

REGULAR MEETING OF THE CITY COUNCIL
OF THE CITY OF SAN ANTONIO HELD IN
THE COUNCIL CHAMBER, CITY HALL, ON
THURSDAY, FEBRUARY 7, 1980.

* * * *

The meeting was called to order at 1:00 P.M. by the presiding officer, Mayor Lila Cockrell with the following members present: CISNEROS, WEBB, DUTMER, WING, EURESTE, THOMPSON, ALDERETE, CANAVAN, STEEN, COCKRELL. Absent: ARCHER.

80-9 The invocation was given by The Reverend Dr. William Mounts, St. Andrew Presbyterian Church.

80-9 Members of the City Council and the audience joined in the Pledge of Allegiance to the flag of the United States.

80-9 The minutes of the Special Meeting of January 28, 1980, the Regular Meeting of January 31, 1980 and the Special Meeting of January 31, 1980, were approved.

80-9 PRESENTATION OF THE SECRETARY
OF THE YEAR AWARD

Mrs. June Krause, President of the Alamo Chapter of the Association of City Clerks and Secretaries of Texas, explained that she had received the City Secretary of the Year Award, on behalf of the late Garland V. Jackson, Jr., at the Texas Municipal League Conference in Houston. She then introduced Mr. Larry Kerkow, State Officer and representative of the Association of City Clerks and Secretaries, who then presented the highly coveted award to the City of San Antonio and Mrs. Olive Jackson, wife of the late Garland Jackson, who was present in the audience.

Mayor Cockrell stated that the City of San Antonio was proud that one of its employees had been named as outstanding City Clerk of the year and also stated that the Association had made a wise decision. She stated that besides being a true professional, Mr. Jackson was highly regarded by everyone.

Mrs. Jackson thanked the City Council for their kind words.

80-9 PROCLAMATION DESIGNATING
"LULAC WEEK"

Mayor Cockrell read the following Proclamation:

WHEREAS, The League of United Latin American Citizens, better known as LULAC, was founded in Corpus Christi on February 17, 1929, and is prominently identified with the sponsorship of scholarships for worthy students in this area, and

WHEREAS, Since its founding, LULAC has placed particular emphasis on the development of character, training in citizenship and the promotion through education, of the ideals of our American way of life, and

WHEREAS, The cardinal principle of LULAC stresses the preservation of the rights of all Americans fostering the ideals of freedom, peace, equality, and unity, and

February 7, 1980

mb

WHEREAS, This year marks the 51st anniversary of this fine organization,

NOW, THEREFORE, I, LILA COCKRELL, MAYOR OF THE CITY OF SAN ANTONIO, IN RECOGNITION THEREOF, DO HEREBY PROCLAIM FEBRUARY 11-17, 1980, AS

"LULAC WEEK"

in San Antonio, Texas and urge all citizens to join with the members of this organization in the proper observance and recognition of their contributions, bringing about greater progress in this community and a better understanding among all people.

* * * *

Mr. Oscar Moran, Deputy Director for District 15, stated that he was proud to receive the proclamation on behalf of the other Lulac members. He thanked the City officials and the City of San Antonio and stated that this organization would be working towards making San Antonio a better place to live.

80-9

PRESENTATION OF CITATION
TO THE
WHEATLEY HIGH SCHOOL FOOTBALL TEAM

Mayor Cockrell read the following Citation:

THE CITY OF SAN ANTONIO
(State of Texas)

Hereby presents this

CITATION

TO

THE WHEATLEY HIGH SCHOOL FOOTBALL TEAM

For recognition of dedication and determination in winning their district, bi-district and regional games in the Texas Interscholastic Football League. Wheatley High School through the years has strived to develop the individual to his full potential - body, mind and spirit while instilling the qualities of leadership, service and scholarship.

The City Council on behalf of all its citizens commends the Wheatley Eagles on this great accomplishment which has brought outstanding fame and recognition to their school and to our City.

* * * *

Mayor Cockrell and the Council members congratulated the group and presented the Citation to Dr. William Elizondo, Board Chairman of the San Antonio Independent School District.

Dr. Elizondo, on behalf of the Wheatley High School Football Team, thanked the Mayor and Council for the Citation and stated that he would continue in working with the City to build a bigger and better San Antonio.

Dr. Cisneros and Mrs. Dutmer commended Dr. Elizondo and thanked him for his work in the community.

February 7, 1980

mb

80-9

VETERANS OF FOREIGN WARS DELEGATION

Mr. Woody Willis, a representative of the Veterans of Foreign Wars, made a presentation to the Council, regarding the American Flag. Mr. Willis and his delegation invited the Mayor and Council to visit their booth at the Livestock and Rodeo Show. The delegation then presented kits containing information on the American Flag.

80-9 The meeting was recessed at 1:28 P.M. to allow the Council to go into Executive Session and reconvened at 1:45 P.M.

80-9 CONSENT AGENDA

Mr. Steen moved that items #5-22, constituting the consent agenda be approved, with the exception of items #9 and 17, to be considered individually. Dr. Cisneros seconded the motion.

On roll call, the motion, carrying with it the passage of the following Ordinances, prevailed by the following vote: AYES: Cisneros, Webb, Wing, Alderete, Canavan, Steen, Cockrell; NAYS: None; ABSENT: Dutmer, Eureste, Thompson, Archer.

AN ORDINANCE 51,792

ACCEPTING THE PROPOSAL FROM AMIGOS BIBLIOGRAPHIC COUNCIL, INC., TO FURNISH THE CITY OF SAN ANTONIO WITH AN INTER-LIBRARY LOAN SERVICE FOR A NET TOTAL OF \$7,509.00.

* * * *

AN ORDINANCE 51,793

ACCEPTING THE LOW BID OF AG. EQUIPMENT, INC., TO FURNISH THE CITY OF SAN ANTONIO PUBLIC WORKS DEPARTMENT WITH TRACTOR/ BACKHOE/LOADERS FOR A NET TOTAL OF \$35,246.00.

* * * *

AN ORDINANCE 51,794

ACCEPTING THE LOW BID OF OTIS ELEVATOR COMPANY TO REPAIR THE TOWER OF THE AMERICAS ELEVATORS FOR A NET TOTAL OF \$46,446.00.

* * * *

AN ORDINANCE 51,795

AUTHORIZING EXPENDITURE OF THE SUM OF \$2,905.00 OUT OF REVENUE SHARING FUNDS FOR THE PURPOSE OF ACQUIRING TITLE TO CERTAIN LANDS; ACCEPTING THE DEDICATION OF TITLE AND/OR EASEMENTS TO CERTAIN LANDS AND AUTHORIZING THE CITY MANAGER TO EXECUTE A RELEASE OF EASEMENT; ALL IN CONNECTION WITH CERTAIN RIGHT-OF-WAY PROJECTS.

* * * *

AN ORDINANCE 51,796

AUTHORIZING THE CITY MANAGER TO SIGN LEASE AGREEMENTS WITH VARIOUS SOCIAL SERVICE AGENCIES FOR OCCUPANCY OF THE WEST END MULTI-SERVICE CENTER AND THE EAST SIDE MULTI-SERVICE CENTER.

* * * *

AN ORDINANCE 51,797

AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT AMENDING AND EXTENDING THE LEASE OF CERTAIN TERMINAL BUILDING SPACE AT THE SAN ANTONIO INTERNATIONAL AIRPORT TO AMISTAD AIRLINES, INC.

* * * *

AN ORDINANCE 51,798

MANIFESTING AN AGREEMENT WITH DOERR AVIATION, INC. TO EXTEND LEASE NO. 7-B AT SAN ANTONIO INTERNATIONAL AIRPORT FOR A ONE YEAR PERIOD.

* * * *

AN ORDINANCE 51,799

CLOSING AND ABANDONING A PORTION OF BURTON AVENUE, BETWEEN LOT 357, BLOCK 6, NEW CITY BLOCK 8734 AND LOT 358, BLOCK 7, NEW CITY BLOCK 8735, AND AUTHORIZING A QUITCLAIM DEED TO MANUEL H. GOMEZ FOR AND IN CONSIDERATION OF THE SUM OF \$1.00.

* * * *

AN ORDINANCE 51,800

CLOSING AND ABANDONING A PORTION OF AN ALLEY IN NEW CITY BLOCK 3335, AND AUTHORIZING A QUITCLAIM DEED TO TEXAS COMMERCE BANK SAN ANTONIO, TEXAS, FOR AND IN EXCHANGE OF A NEW ALLEY IN THE SAME NEW CITY BLOCK.

* * * *

AN ORDINANCE 51,801

AUTHORIZING EXECUTION OF AN AMENDMENT TO A GRANT AGREEMENT FOR INTERNATIONAL AIRPORT.

* * * *

AN ORDINANCE 51,802

ACCEPTING A GRANT OF \$15,013.00 FROM THE HERITAGE CONSERVATION AND RECREATION SERVICE IN SUPPORT OF ONE-HALF THE COST OF PREPARING A PLAN FOR A FIVE-YEAR URBAN PARK AND RECREATION RECOVERY ACTION PROGRAM; ESTABLISHING A FUND AND ACCOUNTS AND APPROVING A BUDGET FOR THE PROJECT.

* * * *

AN ORDINANCE 51,803

ACCEPTING A GRANT OF \$35,288.00 FROM THE CRIMINAL JUSTICE DIVISION OF THE OFFICE OF THE GOVERNOR IN PARTIAL SUPPORT OF THE COST OF OPERATING THE SOUTH TEXAS REGIONAL MESSAGE SWITCHER IN THE POLICE DEPARTMENT FOR THE YEAR FROM OCTOBER 1, 1979 TO SEPTEMBER 30, 1980; APPROVING A BUDGET AND ESTABLISHING A FUND AND ACCOUNTS.

* * * *

AN ORDINANCE 51,804

AUTHORIZING CERTAIN ADJUSTMENTS IN THE CITY TAX ROLL RECOMMENDED BY THE TAX ERROR BOARD OF REVIEW.

* * * *

AN ORDINANCE 51,805

GRANTING A LICENSE TO ALAMO IRON WORKS TO EXTEND BRIDGE CRANES OVER WELLS STREET WHICH IS PUBLIC PROPERTY AND MANIFESTING AN AGREEMENT IN CONNECTION THEREWITH.

* * * *

AN ORDINANCE 51,806

AUTHORIZING EXECUTION OF A CONTRACT WITH THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER FOR PARAMEDIC TRAINING FOR MEMBERS OF THE FIRE DEPARTMENT.

* * * *

AN ORDINANCE 51,807

AUTHORIZING THE ASSIGNMENT OF A LEASE AGREEMENT FROM MR. A.J. MUELLER D/B/A THE WOODEN INDIAN TO MR. TOM BARKER.

* * * *

80-9

The Clerk read the following Ordinance:

AN ORDINANCE 51,808

AUTHORIZING EXECUTION OF AN AGREEMENT WITH THE SAN ANTONIO INDEPENDENT SCHOOL DISTRICT FOR LIGHTING, OPERATING, AND MAINTAINING FOR PUBLIC USE TENNIS COURTS AT HIGHLANDS HIGH SCHOOL.

* * * *

Mr. Steen moved to approve the Ordinance. Mr. Wing seconded the motion.

Mr. Alderete asked staff to prepare a report on the cost of renovating and lighting the tennis courts at Jefferson High School.

After consideration, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Cisneros, Webb, Wing, Thompson, Alderete, Canavan, Steen, Cockrell; NAYS: None; ABSENT: Dutmer, Eureste, Archer.

30-9

The Clerk read the following Ordinance:

AN ORDINANCE 51,809

MANIFESTING AN AGREEMENT, AMENDING A LEASE, BETWEEN THE CITY OF SAN ANTONIO, AS LESSEE, AND FRANK SEPULVEDA AS LESSOR, TO DECREASE RENTAL SPACE IN THE PLAZA DE ARMAS BUILDING BY 100 SQUARE FEET.

* * * *

Mr. Wing moved to approve the Ordinance. Dr. Cisneros seconded the motion.

Mr. Canavan disqualified himself from voting on this Ordinance.

After consideration, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Cisneros, Webb, Wing, Eureste, Alderete, Steen, Cockrell; NAYS: None; ABSENT: Dutmer, Thompson, Archer; DISQUALIFICATION: Canavan.

80-9 ZONING HEARINGS

23. CASE 7948 - to rezone Lot 7, NCB 14525, 4738 Rittiman Road, from "B-2" Business District to "B-3" Business District, located on the south side of Rittiman Road, being 240' west of the intersection of Rittiman Road and Goldfield Drive, having 125' on Rittiman Road and a depth of 175'.

The Zoning Commission has recommended that this request of change of zone be approved by the City Council.

No citizen appeared to speak in opposition.

After consideration, Dr. Cisneros moved that the recommendation of the Zoning Commission be approved. Mr. Canavan seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cisneros, Webb, Wing, Eureste, Alderete, Canavan, Steen, Cockrell; NAYS: None; ABSENT: Dutmer, Thompson, Archer.

AN ORDINANCE 51,810

AMENDING CHAPTER 42 OF THE CITY CODE THAT CONSTITUTES THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF SAN ANTONIO BY CHANGING THE CLASSIFICATION AND REZONING OF CERTAIN PROPERTY DESCRIBED HEREIN AS LOT 7, NCB 14525, 4738 RITTIMAN ROAD, FROM "B-2" BUSINESS DISTRICT TO "B-3" BUSINESS DISTRICT.

* * * *

24. CASE 7950 - to rezone a 1.304 acre tract of land out of NCB 15731, being further described by field notes filed in the Office of the City Clerk, in the 6800 Block of N.E. Loop 410 Expressway, in the 200 Block of Dinn Drive, from Temporary "R-1" Single Family Residential District and "A" Single Family Residential District to "B-3" Business District, located on the east side of N.E. Loop 410 Expressway between Remount Road and Dinn Drive, having 306.39' on N.E. Loop 410 Expressway 178.5' on Remount Road and 206.73' on Dinn Drive; a 1.377 acre tract of land out of NCB 15731, being further described by field notes filed in the Office of the City Clerk, in the 200 Block of Dinn Drive, from Temporary "R-1" Single Family Residential District to "B-3R" Restrictive Business District, located on the north side of Dinn Drive, being 206.73' east of the intersection of N.E. Loop 410 Expressway and Dinn Drive, having 414' on Dinn Drive and a maximum depth of 150'.

The Zoning Commission has recommended that this request of change of zone be approved by the City Council.

No citizen appeared to speak in opposition.

After consideration, Mr. Steen moved that the recommendation of the Zoning Commission be approved. Mr. Canavan seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cisneros, Webb, Wing, Eureste, Alderete, Canavan, Steen, Cockrell; NAYS: None; ABSENT: Dutmer, Thompson, Archer.

AN ORDINANCE 51,811

AMENDING CHAPTER 42 OF THE CITY CODE THAT CONSTITUTES THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF SAN ANTONIO BY CHANGING THE CLASSIFICATION AND REZONING OF CERTAIN PROPERTY DESCRIBED HEREIN AS A 1.304 ACRE TRACT OF LAND OUT OF NCB 15731, BEING FURTHER DESCRIBED BY FIELD NOTES FILED IN THE OFFICE OF THE CITY CLERK, IN THE 6800 BLOCK OF N.E. LOOP 410 EXPRESSWAY, IN THE 200 BLOCK OF DINN DRIVE, FROM TEMPORARY "R-1" SINGLE FAMILY RESIDENTIAL DISTRICT AND "A" SINGLE FAMILY RESIDENTIAL DISTRICT TO "B-3" BUSINESS DISTRICT; A 1.377 ACRE TRACT OF LAND OUT OF NCB 15731, BEING FURTHER DESCRIBED BY FIELD NOTES FILED IN THE OFFICE OF THE CITY CLERK, IN THE 200 BLOCK OF DINN DRIVE, FROM TEMPORARY "R-1" SINGLE FAMILY RESIDENTIAL DISTRICT TO "B-3R" RESTRICTIVE BUSINESS DISTRICT

* * * *

25. CASE 7941 S.R. - to rezone Lot 6, Block 20, NCB 393, 125 Paschal Street, from "D" Apartment District to "R-3" Multiple Family Residential District for a day care center caring for over twenty (20) children, located southwest of the intersection of E. Evergreen Street and Paschal Street, having 112.12' on E. Evergreen Street and 55.9' on Paschal Street.

The Zoning Commission has recommended that this request of change of zone be approved by the City Council.

No citizen appeared to speak in opposition.

After consideration, Mr. Steen moved that the recommendation of the Zoning Commission be approved provided that street dedication in accordance with the Traffic Department's recommendation, is accomplished. Mr. Canavan seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cisneros, Webb, Wing, Eureste, Alderete, Canavan, Steen, Cockrell; NAYS: None; ABSENT: Dutmer, Thompson, Archer.

AN ORDINANCE 51,812

AMENDING CHAPTER 42 OF THE CITY CODE THAT CONSTITUTES THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF SAN ANTONIO BY CHANGING THE CLASSIFICATION AND REZONING OF CERTAIN PROPERTY DESCRIBED HEREIN AS LOT 6, BLOCK 20, NCB 393, 125 PASCHAL STREET, FROM "D" APARTMENT DISTRICT TO "R-3" MULTIPLE FAMILY RESIDENTIAL DISTRICT FOR A DAY CARE CENTER CARING FOR OVER TWENTY (20) CHILDREN, PROVIDED THAT STREET DEDICATION IN ACCORDANCE WITH THE TRAFFIC DEPARTMENT'S RECOMMENDATION, IS ACCOMPLISHED.

* * * *

26. CASE 7937 - to rezone a 17.520 acre tract of land out of NCB 13833, being further described by field notes filed in the Office of the City Clerk, in the 12500 thru 12800 Blocks of Jones Maltsberger Road, from Temporary "A" Single Family Residential District to "R-5" Single Family Residential District, located on the northwest side of Jones Maltsberger Road, being 616.2' northeast of the intersection of Jones Maltsberger Road and Blue Crest Lane, having 1202.9' on Jones Maltsberger Road and a maximum depth of 648.51'.

The Zoning Commission has recommended that this request of change of zone be approved by the City Council.

No citizen appeared to speak in opposition.

After consideration, Mr. Canavan moved that the recommendation of the Zoning Commission be approved provided that proper platting is accomplished. Mr. Steen seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cisneros, Webb, Wing, Eureste, Alderete, Canavan, Steen, Cockrell; NAYS: None; ABSENT: Dutmer, Thompson, Archer.

AN ORDINANCE 51,813

AMENDING CHAPTER 42 OF THE CITY CODE THAT CONSTITUTES THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF SAN ANTONIO BY CHANGING THE CLASSIFICATION AND REZONING OF CERTAIN PROPERTY DESCRIBED HEREIN AS A 17.520 ACRE TRACT OF LAND OUT OF NCB 13833, BEING FURTHER DESCRIBED BY FIELD NOTES FILED IN THE OFFICE OF THE CITY CLERK, IN THE 12500 THRU 12800 BLOCKS OF JONES MALTSBERGER ROAD, FROM TEMPORARY "A" SINGLE FAMILY RESIDENTIAL DISTRICT TO "R-5" SINGLE FAMILY RESIDENTIAL DISTRICT, PROVIDED THAT PROPER PLATTING IS ACCOMPLISHED.

* * * *

27. CASE 7945 - to rezone a 2.6 acre tract of land out of Lot 11, Block 1, NCB 15716, being further described by field notes filed in the Office of the City Clerk, in the 5300 Block of O'Connor Road, from Temporary "R-1" Single Family Residential District to "B-3" Business District, located on the southwest side of O'Connor Road, being 600' northwest of the cutback between Nacogdoches Road and O'Connor Road, having 151.5' on O'Connor Road and a depth of 769.77'.

The Zoning Commission has recommended that this request of change of zone be approved by the City Council.

No citizen appeared to speak in opposition.

After consideration, Mr. Steen moved that the recommendation of the Zoning Commission be approved provided that proper platting is accomplished. Mr. Wing seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cisneros, Webb, Wing, Eureste, Alderete, Canavan, Steen, Cockrell; NAYS: None; ABSENT: Dutmer, Thompson, Archer.

