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October 17, 1985

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Mr. William L. Clements
Chief, Docketing and Service Section
Office of the Secretary
U.S. Nuclear Regulatory Commission
Washington, DC 20555

Dear Mr. Clements:

Enclosed, in accordance with the October 16, 1985 Order of the Atomic Safety and Licensing Board in Houston Lighting & Power Co., et al. (South Texas Project, Units 1 and 2) STN 50-498 OL, STN 50-499 OL, are three copies of CCANP Exhibit 148, for inclusion in the South Texas Project docket.

Respectfully submitted,

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Dated: October 17, 1985

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Mr. William L. Clements
October 17, 1985
Page Two

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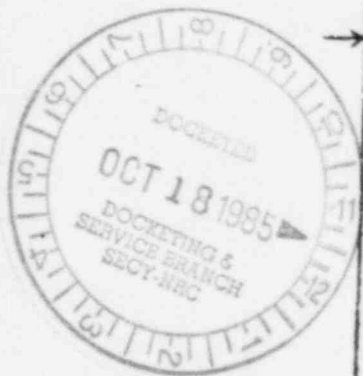
ATTORNEYS FOR HOUSTON LIGHTING
& POWER COMPANY, Project Manager
of the South Texas Project acting
herein on behalf of itself and
the other Applicants, THE CITY OF
SAN ANTONIO, TEXAS, acting by and
through the City Public Service
Board of the City of San Antonio,
CENTRAL POWER AND LIGHT COMPANY,
and CITY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

Enclosure

cc (w/o encl.): Service List

South Texas Nuclear Project

- 6-26-81 San Antonio CEO meeting -- INDICATION of only 3% Const. Progress from 7-1-81 to 12-31-81 -- Projected 6% Progress Calendar yr. 1982. Project must SLIP in Schedule & Cost. new Estimates Range 9-1-81
- 6-30-81 Art King -- Washington is Capable of Picking up all Engineering on Project, wants want to also Handle Project management.
- 6-30-81 Don Dawson -- UNDER Present Cost Estimate Ashin Has Funding to Spring 1983. wants want to have memo issue in Fall, 1982.
- 6-30-81 Jack Salica -- Funding Part of overall Const. Budget. Reports Power Sale Twice a year, usually Feb. & August. Next Sale will be August, 1981.
- 6-30-81 Dallas Dean Requested to Prepare Revised Const. Budget under SPECIFIC Construction Changes.
- 7-2-81 H.L.P. Board very Concerned with SLIP in Cost & Schedule. unanimous Support for immediate Review of Possible change in Engineering Firm.
- 7-2-81 instructed OPEX & GALASCO to continue Discussions with Westinghouse, Babcock, EGASCO, & Stone & Webster to Determine IF & How change in Engineering and/or Construction Schedules be made. Discussion with All 4 Starts on this next week.
- 7-6-81 Don Dawson -- wants to meet to discuss Project - S.F. meeting 7-10
- 7-6-81 Bill Walker - Carolyn Hunsaker -- Henry Rawson -- Ray Fisher Contacted. They will meet individually with OPEX & GALASCO.
- 7-10-81 Don Dawson -- wants him to H.L.P. to make an order to Remove Part or all of existing team of S.T.P.



7-12-81 Discuss Tom's offer of closing to see workbooks, etc. & show work
 All are interested in making @ So. Texas. All feel BTR may
 not be capable of handling excc. -- All state that BTR had
 time as many excc. as necessary, but had no ability to control or
 direct work. -- Instructions given to develop a strategy for the
 measures against time to ~~control~~ evaluate the possible changes.

7-14-81 Durwood Calkins - ~~implication~~ of Calkins would have any
 interest in buying part of Anshu or the Anshu's share of STP.
 He indicates he would run the numbers to see if buying into
 Anshu is. Indicates also that he would not at this time
 offer to make them whole. Also states that Glen Biss, had
 more responsibility to see them. He didn't know why.

7-17-81 Harry Rouse - met with Richard in San Francisco -
 They have not promoted business @ So. Texas and would
 be willing to help in any way possible if we decide
 to risk them. Expressed concern about BTR's ability to handle
 excc. encouraging

7-21-81 Durwood Calkins - Calkins' financial data available & would
 not be interested in purchasing any additional interest
 in So. Texas. He says Central Power & Light would
 guarantee only 21%, 20%, & 20% of investment, normally
 over next 3 years & they can't afford for additional
 investment.

