

HOUSTON LIGHTING & POWER COMPANY
P. O. Box 1700
HOUSTON, TEXAS 77001

G. W. OPREA, JR.
EXECUTIVE VICE PRESIDENT

February 12, 1982

54-466

Mr. Harold Denton, Director
Office of Nuclear Reactor Regulation
U. S. Nuclear Regulatory Commission
7920 Norfolk Avenue
Bethesda, Maryland 20555



Dear Mr. Denton:

During my conversation with you on February 9, 1982, I notified you that Houston Lighting & Power Company was in the process of re-evaluating the feasibility of continuing the Allens Creek project and I made mention of a news release and the timing for such release. Attached is a copy of the release which was issued this date to the news media.

As I indicated during our meeting, the final decision as to the outcome of the Allens Creek project could take a few months. However, I will keep you informed should anything significant materialize during the interim.

Very truly yours,

A handwritten signature in cursive script, appearing to read "G. W. Oprea, Jr.", written in dark ink.

GWO/sra
Attachment
cc: J. H. Goldberg
G. Copeland

Boo1
5/11
Add: H. Denton

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A PDR

News

from Houston Lighting & Power Company

ELECTRIC TOWER HOUSTON, TEXAS 77001



FOR FURTHER INFORMATION PLEASE CONTACT:

FOR RELEASE:

Graham Painter
(713) 229-7125

Houston Lighting & Power Company announced today that it is reevaluating plans for its Allens Creek Nuclear Generating Station. Originally announced in 1972, the plant is still in the Federal licensing process and not yet under construction.

Citing uncertainties in maintaining construction schedules and cost estimates, HL&P President Don D. Jordan said all options are being explored to manage Houston's electricity needs in the 1990's when Allens Creek is scheduled for completion. These options include completion of Allens Creek in its present form, use of the Allens Creek site for a coal plant, and possibilities available to recover as much of HL&P's investment in the project as possible, including the sale of major equipment components already purchased.

HL&P has had an application for a construction permit for the Allens Creek facility pending before the U. S. Nuclear Regulatory Commission since 1977. Since that time, soaring interest rates, inflation, changing Federal requirements and regulatory delays have driven up the price of nuclear construction. The Allens Creek cost estimate has grown from approximately \$600 million per unit in 1972 to over \$2 billion per unit today.

HL&P's financial position is such that it must continually reassess its ability to raise the money necessary to maintain its huge construction program.

"Allens Creek was a prudent, workable project when it was conceived a decade ago," Jordan said, "but conditions have changed to the point that reevaluation is necessary." During the study period, Jordan stressed that expenditures associated with Allens Creek will be reduced to an absolute minimum.