AN ORDINANCE 51,814

AMENDING CHAPTER 42 OF THE CITY CODE THAT CONSTITUTES THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF SAN ANTONIO BY CHANGING THE CLASSIFICATION AND REZONING OF CERTAIN PROPERTY DESCRIBED HEREIN AS A 2.6 ACRE TRACT OF LAND OUT OF LOT 11, BLOCK 1, NCB 15716, BEING FURTHER DESCRIBED BY FIELD NOTES FILED IN THE OFFICE OF THE CITY CLERK, IN THE 5300 BLOCK OF O'CONNOR ROAD, FROM TEMPORARY "R-1" SINGLE FAMILY RESIDENTIAL DISTRICT TO "B-3" BUSINESS DISTRICT, PROVIDED THAT PROPER PLATTING IS ACCOMPLISHED.

* * * *

80-9

The Clerk read the following Ordinance:

AN ORDINANCE 51,815

AUTHORIZING THE SUBMISSION OF A PRE-APPLICATION FOR AN INNOVATION GRANT PURSUANT TO TITLE X OF THE URBAN PARK AND RECREATION RECOVERY ACT OF 1978 (PUB. L. NO. 95-625), ASSURING THE GRANTING AGENCY OF COMPLIANCE WITH ALL REQUIREMENTS FOR URBAN PARK AND RECREATION RECOVERY GRANTS, AND ASSURING AVAILABILITY OF MATCHING FUNDS.

* * * *

Dr. Cisneros moved to approve the Ordinance. Mr. Webb seconded the motion.

Mr. Alderete spoke in reference to the situation at Woodlawn Lake and asked if this same type of arrangement can be made to improve Woodlawn Lake.

Mr. Ron Darner, Director of Parks and Recreation, explained that a discussion will take place regarding the ineligibility of this project. He stated that he would keep Mr. Alderete informed as to whatever results come about regarding this matter.

After discussion, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Cisneros, Webb, Wing, Eureste, Alderete, Canavan, Steen, Cockrell; NAYS: None; ABSENT: Dutmer, Thompson, Archer.

80-9 The following Ordinance was read by the Clerk and after consideration, on motion of Dr. Cisneros, seconded by Mr. Alderete, was passed and approved by the following vote: AYES: Cisneros, Webb, Wing, Eureste, Alderete, Canavan, Steen, Cockrell; NAYS: None; ABSENT: Dutmer, Thompson, Archer.

AN ORDINANCE 51,816

AMENDING CERTAIN GOLF COURSE GREENS AND PERMIT FEE STRUCTURES AND REVISING POLICY RELATED TO PLAYING TIMES AUTHORIZED FOR PERMIT HOLDERS.

* * * *

80-9

The Clerk read the following Ordinance:

AN ORDINANCE 51,817

AUTHORIZING THE SUBMISSION OF A PREAPPLICATION FOR GRANTS TO THE U.S. DEPARTMENT OF LABOR, IN BEHALF OF THE ALAMO CONSORTIUM, FOR FUNDING OF THE EMPLOYMENT AND TRAINING PROGRAMS DURING FISCAL YEAR 1981 UNDER THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT (CETA).

* * * *

Dr. Cisneros moved to approve the Ordinance. Mr. Wing seconded the motion.

In response to a question by Mr. Alderete, Mr. Roland Lozano, Executive Assistant to the Director of Ceta Programs Management, explained that the purpose of this Ordinance is to initiate the planning process for the fiscal year 1980-1981.

After consideration, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Cisneros, Webb, Eureste, Alderete, Canavan, Steen, Cockrell; NAYS: None; ABSENT: Dutmer, Wing, Thompson, Archer.

80-9 Item 31, being a proposed ordinance authorizing the City Manager to enter into an agreement with M.E. Allison and Company, Inc., for financial advisory services in connection with Marketing of the General Obligation Bonds approved by the citizens of the City of San Antonio, on Saturday, January 26, 1980, was withdrawn from consideration at this time.

80-9 The Clerk read the following Ordinance:

AN ORDINANCE 51,818

APPROVING AND AUTHORIZING THE GIVING OF NOTICE OF INTENTION TO ISSUE \$75,000,000. "CITY OF SAN ANTONIO, TEXAS, ELECTRIC AND GAS SYSTEMS REVENUE IMPROVEMENT BONDS, NEW SERIES, 1980", AND DECLARING AN EMERGENCY.

* * * *

Mr. Steen moved to approve the Ordinance. Dr. Cisneros seconded the motion.

Mr. Alderete made the request that each side be allowed to speak for one hour, stating that additional information needed to be presented.

Mayor Cockrell explained that thirty minutes for each side would be sufficient.

A few of the Council members expressed concern regarding the absences of some of the Council members.

In view of this concern, Mr. Eureste made a substitute motion to postpone this item for 2 weeks. Mr. Alderete seconded the motion.

After discussion, the Chair ruled that each side would be permitted one hour for discussion.

Mr. Eureste withdrew his motion to postpone. Mr. Alderete withdrew his second.

At this point in the meeting, a discussion then took place between the City Council members, members of the City Public Service Staff, and interested citizens, listed below. (A copy of a complete verbatim transcription will be available as an addendum to this meeting.)

Mr. Lanny Sinkin, Citizens Concerned About Nuclear Power,
Mr. Phil Haves, Citizens Concerned About Nuclear Power,
Mr. Greg Arnold, Citizens Concerned About Nuclear Power,
Ms. Rebecca Martin Menke, "MOMS"
Mrs. Peggy Buckhorn, Executive Director of Citizens for Equitable Utilities,
* * * *

After a lengthy discussion, Mr. Eureste made a substitute motion to deny the approval of the Ordinance. Mr. Webb seconded the motion. On roll call, the motion to deny failed to carry by the following vote: AYES: Webb, Eureste, Alderete; NAYS: Cisneros, Dutmer, Wing, Canavan, Steen, Cockrell; ABSENT: Thompson, Archer.

After further discussion, the original motion to approve the Ordinance, prevailed by the following vote: AYES: Cisneros, Dutmer, Wing, Thompson, Canavan, Steen, Cockrell; NAYS: Webb, Eureste, Alderete; ABSENT: Archer.

80-9 The following Ordinance was read by the Clerk and after consideration, on motion of Mr. Steen, seconded by Dr. Cisneros, was passed and approved by the following vote: AYES: Cisneros, Dutmer, Wing, Thompson, Canavan, Steen, Cockrell; NAYS: Webb, Eureste, Alderete; ABSENT: Archer.

AN ORDINANCE 51,819

APPROVING THE "OFFICIAL NOTICE OF SALE" AND "OFFICIAL STATEMENT" PREPARED IN CONNECTION WITH THE ISSUANCE OF THE PROPOSED \$75,000,000. "CITY OF SAN ANTONIO, TEXAS, ELECTRIC AND GAS SYSTEMS REVENUE IMPROVEMENT BONDS, NEW SERIES, 1980", AUTHORIZING EXECUTION OF SAID DOCUMENTS AND THE PUBLICATION OF SAID "OFFICIAL NOTICE OF SALE"; AND DECLARING AN EMERGENCY.

* * * *

80-9 The Clerk read a proposed resolution supporting use of the Former U.S. Postal Site bounded by Sheridan Street, Main Avenue, Guenther Street and Flores Street for mixed use development of offices, commercial spaces and housing for the elderly.

Mr. Webb moved to approve the resolution. Mr. Alderete seconded the motion.

Mayor Cockrell explained that she would be abstaining on this item because she had not had the opportunity to discuss this item with interested senior citizen groups.

At this time, Dr. Cisneros made a motion to postpone this item, in order to allow staff time to set up a meeting with Council on the proposed GSA property plan with the following entities: San Antonio Housing Authority, San Antonio Development Agency, San Antonio Independent School District, The Neighborhood Coalition, Senior Citizen Council, Housing and Urban Development. Mr. Wing seconded the motion.

Mr. Webb withdrew his motion to approve the resolution. Mr. Alderete withdrew his second.

After discussion, the motion to postpone carried by the following vote: AYES: Cisneros, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Steen, Cockrell; NAYS: None; ABSENT: Archer.

80-9 The Clerk read the following Resolution:

A RESOLUTION
NO. 80-9-11

SUPPORTING THE APPROPRIATION OF FUNDS FOR TITLE XX OF THE SOCIAL SECURITY ACT IN AN AMOUNT ALLOWING PRESENT SERVICES TO BE CONTINUED AT THEIR PRESENT OR INCREASED LEVELS.

* * * *

Dr. Cisneros moved to approve the Resolution. Mr. Steen seconded the motion.

The following citizens spoke on the matter:

Ms. Lillian Reyes, Executive Director of the Zion Child Care Development Center, spoke in support of the Resolution. She stated that this Resolution is necessary for the maintenance and expansion of anti-welfare projects. She expressed concern over the 200 clients in San Antonio who are being denied services effective February 1, 1980, since Congress has not acted on the new Title XX CETA Program.

Reverend L.A. Walker, addressed the City Council, speaking in support of the Resolution. He asked that the Council go on record showing full support for a program that will bring millions of dollars nationally. He asked that the Council pass the resolution and name a committee in order to see that funds are provided continuously.

Ms. Diane Lampkin, President of the PTA for Bethel Day Care Center, also spoke in support of the Resolution. She stated that services are needed and asked that the Council vote favorably on the issue.

Mr. David Campos, Vice President of Guadalupe Day Care Center, also spoke in support of the Resolution.

Mr. John Sanders, President of OUES, reiterated remarks made by previous speakers.

Sister J.E. Gonzales, Executive Director of Madonna Center, also urged the passage of the Resolution.

After discussion, the motion, carrying with it the passage of the Resolution, prevailed by the following vote: AYES: Cisneros, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Steen, Cockrell; NAYS: None; ABSENT: Archer.

80-9 The following Resolution was read by the Clerk and after consideration, on motion of Mr. Steen, seconded by Mr. Thompson, was passed and approved by the following vote: AYES: Cisneros, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Steen, Cockrell; NAYS: None; ABSENT: Archer.

A RESOLUTION
NO. 80-9-12

ESTABLISHING A PROCEDURE FOR FUNDING COMMUNITY
ARTS AGENCIES.

* * * *

80-9 Item 37, being a proposed resolution approving the bond ordinance which has been prepared by the bond attorney, relative to refunding sewer revenue bonds, was withdrawn from consideration, at this time.

80-9

CITIZENS TO BE HEARD

MR. DAVID LOPEZ

Mr. Lopez made his presentation in Spanish and stated that the greatest mistake that the Council could have ever made was funding the Barrio Betterment Development Corporation, especially because of its Director, Mr. Frank Alvarez. He stated that he was fired from BBDC for not working in political activity. He asked that all poverty agencies be investigated by the City and further stated that the City should seek the removal of the Mr. Alvarez as Director.

Mr. Thompson stated that two weeks ago, he had tried to get the City to deal with this matter, but the issue was defeated.

Mr. Eureste took issue with this. He stated that Mr. Thompson's plan was to take in a lot of agencies, some of which do not have the problem in the community that this one agency has, and doesn't feel that this was proper. He stated that the Board is illegal and the City Council should investigate the allegations.

Mayor Cockrell stated that she had voted with Mr. Eureste to take over BBDC, however, the majority did not and they still hold this opinion.

Mrs. Dutmer stated that some of the facts are criminal in nature and if they are substantiated, then they should be put in the hands of the District Attorney.

- - -
MS. EVELYN L. KING

Ms. King read a prepared statement on Parent Child Incorporated/ City Day Care Programs. (A copy of her statement is on file with the minutes of this meeting.)

- - -
BROTHER ORECE GREER

Brother Greer, representing the Antioch Baptist Church, presented a petition to the City Council for the installation of a pedestrian light at the crosswalks in front of their church on the 1001 N. Walters Street. (A copy of his statement is on file with the minutes of this meeting).

Mr. Webb stated that Walters Street has developed into a speedway. He stated that the traffic light is warranted.

Mayor Cockrell asked that this be reviewed by staff and have this matter expedited.

Dr. Cisneros asked for a financing report.

- - -
MR. JUAN BALDITT

Mr. Balditt stated that there is no need for the citizens to go to the District Attorney regarding BBDC. He stated that the City Council has the authority to terminate BBDC's contract. He further stated that they have a petition of over 2000 signatures asking Mr. Eureste not to resign from the City Council.

He stated that the federal government will be called in to investigate the matter.

Mrs. Dutmer stated that when allegations are made, it leaves the person open to litigation.

Mr. Eureste thanked Mr. Balditt and the people supporting him.

MRS. MARIE VALENZUELA

Mrs. Valenzuela asked the City Council to terminate the existing contract of BBDC and stated that the Director of BBDC has forced his employees to work in political campaigns. She stated that one employee had his name erased from the records and was fired.

Mr. Eureste stated that this is a violation of the law; striking out the individual's name.

MR. SAM SNELL

Mr. Snell asked for annexation into the City. He questioned the criteria used by the City to have people annexed.

Mrs. Dutmer explained that staff is in the process of drawing up the criteria.

Mr. Steen advised Mr. Snell that there are some residents opposed to the annexation in the Green Springs area, however, when he has 51% of the signatures in favor, he should turn in this petition so it can be considered.

MR. MIGUEL DUARTE

Mr. Duarte, 2002 Edison, stated that he had been offered a job and compensation time to work on the Bob Thompson campaign. He stated that if they did not work, then the BBDC Urban Rat Control Project would be discontinued.

Mr. Eureste stated that a City contract prohibits a City employee from working on any political campaign.

In response to Mr. Eureste, City Attorney Jane Macon, stated that CSA guidelines in the delegate agency contracts are under the Hatch Act; participation in City elections are prohibited.

Mr. Eureste stated that he would like to see this allegation as well as the altering of an employee's record with BBDC, and the moving of the agency's furniture to a candidate's political office, investigated.

Assistant City Manager, Louis Fox, stated that requests such as this, needs full Council direction before the staff goes through a full-scale investigation.

Acting Mayor, Dr. Cisneros, stated that this would be in order.

At this time, Mr. Eureste made a motion that the allegations as he mentioned earlier be investigated by staff. Mr. Wing seconded the motion.

Mrs. Dutmer made a substitute motion that all allegations of political activity of any agency funded by the City be investigated. Mr. Thompson seconded the motion.

Mr. Canavan stated that he would be voting for the original motion because of all the allegations made against BBDC.

Mr. Steen stated that this has been discussed repeatedly and he would not be in support of either motion. He stated that he feels that this is unnecessary work.

After discussion, the substitute motion failed to carry by the following vote: AYES: Webb, Dutmer, Thompson; NAYS: Cisneros, Wing, Eureste, Alderete, Canavan, Steen; ABSENT: Archer, Cockrell.

The original motion, carried by the following vote:
 AYES: Cisneros, Webb, Wing, Eureste, Alderete, Canavan; NAYS:
 Dutmer, Thompson, Steen; ABSENT: Archer, Cockrell.

The meeting was recessed at 6:55 P.M. and reconvened at
 7:25 P.M. Mayor Cockrell returned to the meeting and presided.

80-9

7:30 P.M. -- PUBLIC HEARING ON THE 6th YEAR
CDBG AND HOUSING ASSISTANCE PLAN

Mayor Cockrell declared open the Public Hearing:

Mr. Marcus Jahns, Director of Budget and Research, explained that this is the third and final public hearing to consider comments on the Community Development Block Grant Program prior to submitting the 6th Year Application and the amended three year plan contained in the 5th year application. He stated that the three year plan includes the City's Housing Program.

The following citizens spoke regarding this matter:

Mrs. Carmen Badillo, COPS, spoke in favor of the motion made by Mr. Wing at last week's meeting. She asked the Council to search for grants such as UDAG to help alleviate problems in the neighborhood.

Mr. T.C. Calvert, Organizations United for East Side Development, spoke in opposition to the proposed budget. He stated that the eastern sector has always been left out. He stated that the people living in this area will register to HUD. He asked for a construction time table on east side projects. He stated that the Henderson-Artesia was left out and this is one of their most crucial projects.

Mr. John Sanders, OUED, also spoke against the CDBG budget as presently written.

Mr. Morey Beldon, President of Goodwill, spoke on behalf of the North Campus San Antonio. He stated that those funds, if granted, will be the first funds allocated to the handicap.

Mrs. Deborah Allen, Ella Austin Community Center, stated that the monies presently allocated are not enough to operate properly. She stated that reassessment be made and that Ella Austin be included in the third year funding.

Mr. Jay L. White, Executive Director of Ella Austin, reiterated the statements made by Mrs. Allen.

Mr. Abraham Emerson, 830 Gabriel Street, representing ROBBED Organization, said that revenue sharing funds, and urban renewal funds are not properly allocated to eastside San Antonio. He demanded that they be included into a three year plan so that their projects can be completed. He also asked that the City Council consider a larger facility for public hearings so that more citizens can have an opportunity to be present.

Mayor Cockrell explained that a public hearing had been held at La Villita; official action must be taken at City Hall.

Mayor Cockrell declared the hearing closed.

The Clerk read the following Ordinance:

AN ORDINANCE 51,820

AUTHORIZING SUBMISSION OF AN APPLICATION TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR A COMMUNITY DEVELOPMENT BLOCK GRANT, SIXTH YEAR, AMENDING THE THREE YEAR PLAN, APPROVING A HOUSING ASSISTANCE PLAN, AND GIVING ASSURANCES RELATIVE TO EXPENDITURE OF SUCH GRANT FUNDS.

* * * *

Dr. Cisneros moved to approve the Ordinance. Mr. Thompson seconded the motion.

Mr. Thompson stated that he had met with Councilman Wing and spent a great deal of time regarding this matter. He concurred with Mr. Wing and stated that he pledged support of the package.

After consideration, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Cisneros, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Steen, Cockrell; NAYS: None; ABSENT: Archer.

80-9 The Clerk read the following Letter:

February 1, 1980

Honorable Mayor and members of the City Council
City of San Antonio

The following petition was received in my office and forwarded to the City Manager for investigation and report to the City Council.

January 29, 1980

Petition submitted by Lackland City Water Company, requesting a rate increase.

/s/ NORMA S. RODRIGUEZ
City Clerk

* * * *

There being no further business to come before the Council, the meeting was adjourned at 7:50 P.M.

A P P R O V E D

Lila Cockrell
M A Y O R

ATTEST *Norma S. Rodriguez*
C i t y C l e r k

February 7, 1980

-16-

mb

341

* * * *

80-09

Discussion on the issuance of the \$75,000,000. City of San Antonio, Texas, Electric and Gas Systems Revenue Improvement Bonds.

The Clerk read the following Ordinance:

AN ORDINANCE 51,818

APPROVING AND AUTHORIZING THE GIVING OF NOTICE OF INTENTION TO ISSUE \$75,000,000 "CITY OF SAN ANTONIO, TEXAS, ELECTRIC AND GAS SYSTEMS REVENUE IMPROVEMENT BONDS, NEW SERIES, 1980", AND DECLARING AN EMERGENCY.

* * * *

Mr. Steen moved to approve the Ordinance. Dr. Cisneros seconded the motion.

Mr. Alderete made the request that each side be allowed to speak for one hour, stating that additional information needed to be presented.

Mayor Cockrell explained that thirty minutes for each side would be sufficient.

A few of the Council members expressed concern regarding the absences of some of the Council members.

In view of this concern, Mr. Eureste made a substitute motion to postpone this item for 2 weeks. Mr. Alderete seconded the motion.

After discussion, the Chair ruled that each side would be permitted one hour for discussion.

Mr. Eureste withdrew his motion to postpone. Mr. Alderete withdrew his second.

At this point in the meeting, the following discussion took place:

MR. LANNY SINKIN: Good, afternoon, my name is Lanny Sinkin. I am here today as co-ordinator of Citizens Concerned About Nuclear Power. With us today, is Peggy Buchorn, Executive Director of Citizens for Equitable Utilities based in Brazoria, Texas, with members through the State of Texas.

CCANP and CEU are the two recognized citizen intervenors in the licensing proceedings for the South Texas Nuclear Project, proceedings currently underway before the Atomic Safety and Licensing Board.

In January and early February, intervenor representatives visited the site of the nuclear plant construction. During these visits, thousands of documents were examined and copied. Today, we brought those documents for your review. Most of you did not have a chance to look at them this morning but I can tell you without reservation that these documents show clearly the substandard construction practices at the South Texas Nuclear Project. They also confirm the charges made by past employees, some of which you saw on the tape this morning, regarding beatings, steel left out, voids in the concrete and a general breakdown in the quality assurance program.