7-24-81 Tom Franke - Inform Franke that there was little confidence among
 the owners that BTR could adequately perform in the profit excc. -- excc.
 is a major cause of future losses in the profit excc. & he thinks
 we must look at the option of placing at least the excc. with
 another AIC. He said he thought we should do so -- that BTR had
 already decided to bring in other AIC's to help & that it would be a
 small step to give it all to him - I was a little nervous since he
 was so aggressive.

Teacher Ross Study!

7-27-81 R.L. Hancock - Saw the Experts Decision to have study
of the H.L.P. might want to come to my Article team of JTS
for some as Review the Decision into factable to resolution

7-27-81 Nelson Ross - Mayor of San Antonio at San Antonio City
of San Antonio City. They will bring address a 100,000
to stay into an entire evaluation from the (Cowan) CAS
Cost Evaluation on Project.

7-30-81 Clay Bagg - Discussed Plan to explore change in A.E. for
some new Project. Discussion in detail the Bio Package,
Particular Process, Date Due, etc. Mr. Bagg suggests
this action

8-6-81 Tom Fenow - Met for lunch @ the Harbor Club to discuss
So. Texas. Mr. Fenow asked for details of how we
were making inquiry & whether there might be a
future role for B&R. He was told that no decision
had been made, the response to inquiry was due on
8-10-81 & was given detailed explanation of options.
He was assured that we would discuss Portion changes
with him before making them & that we needed his
co-operation. He said they would give it. Further
meeting set for 8:30 on 8-14-81.

8-7-81 Joe Westendorf - informed me that Bill Lee had come
to see him this day to discuss So. Texas. Re: how
the Project would require 19,000,000 sugar cane land
& "No Project entails require over 10,000,000" He blamed
this reason on lack of Decision making by H.L.P. -
Also states that no one but J. Brown cares if it get
Completed. Made Plan for Support of B&R's Capabilities.
Said he may contact others, including Bill Brown.

8-7-81 Bill Brown - in response to conversation with Joe Wessendorf & to let him Rice might contact him. Asked him to talk to Rice if he was contacted.

→ 8-12-81 Roy Gordon - ex. Vice President Goss & Hill -- came to my office to discuss Goss & Hill qualifications and to select Eng. work on So. Term Projects so that G & H needed Eng. Help to complete the Proj. & increase the Resources of Goss & Hill to assist

* → 8-17-81 OPEN & Colours - All Responses from Washington, S. W. States, and British were received on Time. Discussions follow w/ evaluation. Determined that specific on site discussions with each remaining and would be necessary. Eng. making work last at least 2 days and would include specific Review of Resumer and interviews of individual Proposer for the Proj. ISEP Team would be composed of OPEN, Colours, & Jack Newman.

→ 8-26-81 Honey Rensch - met in ISEP office. Purpose of call was to advise us that a strong proposal was available with Jack Goodell Rensch kind of. - Left to Resumer of proposal Committee.

→ 9-4-81 Goss, Borschelt, Spruce - met for breakfast in Arthur Room to Annual EICOT meeting. Purchases expressed interest for change in Eng. & Civil. management on STP. expressed his confidence in ISEP to finish Proj. ~~After~~ ~~Some~~ ~~statements~~ & C.P.O.L. states that they felt the project would progress better without George ~~and~~ Associates with it because a clean slate with the new Eng. firm would see a positive move on our part. Discussed this issue in some detail, but made no decision.

9-8-81 Bill Brown - PRIVILEGED COMMUNICA.
W. R. BROWN

9-12-81 Mgt. Committee (Parker, Hovocsek, Rupp, ~~and~~ Colabony, Conroy, Newman, others) - Discussion analysis of Proposals from Washburne, S. P. W. & Bickel. All agree that change from BPR had to be made. ~~to~~ Proposal from S. P. W. & Bickel very close. Decision to negotiate with Bickel for following reasons:

1. Capabilities & Licenses more flexible than all other Companies
2. More Resources for Deer Farm (Tolmie, Emmons Park)
3. Proposals Stronger in Govt. mgmt.
4. Proposals Stronger in Govt. if it becomes necessary for them to take it over
5. Better Equipped to Support Street up
6. Available Capital from State Bickel, J. & Henry Raised.
7. Experience with Farm on Parcel 7-8

9-14-81 Special WIP/PAWS meeting - meeting held with all Directors Present. Outline of Proposals Parker & Condit discussed followed. Request Director Co. to explore & with Bickel (Part time) to reduce Brown & Root on engineering & Govt. mgmt.

