halt construction (which we are filing today), if the Board's concern stems from a continuation of work at the STP site pending an analysis of the findings in the Quadrex Report, the convening of a hearing on that matter would be wholly inappropriate. Since, as pointed out in our response, the Board does not have the jurisdiction to halt construction, particularly when the same matter is presently pending before the Commission in CEU's "Petition to Suspend Construction," no hearing on Quadrex-related matters should be held by the Board.\*/  
Moreover, even apart from jurisdictional deficiencies, a hearing on Quadrex-related matters by December 8-10 prior to the completion of the ongoing reviews could not possibly be productive.

It may be that the Board's concern with respect to this matter is based on a misunderstanding of the Applicants' plans for continuing limited construction activities until Bechtel can assume responsibility as architect/engineer and construction manager. Lest there be any misunderstanding the activities of Bechtel during the "transition" phase do not include the construction work described in Appendix A to the letter of October 16 from HL&P to Region IV. Bechtel's activities now consist of "benchmarking" the status of design, engineering and construction; the conduct of ongoing work at the site remains solely with Brown & Root.

Finally, preparation for a hearing on December 8-10 would be seriously counterproductive in the following respects:

- (1) the ability of the Applicant to respond to the Commission's request for information on transition matters by December 11 (copy attached) would be seriously impeded;

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\*/  
We would also emphasize that Region IV currently has under consideration the matter of the extent to which construction should continue at the site. In an orderly regulatory framework, prior review by the NRC regulatory staff is the appropriate mechanism for determining technical matters.

Charles Bechhoefer, Esquire  
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- (2) the efforts of the parties to meet and make joint recommendations to the Board by November 23 (in accordance with the Board's Order of October 8) regarding matters to be heard at the resumption of the hearings on January 18 would be seriously impaired; and
- (3) to the extent that the purpose of the hearing relates to transition matters, the NRC Staff will be in no position to furnish useful testimony on transition matters since the essential information in that regard will not be submitted to the Commission until December 11.

Accordingly, we urge the Board not to schedule an additional hearing but to allow the parties to proceed in the manner described in our conference call of October 7, the results of which are reflected in the Board's Order of October 8, 1981.

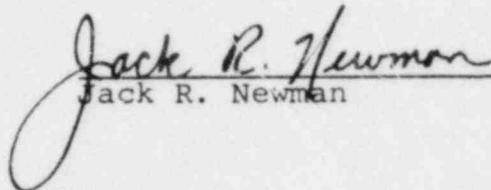
If notwithstanding the foregoing, the Board continues to entertain the idea of holding a hearing on December 8-10, we urge that before issuing any such order the Board initiate a conference call to hear the view of the parties as to whether a hearing would be appropriate or counter productive and even more importantly, whether the subject matter of such a hearing is properly before the Board at this time. Alternatively, we suggest that the Board by order request the expedited written views of the parties on this question. The Board could require such filings by November 6 leaving enough time to schedule a hearing if it were not convinced otherwise by the responses of the parties.

The possibility that the Board's concerns stem from a misunderstanding as to what is transpiring appears to highlight the desirability of an early prehearing conference after the pleadings to be submitted by the parties on November 23. We would again suggest that the Board schedule such a conference, and not a premature hearing. We can see

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Ernest E. Hill  
October 30, 1981  
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no benefit to the public interest from a hearing held without appropriate opportunity for all parties to consider in advance the basic matters to be heard.

Respectfully,

  
\_\_\_\_\_  
Jack R. Newman

Of Counsel:

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& Axelrad  
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Attorneys for HOUSTON LIGHTING & POWER  
COMPANY, Project Manager of the South  
Texas Project, acting herein on behalf  
of itself and the other Applicants, CITY  
OF SAN ANTONIO, TEXAS, acting by and  
through the City Public Service Board of  
the City of San Antonio, CENTRAL POWER  
AND LIGHT COMPANY and CITY OF AUSTIN, TEXAS.

cc: Certificate of Service



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D. C. 20540

OCT 20 1981

ST-AE-HL-851  
SFN:V-0100/C-0530  
C-0550  
Date Received:10/26/

Docket Nos.: 50-498/499

Mr. G. W. Oprea, Jr.  
Executive Vice President  
Houston Lighting and Power Company  
P. O. Box 1700  
Houston, Texas 77001

Dear Mr. Oprea:

Subject: Request for information under the provisions of 10 CFR 50.54(f)

By letter of September 24, 1981, your counsel informed the Atomic Safety and Licensing Board of the Nuclear Regulatory Commission that Houston Lighting & Power Company (HL&P) has decided to reallocate certain responsibilities for the completion of the South Texas Project. In the letter it was further indicated that specific information will be supplied concerning the qualifications of Bechtel Power Corporation, its QA/QC program, and the ultimate relation of Brown & Root, HL&P and Bechtel on this project in the future.

Under the provisions of 10 CFR 50.54(f) we request you to supply this information, as well as information on the transition plans you develop to put these changes into effect. As it is recognized that it will take about 6 to 8 weeks to develop the details concerning this change, it is requested that you supply this information by December 11, 1981, or by such earlier date as it becomes available.

Sincerely,

Robert L. Tedesco, Assistant Director  
for Licensing  
Division of Licensing

cc: See next page.

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OCT 26 1981

G. W. OPREA

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UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of )  
 )  
HOUSTON LIGHTING AND POWER ) Docket Nos. 50-498 OL  
COMPANY, ET AL. ) 50-499 OL  
 )  
(South Texas Project, )  
Units 1 and 2) )

CERTIFICATE OF SERVICE

I hereby certify that copies of Applicants' letter signed by Jack R. Newman to the Atomic Safety and Licensing Board dated October 30, 1981, have been served on the following individuals and entities by deposit in the United States mail, first class, postage prepaid, or hand delivered as indicated by asterisk, on this 30th day of October, 1981

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Chief Administrative Judge  
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*Jack K. Hermon*

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