

Tuesday, November 13, 1984

Mr. D. G. Eisenhut, Director
Division of Licensing
Office of Nuclear Reactor Regulation
U. S. Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Eisenhut:

South Texas Nuclear Project
Units 1 & 2
Docket Nos. STN 50-498, STN 50-499
Engineering Assurance Program

I am in receipt of Mr. J. H. Goldberg's letter to you of November 2, 1984 regarding the Houston Lighting and Power Company (HL&P) Engineering Assurance Program (EAP). As I understand the letter, the NRC has delegated to an internal component of the HL&P engineering process the responsibility for independent design review that previously would have been carried out by a third party, independent group. With the NRC delegating more and more of its regulatory responsibilities to the nuclear industry, this development comes as no particular surprise.

What I did find surprising, however, is the composition of the committee performing annual oversight of the EAP. In particular the presence of Dr. Herbert H. Woodson.

Apparently there is some semblance of independence required of this oversight committee. Perhaps simply not having participated in the design or engineering of the project, not holding a large financial interest related to the partners in the project, and not having relatives employed by the partners or their prime contractor is enough to demonstrate "independence" adequately to the NRC. But from where I sit, Dr. Woodson could hardly be considered "independent" of the South Texas Nuclear Project.

Enclosed for your information is an article detailing some of Dr. Woodson's partisan efforts on behalf of the South Texas Nuclear Project. I do not hold it against him that he said people receive more radiation making love than standing next to a nuclear plant. We are all entitled to our opinions, however unscientific. But such opinions do at least call into question his objectivity regarding this particular technology.

More serious is his deep and continued involvement in pushing STNP politically. Dr. Woodson omitted at least one office he held from his Community Activities list. He was Chairman of the Committee for Economic Energy in 1979, a committee which campaigned in favor of passing \$216 million in bonds for STNP and in favor of Austin retaining its share of STNP, a share Austin voters have since voted to sell.

Perhaps I can highlight my concern by posing the following question: Setting aside the matter of technical qualifications for the moment, if the NRC insisted that I be placed on the review committee for the EAP would HL&P accept me as having no potential or apparent conflict of interest because I meet the

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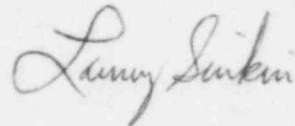
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criteria set forth in the statement signed by Dr. Woodson and the others?

I bring this matter to your attention realizing that the whole review committee is simply the nuclear industry taking care of its own, that Mr. Hendrie and Mr. Laney both are so inextricably tied to the further development of nuclear power that they can hardly avoid a bias in favor of approving the work HL&P is doing on STNP. But I thought you might be interested anyway.

Towards a non-nuclear Earth,



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EVENINGS

History of Nuke created by strong backers, foes

Austin is moving into its second decade of paying for the South Texas Nuclear Project. This is the second part of a series looking at the history, people and future of the plant.

By **BILL MCCANN**
and **BRUCE HIGHT**
American-Statesman Staff

Thousands of people have walked through the pages of the checkered history of the South Texas Nuclear Project.

They are engineers, construction workers, executives, politicians, bureaucrats and ordinary citizens caught up in the complex and costly project known irreverently in Austin as the Nuke. Some have spent years watching it grow out of the Southeast Texas lowlands near Bay City. Others have never set foot on the site.

They have watched its cost grow from less than \$1 billion a decade ago to \$5.5 billion. And they have seen the completion schedule of the two 1,250 megawatt nuclear units slip from 1980 to 1987 for Unit One, and from 1982 to 1989 for Unit Two.

Most of the names connected with the project are scrawled on countless engineering and inspection reports, or on construction rosters. Other names and faces have become familiar ones in the news.

The project has helped carry some to power. And it has cost a few their jobs. It has helped enrich some, and has left indelible scars on others.

In Austin, the South Texas Nuclear Project has become the most expensive, divi-



sive and time-consuming issue that citizens have ever faced.

Over the years of conflict, a few of those citizens have emerged as main characters, while others have played important supporting roles.