9-15-81 Owners CEO's - (Rowlett, Hovocsek, Saenz & Mgt. Committee) - met to review Data Proposals to Mgt. Committee on 9-12-81. Unanimous Support for negotiating with Bickel to reduce BPR on Eng. & Govt. mgmt.

9-15-81 Tom Fillion - informed Mr. Fillion of Decision - Request Co. operation - See memo to file on file

9-18-81 Jack Hovocsek - CEO Washburne - informed Mr. Hovocsek of Decision. Request Co. operation - See memo to file on file.

8-21-81 Fenton, Pease, Re, Sillically, G. 1981, M, Wilson, Jones, Colmaney
Cowan - met to receive BPR revised Cont & Schedule & to discuss
Transition To new A-C for Eng & Court. Mtg. - BPR. Names
BPR Review to Commodity for files - we names Jerry Colmaney
See memo in RLE.

Several Discussions Held with OPR, Colmaney,
Cowan, Menon, Bunker, Seibell

Sept 24, 1981

10-30-81 Fenton - Informed Mr. Fenton that we had to know whether
BPR was interested in this. In. Taken by him over y
next week (11-6-81) the Process was indicated that BPR
wants a Total withdrawal of their said they might want
to Reconsider. IF BPR is to Remove (if it again lets them
we would like to do) they want have to absolutely baseline
them to this job & not display an on again - off again
Attitude. Fenton said they want to finish the Plant,
but had 3 Problems: (a) wanted no liability upon a
New Contract, (b) needed to renegotiate their contract, (c)
Had no Problem with nuclear Damp, Scheduling, Payment,
& overall management, but BPR must be able to
Directly supervise their work: if they were to be effective
After some discussion I concluded as follows:

- (a) we believe the Existing Contract is still in force &
all work will be done under that K. we do
not wish to Eliminate any of BPR's Rights, but
obviously cannot be expected to wave all over.
- (b) To the Degree that BPR can have their concerns and
Not New Equivalents AS a Result of our Decision to
ADD Budget, we will discuss possible changes in
those changes.
- (c) Mrs. Pease & Colmaney will meet Tuesday, Nov 3
to Allow Colmaney to see again explain the
Role of BPR.

~~John had made the... Major... State that~~
~~San Antonio was not going to the... that~~
 WAS making these statements...
 positions I told him that they were determined to
 the Prefect, were coming closer to the employ of NRC,
 & other factors, and giving contact to his intervenors.
 in short, they were asking us all time and money &
 if he was really interested in the Prefect the State
 stop such talk and start taking some positive action.

Mr. Vin needed some to understand the problem well.
 Mr. Ureche said little, but listened well.

We concluded that the Prefect was not where
 we wanted him to be, but that as co-workers, it
 was to our best interest to work together to see
 it completed.

Councilman Goodman's Review and Discussion

discussed the La Tera Prefect at length...
 that he personally was not anti-material...
 of the Prefect was to be, and there were other...
 saw the interest was to get the City of...
 of the matter was any more...
 situation, but if I could not do it, the...
 filing a lawsuit against every...
 movement even if it meant closing...
 already been...
 the N.R.C. as well as...
 statement to...
 saying) He was quick to say the...
 because we were "Smart enough" to find a way to let...
 I told him we would help him...
 could not rely on us as a...
 very much. I reviewed the...
 then, Mr. Goodman concluded that...
 could not...
 to help him get it done.

~~The N.E.C. was a study of the fact. I advised him that we were not at it and that this was not the case for the Perfect State of the world.~~

The N.E.C. representatives indicated they would not be allowed any but the best, but would continue to review the Perfect in its needs. we felt the machine was constructive & useful.

12-15-81 Fessenden -

met with Tom Fessenden in his office @ 4:00 p.m. to discuss extension of Tolling Agreement. I delivered a Study Draft which explained the original agreement for another 2 years.

I explained that I thought the extension was good for the BPR as well as for the Perfect, that BPR people had been constructive during the transition period, and that we did not want a lawsuit filed. we did, however, need protection against the statute running & that it was preferable a lawsuit would be filed if it was not extended.

Mr. Fessenden stated it was "very risky" it would be extended by the BPR and Halliburton, and that Jack Warren would "have him on the street by Wednesday morning" if he signed it. He did agree, however, to consider it & to let me know as soon as he could. I told him I had to go to Austin on Thursday morning, but would be back @ home on Friday, and would like to know by then. He stated again that it was very risky, but that he would call me Friday afternoon.

12-16-81 Brown & Cousins - Brown 1875, Ames, Sykes, Dean & Brown

PRIVILEGED
DISCUSSION RE
LEGAL MATTERS