



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

September 23, 1980

Final copy

MEMORANDUM FOR: Chairman Ahearne
Commissioner Gilinsky
Commissioner Hendrie
Commissioner Bradford

FROM: Carlton Kammerer, Director *CK*
Office of Congressional Affairs *RA*

SUBJECT: FINAL TESTIMONY FOR SOUTH TEXAS PROJECT
CONGRESSIONAL HEARING

Attached for your information are copies of the final testimonies to be presented by Chairman Ahearne and Mr. Stello on the South Texas Project. The hearing will be before the Subcommittee on Oversight and Investigations (Chairman Eckhardt) of the House Committee on Interstate and Foreign Commerce at 9:00 a.m. on September 23, 1980 in Room 2322 of the Rayburn House Office Building.

Enclosure:
As stated

cc: OGC
SECY
OPE
MPA
EDO
OIA

54-498, 499

A128

8402090176 831220
PDR FOIA
HAMLIN83-289 PDR



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

SEP 25 1980

MEMORANDUM FOR: Chairman Ahearne
Commissioner Gilinsky
Commissioner Hendrie
Commissioner Bradford

FROM: Carlton Kammerer, Director *sl*
Office of Congressional Affairs

SUBJECT: HEARING ON SOUTH TEXAS PROJECT

On Tuesday, September 23, 1980 the Subcommittee on Oversight and Investigations of the House Committee on Interstate and Foreign Commerce held a hearing on the South Texas Project. The hearing was chaired by Congressman Eckhardt (D-TX); others in attendance were Congressmen Lent (R-NY); Corcoran (R-IL); Dannemeyer (R-CA); Walgren (D-PA); Mottl (D-OH); and Markey (D-MA). A copy of Mr. Eckhardt's prepared opening statement is attached. The only witnesses at the hearing were NRC officials: Chairman Ahearne, Mr. Stello, and Mr. Seyfrit (Region IV).

The majority of questions interspersed among the Chairman's and Mr. Stello's presentations were germane to the topic, namely the generic issue of nuclear plant regulation and construction and the specific issue of problems at the South Texas Project. Mr. Lent additionally addressed the issue of whether manpower diversion to TMI requirements would potentially result in delays of licensing other plants, and eventually asked for a status report on the licensing of the Shoreham plant in his district and requested to know what the delays were in the plant's proceeding to an OL issuance. Mr. Corcoran additionally addressed budgetary constraints on NRC and wished to know for the record what impact on NRC operations would result from the adoption of a continuing resolution (at the proposed FY'81 levels) in the event the FY'81 appropriation bill is not passed.

There were several recurring themes enunciated by the various members during the question/answer period. Among these were: 1) the effectiveness of an inexperienced nuclear constructor (such as Brown & Root) paired with an inexperienced nuclear licensee (Houston Lighting & Power); 2) the methods/means by which costs overruns can be avoided (possibly by screening licensee/constructor experience or management structure beforehand); 3) whether costs for rework and repair activities are a penalty incurred by the constructor or, alternatively, absorbed by the licensee and then passed on to the ratepayers; and 4) the advisability/desirability of NRC assuming the QA/QC function in the construction of nuclear power plants.

A129

8304040118

Before adjourning the hearing, Mr. Eckhardt indicated that the licensee, the constructor, and the Texas public utility commission should be afforded the opportunity of addressing several issues raised in the hearing. A field hearing in the Houston area would probably be held for this purpose and could be held as early as October. Additionally, the record will be left open for reception of answers from NRC on some technical questions and also for receipt of answers to letters of inquiry to several federal agencies. These letters would address the question of whose responsibility it is to decide what costs in power plant construction are to be passed on to ratepayers.

Enclosure:

As stated

cc: OGC
OPE
SECY
MPA
EDO
OIA
IE (J. Taylor)

BOB ECKHARDT, TEX., CHAIRMAN

JIM SANTINI, NEV.
ALBERT GORE, JR., PENN.
PHILIP R. EDWARDS, IND.
ANTHONY TONY MOFFETT, CONN.
ANDREW MAJURE, N.J.
DOUG WALBREN, PA.
RONALD W. MOTTEL, OHIO
MICKEY LELAND, TEX.
TIMOTHY E. WIRTH, COLO.
EDWARD J. MARKEY, MASS.
HARLEY D. STAGGERS, W. VA.
(EX OFFICIO)

NORMAN F. LENT, N.Y.
MATTHEW J. RINALDO, N.J.
MARC L. MARKS, PA.
TON CORCORAN, ILL.
WILLIAM E. DANNHEIMER, CALIF.
JAMES T. BRYNTHILL, MD.
(EX OFFICIO)

CONGRESS OF THE UNITED STATES

HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
OF THE

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

WASHINGTON, D.C. 20515

MARK J. RAABE
CHIEF COUNSEL/STAFF DIRECTOR

OPENING STATEMENT

HONORABLE BOB ECKHARDT, CHAIRMAN

SEPTEMBER 23, 1980

This morning the Subcommittee considers an area of enormous consequence to this country both in terms of our environment as well as of our economy and independence, as they are affected by our energy supply. Today's hearing will focus upon the construction of commercial nuclear power plants and the regulation of that construction by the Nuclear Regulatory Commission.

As important as was the debate over the accident at Three Mile Island, no less significant, I believe, is the scrutiny over the construction process by which safety should be built into a nuclear plant. Clearly, an operating unit will be no better in terms of safety than is the integrity of the steel and the concrete of which it is constructed.

The Subcommittee is pleased to have the appearance today of the Chairman of the Nuclear Regulatory Commission and its Director of Inspection and Enforcement, in order that we might discuss the efforts of the Commission's inspection and enforcement process generally, and to examine how that process functioned at one specific project, namely the South Texas Nuclear Project. As we will hear from testimony, the South Texas Project has over the past few years experienced significant problems resulting from an inadequate quality assurance and quality control program. Those problems reached the point that a hun-

dred thousand dollar civil penalty was assessed and a show cause order issued against the licensee, Houston Lighting and Power.

The difficulties at the South Texas Nuclear Project raised questions of safety, caused delay and increased costs. We want to examine these matters, and the Nuclear Regulatory Commission's enforcement activity in connection with that project, to determine whether the problems have been corrected, what cost consequences will ultimately be placed on the consumer, and whether there are lessons to be learned for the future.

Before we begin, I believe a word is in order about the adjudicatory responsibilities of the Nuclear Regulatory Commission and the constraints the Chairman of the Commission is operating under in testimony before us today. There is a line of cases which I believe we should be mindful of when we question the Chairman this morning. These cases have enunciated what is commonly called the "Pillsbury doctrine" and stand for two central propositions. First, that when Members of Congress lean heavily on governmental decisionmakers with respect to matters before these officials in adjudication the "appearance of impartiality" of the officials may be compromised with the result that they may be disqualified from further participation in the matter. Second, decisionmakers who declare themselves in Congressional testimony and elsewhere on facts which are involved in a proceeding before them may be held to have prejudged relevant issues. The remedy again is disqualification. I know the Subcommittee will be sensitive to these considerations in our questioning of Chairman Ahearne today.

At this time, we would appreciate hearing from Chairman John Ahearne and Mr. Victor Stello, the NRC's Director of the Office of Inspection and Enforcement.