Among the key players are hard-core supporters like former Electric Director R.L. Hancock, University of Texas professor Herbert Woodson, and former mayors Roy Butler and Carole McClellan.

And vocal opponents like City Council member Roger Duncan and anti-nuclear activist Lanny Sinkin. And political consultant Peck Young, who has been on both sides of the issue.

Their stories tell much of the history of the Austin involvement in the project:

R.L. Hancock. In September 1971, Hancock was one of a handful of utility executives who sat in the offices of the Lower

See Nuke, A8

Nuke From A1

Colorado River Authority and first discussed the idea of a shared nuclear plant.

Hancock, who was appointed electric director earlier that year, liked the idea. He was a respected engineer, and city officials listened when he and others cheered the promise of cheap nuclear power. Support grew as consultant studies also recommended that the city go nuclear.

The issue hit home hard when a serious natural gas shortage threw a scare into Austin in early 1973. By late 1973 the Arab oil embargo, which started in late October, was setting off fears of impending crisis over much of the nation.

Voters had turned down the nuclear-plant idea in 1972, but then came the scare of the winter of 1973, when gas curtailments to Austin threatened to shut down its power plants and in fact forced a temporary shutdown at the University of Texas. This incident and the growing fears of a national energy crisis had obvious effects when they approved participation in the project a year later.

A 1973 memo from Hancock said Austin would save at least \$3.4 million in 1981 with its share of the nuclear plant and would save more than \$6.8 million a year over lignite or coal. The memo was optimistic, to say the least.

Another error occurred in predicting future peak power demands of the city — the maximum total demand on the utility system at any one time. It is crucial that a utility plan carefully to have enough generating capacity available to meet peak demands.

In 1973, Electric Department officials were predicting that Austin peak demand would exceed 2.3 million kilowatts by 1983, thus justifying the need for a 400,000 kilowatt share of nuclear project power by the early 1980s.

The actual Austin peak demand in 1983, however, reached 1.1 million kilowatts. The 1973 projection, more than twice the actual demand, missed the mark badly.

"I'm confident in the economics and environmental advantages of nuclear power," Hancock told a reporter Nov. 17, 1973, the day Austinites decided by 722 votes to get into the project.

Today, Hancock, 57, still holds those views.

"There have been problems in varying degrees," Hancock said in a recent interview. "But ultimately the ratepayers are going to benefit because I think the project will be successfully completed."

It was partly Hancock's dogged determination to support the project that drove him from the Electric De-

partment in early 1982 after 33 years there. While Hancock was not responsible for the huge cost overruns and other problems at the nuclear project, they eroded his credibility. In addition, Duncan and other council members elected in 1981 saw Hancock as too committed to conventional energy technologies and resistant to new ideas — and they let him know it.

Hancock moved to the Lower Colorado River Authority, where his philosophy would be appreciated — although ironically the river authority itself bailed out of the project in September 1972, citing the unproven nature of nuclear technology.

Roy Butler, if Hancock was the spark for the involvement of Austin in the nuclear project, former Mayor Roy Butler, 56, was the fuel.

Butler, a former car dealer who became mayor in 1971, drove hard, especially in 1973, to get the city in the project.

Butler and other city officials tried and failed to get \$289 million in nuclear bonds passed in 1972. It was the first of seven times in the next 11 years that Austin voters would go to the polls over the nuclear plant question. But that campaign was wrecked with the help of an 11th-hour announcement by the Lower Colorado River Authority that it was getting out of the project because of its questionable economics and experimental nature.

In the 1973 bond election, Butler mobilized the business establishment to back an energy package, including \$161 million for the nuclear plant.

With Hancock feeding him glowing reports about the huge savings that the city would see from investing in the Nuke, Butler got the business community fired up to beat back the first major organized opposition to a bond issue in memory. The bonds squeaked by.

Butler recalls that the City Council then was "very, very aggressive, more than any council in history, on annexation." Even without annexation the city was growing rapidly. Consequently, more electricity would be needed and natural gas, the fuel of choice, would no longer be available, Butler said.