For six years, members of this community have attempted to convince the City Council that our involvement with this project is a terrible mistake. We have spoken of safety problems. At Three Mile Island, Unit 2, simple mechanical failures and human errors brought the reactor to within 60 minutes of a melt down. What more proof do you need that you are making us pay for a machine which threatens all life in South Texas, including San Antonio, as well as life in the Gulf of Mexico.

For six years, we have told you nuclear power is life threatening. The accident at Three Mile Island seems to have produced a substantial increase in infant mortality in the State of Pennsylvania and the City of Harrisburg. Preliminary studies indicate that in the three month after Three Mile Island, infant mortality in the State of Pennsylvania went up 26%, while infant mortality in the City of Harrisburg increased 280%.

These effects of radiation seem realistic in that the human fetus is the most sensitive stage of human development. Local doctors inform us that an x-ray of a pregnant woman increases the change of a birth defect by 40%. So when the public relation personnel at Three Mile Island stated that the radiation released was the equivalent of three chest x-rays, they were confirming the fact that the people of the area could expect a dramatic increase in dead and deformed babies.

We have told you repeatedly about construction errors at this plant. For more than a year, we have urged you to hire your own independent engineer to go to the plant and confirm those reports. You have refused to spend a few thousand dollars to protect an investment now admitted to be more than one billion dollars. We have done the job for you and today brought you the proof of these errors. Taken together, these thousands of pages of documents show a pattern whose elements I would describe as follows: Inexperience on the part of the architect-engineer. Our architect-engineer has never been architect-engineer on a nuclear power plant. Our architect-engineer received this contract by negotiation with the managing partner, not by competitive bidding; the inexperience of the architect-engineer led to constantly changing rules, forms, and specifications. We can show you the concrete construction specifications in which it is difficult to find a single page that has not been revised since construction began. These constant changes produced a confused construction atmosphere; an inadequately trained work force. The contractor hired unskilled and partially skilled people to do complex work. The lack of necessary skills led to thousand of construction errors. The log of construction errors to very major construction mistakes costing millions of dollars in repairs. By the way, we find it incredible that a member of the City Public Service Board staff stood before this Council last year and said the voids were a minor problem and that the reimbursable construction errors being tracked by CPS amounted to less than \$500 thousand dollars; the inexperienced architect-engineer provided inadequate supervision of the construction personnel and failed to prevent continued and widespread tension between construction personnel and inspection personnel; all these conditions were made worse by the pressures of time and cost. Trying to get the project moving along and keep down the escalating costs, the decisions on how to deal with construction errors were repeatedly made based on considerations of expediency and cost. There is evidence that such decisions led to the approval of substandard practices and materials. Despite the corner cutting, the project has still fallen four years behind and the costs have tripled.

These conditions combined to produce a major breakdown in construction practices and the quality assurance program - a breakdown that is so severe it might well produce a complete stop work order in the near future or a denial of the operating license in the more distant future. The documents we brought today, offer substantial proof that this plant is so poorly built as to be dangerous, should it ever go into operation.

We have told you all these things for years. Why are some of you not listening. We have the proof. You can see it if you want to see it. Why are some of you so determined to keep us in this plant? We urge you to begin the process of getting us out of the plant partnership today. Vote no on these bonds. If you still cannot see your way clear to voting no, then at least abstain.

One final item. What do we do if we get out of the nuclear plant. First of all, let's take a look at what you are paying for. You have seen the cost rise from \$738 million to \$2.7 billion if Houston's Lighting and Power's current estimate holds beyond this week. San Antonio's share now stands at an excess of one billion dollars not counting interest after construction. For this one billion dollars, you are buying the power plant with a total capacity of 700 MW. An optimistic operating capacity is 65%, so you are really buying 455 MW of delivered power.

I call your attention to the page headed Expected Peak Demand. In the first chart, you see that in the five years since 1975, CPS projections of peak growth were off by more than 500MW. What this means is that through conservation, which cost us nothing, the people of San Antonio have already provided the system with more available power than you will purchase for the billion plus investment.

This conservation leads to the chart entitled Peak Growth Rate of 3.33% and no Nuclear Power. What you see in that chart is that if we can maintain the average growth of the past five years, we can go through 1990 with no additional capacity. CPS keeps saying they will have a lignite plant by 1988, so you can see we could skip the nuclear investment, go straight to lignite and save one billion dollars.

Should the majority of this Council pass the bond notice, OCANP and other organizations in San Antonio are prepared to take our case to the people in a petition drive asking for a referendum on these bonds. If the ordinance does pass, we invite any member of Council to come down to the audience and sign the petition or sign it later today. If you cannot see the truth, the people will show it to you.

MR. GREGG ARNOLD: On January 7, 1980, the Eugene Water and Electrical Board met at Eugene, Oregon, to discuss whether or not they should pull out of the Trojan Nuclear Power Plant, and a curious thing happened. They decided to pull out of a plant that was already producing electricity for their City. One thing they took into consideration was the shut-down time since 1976, which was considerable. Another thing was the success of their conservation programs and potentials for greater successes, in the future. And the main thing they took into consideration, was the added cost that would come up after Three Mile Island, and also the cost of decommissioning a nuclear power plant. They estimated that they would have to sink 1 million four hundred thousand dollars per year for the next 32 years into a fund to pay for decommissioning. Some of the safety consideration they took into account after Three Mile Island, were from the Kimney Report. On page 21 of the Kimney Report, it says we found serious managerial problems with the NRC; these problems started at the very top. It is not clear to us what the precise role of the 5 NRC commissioners are, and we have evidence that they themselves are not clear on what their role should be. On page 56, they say with this person organization, staff and attitudes, the NRC is unable to fulfill its responsibility for providing acceptable level of safety for nuclear power plants. On page 25, it says that we are convinced that unless portions of the industry and its regulatory agencies undergo fundamental changes, they were over-timed, totally destroyed, public inconfidence in hence, they will be responsible for the elimination in nuclear power plants as a viable source of energy. Eugene Water and Electric saw no future for nuclear power because of the added cost of safety. It would have to be added up at Three Mile Island and economic risks.

MR. SINKIN: I think you have the list there, in the order, Mayor. I'm not sure . . .

MAYOR COCKRELL: Phil Havis.

MR. PHIL HAVIS: Madam Mayor, members of the City Council, my name is Phillip Havis, and I reside at 318 Pershing Avenue, in the City. Previous speakers have discussed the problems which set the South Texas Nuclear Project. My professional work is concerned with heat-transfer in the cooling of buildings and I would like to discuss an alternative to the City's continued participation in the South Texas Nuclear Project. As you are probably aware, the major determined generating capacity required by the City Public Service is the peak-load which is mainly due to domestic air conditioners. The short-term strategy, which we need to adopt in the City must be to reduce the debt of domestic air-conditioning load. Various studies have shown that this can be done far more cost effectively than purchasing new generating capacity. This can be done by simple procedures as shading windows with overhangs or awnings in order to reduce the solar heat gage which is a major contributor to air-conditioning loa. Other techniques include installation, weather stripping, fencing waste heat from refrigerators and other appliances from the outside, etc. These techniques are not new, in fact they are no more than common sense. Yet, if you drive around the City, it is quite obvious that the great majority of houses do not even have adequate shading of the windows to protect the house from the

summer sun. Utilities in other parts of the Country are actively helping their customers to improve their homes because they know how to do so, it is cheaper for them, the utility as well as their customers. New-generating capacity of the South Texas Nuclear Plant is costing us approximately two thousand dollars per kilo-watt. The cost of reducing the peak-load is estimated to be only two hundred dollars per kilo-watt at the margin. A further economic advantage of low-reduction techniques is that money expense at the local economy with a consequent increase in trade and jobs. Two objections are often made to this argument; one that conservation is a good thing, we pay lip service to it, but it cannot free up the significant demand of generating capacity. A study published in technology review magazine in 1977, estimates that savings of more than forty percent can be achieved. This savings could provide for considerable growth in the City without the need to add extra generating capacity. Extra generating capacity whose final costs can only be guessed. It is also argued that we can make use of conservation and nuclear power, unfortunately, the City Public Service Board find themselves in a trap, if they support low reduction techniques which reduce consumption, then they reduce those revenues below the level needed to pay for the bonds for the South Texas Nuclear Project. Thus, staying in the South Texas Nuclear Plant would keep San Antonio trapped in a tread-mill of rising energy consumption and rising energy costs. I urge you to take action today, to break this out of this vicious cycle by rejecting the request for the bonds. Thank you.

MAYOR COCKRELL: Rebecca Martin Menke.

REBECCA MARTIN MENKE: My name is Rebecca Martin Menke, and I am a resident of the City and I speak as a representative of mothers and others, mobilizing for survival. We work closely with Citizens Concerned About Nuclear Power. How I tremble at the extraordinary reactionism behind your smug smiles and bloated confidences from where you sit, ready to sign away the fate of San Antonio. Pray tell, what is the reason behind such willingness to a project, of determined cost, ill health and horror, your better choices available. City Council members, will you laugh at the terror that blows with radio-active winds, rejoice in the rains, that fall and contaminate the food chain? Does the reek of foul and greedy play fall so deaf upon your ears? Will you beg, you did it for San Antonio, if the afflicted want revenge for the world. You promised to leave their children. A world insensitive with cancer on the rise, torn open, sacrificial lamb to graven spirits, just for a Nuclear Power Plant? How indecent is the reluctance to even explore the subject and problems you know exist. How deplorable, the meek following, that everyone else is doing it, so should we, it's national policy. You are not innocent, the hour of fate is at hand, your power to say, "No", now is only a matter of a change of heart or an open mind. Have you neither?

MAYOR COCKRELL: Now, Mrs. Buchorn.

MRS. PEGGY BUCHORN: Normally, I walk upright and proud, but sleeping on the floor of an office and doing a great deal of work without getting any rest, unfortunately has taken its physical toll.

MAYOR COCKRELL: Would you be more comfortable seated?

MRS. BUCHORN: No, I'm uncomfortable, regardless of where I am, right at this particular time. I would like to tell you where I am from, what I do, and why. Our organization got its start back in 1976, as a result of, now infamous Coastal Lo-Vaca case. We were the intervenors, or an intervenor representing the utility rate payers and that. We have been active representing utility rate payers in a number of areas. Last January, a year ago, one of my members came to me from Bay City, and said, "We have a problem and we would appreciate you looking into it." I told her that I would be glad to. I have heard vague things about the power plant, I live less than thirty miles from it but I have heard vague things about it, but I had had other things that I had been doing. I had been very busy in Ausitn, we have had an office up there from November, 1976 until the last of August of 1979. And I have been very busy. But I did, I investigated it. As a result of that investigation, that I made, and the people that I talked to, who worked at the plant, some of whom still work at the plant, some of whom have no longer, are no longer working at the plant, but as a result of that investigation, I filed an intervention five and one-half months past the deadline. Since we represented a great number of the citizens in that area and what they call the area of interest, fifty miles surrounding the plant, and since I live less than thirty miles from that plant, we were granted

intervention. The work on this plant really is a joke. The people down there don't really, honest to God, believe that that plant is ever going to be loaded and generate one kilo-watt hour of electricity. They don't really believe it. If it does, I'm convinced that as a result of the paper work that I have seen, the people that I have talked to, who have worked out there, our discovery process using Brown and Root's own document, I am convinced that that plant is going to kill all of us down there. It's not going to hurt you, any of you, any of the citizens of San Antonio, or Austin, or Corpus Christi. But it is going to kill us. If it is allowed to start up with the construction deficiencies that are there, they are gross, they are major construction deficiencies. When you have forty - eight inch voids, when you have a forty-two inch void that they say intersects an outside void, that's a hole that goes all the way through, I don't care which way you put it. We have their own documents to show, there is no way that they would have gone into this investigation. The one that came out on January 8, 1980, that's this year, last month. January 8, 1980. That's where we got the twenty-seven papers that came with the non-conformance report; two of those are masters, there are twenty-five that set out voids, areas of investigation, and the two containment buildings. Now, the voids that are shown on these documents, do not include the voids that were found in Lift No. Eight, there were twelve of those, two of them were sand-pockets. And if someone can explain how you can pump sand from ground level to a forty-seven, fifty-seven feet and wind up with two sand pockets, then I'll give them a medal because if you've got quality concrete, that has been tested, and that somebody is watching what they're doing, you're not going to wind up with sand pockets. In containment building, there is a two inch piece of wood, there is polyethylene imbedded in the concrete, there is at least six vibrators or vibrator heads embedded either in the structural steel, or in the concrete which some of them it includes the electric cord that goes with them. I'm telling you, this whole thing is incredible, it's incredible, bumbling, stupid kind of work that they are doing down there. I cannot believe that this Council has been told the truth, the pure and simple and honest truth, because you are elected to represent the citizens here in this City, and the only things you can go on is the information that comes to you from someone that you trust. You have not, I am convinced that you have not been given the whole story, that there has been a colossal cover-up. In 1977, there were concrete pours that said that they were foreign material, poor consolidation and damage and in 1979, the vibrator heads tape mat- Number Nine high-wire embedded in the mechanical-electrical (inaudible) building walls, they are embedded in the fuel-handling building walls. There were over one hundred thirty non-conformance reports that were filed after we were out there, since the fourteenth of January. There were one hundred thirty-three that I counted very quickly, looking at them that were filed. A majority of those, uniquely looked at the things that we were concerned about and referenced those papers that we asked for, that we examined and that we copied and took with us. They finished the cooling lake down, they started pumping the water in. So, why should they go back and say that the structure, the bell on the bottom of the cooling water pump structure is crumbling. Now, tell me. If it had been put in there properly to begin with it would not be doing that. They go back and they reference the tests that were made on the soils and I am here to tell you that I didn't see one instance where category one soil was placed....

MAYOR COCKRELL: Excuse me just a moment, there is a lot of interference outside, could we ask them to be quiet because we want to hear the speaker, without interference. Thank you. Please go ahead.

MRS. BUCHORN: We looked at thousands and thousands of test records, but the soil that was placed around, in and under, the containment building and the adjacent buildings, (and I'll bring something up about those buildings in a moment, but I did not see one instance where they had placed category one soil in the area where it was supposed to be. They kept talking about a different type, and for expediency sake, and an effort to save money, they said we will use this other soil, and sure enough, when they would have a test it would fail, they'd go back and re-work it a little bit and they would run another test, and this one would barely pass so the buildings are sinking, they are concave, they are sinking this way, or they are sinking that way, it doesn't make any difference if you don't have the proper foundation to put these massive

buildings on, they are going to sink and they are connected. And first of all, I don't know how they are going to connect those buildings and those pipes that are supposed to go between them because the walls are not even perpendicular, they are not even straight. We have documents here that says that they didn't even put the columns in the right place. They didn't even put the doors in the right place. They can't find the holes that they put in there for the piping and then when they do get one done, they have to go back and use forty-one cubic yards of graph to fill a hole without it being reported to the Nuclear Regulatory Commission. Now, I have looked at this thing, all of these pages, and all these non-conformance reports and just using pure common sense, logic, and a great many of those things seem to me to be safety related. When they repair a hole in the side of a containment building, below ground level, then it seems to me that that containment building is a safety-related building and its only logical that they would inform the Nuclear Regulatory Commission but they don't, and then when you do find it on this NCR, you find it several months later when they have come in and made a surprise inspection, and are required to put it down as reportable. I beg you, I sincerely do, first let me tell you, I'm not anti-nuclear. I do not head up an anti-nuclear organization, but I am frightened. I have children, I have grand-children, I live in that area, and I implore you. I'm not up here trying to say, don't pass whatever it is that you're working on, I'm concerned about the loss of lives, I'm concerned about the safety of that building. I've had safety preached to me ever since I've been married, and I've been married forever, and I've got children and grandchildren. My husband is a loss-prevention engineer, he knows about pressure-boilers and I've had those things that slogans tape up on the wall, and I've had safety all my life, we're the only ones that live twelve miles out in the country that has our own fire department and I'm concerned .

This thing is going to kill us all, I'm convinced of it because there are voids in there that they have not found and if they are not required to find those voids by those people who have paid for that thing, which by the way, I've used electricity that I've used in my home, which is twelve miles out in the country, about thirty percent comes from the City of San Antonio, and I understand from talking with the Manager, it comes from the coal-fire plant, or one of them, whichever one it is, in any case, the electricity that is generated down there, is not going to be used by those people who live right there around the plant, because they are in an area that doesn't use electricity from Central Power Light or your electric company. But we're going to be using our own lignite generated power, next year, so we're not going to need that thirty percent. I implore you, these non-conformance reports, those that we excerpted from there and have gotten copies of in the discovery process, I implore you to look at them because there is a pattern there of gross negligence on the part of somebody and that somebody has got to be the people out there, who are supposed to be overseeing the construction. I have these maps here and I would be glad to show them to you, they are not maps, they are blue prints. When you've got a forty-eight inch void through a forty-eight inch wall, by the way, one thing, when they were pressure-testing, one of the voids on the twenty-fourth of January, in Building No. Two, lift Three and Four, they were pumping water in there and that liner on the inside just bulged out, like a tire with a bubble on it, they have been cited for pin-holes in the liner, I could go on and on and on, there are thousands.

And you know what I'm concerned about? I'm concerned about those who weren't allowed to be reported. The voids on Lift Eight were reported a year, they were noted on the back of the pour card and there was a dated stamp, on there, on March second, and on March second, one year later, there is a letter in there that says, "Hey, boys, our clients say that we need to investigate some voids in Lift Eight.", and sure enough, that pour card also has some pages on it where somebody came along a year and five months later and certified that it was clean of debris. Now, I ask you, there is something wrong, there is something bad wrong, and I have to live down there with that thing. You have to pay for it, right, but I have to live with it. My children have to live with it and my grandchildren have to live with it, and the way that it is sitting out there right now, it is a dangerous, dangerous thing, and I implore you to please do something about it. Any thing, because I don't want to die, I don't want my children to die. If you have any questions, or if there is any of these things you want to see, we have them here, they are our legal papers, gotten as in process of discovery. We still have more discovery ahead of us, we intend to pursue this, make no mistake about

February 7, 1980

bls

347

that. We live down there and we intend to pursue it, regardless of any decision that is made by anybody. We're going to pursue this to the bitter end because we have our lives at stake, I am convinced of it.

MAYOR COCKRELL: Thank you. Mr. Alderete.

MR. ALDERETE: Mrs. Buchorn, when are the, you are within the two hundred or five hundred fifty mile radius of this thing.

MRS. BUCHORN: They have, what they call, an area of interest, that encompasses a fifty mile radius. You take a pin and put it fifty miles out, all the way around.

MR. ALDERETE: How many little towns are around there, do you know, more or less?

MRS. BUCHORN: Oh, I would have to go back and think about the ones.... in putting together my intervention, I had to set out how many people are represented in each one of the little towns, and I think there were twelve. That's off the top of my head.

MR. ALDERETE: Total population of twelve towns, more or less.

MRS. BUCHORN: Now, I don't have the total population down there, but it is growing. That area, that is the only way it can grow.

MR. ALDERETE: When you say that you are going to pursue it legally, and...

MRS. BUCHORN: You bet, you bet, I am not the kind of person that can do anything other than through the legal process, that is my method of operating.

MR. ALDERETE: Your basic argument is that you have an unsafe electrical generating plant in your back yard. I'm just curious because I think that you may have a very good case in that since you are not going to utilize very much of the electrical generation, if any at all from that plant, there.....

MRS. BUCHORN: No, we'll be using our lignite.

MR. ALDERETE: ,.....before this comes on light, that is a smart move on your part.

MRS. BUCHORN: You see we support our electric company very much, in what they're doing.

MR. ALDERETE: I guess what you're going to try to do, your intention is to get Houston or maybe Austin, or even San Antonio to put it in their back yard really, where it rightfully belongs, since they are going to be using most of the electrical power.

MRS. BUCHORN: Well, I don't think there is going to be any worry about moving it because I think the thing is going to sink into the ground or slide into the ocean, because there are suspected voids, or problems with the soil down there. Let me put it that way, there are some very real problems that are recognized with the people who are there.

MR. ALDERETE: What I'm driving at, Mrs. Buchorn, is that I think that there is a great difficulty when three major cities in the State of Texas, decide to go place an unsafe nuclear plant in somebody else's yard. I think there is a problem with that, you may have some legal standing on that.

MRS. BUCHORN: Well, there is beginning to be some resentment on that on that part, with the people down there, because the construction is such a joke, but at the same time, people are slowly coming to recognize that this joke is liable to kill them. They go between laughing about it and joking about it because they say that it is like a submarine with a screen door, or something like a collander, when you put something in a collander, everything drains out, any liquid or air and then they kind of swing over to the other side where they become frightened. And such as human nature, we hate to admit, that either we have been mistaken or we have been misled

or that our lives are really in danger, so it's a very difficult situation.

MR. ALDERETE: Thank you, Mrs. Buchorn.

MRS. BUCHORN: Thank you.

MAYOR COCKRELL: There do not appear to be any other questions. We thank you for your appearance.

LANNY SINKIN: How are we doing on time?

MAYOR COCKRELL: Seven minutes left.

LANNY SINKIN: Seven minutes?

MR. ALDERETE: Thank you, Lanny, for keeping it within the hour.

LANNY SINKIN: Thank you all very much.

MAYOR COCKRELL: All right, at this time, I will call on Mr. Jack Spruce, General Manager of City Public Service.

MR. JACK SPRUCE: Thank you, Mayor, the purpose of our being here today, is to request the approval by the City Council for the issuance of \$75 million in revenue bonds for our construction program, and approval of those bonds. The construction budget for City Public Service this year is about \$170 million, of which by 70% of it is intended to be allocated to the Nuclear Power Plant. Our financing plan for this year proposes the issuance of \$160 million in revenue bonds and this \$75 million request will be the first edition of those bonds.

As far as the issue of the Nuclear Power Plant which is the principal topic that's being addressed up until now, we have people here who are familiar with the project, and I believe can answer questions the Council may have about the safety of the project. It is certainly neither our intent nor our belief that we are building something down there that is unsafe or is not going to perform the task that it was intended for. We certainly do recognize and acknowledge that there have been problems. We think a sincere effort is being made to correct those problems. We think that the plant is being built by responsible people with responsible supervision. We don't want to tradeoff on the fact that other people are having problems, but that every nuclear power plant that is being built and even most of those in the funning are being challenged by someone. There's a great sentiment against nuclear power by a lot of people in the United States. Unfortunately, it is a technology that has generated this emotion probably because of the way that it originated.

We feel that the United States has two viable means of producing electrical power between now and the time that another technology may become available on a commercial basis and we believe that these technologies are coal-generated power of which lignite is a subsidiary and nuclear power. We believe that this nuclear plant will, in the end result, provide the cheapest power for our citizens, for the consumers of San Antonio, Texas. The power plant is owned, as you know, the principle share holder is Houston Lighting and Power, San Antonio has the next sizable share, then Central Power and Light and then the City of Austin. There are responsible entities that serve on the managing board for the South Texas Project, and Mr. Poston of our staff is Chairman of that Board. We also have Mr. Mike Hart here, who most of you have met before. Mike is a nuclear engineer, who spends quite a bit of time on the project. If the principal concern of the Council has to do with the nuclear power plant and its safety, thereof, I will be pleased to call on them.

Another comment about our generating peak. it is true that our plan has not met projections or expectations. It is true that people are conserving, and we do encourage conservation. We have an active programs, we have survey teams who visit consumers in our area who assist them and advise them on ways in which they can conserve and ways in which they can protect themselves from losses and leakages of air-conditioning and heating, and so on. I would like to point out that the weather for the last two years, we believe, has been a very important factor in the load because everytime we get a hot spell in the summer, persist with a load to build on up. We readily acknowledge that we do have existing capacity in our present system to accommodate our people in the foreseeable future for the next several years. However, we believe that if we continue to try to rely on that, we're going to be in trouble down the road. We're trying to

February 7, 1980

bls 349

build for generation capacity and a reliable electrical gas service to our customers that will enable the City to grow and accommodate new industry. Natural gas right now is \$2.50 a million BTU's. You are all familiar with the problems that we have had with the cost of coal since we got the coal plants going, freight rate on that coal has escalated from the reasonable estimate from \$7.90 a ton to today's price of \$19.25 a ton. We know that the cost of coal is not going to stand steady at \$7.00 a ton. Right now, compared to that \$2.50 per gas, the coal on an equivalent basis, is costing us about \$1.65 a million BTU's.

The nuclear plant, although its going to cost more, than building gas plants, or coal plants, the fuel for that nuclear plant is estimated to be about 60 cents a million BTU's. So, for the difference, in the long term pull, in the long term pull is the fuel that goes into that plant, we feel that we are justified in spending additional money to build the plant.

We do need to issue bonds in order to maintain our budget, and our construction program for this year and as I pointed out, there are a lot of other things in that budget other than the nuclear power plant. There are transmission lines to build, improvements to the gas system, additions to the electric and gas systems, to accommodate new customers. That's the background of it.

I would be pleased to try and answer questions or if anyone has any specific questions, related to any of these items, we have staff members here that would be happy to answer questions.

MAYOR COCKRELL: Mr. Spruce, I think it would be advisable if you would ask Mr. Poston or other staff persons to come forward in view of the presentation that has been made, relative to potential hazards in the plant, safety or construction problems, to ask Mr. Poston, and what other staff you might have, to review for the City Council exactly what has been done in the area of monitoring construction, and where the City Public Service staff feels that situation is at the present time.

MR. SPRUCE: We'd be pleased to do that, Mayor Cockrell. I call on Mr. Poston.

MR. JESSE POSTON: I would just like to reply, Madam Mayor and Council, briefly to, and generally to, some of the very frightening, and I must necessarily say, misleading and mischaractered statements that have been said earlier, relative to the South Texas Project. I would just like to remind you just very briefly, how a nuclear plant is licensed.

Before construction starts, all of the technical and demographic and geologic and whatever other physical character of the plant and impact on the environment, features, are evident. All these things are reviewed in what is called a Preliminary Safety Analysis Report. It's voluminous, quite comprehensive, quite extensive. These things are reviewed, all--

MAYOR COCKRELL: Mr. Poston, if you will pull the speaker up--I believe your voice is not carrying quite as well--thank you.

MR. POSTON: Excuse me. All safety, operational, economic, financial support, demographic, etc., elements of the nuclear plant are very satisfactorily addressed, in the Preliminary Safety Analysis Report, copies of which are available to the general public all over the country, including San Antonio. In addition to that, an extensive environmental report is made. An environmental report principally is a cost benefit study. In an environmental report, what you principally address is what benefits does this particular plant provide, as compared to it not being provided, or being provided by alternate sources. And then you come up with the tote sheet at the end and an assessment is made as to whether or not the benefits outweigh the disbenefits. Now, both these things were completed and put in prior to any ground being broken on the South Texas site. Underway right now, is what we call a licensing hearing. An Atomic Safety and Licensing Board is set up, and it is chaired by a lay person, and there are two other persons on there who are lay persons. One, perhaps, may be interested in environmental matters, another's expertise may be in sociology, perhaps a third would be a professor of physics, or some related science. I can't recall at the moment, the exact background constituency of the Atomic Safety and Licensing Board, but let me assure you that they are a lay person--a secular group--which is not beholden to the nuclear industry, not even the energy business, and they are very objective in their assessment of the

licensing issues, which are before them today. Now, they sit, and they hear on the one side, the licensees- which include the customers the petitioners for the operating license. On the other side, sits the Nuclear Regulatory Commission Staff, including lawyers, economists, nuclear physicists, persons very expertise in birth defects, or the effects of radiation or all of these myriad of issues which you've heard today and even more, sit on the Nuclear Regulatory Commission side. And this Nuclear Regulatory Commission group, and its scientists, economist, Phd's, and doctors are supposed to bring forth, all the generic issues affecting nuclear power in general as well as the particularized elements affecting the South Texas Project's unique design, placement, etc., and construction history. On the other side, the petitioners have engineers, scientists, constructors, contractors, and experts, ready to supply the answers. Now, as another part of this Atomic Safety and Licensing Board operating licensing hearing, comes the intervenors. And the intervenors you've heard from this afternoon. My recollection is that these two folks represent all of the principal intervention on the South Texas Project. The things that they bring forth today, we have heard years ago. They bring forth fired, old issues, that have probably been brought from the beginning of the sixty-off licensed and operating nuclear plants in America today. They bring forth some unique issues, which they characterize as unique, but issues that the petitioners and the owners are very much aware of, equally concerned about, and taking steps to correct.

And so I would like, that as a preface, that we do have an objective, competent, comprehensive Atomic Safety and Licensing Board, that are reviewing all the elements. And these folks and all of their petitions, and all of their allegations, and all of--interrogatories, discovery, witnesses, are all going to come before this Atomic Safety and Licensing Board to the expense of the owners, but it is a, it is a procedure which is designed and set up to protect the rate payers and owners. So I would say that all of these things will be heard and answered by experts.

Now, we're uncomfortable, we're dissatisfied, naturally, with construction flaws in the project, and we have told the Council on occasions before, that we are not going--the owners, are not going to sit idly by and pay for re-work. We are taking steps and will continue to take vigorous steps to not pay for re-work, or sloppy construction or what-have-you in the construction of this power plant. And we are setting up mechanisms to do that just now, in fact, we have been for several years. When the plant is ready to be operated, the high pressure piping, the reactor vessel will all be very carefully tested--pressure tested--X-rayed, looked up and down, the containment that's been characterized as being full of holes, will be pressure tested. Any problems with it will be fixed, and repaired. Naturally that containment, or any other part of that plant won't go in operation unless it's fixed, and operation-worthy. When looking at all these elements, and as Mr. Spruce pointed out, and looking at the cost exposure, and the bond worth of expected costs of this nuclear plant, coupled with the fuel, and compare that with any and all alternates available, including doing nothing, but continuing to rely on natural gas and oil, the nuclear plant represents the best economic alternative for our rate payers, and as soon as it doesn't, then staff is going to recommend that San Antonio sell it's share, and I'm here to tell you that based on the interest shown in the South Texas Project, and the other nuclear plants being constructed in Texas today, there are ready persons--companies--that would like to buy big hunks of the South Texas Projects, and the other projects. As staff to CPS, my job and the job of this staff, is to bring to the citizens what we think is the lower cost, and the most reliable source of fuel, and source of electrical energy to the citizens. And that is why our recommendation continues that San Antonio maintain its 28% interest in the project.

MAYOR COCKRELL: May I ask this, Mr. Poston? Relative to the over-all construction that has occurred--and it's a mammoth project, what percentage of flaws do you feel--do you have any feel--it sounded from one presentation as if the entire project was just totally riddled with flaws and was about to come apart. Do you have any feel for what percentage of a problem that any flaws may have been?

MR. POSTON: In my conversation with Nuclear Regulatory Commission persons, and I talked to one yesterday, his opinion is that the South Texas Project is about average, as far as construction mis-steps--no better and no worse than any of the approximately thirty or forty nuclear plants that are under-way today.

MR. BERNARDO EURESTE: Point of information.

MAYOR COCKRELL: Point of information, yes sir.

MR. EURESTE: Point of a question. You've already asked, or given direction how this CPS would make their presentation, and you're a member of this Council, and they've made their presentation and they got their people to speak up, and I know you are in favor of the project. And now you should offer another question to Mr. Poston. I would like for the Council to be given an opportunity to take each of the individuals on who has come to speak on behalf of the project. I have a lot of interesting questions to ask. I have one that will just shoot the one you just asked down the river and I would like to be given the opportunity to ask that question.

MAYOR COCKRELL: We certainly will get around to you, Mr. Eureste, in due time. May I ask, then, were you going to call on Mr. Hart to add to----

MR. POSTON: Do you have any particular questions, or--

MAYOR COCKRELL: We'll just let him complete his presentation, then we'll start right around with the questions. There are five waiting.

MR. POSTON: I really don't have anything to add, I'd rather wait and try and address each question.

MAYOR COCKRELL: Alright, fine. If you'll both stand by, Dr. Cisneros has the first.

DR. HENRY G. CISNEROS: Yes, my question is to Mr. Spruce. And by the way, may I say that even though I am a supporter of the project, and a strong supporter, of the project, I do appreciate at least the opportunity to hear another view, though I may not agree with the substance of it, I think it keeps us all sharp and cautious and keeps us all on our toes to either refute the information that's presented, or to recognize it as fact. And so I appreciate, especially this three page little document that was submitted by Mr. Sinkin, because it presents a different slant on the facts, and forces us to think a little harder and defend our position, which is always good in a democracy. Mr. Spruce, Mr. Sinkin termed as rampant rumors, the possibility that the Nuclear Regulatory Commission, or some other body might issue a stop work order on the project, even before completion, because of the nature of some of the irregularities. Can you, first of all, come in on what you know about that; and secondly, I'd be more interested if you know of some procedure where we could get a definitive statement that such is going to occur or such is not going to occur. Can you comment on that?

MR. SPRUCE: I'm not familiar with any intention--I'm sure that--I'm not familiar with any intention on the part of the NRC forces to issue a stop work order. There is at present, a moratorium on issuing operating licenses for any nuclear plant--

DR. CISNEROS: That was a moratorium until January of '80, is that right--till now?

MR. SPRUCE: Yes. I'm not familiar with those rumors, I'm certain that we would be apprised of that as soon as anybody and I have no problem with us asking the NRC if there is some such move afoot. I don't know of it. We do know that the NRC has paid particular attention recently to our project, principally on account of questions being raised by intervenors, we believe. That someone here may be able to answer that better than I. Do you know anything about any rumors.

MR. POSTON: Let me make a general reply. The project manager, well, first of all, we are a gifted by having a full, 100% of the time resident Nuclear Regulatory Commission inspector on the site, and from time to time, his numbers are complimented by others, so we have a full time NRC resident inspector there all the time. The project manager, several months ago, after we had been through some problems with the way in which Brown & Root organized its concrete pours, the way in which it provided lighting, for example, in the event that the pour went after dark, the manner in which it identified the various persons responsible for the pour, by color coding their

February 7, 1980

bls

hats, for example--how can you tell an owner from a QC people from an NRC person from a construction foreman from a helper, etc. We had a number of problems, and I say we, collectively, for the owners, with the procedures that Brown & Root was employing to do this job. They, you know, have poured a lot of concrete in their lives, but we felt that these pours were still not being conducted up to our standards. So we told them to stop pouring, what we call complex safety related pours, until we could go back in there and take a look at a nine step program which we designed and layed out to assure that future problems with voids or what-have-you, sign-offs, things like that, could be met.

DR. CISNEROS: Okay, Mr. Poston, if I may interrupt. The question was just specifically whether you know anything about a stop work order rumor, and whether or not you know of any procedure where we could get some definite statement that that is not going to happen, its not, and put the rumor to rest.

MR. POSTON: The thing is, we cannot predict what the Nuclear Regulatory Commission will do, relative to that job. We have stopped the complex, Class One pours. To date, that has not been in the critical path, it has not delayed the project. Until Brown & Root can implement what we, the owners, think is a right way to do the job, then we're not going to let them start up with complex pours again. Now they're making great strides and steps and pleasing us in the way their organizing and paying special attention to the quality of their work. Now the Nuclear Regulatory Commission has come in on this, and is viewing this self-imposed restraint of concrete, and they're going to give us a ruling in the next few weeks as to whether they think that the steps that we're taking are adequate, or whether they should shut down concrete pours, and therein probably lies the foundation for the rumor. Now we have no way of knowing what the Nuclear Regulatory Commission will eventually rule. Our feeling is that, based on the fixes that we've put in, and based on the nature of the problem area, that they will not stop the project. Mike, can you add anything to that?

DR. CISNEROS: Alright, so your answer to me is that as a City Councilman, on the governing board of the City that has to approve the bonds, and commit this City to debt, and the rest of it, that your feeling is, that we are taking some independent action to back up what ever inspection procedure exists, and that is in effect, a sort of double check. That we-you, as 28% owners, have a stake in this and feel comfortable with your double chek procdures.

MR. POSTON: Yes.

DR. CISNEROS: And that your double check procedure leads you to believe that the NRC will not issue a stop work order in the interim. Is that your--

MR. POSTON: That is our opinion.

DR. CISNEROS: Alright. Is there anything in your double checking procedure that suggests that there might--that the license at the end of the process, might possibly be in danger?

MR. POSTON: Yes, the license is in danger. The timely issuance of that license is in danger. It is endangered by many, many things. It's endangered by intervenor action. It's endangered by an attitude of the government, and passed down to the Nuclear Regulatory Commission of the future of nuclear power in the USA. We feel, and the fault leaders in this country that we've been able to talk to, feel, and the National Science Foundation has just made a study supporting this and handed it to the Congress, that nuclear power must continue to be, a very important part of this country's energy future. We think that feeling will prevail, and that the timely licensing and not an inordinate delay of the issuance of the operating license will come about, but intervening action, any trust issues, safety issues, all these other issues, are--could delay the license.

DR. CISNEROS: What are the numbers that you cite now, on the cost to San Antonio, 28% share--what is the number that you all are using in house? Final cost to San Antonio?

MR. POSTON: We take the contractors cost, we add our cost of money, we have added some fuel that we have to pay ahead of time, because we've got it at a bargain and we're getting an economic value, we add the in house expenses, some transmission corridor, I think we're using now a figure of one billion dollars. Yes, the fuel, and the indirects, and the cost--our

February 7, 1980

bls 353

money, about one billion dollars. Yes sir.

DR. CISNEROS: Okay. Have you had a chance to review Mr. Sinkin's analysis of the projected--of the actual demand versus CPS projections of load numbers? Have you had a chance to see that?

MR. POSTON: No, but as we've said, many times, the need for the nuclear power plant, or the economics of the nuclear power, are not dictated by the present load growth of the San Antonio service area.

DR. CISNEROS: Can you explain that?

MR. POSTON: Well, as we were saying earlier, when you substitute, when you take the--well, San Antonio, as you know, does have a substantial reserve in gas fired capacity. We think that the gas for the use of electricity could be cut off as early as 85 or 90, completely off.

DR. CISNEROS: By the Railroad Commission order? Or something else,--

MR. POSTON: By the Feds. Yes. By the National Energy Act, things like this. The National Power Plant Fuel Use Act. But the nuclear plants economics are dictated by the substitution of a nuclear plant in the San Antonio's future energy pattern, and looking at the revenue requirements.

DR. CISNEROS: So, in effect, you're saying its inaccurate to say because you've got so much capacity from gas fired turbines, and then you've got so much capacity from coal fired generation, and you've got so much capacity from maybe oil use, and then you build nuclear on top of that. But thats an inaccurate way of assessing what our capacity is because the cost consideration is built into the gas, and potentially the coal, are such that they will have to be withdrawn from that building block. From that stream. Is that what you're saying?

MR. POSTON: That's exactly what we're saying. That, you know--looking or prognosticating, or crystal balling with San Antonio's future big demand will do over the next ten years and tying that in with the economic dictates of nuclear power are unrelated. In fact, we took sensitivity studies, and if San Antonio experiences zero load growth then the nuclear power plant is still an economically superior option. If we get no load growth. Because what you do is, you compare the cost of burning gas and oil and coal versus the utilization of the nuclear.

DR. CISNEROS: Okay, two final questions. One of them is to the City Manager, because it concerns a previous request we made to the utility supervisor, and that was for the preparation of an independently derived load projection estimate. We took this up with Mr. Ibarra at the last time that CPS presented on the subject, and I just don't know whether thats been done, or produced, or what the status of it, or whether it could be made available to the Council.

CITY MANAGER THOMAS HUEBNER: That is still in progress, Councilman Cisneros,

DR. CISNEROS: Okay, I'd like to see it as soon as---

CITY MANAGER HUEBNER: As soon as possible, sir.

DR. CISNEROS: Final question, is on the inspection procedures once again. Now, looking at that CPS program, that to me was not an argument for killing nuclear power, or even for San Antonio's withdrawal from the South Texas Nuclear Project. It was a very strong argument for stringent inspection procedures, for no nonsense cost accountability and for just the utmost in accountability for the public's dollar. Do we have, to your satisfaction, Mr. Spruce, an inspection procedure that goes around any of the shenanigans, like might have happened with that man, Daisy, or whatever his name was? Swayzey. Do we have, to your satisfaction, --we're 28% owners in that thing, and the people of San Antonio are carrying a lot of debt, and I think that we all feel it very heavily, when we go to the trouble we did to pass a ninety million dollar bond issue, but we're making decisions here about ten times that amount, or eleven times that amount, and thats a heavy responsibility. And I just want to know, as an owner, do you feel you have a voice and you're getting your fair shake in the inspection procedures or should we look at some new inspection approach to deal with those kind of situations?