Herbert Woodson. In the late 1970s, city officials began turning to Woodson as the outside energy expert to help persuade Austinites to support the project.

Woodson, 58, came to Austin in 1971 as chairman of the University of Texas department of electrical engineering. He first got pulled into the conflict in 1973 when he was appointed to a Chamber of Commerce task force set up to look at the Austin energy future. Task force recommendations included joining in the nuclear project.

From 1977 to 1981 Woodson served on the advisory Electric Util-



Ultimately the ratepayers are going to benefit.
R. L. Hancock

ity Commission, which sometimes resembled a war zone with Woodson's pro-nuclear faction on one side and Peck Young's forces on the other.

Woodson once brought groans of disbelief from adversaries when he told one meeting that people receive more radiation making love than standing next to a nuclear plant.

In April 1979, Woodson became the voice of nuclear supporters seeking voter approval of \$215.8 million to continue financing the city's 16 percent share of the project. He recalls that he was about to hold a news conference March 28, 1979, 10 days before the bond election, when a reporter handed him a news story of the accident at the Three Mile Island nuclear plant in Pennsylvania.

In November 1981, Woodson was again prominent among nuclear plant supporters trying to beat down another attempt to get the city out of the project. But this time cost overruns and critical stories about construction problems at the plant were too much for supporters to counter. The voters authorized the City Council to sell the city share of the plant.

Since then, Woodson said, he has tried to stay out of the forefront of the conflict.

Woodson, who is director of the UT Center for Energy Studies, said he is still a strong nuclear supporter. But he has doubts about anyone building a new nuclear plant today.

Carole McClellan. Like most city officials before her, McClellan embraced Austin participation in the South Texas Nuclear Project. McClellan, 44, a former school board president, was elected mayor in 1977 on a campaign that included a pledge to get spiraling electricity bills under control.

She enjoyed considerable popularity during her six years as mayor, but throughout much of her tenure the

Nuke hung over her like the sword of Damocles. Only four months after she spearheaded the successful campaign to persuade voters to spend an additional \$215.8 million on the project, Houston Lighting & Power announced yet another cost overrun, one of \$400 million. Afterward, the estimate jumped \$300 million more.

McClellan stepped up criticism of the management of the project, but in 1981 she had to fight hard to keep her job in a campaign in which her close association with the Nuke was criticized repeatedly.

Now a member of the state Board of Insurance, McClellan says: "I've got lots of scar tissue from the South Texas Nuclear Project. My greatest disappointment of my mayoral tenure is the frustration of an ever-spiraling cost and slipping schedule — and you and I both know it's going to be up more and slide more."

Peck Young, in mid-1973, leaders of the business community asked Ken Wendler, who was then county Democratic Party chairman, to help them pass bonds for an energy package that included the nuclear plant. Wendler got Roy Spence, a principal in the prominent advertising firm of GSD&M, to handle the campaign.

And Ken Wendler turned to his administrative aide, William Robert "Peck" Young, an eager 24-year-old just out of the LBJ School of Public Affairs, to handle the administrative end.

Young, a liberal with a sharp tongue and quick wit, spent much of his time in the trenches trying to get out the conservative vote. He had gotten his political feet wet earlier that year when he ran successful campaigns to put Jeff Friedman on the City Council and Lloyd Doggett in the state Senate. The successful bond election gave Young a three-for-three record that year.

Until 1975, Young thought the city made the right decision.

"But then all those glowing numbers that Hancock was running around spouting to everybody started to look queer," he said. "That mistake will haunt us for 20 years at least."

In 1976, Young leaped to the opposition, where he has been ever since. Since 1981 he has been chairman of the Electric Utility Commission, which has become one of the most influential advisory groups in the city.

"The Nuke is this city's Vietnam," Young said in a recent interview. "Those of us who got us in did so for the best possible motives: to save people money and have an assured energy source for the future. But some people just didn't have the sense to know when it was time to get out."