MR. SPRUCE: Councilman Cisneros. We believe that we have an adequate voice in it. We feel that we have done some insisting about certain things. We feel that all the participants are sincere. We feel that corrective actions have been applied. We recognized there was mistakes earlier. We're tightening those up as we go along. We think that at the present time we are less with or supplied with an adequate inspection force. Now anybody that's an inspector is just like any other employee. If he feels that he is being imposed upon by someone, he should go to his supervisor and that supervisor should normally let him goon up the ladder. There have been allegations that this was not permitted there. I think that that has been fully understood by the people on that project that they can go and should go to their supervisor if they feel they're being restrained in any way from performing their responsibilities. I would also again invite the Council either individually and collectively to visit the project. You can look at anything you want down there. You can go up there and talk to any inspector NRC man, quality control, welder, whatever. We would like for you to do it. We would----

DR. CISNEROS: Jack, did I understand you, did I understand Jess Poston to say that within about three weeks, I think was the figure, you said several weeks, that we would have a kind of a report from the NRC on their view of the adequacy of our own inspection procedures with respect to the concrete pours? Is that correct?

MR. POSTON: Yes, Councilman Cisneros, the NRC when they completed their investigation they held an exit interview where they kind of go over their preliminary findings. After that they go back to their evaluation of what they have found and then issue a report. In that report, they then cite and state any problem areas they found and corrective action that they recommend. Then you go back and respond to those actions. That report is due shortly.

DR. CISNEROS: I'd just like to ask the Mayor and members of the Council and to you as a member of the City Public Service Board, if whenever that information is available the Council could be apprised of that NRC report. Because I think whatever signals we're getting at that point are going to be a kind of a tip off to what their longer term concerns are going to be with respect to the licensing. And I would say in closing to those who have appeared today in opposition to the project, at least those who have appeared because of their concerns about the shoddy construction procedures, that our interest really should be to clear up any mal-construction, any poor procedures. We do have X dollars invested. We do need the power on line at a certain point. And it's in our interest to clean those things up. And so I think this whole town ought to be concerned and cooperate on that particular point.

MR. SPRUCE: We certainly share that, Councilman Cisneros.

MAYOR COCKRELL: The next speaker then is Mr. Thompson.

MR. ROBERT THOMPSON: Thank you, Madam Mayor and I apologize for being late today. The questions I have relate to: One, is the fuel. I want to know the cost of our fuel, from whom we've contracted the term of the contract for our fuel. What kind of assurance we have in contract performance in the way of payment and performance bond on the part of the fuel supplier. That's the first area of question and I'd like to have those responded to.

MR. MIKE HART: We currently have two contracts in effect on nuclear fuel. One is with Chevron and they are producing uranium now right outside of Panna Maria, Texas near Karnes City and Poth. That will total a total of 5.6 million pounds over the duration of the contract with options on additional. The other contract is with Westinghouse, the agreement of settlement in which we will receive approximately 2.7 million pounds at a very favorable price. Around \$12 a pound, as part of the settlement. This is.....

MR. THOMPSON: Settlement of what?

MR. HART: Beg you pardon?

MR. THOMPSON: Settlement of what?

MR. HART: Settlement of litigation that was instituted several years ago with respect to a contract dispute. The Westinghouse could not fulfill it's original contracted quantities. The project went into litigation with

Westinghouse along with other utilities, as part of the settlement we get the initial cores at the original contract cost. Additionally there'll be some six million pounds additional available at production cost from Westinghouse Projects.

MR. THOMPSON: Let's not go farther, because my misunderstanding or my lack of understanding, I don't know whether I misunderstood you. Chevron, you got 5 million pounds.

MR. HART: 5.6 million pounds.

MR. THOMPSON: And what's the cost?

MR. HART: The cost is market price cost or an escalated cost. Currently its about \$45 a pound.

MR. THOMPSON: What kind of contract is this? Is it a contract of option or what...we're contracting for supply but not for price?

MR. HART: The price is tied to indices or a negotiated market price.

MR. THOMPSON: Okay, now what in order for me to make a judgement on that as to where we are, what kind of history have we seen in the price of nuclear fuel in the last two years?

MR. HART: The last two years the..well, since 19...the earlier 1970's the price went from like \$8 a pound to \$40 to \$45 a pound.

MR. THOMPSON: From 1970 to when?

MR. HART: To current, today.

MR. THOMPSON: So, in the last ten years we've seen it go up about 7 or 8 times in price?

MR. HART: Yes. Over the last three years that price has softened considerably and as of today the market price is around \$40 a pound. What you would call the market price, which means that if you wanted to go out right now and buy say a small amount of uranium, just, its called on the spot market, you pay around \$40 a pound. Now, what do we expect in the future? Our projections, we expect the softening to continue, the price may even drop further. But, we figure in the long run it will then start escalating along with other fuels. Now I need to throw in a little extra there on about how does that affect the ultimate cost of the production of electricity? Because you use about a million pounds of uranium for both units for one year.

MR. THOMPSON: A million pounds per year.

MR. HART: Right. So that one year's worth of electricity is about 4 billion kilowatt hours. So that gives you an idea of...and if you figure a price per pound then you can work back into the effect on the fuel cost.

MR. THOMPSON: Okay now, we've...you've told me that you've got under contract then, the right to purchase at market price under Chevron's contract or Westinghouse at 2.7 million, but that being approximately 12 and I understand some of the variables that go into pricing that fuel. That gives us a contracted for amount of 8.3 million pounds.

MR. HART: Theres, excuse me, theres a total of almost 9 million pounds that will be coming from Westinghouse. The additional six million will be at production cost, at their cost to produce it. We'll start receiving that around 1986 and that will proceed for ten years.

MR. THOMPSON: Okay, so we got 13.3 million, 11.6 million at market price and 2.7 million under this benefit package flowing out of the Westinghouse settlement.

MR. HART: Yes, not really at market price, the Chevron's at market, the Westinghouse is at cost of production, which we deem will be considerably under market price.

MR. THOMPSON: Okay, now I don't have any appreciation for the supplies of this fuel and what kind of supply base there is and how its growing--the pressures that bear on that. That certainly affects this and you've answered it indirectly by saying that you thought it would somewhat decrease in today's dollars at least.

MR. HART: Yes.

MR. THOMPSON: We have always looked at the price of our plant over a 20 year period, isn't that correct?

MR. HART: The economic pay out considerations always consider a period of 20 years.

MR. THOMPSON: That's what I was looking for. And then all those figures then, as far as determining cost uses one million pounds per year fueling both of those plants and trying to arrive at that figure. Okay. Now, we've got the cost of our fuel, we've got to whom we're contracting and we're basically tied up with Westinghouse and Chevron.

MR. HART: Yes sir.

MR. THOMPSON: Do we have any other contractual arrangements with anyone for fuel?

MR. HART: No, not at this time. We continually evaluate to look for a good deal.

MR. THOMPSON: Okay now, what kind of...these are quantity contracts.

MR. HART: Yes sir.

MR. THOMPSON: Is there any term listed on that? Is there any..I'm concerned about someone pulling another gas deal on us. And I want a payment performance bond, I want some kind of assurance that we either get the vault or the uranium. We get their money or we get their product. And how have we, how have we assured ourselves of this kind of posture?

MR. HART: In the, for instance in the Westinghouse allocation, this 2.7 million pounds, original contract price, that's under court order to be delivered. We have received half of that already. We will be receiving the other half at the end of this year, 1980. As far as Chevron, we have evaluated their reserves, their contractually tied to-in effect to provide us with the first 5.6 million pounds out of that uranium deposit.

MR. THOMPSON: Is this the one down by Karnes City?

MR. HART: Yes sir.

MR. THOMPSON: Is there any federal regulatory agency that can interpose themselves between us and our contractor? And keep us from getting that?

MR. HART: There are.....

MR. THOMPSON: I'm sure there's something, but realistically are we at the whim of some other interstate commerce commission or something that's going to come in and level this price at our disadvantage?

MR. HART: The, right now the federal regulatory agencies with respect to the uranium fuel cycle are interspersed in the minings, in the entire aspect, they license the mine, you have to have a source permit. That could affect cost. The most vulnerable position to cost on the nuclear fuel cycle is the enrichment plant. In which you've taken your uranium, had it processed and you sent it then to the government owned enrichment plant to be changed to, from uranium 235, you know, the usual procedure. It is the government's pricing policy on this that fuel cycles are most vulnerable.

MR. THOMPSON: The government sets that? The federal government?

MR. HART: Under guidelines by law, yes.

MR. THOMPSON: Who sets that? Specifically what agency?

MR. HART: The Department of Energy sets those rates for the enrichment of uranium.

MR. THOMPSON: Is there any-in the rules that they use in setting these rates? Have you all made any kind of analysis of how vulnerable we are to suddenly having to support another form of energy or a...If we have the authority as we subsequently found out in the Interstate Commerce Commission in our coal situation wrapped up with the Department of Energy in our nuclear situation. We can't get ahead.

MR. HART: The current law states that the charge for uranium enrichment by separate of work unit called SWU is to be priced such that the Department of Energy, Uranium Enrichment Operations Division recovers its cost from its customers. And does not subsidize those operations.

MR. THOMPSON: Okay.

MR. HART: Not being a lawyer I don't know what recourse you'd have if they would set it above. But I'm sure there's some legal precedent. They have.....

MR. THOMPSON: We have relied on those....I hope we've even sided our reliance because if we get another shift in the middle of the road again....

MR. HART: The nuclear fuel cycle is relatively insensitive to any one component.

MR. THOMPSON: Okay. Now, let me get to the last going and I think I'm somewhat abusing my time. For that I apologise. Assurance under contract, what kind of, what kind of, what kind of performance paragraphs do we have in our contract and how do we treat default? We want to certainly maintain control of those options in the contract and how have we done so?

MR. HART: Primarily our method of treating default right now is through inventory. Rather than rely strictly on a default clause, we will have uranium on hand. When Unit I goes on line we will have enough uranium for ...till 1997.

MR. THOMPSON: Is that a statement of truth?

MR. HART: Yes sir. The factor of using an inventory as having a look ahead and make sure you're not caught short. The other thing is you have a fuel cycle that takes a period of time before you actually stick it in the reactor. It's not like turning the valve off. Therefore any short interruption you have a time period to make that up.

MR. THOMPSON: I understand that, but I'm concerned about source. Actually, a shortfall, some problem with Chevron, something happening with Chevron's supply.

MR. HART: By the end of June, we will probably have enough for the first already on hand, purchased on hand, enough for two years of operation.

MR. THOMPSON: Okay, do we, do we need to have contracts or do you feel a need, this is only a contract for supply, it does nothing to do with the price, so we're not getting a break in price. Is the market place such, that you're competitors in buying uranium are on the similar kind of purchase contract?

MR. HART: Yes, yes they are.

MR. THOMPSON: So the supplies have been divided up among the users, through contracts, long term contracts.

MR. HART: Thethats...its a very complex subject on the uranium market.

MR. THOMPSON: Okay, well I don't want to get into that right now.

MR. POSTON: Let me say one thing, Bob, let me say one thing. There is adequate supply and offers to CPS today for uranium, probably to finish out 20 years of operatins for that nuclear plant. But we ran into a cash flow, cash flow problem. We just don't want to spend and tie up a lot of capital.

MR. THOMPSON: I don't think we should.

MR. POSTON: Okay, so thats the limiting factor. We've got enough fuel on hand now until 1995.

MR. THOMPSON: Well thats....alright now, one other subject along that relates to what we're talking about in the need for our nuclear power. One of the projects that I'm looking at and working with our Manager on and that is the Solid Waste Disposal. And how we might couple one of our turbines being powered by solid waste and I'm going to be working very close with this project and having a concerned interest displayed in this concept in the next 6 months. I would like for you all to be able to discuss this

with me and see what our drawdown is and doing that what we lose in capacity and what our cost factors are and what benefits we derive once we expend X number of capital dollars up front. How does that impact upon the future supplies of energy in San Antonio and how does that then couple with our needs, what margin are we above our peak and how that looks at our nuclear plant also. So I would like..I have preparatorily got one....(background conversation)....Okay, if we drew out one of our plants how.....

MR. HART: We have, of course, been working with the contractor that the City has hired on that. There are some problems with burning garbage or refuse fuel. One of the...we studied two things, adding it to the coal plants and adding it into possibly converting the unit to burn entirely. We'd be very glad to work with you on that.

MR. THOMPSON: When we...when we pull that out, how does that impact though?

MR. HART: It's a small percent. One of the things that really hasn't been mentioned here today and we alluded a little bit to it. But, the law, the power plant federal use act requires that, it has two sections in it. One is for new units that you don't burn oil and gas units. The second is that you don't burn oil and gas in units after 1990, which isn't that far off. If we started today, we feel like that to build a lignite unit, a tight, real tight schedule is '88 and a more comfortable schedule is '89, but still a push. So you know, when you get up here and talk about coal, lignite, burning gas in units, you've got to consider what the, the present law is you don't burn it. And you've got to get off of it. Now we have an option under that to apply for what they call an systems compliance option, which means that you are 20% relying on oil and gas by the year 1990. And you don't do that by not building anything and relying on what you've got. Plus you don't do it because the cost of that fuel has risen inordinately. There's another law out that says you have to burn the same amount of oil in a unit that you burn in the test years, '74 and '76. We burned oil in '74 and '76 and we were under an order to burn some oil in our gas units. We applied for an exception and have a temporary exception. The cost of oil today, I told you a while back we thought it would be \$3 and something, it happened to be over \$4 for Number 6 oil today. So, you know we don't control that OPEC price and if you're option is to get off of gas and burn oil and not to increase your gas uses, you don't have any option.

MR. THOMPSON: Well, those are real restraints when you have to live in... I think you've answered my questions about our contract of fuel and that's a continuing and that will be the on going concern once our plants are built and we've absorbed the initial contract or the initial price, so our concerns rightly should shift into that area, we should be ready for that and it sounds like you are. Thank you very much.

ACTING MAYOR JOHN STEEN: Are you finished, Mr. Thompson?

MR. THOMPSON: Yes, Mr. Mayor.

MR. STEEN: Thank you very much. Mr. Eureste.

MR. EURESTE: Yes. I'd like to ask a question of someone in the position of authority from CPS who knows everything there is to know about everything and can provide this council with nothing but the true facts.

MR. THOMPSON: Mr. Eureste, that's only you.

MR. EURESTE: That's what I figured. Let me ask you, Mr. Spruce, what, what is the total cost, is the total cost the one that is laid out here? That was presented by the "C"?

MR. SPRUCE: We haven't had an opportunity to examine what Mr. Sinkin's group has handed you.

MR. EURESTE: He's got a plant cost on the 2.7 billion.

MR. SPRUCE: The present estimate is 2.25 billion dollars, plus a possible contingency of 500 million, which add up to the figure you just quoted, yes sir.

MR. EURESTE: So, the San Antonio share for the plant 28% is 756 million dollars?

MR. SPRUCE: That would be the basic cost of building the power plant, yes.

MR. EURESTE: And the indirect and miscellaneous at 10 million dollars. And the fuel, the initial load of 86 million.

MR. SPRUCE: I believe we agreed that it added up to about a billion, yes sir.

MR. EURESTE: A billion, a billion, 27 million. Do you know what the original cost to San Antonio was? Do you remember, because its been just a few years ago.

MR. SPRUCE: Well, to get a comparable figure to that....(he's asking what it originally was)

MR. EURESTE: What was the original cost to San Antonio?

MR. SPRUCE: 235.5 million.

MR. EURESTE: 235.

MR. SPRUCE: Yeah, I think we're about to get into another (inaudible...) game, though--is that compared to the one million, does this include IDC and(inaudible...)

MR. EURESTE: No, its compared to the 756 million. (background conversation...) Alright at that time you didn't put in a contingency in there?

MR. POSTON: No, we have a contingency in there, that's based on a plant cost of 2.56 billion dollars.

MR. EURESTE: Okay, so the original cost, I guess we could compare those figures at 718?

MR. POSTON: Yes, are we going to go through....let me get my slide rule out, Benny, and we're going to go through this..it's increased since 1973, about 320%.

MR. EURESTE: I was asking Mr. Spruce, would you kindly sit down.

MR. SPRUCE: Alright, sir, we're talking about an increase of...

MR. STEEN: Let me interrupt you. Just a minute, Mr. Spruce. Benny, I don't think that sort of thing is necessary.

MR. EURESTE: Well Mr...what's that man's name over there. Mr. Poston and I have had a little running feud, and I really don't care to ask him questions. And I think he interjects himself in there, you know, to sort of hype up the controversy between me and him. He can, he can, I think I've got what I need. I think I've got what I need, you know, he doesn't have to give me all of the extra information, because none of it really makes any sense.

MR. STEEN: Well, let me say this though, Benny, you can still act like a gentleman. I know you are.

MR. EURESTE: Well, he can act like a gentleman, too. Let me tell you, Mr. Steen. Let me tell you, Mr. Steen. When this item came up before the Council, our discussion on CPS came up before the council a few months ago, Mr. Poston made up some remarks that I did not appreciate. And I'm just giving him a taste of his own medicine. He sort of questioned, he sort of questioned, he questioned the people in my district electing me to my position. He questioned that. And there's a tape of that meeting, and I have a copy of that tape. Now, if you want me to come back and replay the tape for you, and tell you why I'm upset, I'll do it. But what I don't like is for somebody in the position of Mr. Poston to start making fun of me simply because, I might not be in the majority position right now, but that doesn't mean he can just take after me and treat me like if I was nothing. I am a representative of 78,000 people, and I can tell you that this project is not supported in my district. And I'm speaking for those people.

MR. STEEN: Benny, let me say that I was present at that meeting that you're talking about, and I do not think that, you know Mr. Poston, did anything like that in the way of insulting you or did anything. I thought he was very nice, and I heard his statements and I know what he said. But I don't I didn't take them, the way you took them, and I'm sorry that you did.

MR. EURESTE: But it almost started right here. It almost started right here. He started with the remarks are we going to go through that, through that bit of thing again, do you want me to take out my slide rule and calculator.

MR. STEEN: Well, let's go back to Mr. Spruce.

MR. EURESTE: Okay.

MR. POSTON: Mr. Steen, may I apologize for any ill feelings that I may have caused Mr. Eureste, and I look forward to nothing but future fruitful dialogue with him, and I apologize, Benny.

MR. EURESTE: Okay.

MR. STEEN: Thank you very much, Jesse. Alright, Mr. Spruce.

MR. SPRUCE: Yes sir.

MR. EURESTE: So we had an original cost of 235.5 million dollars, is that correct.

MR. SPRUCE: You want our estimate of the original cost of the total project? Or San Antonio's portion?

MR. EURESTE: I just wanted to compare one cost with another cost. What I wanted to do is I want to take the cost that you have originally for the project the cost for San Antonio and today's cost. And I would want the apples of '73 to compare to the apples of 1980.

MR. SPRUCE: Okay, I want to get four numbers, and I'm going to ask staff to prepare these for me while you may want to ask me something else. I'm going to get the '73 estimate of the total project and today's estimate of the total project and then CPS's share. Okay. (To his staff--can you provide those for me. Make sure we're talking about the same elements.

MR. EURESTE: How long do you think this is going to take?

MR. SPRUCE: Oh, a couple of minutes.

MR. EURESTE: Okay. Gee, let me see what else I can ask you. See, part of the problem...Oh, I know what it is. I'm convinced that the great decisions that were made by CPS and their Board of Trustees and the power people in San Antonio and the City Council back in the early 50's and the late 40's that got San Antonio stuck with the gas deal that we got, that eventually wound up costing us a lot of money. And an issue that really hit every household with the high cost of gas. An issue that eventually was taken to the courts and went through the Railroad Commission, and involved a lot of dollars in litigation or at least try to negotiate some type of settlement and what gave birth to Valero Corporation. It is a unanimous decision. It is a gigantic decision. It was the biggest decision in gas and electricity for the City that had ever perhaps been made in the history of the City, and that decision turned out to be a bad decision for the City of San Antonio. I feel that the decisions related to the nuclear power project is another landmark of a very significant decision for this City. And a decision that due to all that has been said from the cost, an uncontrolled cost, absolutely, absolutely uncontrolled cost, and the unforeseen cost of the energy source that it will be that it is a decision that will have an impact on every San Antonian. And I feel that it is another one of those decisions that is sort of generated by some of the same thinking, some of the same mentality. And that same thinking and that same mentality is what gave us a bad decision in gas. And I am convinced that that same thinking and that same mentality is going to give us a very bad decision in nuclear energy, and I can just see many people paying for this very costly mistakes down the road.

There was a question that was raised with regards to the number of errors that had been found in the project as the project has progressed to date, and the percentage of those mistakes, in comparison to the entire project, and that was raised by the Mayor, and I found it kind of interesting, that someone would try to get a percentage of errors, as if that were somehow or another going to make the project that much better. And I would like to ask Mr. Sinkin, or one of the people from the consumer's side, for right now, what kind of error does it take to create chaos in a nuclear plant? What is a forty-eight inch void, or what is a small hole, or what is a cavity mean?

MR. SINKIN: Mr. Eureste, I think the Mayor's question was essentially meaningless. One major error in the plan, that creates an uncorrected deficiency, makes a dangerous plant. If it's one/one thousandth of 1% of the amount of construction, it doesn't matter. I think that what we're saying is the history we've brought you today, and the documents indicates a pervasive, long lasting, since day one until today and continuing, foul up of construction.

MR. EURESTE: What was one of the key problems in the Three Mile Island that you might recall, that lead to the chain of events? What was one of those variables, aside from human error, what some of those variables---

MR. SINKIN: First of all, I think it's revealing that the Union of Concerned Scientists came out two months before the accident at Three Mile Island and urged the Nuclear Regulatory Commission to close that particular plant because of the numerous difficulties that the Nuclear Regulatory Commission knew about but permitted the plant to operate anyway. In terms of the accident itself, other than human error, and there was human error, and we have to, as long as there are human beings running them, we're going to have human error, you had some valves that stuck open. It was a simple, mechanical problem.

MR. EURESTE: How big were the valves?

MR. SINKIN: They weren't very big.

MR. SINKIN: I can't give you dimensions, I'm sorry. But it was a steam valve on a cooling water line, as I remember it, and it released radioactive water in massive quantities into the reactor building- the alarm bells are still ringing in that building, the level of radiation is still lethal.

MR. EURESTE: We could be talking about a valve, though, that had maybe an opening of say, one foot in diameter.

MR. SINKIN: I wish I could give you a clear reading, it's possible.

MR. EURESTE: And that accident almost blew the entire plant off the map and possibly a community.

MR. SINKIN: The latest conclusion is that it was within thirty to sixty minutes of a full melt-down.

MR. EURESTE: Well, thank you very much, sir. The other point that is tied to that type of question is. I think that if all of us recall our - when we were little children, and we were growing up, and they used to tell of this story in the school, about the little boy that stuck his finger in the dyke, and he become a hero, and I think that there's another lesson to be learned from that. Now so much that the little boy became a hero, but that the little hole that we was covering up could have opened up and eroded the dyke that was holding the water back. And it was just a teeny little hole and it was a little boy with a little finger that was holding the water back and saving an entire community. So, even if we had a .0001% of error in the plant that .0001% of error could be the error that could create catastrophe for the people that live in the area, and for the entire community around that nuclear plant. So, I just didn't feel that the question really made any sense when you consider what we're talking about. Mr. Spruce, do you have the information?

MR. SPRUCE: Yes, sir. These numbers represent the same energy producing facilities, let me put it that way, that the reactor is not, as originally envisioned in the original estimate, because there have been additional safety factors and changes made. But, in 1973, the total project was estimated at eight hundred and fifty two million. Now, that's the plant sitting on the ground, of which City Public Service's share would have two hundred and thirty six million. The current estimate for the total plant is 2.56 billion and CPS share of that would be seven hundred and eighteen million. That represents an increase of three hundred and four percent.

MR. EURESTE: Do you know what the average annual increase that would represent?

MR. SPRUCE: No, sir. I don't have that figure, but we can get it for you.

MR. EURESTE: Is that from 1973?

MR. SPRUCE: Yes, sir.

MR. EURESTE: Would you say that if there is a constant rate increase that can be at least calculated in there, that that increase could be taken into the future? Or at least, that rate of increase could be taken into the future, given that the plant is not completed yet?

MR. SPRUCE: No, sir. I wouldn't agree with that. Such a projection can be made, but we don't believe that it will escalate at that rate.

MR. EURESTE: Do you think that the cost of the plant to San Antonio will stay and seven hundred and eighteen million dollars?

MR. SPRUCE: I don't think that it will move to the extent that it has up to now. I think that there will be much less, if any, increase in the completed cost versus today's estimate.

MR. EURESTE: You're the expert. Do you think that the price of the plant and the cost of the plant to San Antonio will exceed seven hundred and eighteen million dollars? I'm asking you this because I think it begins to deal with the basis, the substance, the validity of all the other things you have said about everything that relates to that plant. Now, I want to know, can you say that the price will stay at seven hundred and eighteen million - will it go beyond seven hundred and eighteen million dollars?

MR. SPRUCE: I believe that that's as close an estimate that anybody can arrive at this time, based on reasonably expected impacts from the future.

MR. EURESTE: What was the cost of the plant to San Antonio last year? I tell you what, how much did it go up since last year. In July, or June, didn't the cost to San Antonio go up by a hundred and forty million dollars?

MR. SPRUCE: Our estimate for this is a hundred and forty-six million dollars. (background conversation) . . . Let me say this, that we never have spent the budget that we've allocated for the plant, in any one year. Now, that doesn't necessarily mean that it is costing less than we estimated, because it's taking longer to complete, and there will be expenses over a longer period of time.

MR. EURESTE: That wasn't the question. It's a very clear question. Last year, the cost of this plant, I can go back to January of last year and the cost of the plant to San Antonio was five hundred and sixty-two million dollars. This is February. And we'll say that February of last year was at that cost. This is February a year later, twelve months later. What is the cost of the plant today?

MR. SPRUCE: The estimated cost of the plant, today, San Antonio's share is seven hundred and eighteen million.

MR. EURESTE: And last year's estimate cost?

MR. SPRUCE: Well, you just said, five sixty-two.

MR. EURESTE: And the year before? Three sixty-four? And I guess we could just go back, and you will get back to the original projected cost of two hundred and thirty-six million dollars.

MR. SPRUCE: Yes, sir. That would be right.

MR. EURESTE: And you're saying that it's gonna hold at seven hundred and eighteen.

MR. SPRUCE: I'm saying that that seven hundred and eighteen million dollars is arrived at, based on past known events, and predicted future events, according to best possible today's estimated impacts of the future.

MR. EURESTE: Well, that's what - that was basically the way you came up with the figure of five hundred and sixty two million last year.

MR. SPRUCE: I believe it would be fair to say there's been an awful lot of other additional information which has been integrated into the estimated process since then. I think that we have a whole lot better base to work from. Any number we've ever given you, though, was certainly our best estimate at that time.

MR. EURESTE: I understand that, and the result is that the best has given us a three hundred and four percent increase.

MR. SPRUCE: Of course, there have been a lot of things happen that we didn't expect.

MR. EURESTE: How many more years do we have to complete this project?

MR. SPRUCE: The present estimated completion date for Unit One is in 1984.

MR. EURESTE: And how about for the last unit?

MR. SPRUCE: Eight-six.

MR. EURESTE: And what was the previous projected completion date?

MR. SPRUCE: The original estimated completion date was 1980.

MR. EURESTE: This year.

MR. SPRUCE: The second unit was eighty-two, there's been a four year slip.

MR. EURESTE: Slippage. What was the latest slippage? I think it occurred in the summer, right? Or in August, September, that you gave us a slippage date on that?

MR. HART: I don't remember the months, exactly, it slipped from 1982 and 1983 to 1984 and 1986.

MR. EURESTE: How many - was that about 18 months, or 30 months?

MR. HART: Unit One was, I believe a seventeen month slip; Unit Two was like a, or twenty-two month slip, and Unit Two was a thirty seven month slip.

MR. EURESTE: Thirty seven?

MR. HART: Yes, sir.

MR. EURESTE: Okay, Now can we say that the units will be completed by 1984? by 1986?

MR. SPRUCE: That's our present best estimate.

MR. EURESTE: Which is like the one you gave us previously.

MR. SPRUCE: I think there was a whole lot more comprehensive data going into the calculation of this particular estimate, than went into the other.

MR. EURESTE: How many years have we been working on the nuclear project?

MR. SPRUCE: Since construction started?

MR. EURESTE: How long have we had people working on the calculations, etc., etc. When was the original price conceived for this project?

MR. SPRUCE: 1973.

MR. EURESTE: So, we could say that we've been working with facts and figures since 1973.

MR. SPRUCE: We've been working with estimates since 1973 and been in construction since 1976.

MR. EURESTE: So, we've had like seven years of staffing to the project? As far as technicians that are needed to do the calculations etc., etc., seven years.

MR. SPRUCE: There have been engineering people at work on it for seven years. Yes, sir.

MR. EURESTE: And it's into - - and it's seven years, later, 1980, that we seem to have the best variables that are being fed into the formula.

MR. SPRUCE: We're a lot farther along, with a lot of known factors. In the beginning, I'm sure we explained this as a conceptual estimate in the beginning, that they were looking at what plants were costing that were being completed in that time frame. Since then, there have been many, many required changes instituted, other things have changed, some equipment is not the same as was originally contemplated, there have been escalations in excess of those original estimates. There have been many additional reviews, and safety factors imposed and all of these have contributed toward those increases. Many of those items were unforeseen.

MR. EURESTE: Can you take, can you calculate or take seven hundred and eighteen today, two hundred and thirty six million back then, and run a compounded percentage escalation per year, just to get an average per year? Would that run about 20%?

MR. SPRUCE: It probably would be very close to that.

MR. EURESTE: Twenty percent. Okay. I'm sure that every year, you would have to say that you've got the best estimate available. I don't think that there's a year that you would come and say, "Well, we can't give you the best estimate." Cause, otherwise, you couldn't do what you do. You're the executives. You are the administrators of CPS, and you're there because you know the business. So every year, you come to Council, and you come to the public, and you tell us that this is the best, based on the best information. So today, you tell us that this is the best, based on the best. Every variable that you know of has been thrown in, or that can be worked in, has been worked into the formula. Despite all of that, despite all of that assurance, today we have a project that has increased in cost by 20% each year. And I'm a type of person that says, like I said in January of last year, I said in January of last year, that your project was going to increase in price by about 23%. And I was off by one percent, because your cost increase came in some time in August, and I was off about one percent. By one percent, and I say that - - I'll say it again, that your price on this project, the new estimates, about a year from now, will be about 20% greater than what we are today. And you have a long way to go. I'd feel better if you didn't have that long to go. But you've got through '84, you've got through '86, really, before you finish the entire shebang. That means you've got six, basically six more years, and I'll give you five years to complete it. That's assuming that there's no more slippage in time and that's something that I guess we could even take a percentage of that and say that this thing has slipped a given amount. But, if we take five remaining years, of this project, at another 20% per year, that would represent at least, what, one hundred percent increase, on top of what we have today. And if that was the case, then we would have somewhere in the neighborhood or vicinity of a billion, four hundred million dollars, instead of the seven hundred and eighteen million dollars that we have today. Or, instead of the original projected cost of two hundred and thirty-six million dollars, a billion, four hundred million is at least seven times increase in cost, which to me, looks something like about a seven hundred percent increase in cost. I say this with all confidence, knowing how numbers work, knowing that numbers do not lie. They cannot lie. We pay for this out of our dollars, out of our tax dollars, out of the dollars that we make where we work. So, we can feel that. So, if I had a hundred dollars in my pocket and today CPS wants a dollar, I have 99 left. And if tomorrow you want two dollars, for the same thing that I'm getting today, I have 98 left. I can feel that. And that's basically what has been happening with this project. And I tell you, that a year from now, we will be talking about a 20% increase, and a 20% increase on seven-eighteen works at about another one hundred and forty million dollar increase in the price.

And we're not through with Three Mile Island. We have not received the new regulations that have come out of that catastrophe, or near catastrophe, and you know that. We're not through with it yet, and we're not through with the problems of the voids and what-not with this project. And if there is any stopping of that project, for each day, it would represent at least a half a million - a half a million dollars of increase each year, each day, that this project is delayed, very easily. So, if we

have a delay of a month, we're talking about fifty million dollars added on. Any time there is a delay on that project, the total cost to San Antonio is an add-on of a half a million dollars. So, the little voids, represent a half a million dollars. If it takes time to repair them, if it takes time to go back and do correction work, and you know that better than I do. So, what I wanted to do, was to demonstrate to the public that for all of the facts and figures that CPS can present, and for all of the things that this document says, it's a very fat document, and I've got a lot of them like this. They cannot- they do not present the true picture that is out there with regard to what is happening to this project. And I told you last time that I really don't know when to take you seriously. I would like to take you seriously, but I don't know how to. If you come to me and you say to me, this is the cost of the project and this is where it's going to stay, and next year it goes up again, and we're all going to come up paying for this.

I think that the Council is going to pass this bond issue, but I think that it's a matter that really should go to the public. This is the largest investment that the City of San Antonio has made without this matter going to the public for a vote. We took ninety million out for the people to say yes, or no, on drainage project, and I feel that we ought to take this project to the public for a yes or no vote. I think that's where it belongs. I say that this should go down in history as another great mistake by the energy czars, the energy people that guide this City. It is a mistake as big as Lone Star Gas, Costal-LoVoca, Oscar Wyatt. It is as big as that. And if there is a little old lady out there by the power plant that says, "I'm afraid of what you're doing here," or there is a middle aged lady that lives out by the site, or there's a young lady that lives out by the site, somehow or another, you can't seem them. Somehow or another, the policy makers do not see them. I think they've come today, and they've presented us something that we should all be concerned about. Something that we should all be concerned about. And if anybody on the Council cares to rebut what I've said, I have another thirty minutes of rebuttal to that. So, I'm prepared to debate this all afternoon, and I would hope that more people in the community become more informed about how our dollars are being used. I've said that this project just in construction alone, is going to double the cost of our utility bills we pay to CPS. I've said that based on calculations, and all you've got to do is take out a little calculator, not even a computer, just a little calculator and divide and multiply, and you come out with an average cost, and that average cost tells us that what we pay today to CPS will be doubled just to pay for the construction of this power plant. It doesn't deal with the cost of uranium; we don't even know where the uranium comes from. Who's got it? It's probably owned by the same people that own the oil, for all we know. Thank you very much.

MR. STEEN: Thank you very much. He left the room, so . . . Mr. Spruce, I'd like to ask you one fast question. Isn't it true that we still have lower gas and electric rates than most major Texas cities?

MR. SPRUCE: Yes, sir. That would be a correct statement. I would like to make that comment that despite the fact that we've had our problems as all utilities have, we have always remained in mid-range or below. In fact, just before we came over today, we had a comparison of electric costs among the sixty-some odd cities who responded to a survey in Florida, and I think our of that group, there were forty three who had higher bills than we did, and sixteen had lower bills. So, we're below mid-range, and that has been consistently our pattern, all the way through. Unfortunately, there's no real easy answer to the energy problem. The only people in the United States that are enjoying consistently low utility rates, like what we used to think of as low, are the people who have access to federally subsidized hydro-power. The problem exists all over. We still believe that the nuclear plant offers our rate payers the best advantage in the long run.

MR. STEEN: Of the six major cities in the State of Texas, we have the lower rates, except for Fort Worth . . . is that a true statement?

MR. SPRUCE: Some of the cities have winter and summer rates, and the comparison I was looking at today, Houston was shown lower than we are and I don't know why, because Houston has been higher, but what you said has been correct as a general rule. If you combine the gas and electric rates of the six major cities in the United States, the only one that's been lower is Fort Worth.

MR. STEEN: Thank you very much. We want to call on Mr. Webb.

MR. JOE WEBB: Mr. Spruce, when I joined the Council about three years ago, as a matter of fact, this is the third time that we've had to vote I think or maybe the fourth time that we've had to vote on appropriating, or allowing CPS to sell bonds anywhere from a hundred and fifty million down to seventy-five million, is that correct?

MR. SPRUCE: I believe a hundred million was the largest issue, Councilman Webb.

MR. WEBB: The largest issue?

MR. SPRUCE: I'd say between fifty and a hundred.

MR. WEBB: Every time, is that right?

MR. SPRUCE: Yes, sir.

MR. WEBB: At the time that I was new on the Council, of course, that's probably still the case presently, that nobody paid any attention to me at that time, and they probably still aren't today, so, but anyway, I made some remarks at the time, when I first became a member of the Council that it was going to be a nightmare for us, it's gonna be unsafe, and that the cost would be a heck of a lot more than what you were talking about at that time. Do you recall that?

MR. SPRUCE: I recall that you have consistently raised questions along that line, yes sir.

MR. WEBB: And I think that I pointed out that it would be at least a billion dollars that our costs would be then, three-two-three years ago. And that has become - I'm here to say, "I told you so." That has really become, you know. And since then, we've had several incidents that I consider life threatening incidents among nuclear power plants. You know, the only problem is that we have, is that we've got not real comparison to nuclear, you know, we keep saying how much of a savings that we have, that we are paying less money, you know, you cite that we are in the moderate range, between some - between the low of sixteen and the high of forty-three, or something like that. Or less than forty-three of other cities, is that correct? You say we are a little less than forty-three other cities, comparable size?

MR. SPRUCE: Yes, out of some sixty-some odd surveyed, about forty-three have higher utility bills, electric bills.

MR. WEBB: And about sixteen have less?

MR. SPRUCE: Yes, sir.

MR. WEBB: The only point I'm trying to make is, that pretty soon, as we begin to pay back this billion dollars, I believe we're going to be in that other end, the high range, and by the time we begin to start paying it, if this plant ever comes on the line, that it won't last long enough to do any good, anyway, and if we would have spent all of this money on coal fired plants, all along, you see, when you threaten a coal company that you're going to build a nuclear plant, and you're not going to need much of him anyway, you know, is it true that you still need some coal to generate the nuclear plant. Is that not true at all?

MR. SPRUCE: We will need coal in addition to the nuclear plant. Yes, sir, even when the nuclear plant goes on line, we certainly do intend to continue running our coal plant.

MR. WEBB: How much will the nuclear plant provide?

MR. SPRUCE: Approximately thirty-five percent of our needs, in that time frame.

MR. WEBB: For about how many years?

MR. SPRUCE: Well, the percentage falls off, because we anticipate that San Antonio will continue to grow. We anticipate that we will get a continuous - our share, of that, on a continuous basis. I don't know what it will be at the end of 20 years, what percent of our requirement, we can figure that out for you. It will certainly go down, because we think the total requirement is going to go up.

MR. WEBB: You've got this thing well planned and well thought out and you have for many, many years, you and your consultants and engineers and so forth, and you figure now, about 1986, when the plant really comes on list, is that correct?

MR. SPRUCE: The second unit is due to come on line in - the first unit in 1984, the second unit in 1986, according to the present schedule.

MR. WEBB: So, somewhere, about 2006, it will self-destruct, is that pretty much . . .

MR. SPRUCE: Well, no, we don't necessarily believe that. Our projections of cost are based on a 20 year plant life, but we don't necessarily say that the plant can't be run longer than 20 years.

MR. WEBB: Well, safely, John, I understand.

MR. SPRUCE: Well, if the problem will have more to do with obsolescence than it would have to do with safety. We've got plants now that were built in the, let's say mid and late 50's because the newer plants are so much more efficient that we don't run them. This is why we have extra capacity . . .

MR. WEBB: Okay. For efficiency or whatever let's just say it will self-destruct somewhere around 20 years.

MR. SPRUCE: I think we would expect a little bit more than that out of it. We're using 20 years because we feel that's conservative.

MR. WEBB: Well, the question is, what are you going to do with the nuclear plant after it's you know, what do we plan to do with it?

MR. SPRUCE: There are several options as to what happens to nuclear plant when its life cycle is completed. One, has to do with just locking it up and leaving it idle with some sort of protection, otherwise it would have to be dismantled and what they call entombed, I guess we would douse out a huge hole and put it in their and cover it up, and pour concrete on it. Am I correct, Mike?