Roger Duncan, Duncan, 36, a philosophy major in college, is by no means a single-issue politician. But

his career was launched by the Nuke, and it has consumed much of his time in recent years.

He spent years as a neighborhood organizer, political campaigner and aide to City Council member Margaret Hofmann before he began to emerge as a public figure in 1976 by raising alarms over the Nuke.

In March 1976, Duncan wrote a report issued by Hofmann on the economic implications of the South Texas Nuclear Project. Citing the poor performance and rising construction costs of other nuclear plants, the report warned that the project would not be the energy bargain that it was proclaimed. The report also suggested that city use of energy would not grow as rapidly as predicted.

History has shown that the report, which was ridiculed at the time, was remarkably accurate.

In 1976, Duncan teamed with Peck Young in a campaign seeking voter support to get the city out of the nuclear project. With very little money and a confusing ballot, on which a "yes" vote was a vote against the Nuke, the effort lost by a 3 to 1 margin. Anti-Nuke forces were hurt by the timing of the election, which was held in August when college students, who usually voted against the project, were gone.

Duncan and Young teamed again three years later to fight the \$215.8 million nuclear bond issue — and lost again. The 1979 loss was particularly upsetting because some of the warnings of the anti-nuclear campaigners had come true days before at Three Mile Island, but they could not capitalize on it.

In April 1981 he won a council seat and almost immediately began planning, with council member Richard Goodman, an effort to get the city out of the project.

A referendum was scheduled for Nov. 3, 1981, almost eight years after Austinites first voted to get in.

The plan was to attack the plant on economic grounds because of the big cost overruns, which Duncan had predicted five years earlier. In a satirical commercial, opponents pictured a Nuke supporter saying "Trust Me." The message worked. People who had bought McClellan's plea 2½ years earlier did not buy it a second time.

"My reward was that I got to be the salesman for the project," said Duncan. So far all attempts to sell have failed.

Lanny Sinkin, Sinkin, 37, has been a thorn in the side of the project from almost the beginning — since the time a doctor called him in 1973 and warned that nuclear power was bad from a health standpoint.

At the time, Sinkin — a Harvard history graduate and Fulbright scho-

lar — was executive director of the Urban Coalition of Metropolitan San Antonio. The coalition, which was attacking social problems in San Antonio, grew out of the riots in other parts of the country in the 1970s.

In 1975 the San Antonio business community, which had financed coalition operations, cut off funds and it was forced to fold. Sinkin blames the action partly on his battles against the nuclear plant.

Sinkin and a few supporters kept at the San Antonio City Council. And in 1979 his group, called Citizens Concerned About Nuclear Power, became a formal party in federal licensing hearings on the project.

Over the years, even opponents have admitted that Sinkin is a skillful adversary who has learned how to do battle by getting his message to the press.

In 1979 and 1980, Sinkin helped draw national attention to the South Texas project when he got Dan Swayze, a quality control inspector at the plant, on national television to tell horror stories of poor construction and beatings of inspectors.

In 1980 Sinkin came to Austin to attend the UT law school, where he is now finishing up. Although a late-comer to Austin, he has made his mark in the past year by heading a campaign to cancel the nuclear project.

He has spoken before the Austin City Council and advisory boards on the issue, used TV and radio time, and forced the council to hold a public hearing on the question of cancellation.

Last month he was back in the news, announcing his latest effort to prevent the project from getting a federal operating license. This time he charged that unstable soil under the plant could prevent it from getting a license. He asked a nuclear licensing board hearing the case to accept the issue for investigation. Even if the board never considers the sinking soil issue, Sinkin got his message out.

Sinkin says he likes working out of Austin because residents are more receptive to concerns about the plant. He credits a group called Mobilization for Survival for a long grass-roots struggle that has helped keep the nuclear issue hot in Austin over the years.

"I am confident that the majority of people in Austin are ready to cut their losses and willing to get out of the project," Sinkin said.

"In San Antonio we had to battle continually to get any attention, and when we did get attention we were attacked personally as kooks," he said. "But I think history has proven us right."

NEXT: Prospects.