MR. WEBB: So, you may - it might slide out to the sea, is that correct? No, it won't slide out to the sea.

MR. SPRUCE: To the sea? I don't think so, no sir.

MR. WEBB: Well, anyway, the only - I'm pretty much - I had hoped and I vote against the project and voted to try and get anything going that would stop it. I would just be that way with the project but just simply because it's part of us, we're living with it, the lady said it's 30 miles from her door, that kind of thing. Since, we do have the project, and I saw on TV a few minutes ago probably what was maybe the truth, maybe some distortion of facts and figures. I don't know how much, but just the mere inkling of what I saw if any of it is true, I'm scared to death all over again. But be that as it may, I know that you're efficient and I believe your staff is efficient but I don't trust those people that are pouring steel, pouring concrete rather on steel beams or whatever. I would, that we would try to monitor. We haven't reached that plateau yet that where we will really decide that CPS is going to do something all of the time about monitoring that program. We talked about it; we got excited about it a couple of times, and that's about it. We really haven't - I don't think we've really done our part to keep it safe. That's the only thing, I'll close with that.

I wish that there was some way that we could do something about our portion coming together as the City of San Antonio along with Austin, and Houston, to say, "Look, we're going to make this thing absolutely safe, regardless of cost." That's one of the things that I'm very interested in. Looks like we're making it absolutely unsafe regardless of cost, but I'd like to take a different direction and make it absolutely safe regardless of cost.

MR. SPRUCE: We certainly are very interested in safety. The project managers have added more and more of an inspection force as time has gone by in order to insure safety. Every participant in the plant is very concerned with safety. Houston Lighting and Power is closer to us than the rest of us, and they certainly need it badly; they want it to be safe. They want it to be done right. The City of Austin feels about it the same way they do, so does Central Power and Light. Nobody is wanting to cut corners or scrimp or try to build something.

MR. WEBB: Those on-site people over there that I saw this film, those very people, the quality control people and the foreman and the construction people and all those people are at odds with each other. How can we make those people at least get along so that I'm assured that when they pour concrete, they'll pour it right.

MR. SPRUCE: Well, I don't know. We might be more concerned if we had complete harmony then if there are some differences of opinion. I think that it will be well if the Council would let us take you down to the plant. There's certainly nothing down there now that's unsafe. There's no radioactive material.

MR. WEBB: You've taken the members of the Council down there.

MR. SPRUCE: Somebody go down there and let us

MR. WEBB: You've taken us down there several times

MR. SPRUCE: Well, I don't believe that we've had the pleasure of you going.

MR. WEBB: No, and you won't get me down there, either.

MR. SPRUCE: I would like for you to go there and just walk up to anybody on the job and ask them a question. Are you building something that's unsafe, what about the voids. Let us show you their answers. Those are the people that are responsible for the project. The other people are not going to be there; we're going to be here running a utility but we're trying to do the best job for the community. We're responsible for supplying gas and electricity to the community, and we're trying to do the very best job possible, trying to get it to the community at the lowest possible cost. We've looked and studied, we wish we didn't have to built any kind of a plant. If the gas supply had held out, stayed cheap, we thought we had problems in those days, we're looking at what we feel is the very best alternative. We can tell you what our people bring back, we can bring the people up here if it will help the Council to understand the thing. But, I really believe that a first hand view of it and interviews with some of the people down there might give you another insight. We'll be glad to do it.

MR. WEBB: Thank you.

MAYOR COCKRELL: Mr. Alderete.

MR. ALDERETE: Yes, if I understand you correctly, John, I want to take you up on something. You said you'd like to bring some people down here. I'd like CPS to bring the three quality control inspectors, and one of them, being Mr. Swayse.

MR. WEBB: He doesn't work for them anymore, Joe.

MR. ALDERETE: Well, I want those three that found some fault with the plant to come down here and talk to us because if you get rid of the problems you get rid of the faults, then we've pretty well resolved the problem.

MR. SPRUCE: Okay, May I respond to that? I would not volunteer to bring people down here that are opposed to the project. I would want to bring people down here that are responsible for the project.

MR. ALDERETE: But, Jack, that's only bringing one side of the story.

MR. SPRUCE: The Council has the right to ask anyone they want to to come in and talk to them.

MR. ALDERETE: Yes. But I'm hoping that CPSB would want to be objective and present both sides of the story, too, as well. No? Or is that incorrect?

MR. SPRUCE: I feel that we are giving you a fair report. We can't . .

MR. ALDERETE: You're giving me a fair one-sided report, Jack. I'm not questioning that, but it's a one-sided report.

MR. SPRUCE: I think that what you see in this sort of thing is inflammatory. I don't think it's representative; I think that there's people, like you would find on any project. There are people in this community that have worked for CPS, and have worked for the contractors that build the coal plant that you can get the same kind of an interview off of.

MR. ALDERETE: You mean that when I was listening to that man hit that concrete wall with that pipe, that was - my ears weren't hearing the right thing, in other words, I didn't hear a hollow ring there?

MR. SPRUCE: No, I didn't say that. We certainly acknowledge that there were some voids between the steel liner and the concrete. It's part of the contractor's.

MR. ALDERETE: Well, isn't that what the quality control inspectors were trying to report, that there was some flaws in . . .

MR. SPRUCE: I think that they did report it, and I think that the project was aware of it, and I think that the intention was all along that it would certainly be corrected before it was put into service because it's got to be re-inspected. It's got to pass.

MR. ALDERETE: Well, I guess, what you're telling me then, that in order to satisfy not all the Council, but just that majority of the Council that you would bring people over here that would speak in favor of the project. But, you would not want to bring both sides of the story to the entire Council, so we can put the whole thing to rest, that's what I understand.

MR. SPRUCE: Well, I believe that we're bringing you a full, complete report. I think we're acknowledging that there have been problems, and I think we're telling you what we're doing about them. The people that you see here on TV, and those that have left the project, for whatever reason, in our opinion, are not responsible people. They are not people who have to make the project work. They're not people who have to certify that it is safe and ready to run, and I think we would bring you, and have brought you, a fair and objective report about the project.

MR. ALDERETE: Jack, I don't understand one thing. How can we say that they are not responsible if the Nuclear Regulatory Commission, and now yourselves, are agreeing that there were voids in the wall and there was a problem in the pour. I mean, then they . . .

MR. SPRUCE: We never denied that there were problems with the void.

MR. ALDERETE: Well, I assume that's what they were trying to report to us and people were trying to shut them up, but in the final end, they were right. And yet, now, we're saying that they weren't responsible. I don't understand that. I'm sorry, maybe I misunderstood you.

272

MR. SPRUCE: I don't believe anybody, any of the project participants or managers, ever denied that there, in fact, they were the ones who were looking for possible flaws; that's part of their job of inspection. There was certainly no intent to disregard them, or cover them up, or ignore them.

MR. ALDERETE: I understood from Mr. Poston, earlier, Jack, that the reworking of these voids, and any of the fills or pours, of whatever you want to call them, the customers would not pay for. What kind of assurance do we have on that?

MR. SPRUCE: I believe what Mr. Poston said, was that the owners of the project did not intend to permit the contractor to be compensated for things to which they were not entitled to. That's going to be another long, lengthy process.

MR. ALDERETE: In other words, your words mean that we do not intend to pay for the mistakes that the contractor made; but you're not saying we will not pay for those mistakes. You're just saying we do not intend to pay for those mistakes.

MR. SPRUCE: I think that would be a fair statement. We could end up in litigation and it would be determined by a court, or whoever the determining authority would be.

MR. ALDERETE: If those voids were of a serious nature, that they literally had to be torn out or that pour made completely down, we might have to suffer the entire cost of repouring and relaying that concrete, in order to protect our investment, quite obviously.

MR. SPRUCE: I think it's highly improbable.

MR. ALDERETE: You think it's highly improbable?

MR. SPRUCE: I think so, yes.

MR. ALDERETE: Was it highly improbably when Oscar Wyatt ripped off the City?

MAYOR COCKRELL: The Chair will ask that the questions be directed to the issue at hand.

MR. ALDERETE: Well, it's all energy related, Madam Mayor.

MAYOR COCKRELL: Well, obviously Oscar Wyatt is not part of this project.

MR. ALDERETE: Okay, let me refer it this way. We took Westinghouse to litigation, why did we take Westinghouse to litigation. I didn't quite catch that all.

MR. SPRUCE: Westinghouse originally made contracts with a number of utilities, to build power plants and supply fuel.

MR. ALDERETE: Nuclear fuel.

MR. SPRUCE: Yes. They did that based on their assessment, that they would be able to acquire fuel at certain price levels in the market. As time went by, they saw they were not going to be able to supply those quantities of fuel at those prices they had given to the plant owners. Therefore, they attempted to say that their contract was not viable and was going to wreck the Westinghouse Company, and they couldn't perform. And they sought some out on that score. And those owners of projects who had such contracts with Westinghouse, took them into court and said, "you have a valid contract here," you are required to do this, you said you're going to do that, we're not going to let you off the hook, and eventually I guess there were some 30-40, I don't know how many companies, but eventually there were settlements that were derived, of which the South Texas Project was one.

MR. ALDERETE: The settlement I understand, is obviously not the same as the original contract that was signed by Westinghouse. With the exception of the first year's fuel, I thought I understood that was going to be at the same price that the contractor---

MR. SPRUCE: Well, there were other compensating benefits, other than just the fuel itself. If Westinghouse didn't have the fuel, they did put other things in there to make up for it.

MR. ALDERETE: I guess what I'm driving at is this. Is that even though we had a contract with them, and that was even before the plant was even working, or before they had even supplied fuel to us, there was already a violation, or a breaching-not violation, a breaching of that contract between Westinghouse and ourselves. And, what is to say, I thought we had, you know, a legitimate airtight contract. What is to say that that cannot again, to us in the future, with either Chevron, or Westinghouse, again. What if they say, "well, this additional 2.7 million pounds, at cost, is gonna break Westinghouse again, and we're not going to do it," and then we go for another settlement, and it may not be twelve dollars a pound, or something like that.

MR. SPRUCE: Well, Westinghouse was betting on their ability to be able to go out and acquire this lignite at a certain price. When they found that the market had got away from them, they hadn't tied down the reserves, that's when they came in with their attempt to withdraw from that obligation. The uranium reserves that are involved in the settlement, are reserves that are known reserves. They are reserves that have been probed and have been cored and analyzed and sort of like measuring coal in the ground, there's a--

MR. ALDERETE: But that's what they did with Coastal States, too. They measured the natural gas---

MR. SPRUCE: No, measuring of gas in the ground is not as exact a science as measuring coal, because it's not a solid matter. You can get, in our opinion, a quite accurate assessment of the volume of coal in the ground, or a solid substance, such as uranium oxide, whereas natural gas is much more elusive. Now, we think other things happened to the natural gas, but any gas expert will tell you that when you first go into a field, and try to assess the total productivity of that field--more of those have been overestimated than underestimated.

MR. ALDERETE: Are any of the allegations, with reference to those voids or those problems in pouring, I heard mentioned, I don't know by what staff person, or CPS be, that these were old allegations. Are we now saying that none of --any new pours or any new future pours will not have any voids in them--or not any problems in them? What I'm trying to drive at is that, you know, are those old allegations or are those allegations that could be revived again, in the future?

MR. SPRUCE: When voids were discovered, they immediately set out to determine a way to locate other voids and to design and implement a proper corrective fix on those. Since that time, there have been other voids discovered in some of the other buildings and some of the other structures.

MR. ALDERETE: What was the latest void discovered? What date?

MR. SPRUCE: Well, we had a problem in the emergency power house, which is classified as a Class One structure by the NRC, although it's not part of the containment, and there was something about the concrete pour that was unsatisfactory to the NRC, I think this was in December. They instructed the contractor to discontinue pouring on Class One structure.

271

MR. ALDERETE: So, in other words, its not a very old allegation. It was just about a month ago.

MR. SPRUCE: I thought we were talking about the voids in the containment vessel--but anyway, Houston and Houston Lighting and Power got their inspectors together with the Brown & Root people, and they set out what they think is a foolproof a procedure as can be designed for insuring proper integrity in concrete pouring. Maybe it should have been done a long time ago. There's lots of problems with moving concrete--the large distances that it has to be moved and poured into containment. The concrete has to be poured at a certain slump--consistency--if you get it too soft it won't be strong. The steel mesh in that thing is just a maze of intertwined heavy bars. It's very difficult to get concrete with a low slump, which is the high strength concrete, into all the interstices between all those steel bars. It's a tough pour. It's gotta be pumped with a concrete pump, up through a long hose, once you get up off the ground, or else lift it up with a bucket, and you're not supposed to drop it too far, you know. All those factors have to be observed in placing that concrete, so it's a hard job to begin with. The other side of the coin is, that any nuclear plant is built with the safety factors compounded on safety factors. The Russians built, I don't know how many power plants, that didn't even have containments on them. They just had the reactor building, and they don't have the containment. It's an additional safety feature that the U. S. puts on their plants to protect the public, and maybe it doesn't have to be four feet thick. We certainly don't want to walk away from it, without a building that has a high integrity, but minor flaws, in our opinion, I'm talking about, you know, little holes that you're never going to be able to find and fix. They've got to exist in any kind of concrete structure, just not physically possible or practical to pour something--except in a small laboratory type sample that's not going to have a minor imperfection in it. It's just the nature of the construction.

MR. ALDERETE: Some of these are-forty-seven feet wide---

MR. SPRUCE: I'm not familiar with that. Mr. Poston or Mr. Hart can address that.

MR. ALDERETE: I just saw the papers--the engineering reports from South Texas Nuclear Project. It was their own reports, and it showed the voids. They were forty-seven feet wide, some of them went almost to the entire wall. It's not exactly a little--

MR. SPRUCE: I agree with that. That would be--I would agree that was a substantial flaw, and that it would easily be detected and should be and certainly should be repaired.

MR. ALDERETE: Let me ask you something. When the Touche-Ross report, Jack, was given to us, there was a figure there, and I don't recall clearly at what point financially, or by investment the South Texas Nuclear Project would not be a wothwhile investment. Do you recall what that figure---

MR. SPRUCE: I don't recall what the figure is, I think that's a moving target also, because if you decide not to stay with this project, you have to decide what you're going to do instead of it. You know, the fact that we've got a lot of reserve, doesn't mean that we're gonna have a lot of gas, and if we have a lot of gas it's going to be sky high. So, compared to anything else that we could get out of, that we could get into now, if we got out of this, up until now this is still a superior deal, according to our assessment. We'd be glad to demonstrate that to you at any given time, based on---

MR. ALDERETE: So, in other words, what you're telling me, if I understand this ocrrectly, we could argue that this plant could be financially feasible because it's a moving figure, you say.

MR. SPRUCE: Well, no, if everything else stood still, and this was skyrocketing, there would certainly be a cross over, but everything else is gonna go up too. If you want to know what some of those comparative numbers are, I'm sure some of our staff people are prepared to, in fact, I think they have some charts on that that we'd be glad to get to you.

MR. ALDERETE: Thank you, Jack, I think your staff has been very informative, and I don't personally disagree with you, I just disagree on the issue at hand. I think this thing is a very expensive project for the City of San Antonio. I think one, that we're going to find out in the

final end, is far more expensive, and we should have made another decision. I know you've put a lot of effort into it. I know Mr. Poston certainly has, and all the other staff members, but I'm just of a different feeling that this project, economically, is not a viable project, especially since, you know, I think Mr. Van Rosenberg, pointed out, by 1990 we're supposed to stop using gas and fuel oil. You know, the very people that own the gas and the fuel oil are the very people that own the uranium and the coal. And you know, all they said is that, hey, we want to keep selling you this stuff here, slowly but surely, but we want you to start buying this stuff we've got over here on our other hand. And, I can see what the oil and gas lobby are doing to us. And they're doing it to us very effectively. Unfortunately the intestinal fortitude to fight these special interest groups seems to be overwhelmed by apathy, and it's a very sad situation.

You know, if what Councilman Eureste said is correct about the capital cost of the bulding alone will double the utility bill, I'll guarantee there gonna be a lot of people burning candles in their homes. Because, I sure as heck, and I think quite a few other people, can't stand doubling of the utility bills. And that's a very strong concern that I have. Let me tell you, the older generation, the senior citizen groups are growing in numbers, and those people are on fixed incomes, and those fixed incomes are getting more and more difficult to live with. Not just because of utility bills. I'm talking about food, and gas, and every other cost that associated with that. And those people don't have any sort of hedge against inflation. And its relatively easy for us to pass on the cost to the consumer, but when those senior citizens start growing in sufficient numbers that their voice is going to be heart at City Hall, thats when the buck is gonna stop right here. And I agree, that this thing needs to go up for a public referendum vote. I think the City of San Antonio needs to vote on it. I will be one of the first to sign the petition to bring this up for a vote before the public, because I think it's too large of a decision for eleven people to take in their hands and just toss around rather easily. We're talking about, you know, the investment of billions of dollars on the part of three cities, and over a billion dollars on the part of this one City. It's just too much to ask of the consumer. I don't think--I think we have a pretty wise group here, in some cases, but sometimes maybe 200-850 thousand heads might be better than eleven heads. If they're willing to go with it, then I'm willing to go with it, but I think the people need to vote on it, and speak to this very important issue. Jack, thank you for your time.

MR. SPRUCE: I'd just like to say, CPS has several hundred retired employees, they're on fixed income also. They don't have any escalators. From time to time we do hear from them, and they know enough about the workings of our outfit and our processes, that they do have confidence in what we're doing. I don't have an answer to the problem of people on fixed income. I have relatives who are in that boat as well as many friends, but we still say that you've got to have something out there if you're not going to be able to burn gas and you're not going to be able to burn oil, there's gotta be something and I can't sit here--- stand here and tell you that costs are not going to go up. We're trying to get something that will go up less than any other thing.

MR. ALDERETE: You're right. You've got a job to do. You've got to provide electrical generation for this City, and I commend you for that because I think you've done, you know, a good job and you're trying to do the best with what's available, but I guess what I'm trying to tell is my other ten colleagues on this Council, that it's time we started yelling hard enough and loud enough to say that these cost are becoming a burden, not only to you and CPSB but to this community as a whole and somebody has got to start fighting for that person that can no longer afford that high utility cost, and that total high cost of living in this country. And that's what--I guess that's what I'm saying, Jack.

MAYOR COCKRELL: Mr. Spruce, if the City abandoned its share of the nuclear plant, is it your idea that utility bills will go down in the future?

MR. SPRUCE: It's my opinion, that if we get out of the nuclear plant even if we don't build any other plants, that the bills will go up.

MAYOR COCKRELL: That's what I thought. Thank you.

MR. STEEN: Thank you, Madam Mayor. Jack, you can take this opportunity to sit down and rest for a few minutes, if you want to. I'm just going

to make a statement here at this time. No questions. You might have to stand up some time later on, so it would be a good time to kind of relax.

It just seems to me that in the next twenty to twenty-five years nuclear energy is really and truly the only hope, the only salvation that this country has of feeding its power needs. I think this is especially true of this particular City. There's no doubt in my mind about the fact that this type of energy does have thus far, a proven safety record. And in saying this, I'm not saying that we should relax any of our safety requirements. In fact, if we can make this type of energy even more safe than it already is, perhaps we should add to these safety requirements. However, I believe that nuclear energy is definitely more economical, it is definitely less polluting, it is most assuredly a very dependable source of power which in my way of thinking is certainly, from day to day, reducing our dependence on the OPEC nations. And I don't know of a fatality yet, in this world that has come about in the development of nuclear energy. If there is one, someone ought to tell me about it. Sound planning by the CPS officials and its Board is the reason, in my opinion, that the City should be in good shape in providing for its present and future energy needs. Because of the above, we will have ample energy supplies, I think, which automatically places us in a very competitive position when it means attracting new industry and new business to this City. And this, in turn, will mean more and better jobs and a better standard of living for our citizens. It is for these reasons, and many others, that I will vote today, and will continue to vote for the revenue improvement bonds for this project. Thank you.

MAYOR COCKRELL: Thank you. Mrs. Dutmer.

COUNCILWOMAN HELEN DUTMER: Yes. I would like to ask a question publicly, so that I can get a public answer. Does this bond issue include any monies for the building of CPSB building--moving it from Central City over to the periphery of the City? Or is it simply a bond issue--we, authorizing you to sell 75 million dollars in bonds, and you use it for whatever you want it for.

MR. SPRUCE: The latter answer is correct. This bond issue is for capital improvements. It would be put into the fund that supports capital improvements. There is a modest amount of money compared with the total cost of a building in CPS Budget for this year. I think two million dollars for land acquisition and architect fees. Those would be capital items, but there is no specific allocation of funds in this bond issue for that building. The bond money can only be used for capital improvements--transmission lines, nuclear power plant. It would not be fair to say that when you put in all in the pot, and we spend some money toward getting the new building, that some of the bond money--it's just all put into the capital fund. And it is not excluded from being used for that but any plans for a building during this next fiscal year would only require a very small amount of our capital budget. I hope I answered your question.

MRS. DUTMER: Well, I'd just like to again, point blank ask, if the vote were defeated today, would that set the building back over there, or would there be another source of funds for that building?

MR. SPRUCE: If the bonds were not passed, the principal impact would be on our construction program. I don't think it would have any bearing on the building per se. We would just have to go back and re-assess our priorities, and determine what we would do. The building is not a big item in our construction program. The big item is, of course, the nuclear plant and the facilities to bring power to San Antonio.

MRS. DUTMER: Well, yes, but it's kind of a big item apparently with the Board that governs your business, and, of course, I'm very unalterably opposed to moving the building from the heart of the City over to the periphery, and I think that this is one of the big issues that's going to come out.

I am not afraid of the nuclear power plant. It's dangerous to get up in the morning. The only place we have complete safety is by not being born at all. I also recognize that one singular or even two sources of energy alone, the prices are naturally going to escalate. They have a dead right out cinch. You don't have any other alternative. So, I think we should pursue every avenue of energy including solar, hydro, or any other thing that's a possibility to give us more electricity and then,

and only then, will you see competition bring the prices down, if anything will.

It is with a very heavy heart that I am going to say yes, because I see what a very bad situation we are in if we do not go forward, but it would be my ultimate hope that this money is not used to leave a hole in the Central City that we have worked so hard to try and build up. It isn't the building, itself. You can build a building right there where you are or right into the heart of the City, but the building should be where it is available to all people, with every bus system without having to transfer, and that's what you have, now. I think also that if they build it, the rates are going to have to go up, twice as much, because it's quite a big undertaking, and I really feel very strongly about this building and the situation.

As far as the oil and gas prices, when I see the citizens of this nation, of the City, indeed, quit yelling about gas and oil prices, and give up their creature comfort and do something about it, be a part of the solution rather than a part of the problem. Then I will pay attention to all the voices I hear crying in the wilderness about how the oil barons are taking away the money from the people. We could progress backward, burn wood, and have a single bulb or even candles. But I can well remember my family, having fits about the price of coal oil to burn the lamps, and I readily admit to my age and I don't regret it because I have some memories of it. I know what it was and what it can get back to. So, as much as it hurts me, I'm going to vote "Yes," but if I see one hole in the ground with this money, the next one is "No.", and that's it.

MR. SPRUCE: If I might make a comment, if Councilwoman Dutmer would care to convey her concerns to the trustees, I'm sure that they will consider them. I would like just for the Council's information at some time, to offer, if the staff could come over and show you what the problems are with our present building, this is why we feel we need to expand our facilities, this.....

MRS. DUTMER: This I realize, but it hasn't been too many years ago, Mr. Spruce, you were not the Manager then, when I remember the same plea before this Council for money because they needed to build these outlined places to spread the CPSB closer to their personnel.

MR. SPRUCE: Now, I would like to talk to that. We would not want to confuse those with our construction service centers because we are not consolidating those. Those are work forces that are out. We have three major construction centers, really four, counting the one on Mission Road, Zarzamora, and St. Hedwig Road and Loop 410 North.

MRS. DUTMER: I know where they are.

MR. SPRUCE: Those are fully manned, and they will continue to be. We're talking about the administrative support forces, the accounting systems, personnel, purchasing and so forth. The traditional general office complement. We have had to rent space for example, in the Tower Life Building and we've got some people farmed out at our Jones Avenue Central Energy Center that would be brought back into a general office building.

MAYOR COCKRELL: May I make a suggestion? I think you did offer to bring the plans over, and I think Mrs. Dutmer has certainly indicated interest, perhaps other Council members would also like to see those.

MRS. DUTMER: I know you are bulging at the seams, so are we here. We've been bulging for years and citizenry hasn't seen fit that we should expand and I don't think that if you took it to the citizenry that they would see fit that you expand either right now, with the present economy, I don't care later on.

MAYOR COCKRELL: Mr. Eureste.

MR. EURESTE: How many more millions of dollars of bonds are you going to sell this year?

MR. SPRUCE: It would be additional issue of \$85 million according to our present projection.

MR. EURESTE: That's between now and the last of December of 1980.

MR. SPRUCE: Yes, sir, it would be before the last of December. Actually,

our fiscal year begins in February, but we would contemplate the other issue, being sometime in the fall, probably the early fall.

MR. EURESTE: September, October.

MR. SPRUCE: Probably six or seven months from now.

MR. EURESTE: \$85 million. So, this year, you would sell \$160 million.

MR. SPRUCE: Yes, sir, that's what our budget includes.

MR. EURESTE: How about next year?

MR. SPRUCE: One moment, please sir. May Mr. Freeman answer that, sir?

MR. EURESTE: Sure.

MR. HOWARD FREEMAN: Currently, our forecast indicated a need for \$160 million this year, \$155 next year, approximately \$150 the following year.

MR. EURESTE: And the year after that?

MR. FREEMAN: About 100.

MR. EURESTE: 100.

MR. FREEMAN: Yes.

MR. EURESTE: Okay, and that would take care of the remaining costs.

MR. FREEMAN: This would get us into the period where the South Texas Project would be completed, but it would also be looking at whatever needs to be coming in, in the meantime. The initial cost on a lignite plant or whatever else our generating source will be.

MR. EURESTE: So, we have \$315 and \$150, that \$465 million dollars between now and the end of 1982. I didn't count the \$100 million.

MR. SPRUCE: It would be forty-one five.

MR. FREEMAN: That's 1982, our fiscal year which ends 1983.

MR. EURESTE: Which would be, how much did you say?

MR. SPRUCE: \$465 million.

MR. EURESTE: Of that \$465, is most of the going to the Nuclear Project?

MR. FREEMAN: The major portion would be, yes.

MR. EURESTE: So, we have maybe a remaining, maybe an additional four hundred and something odd million dollars that will be going into the nuclear project.

MR. FREEMAN: Well, I don't know off hand what the amount for the nuclear project is for each one of those years, but the major portion of 465 will be because that is our major project underway.

MR. EURESTE: That is assuming again that the project does not increase in price, because if it increases in price according to my doomsday scenario, we could add another seven hundred million dollars to that, so we could be talking about, between now and that time period, floating an additional 1.1 there about billion dollars of bonds. If the history of the project.....

MR. FREEMAN: If the scenario that you played out, were to come about, which, of course, we disagree with, it would require more bonds.

MR. EURESTE: Let me ask you, what does \$100 million dollars bond issue, represent in terms of a rate structure that pays off that bond? This \$75 million dollars, what does it represent, is it paid off of the electricity rate?

MR. FREEMAN: Well, actually, it is paid off of both, it's both gas and electric, the major portion of it is, of course, will fall with the electric customers because the major portion of the expenditure goes to the electric system.

MR. EURESTE: The nuclear plant will produce electricity, right?

MR. FREEMAN: Yes.

MR. EURESTE: Well, wouldn't you charge it off to the electricity?

MR. FREEMAN: I say that the major portion of it would, however, of the 75 million dollars there are other projects that these bond funds get spent for. They get spent for the gas mains, the gas meters, regulator stations, as well as electric meters, transmission lines, all of the rest of the projects, bear some portion of it. The major portion of the debt service obviously falls to the electric system because it is the major user of the bonds.

MR. EURESTE: All right, \$75 million, I would say that I don't think that you are going to dedicate five million of this \$75 million to something other than the STNP. Is that correct?

MR. FREEMAN: No, in the current year's budget, our current year's budget is \$212 million for capital expenditures, about \$146 million of that is for the STNP, so you can see what the ratio is, I believe it is about 68%.

MR. EURESTE: Okay, what is \$75 million, how does that get reflected in the rate structure? Would that be something like let's say, 2% increase, or 2% of the rate structure?

MR. FREEMAN: The debt service requirements, we've estimated on the \$75 million, would require about 5 million dollars annual debt service, roughly, maybe 6.

MR. EURESTE: Five or six.

MR. FREEMAN: Six. And the last annual rate increase, which we had which was approximately 6 percent yielded something over \$20 million, I think in revenues, so that in order to yield \$5 million in revenues.....

MR. EURESTE: We could be saving 1.75%.

MR. FREEMAN: Yes, somewhere in the neighborhood of 1%.

MR. EURESTE: 1.75%, which is closer to two.. and if you are coming back to us for another 85, is that correct?

MR. FREEMAN: Yes, that's correct.

MR. EURESTE: We could be talking there about a 2 percent, which puts this at about close to 4% increase, that is going to be required somewhere down the road, just because we're having to pay for this, right?

MR. FREEMAN: That's correct, it all has to be paid back. The only source of funds is from our revenues.

MR. EURESTE: Are you coming back to us this year for a rate increase?

MR. FREEMAN: Yes, we probably will be back in the summer asking for a change in rates of about 2½%.

MR. EURESTE: And according to that schedule, you will be coming back to us every year.

MR. FREEMAN: Yes, if you'll recall last year, our Board instructed the staff to pursue smaller annual rate increases instead of waiting several years and asking for a 6 or so percent rate increase.

MR. EURESTE: I've got a real good analogy for that one. It's like going to the barber shop and asking him to take the razor blade and shave you bald or to pluck out one hair at a time, eventually, you will wind up bald.

MR. FREEMAN: I think the basic thing here is that in order to finance the construction, whether it be nuclear or anything else, the amount of money that is being spent is being financed over the long term, it will be paid back. We're renting the money, it will be paid back over the, approximately 20 year period that the facility is being used. And that is most equitable to our customers, and this is the only way that we can finance it.

MR. EURESTE: All right, let me ask you, if your schedule for rate increases looks at what about a 2% rate increase per year?

MR. FREEMAN: Yes, I believe that's correct.

MR. EURESTE: For a ten period, ten year period, more or less?

MR. FREEMAN: Yes, we have bond issues and rate increases that we have projected over the long run. We look, of course, for some stabilization of the rates, despite rate increases by being able to lower your fuel cost component through the nuclear power plant.

MR. EURESTE: But that does mean in simple terms, an increase in the utility bill, right? I mean, that is what people understand, people don't understand the other fancy words, or what did you say.

MR. FREEMAN: I think, if I may use an analogy here, in the case of the coal plant, obviously there is a savings to our customers, when we can burn coal as opposed to natural gas, because the fuel cost is lower, and their bill goes down. During the 2½ years or so, that we have been burning coal, the savings to our customers, the lower price of fuel has been reflected in the customer bills, has been in the neighborhood of \$100 million. The original price of the coal plant was \$250 million, so, with that kind of a return, even though, we had also to raise rates, in order to finance the money that was used to build a coal plant, there is a return to our customers in the lower fuel cost, and even today, despite the higher cost of the transportation it is still considerably lower cost to our customers to use coal rather than gas.

MR. EURESTE: But people are still paying more.

MR. FREEMAN: They are paying more, for the last two or three years, the cost per unit that they have been using of electricity has not varied, since the coal unit has come on, the price has been stabilized. The main change in the cost per unit of electricity increase between 1972 and 1977, 78.

MR. EURESTE: Now, I know why the CPSB consumer is confused. The end product is that it costs more. The end product is that each year you come back to us for a 2% increase, that's what it means. The end product is that the 2% increase is needed just to pay off the debt that we are incurring. It does not deal with other factors that are impacting the production of energy. It does not deal with the possible rate increases for freight, the possible coal, the possible increases in the cost of coal. It does not deal with all of that. It deals with this project right here, that is got you in a situation that you don't have the cash flows to incur more debt. So, you are having to incur more debt, through coming back to us and asking for a rate increase. You are going to continue to do it, and the very scenario that I have talked about that your utility bill will double, is happening right now, and we are headed in that direction. So, even it comes to us in 2% increments, or half of a percent, its going to get there, sooner or later, we're going to be bald.

MR. FREEMAN: There are obviously things that increase your bill. There are some things which we have no control over. The price of gas, for example, has increased your gas bill much more dramatically than the cost of electricity has been increased because we have been able to lower the fuel cost by using coal rather than gas or oil.

MR. EURESTE: Thank you very much. Do we have those graphs of the voids? I didn't get to see it this afternoon. I just wanted to see what one of those things looks like.

MR. LANNY SINKIN: What you see is shaded in, are current voids, this is a wall section of reactor containment building No. 1 and any place you see one of these empty circles are suspected voids and any place that you see it actually filled in, that is a void that they verified by drilling. The suspected voids are identified by sounding. Let's see if I can find the one that is fairly.....

MR. ALDERETE: Lanny, why don't you tell them how wide these things actually are?

MR. SINKIN: Well, you have a square, measure here one lined to another by two feet, so that you can get a rough idea, this is one is 12 feet wide and ranges up to 9 inches deep. These two small voids here are 46 inches deep which is essentially all the way to the wall, the wall is 48 inches

thick....(inaudible)...

This is the equipment hatch in the nuclear power plant that runs over two maps, when they are together, you can see the dark void at the top. That void is 47 feet long, it has a range in depth from approximately three inches to nineteen inches. Your width varies from about a foot to about 60, your height, up and down, you're looking at the wall from the inside of the containment building, and I might point out, that, Mr. Alderete, in reaction to your remarks earlier, on the construction workers reporting the voids. The voids in Lift 8 of this plant were reported by an inspector named Cyrus Shaw on May 2, 1978. We have the report. He wrote it on the back of a pour card when he was inspecting. The official investigation of voids in Lift 8 began one year later, almost to the day, May 1, 1979, when the client requested that the contractor evaluate voids in Lift 8. It is still not clear to us why an inspector was.....

MAYOR COCKRELL: Excuse me, there are too many people standing up around... thank you, Ma'm.

MR. SINKIN: Mrs. Buchorn is really being of assistance. I think you can get an idea of a void from those maps. What I'm talking about is this document here. It is a concrete pour card where the inspector signs off. What we suspect is that Mr. Shaw tried to report these voids and was unsuccessful. So, in order to be at least on the record, on the back of this page, he wrote, "Voids observed at construction joints on each side of personnel air-lock (that is what you are looking at there) sides and extent of voids are to be determined." The first attempt at determination (that's dated), May 2, 1978, the first attempt at determination is the last page which was attached to this packet on May 1, 1979, and it reads that "as a result of the sounding taken on the liner in the vicinity of Lift 8 of Unit One, reactor containment building, the client has requested that an engineering evaluation of the potential voids be performed."

MR. EURESTE: Let me ask you another question, Lanny.

MR. SINKIN: Yes.

MR. EURESTE: What is this, right here.

MR. SINKIN: What you have there is what's known as the NCR log, or non-conformance report log. It is a log in which are written or reported errors in construction documentation, or inspection. There are 25 entries per page, there are approximately 133 pages and that book begins at about June of 1978 and comes forward to about a week and a half ago, there are over 3000 entries in the book. I take that back, in the three books combined, there are over 3000 entries.

MR. EURESTE: But each page here has 25 entries.

MR. SINKIN: Twenty-five entries, and it ranges from a simple certification missing on materials delivered to major construction flaws.

MR. EURESTE: These are all problems.

MR. SINKIN: All problems reported and identified, and recorded, and I think that each of those steps have shown a history of not necessarily being 100%

MR. EURESTE: And there are not problems that have possibly been identified yet.

MR. SINKIN: I think that it is quite possible, there are serious problems in this plant that have not gone on any official record. They have come to us, people have called us, won't give us their name. They tell us to go look at this, this happened or that happened. We have numerous unconfirmed reports of serious construction deficiencies at this plant that are not in that log.

MR. EURESTE: Well, the remaining set is it as thick as this;

MR. SINKIN: The remaining books are not as thick as that; they are the earliest logs that were kept. That is really the thickest. The 133 pages, by the way, we did a preliminary evaluation of those, and very sketchy, and our best guess is somewhere between \$100 thousand and \$1 million per page to fully complete correction. That means you have inspected, you have re-engineered, you have re-designed, you've re-constructed. So, you are

looking at probably \$130 million plus or minus worth of re-work. And we don't have any idea how much of that the CPSB considers reimbursable.

MR. EURESTE: Thank you very much, Mr. Sinkin. I'm through, Madam.

MAYOR COCKRELL: All right, Mr. Bob Thompson was called back to the Court by the Judge, and he, of course, would like to be here to vote on the project and will be returning very shortly, and so, if it meets the Council's

MR. SINKIN: Madam Mayor, if I might.

MAYOR COCKRELL: I'm sorry, Mr. Sinkin. I think you have had about 2 hours already.

MR. SINKIN: Well, in fact, if you will remember we had our 7 minutes left.

MAYOR COCKRELL: No sir. I'm sorry the time is through. Thank you. And so, at this point, with the Council's permission, I would like to....

MR. SINKIN: Madam Mayor, I thought we had our 7 minutes left at the end of the hour.

MAYOR COCKRELL: No, sir you did complete your time.

MR. SINKIN: We used 60 minutes, is that what you're saying?

MAYOR COCKRELL: More than that. By the time the Council had questioned you, and had, infact, there has been about 2 hours on one side and probably less than an hour on the other side. So, the Chair is going to rule that the time has expired. And at this time, the Chair would ask that if with the Council's permission, that we hold this item until Mr. Thompson returns or would you prefer to vote now.

MR. CANAVAN: I move the adoption of the Ordinance.

MAYOR COCKRELL: All right, there is a motion and a second, and I think Mr. Thompson can just state his position when he returns. Mr. Eureste.

MR. EURESTE: I move a substitute motion for denial.

MR. WEBB: I'll second that.

MAYOR COCKRELL: All right, there is a motion and a second to substitute a vote for denial. If there is no further discussion, we'll vote first on the motion for denial. Clerk will call the roll.

MR. VAN ARCHER: Absent.

MR. STEEN: No.

MAYOR COCKRELL: No.

DR. CISNEROS: No.

MR. WEBB: Yes.

MRS. DUTMER: No.

MR. WING: No.

MR. EURESTE: Yes.

MR. THOMPSON: Absent

MR. ALDERETE: Yes.

MR. CANAVAN: No.

Clerk: The motion failed on the substitute.

MAYOR COCKRELL: We then come on the original motion, the Clerk will call the roll.

MR. EURESTE: Point of parlimentary procedure.

MAYOR COCKRELL: Yes, Mr. Eureste.

MR. EURESTE: What is the, this measure will not go into effect immediately, right?

MAYOR COCKRELL: No sir, it is a 10-day, if there were (here's Mr. Thompson) if there were as many as, I think 8 votes in favor it becomes an emergency item that takes effect immediately.

MR. EURESTE: When can petitions start to circulate? Do you have to wait ten days or can they start right now?

MAYOR COCKRELL: When, or perhaps the City Attorney, when may legally the opposing groups have the option of starting circulation of petitions?

CITY ATTORNEY JANE MACON: It is my understanding, the petitions can start subsequent to the vote of the Council. I do have the statute before me, and I'll check to see if it needs to be in effect at the time of the petitions going. I'll check right now, yes, Madam.

MAYOR COCKRELL: Could you check it right now and announce it.

MRS. DUTMER: Point of parliamentary procedure. I think that we should fill Mr. Thompson on where we are.

MAYOR COCKRELL: Yes, we are now at the threshold of the vote on the issue of the adoption of the Ordinance on the issuance of the bonds. The Clerk will call the roll.

AYES: Canavan, Steen, Cockrell, Cisneros, Dutmer, Wing, Thompson.

NAYS: Webb, Eureste, Alderete.

ABSENT: Archer.

MAYOR COCKRELL: The motion carried, and may we ask of the City Attorney I don't know if you've had the opportunity to research that one particular point. The vote was seven in favor, three opposed and one absent.

MRS. MACON: Madam Mayor, I need to check three statutes, so if I could report back to the Council in a few moments as to when the petition process can begin.

MAYOR COCKRELL: Fine. Thank you. We'll go then to the next item.

* * * *