

MINUTES OF THE CITY COUNCIL

CITY OF AUSTIN, TEXAS

Special Called Council Meeting

December 12, 1978
7:00 P.M.

Municipal Auditorium
South First and Riverside Drive

The meeting was called to order with Mayor McClellan presiding.

Roll Call:

Present: Mayor McClellan, Mayor Pro Tem Cooke, Councilmembers Snell, Trevino, Mullen, Himmelblau

Absent: Councilmember Goodman

Mayor McClellan stated that this was a Special Called Meeting for the purpose of holding a public hearing to discuss the South Texas Nuclear Project. After a brief introductory statement, she called on City Attorney Jerry Harris to outline the options available with regard to the South Texas Project (STP).

Mr. Harris presented the following options:

1. Voters could be asked in January to authorize issuance of revenue bonds for the purpose of continuing a full 16% interest in the South Texas Nuclear Project. If the voters authorized the bonds, then the Council could proceed with that course of action.

If the bonds were not authorized, the City would still be contractually obligated for a full 16% participation, but would have bond funds designated for STP to make progress payments only through mid-July, 1979. Therefore, prior to that date to avoid default the City would have to do one of the following:

- a) Try again for voter approval for the bonds at another election.
- b) Obtain voter authority to sell, say, one-half of Austin's share of STP.

- c) Obtain voter authority to sell all of Austin's share of STP and make a firm commitment to replace STP with substitute property of equal value. Voters would have to authorize bonds to pay for the substitute property or authorize expenditure of the proceeds from the sale of STP for such purpose.
 - d) Use current revenues or bond proceeds from bonds authorized for general electric system improvements to continue STP progress payments until authority for some other course of action could be obtained.
2. Voters could be asked in January to authorize the City Council to sell, say, one-half of Austin's 16% share in STP. If approved, that sale would have to occur prior to about mid-July, 1979 when STP-designated funds would be exhausted, unless other funds could be found and used to continue progress payments past the July point. If the proposition passed, one option to accomplish the sale would be to amend the participation agreement to reduce Austin's participation and to increase the participation of one or more of the other participants. The amendment would require the concurrence of all other participants. The other option to accomplish the sale would be to follow the current procedures outlined in the STP participation agreement. That process would take at least seven months. Adding seven months to January 20th would place the City at August 20th--which was about a month after project funds would be exhausted.

If the proposition failed, the City would continue to be obligated for a full 16% interest in STP. With progress payments running out in July, the City would have to again obtain voter approval for bonds to continue participation in STP or obtain voter approval to sell all its interest in STP and replace it with property of equal value. However, if funds could be found otherwise, progress payments could be made with those funds.

3. Voters could be asked in January to authorize the City Council to sell all of Austin's 16% interest in STP. If the voters approved that proposition, designated STP funding for Austin's progress payments for that project would be exhausted in April, 1979 instead of mid-July, 1979 because Austin's financial consultants had informed the City that \$20 million in unissued bonds authorized for STP would not be marketable once authority was obtained to sell Austin's full 16% interest. In addition, prior to April, 1979, the City would have to do the following unless other funds were available to continue progress payments past that date:
- a) Conclude a sale of all of Austin's interest in STP by an amendment to the participation agreement or going through the seven-month procedure outlined in the participation agreement currently if funds were available to continue progress payments for that seven-month period. Prior to consummation of the sale, the City Council would have to replace STP with property of equal value by at least making a firm commitment for such property, which would require a vote of

the people for new bonds to purchase the substitute property or a vote of the people to use the proceeds from the STP sale to buy such substitute property of equal value.

- b) If that proposition for authority to sell all of Austin's interest in STP failed, Austin's contractual obligation for a 16% interest would continue and Austin would have enough STP-designated bond funds to continue progress payments until mid-July of 1979. Therefore, prior to that time, voter approval for continued funding would have to be obtained or voter approval to sell about one-half of the project, unless some other funds could be found to continue payments past the July, 1979 deadline. If general system improvement bond proceeds were to be used to cover STP progress payments until such time as the sale of Austin's share of STP could be concluded, voters should be informed of the temporary use prior to the election on the general on the general system improvement bonds.

Mr. Harris stated that one or more of the foregoing options could be placed on the ballot. However, if more than one option passed, then there would not be a clear indication of which way to proceed. Another drawback could be that it might be confusing to the voters. Under the Election Code it was not permissible to tie two or more propositions together in such a way that a voter is forced to choose as to which proposition he or she can vote for. The Election Code required that each voter be allowed to vote For or Against each proposition or question submitted to the voters.

Bruce Todd, Chairman, Electric Utility Commission, stated that last Sunday the Commission by a 6 to 3 vote reach a majority report which would be given by Sam Graham, Vice Chairman of the Commission.

Mr. Graham stated that last Sunday the following motions passed:

1. "Authority for the City Council to sell so much of Austin's sixteen percent (16%) share of the South Texas Nuclear Project as cannot be financed with the \$161,000,000 in bonds previously authorized for said Project."
(Passed 6 to 3)
2. That this Electric Utility Commission recommend to the voters of the City of Austin that they vote for the recommendation to the City Council.
(Passed 5 to 3, with one abstention)
3. Motion to amend the September 20, 1978 recommendation to state that there be three parts to the non-nuclear construction question. One be as presently stated in the Fayette Power Plant, coal, and transmission. The second be other system improvements not including nuclear fuel, and the third be the amount of money required to pay for nuclear fuel for the amount up to the amount

we would need for \$161 million we would need for the plant. The money amount to be specified and voted on as a line item by the voters.

(Passed 6 to 3)

The Commission voted 3 to 6 against asking for authorization for the City Council to sell all of Austin's interest in STP. It also voted 3 to 6 against asking for authority to issue bonds to fully participate in STP.

Both the City Attorney and Utility Consultant, Don Butler, had pointed out that there might be difficulty in arranging a sale of STP if an exact percentage of interest were not placed on the ballot and the Council were not authorized to sell an exact percentage. The Commission rejected that contention and felt that a potential buyer would understand that the percentage of interest would be on a sliding scale.

Mr. Graham did not feel that the Commission's position was a compromise position, but that it was the most proper, prudent and wisest position for the City to take at this time. He listed the following advantages:

1. Necessary bonding authority (\$161,000,000) already existed.
2. City was in a position to negotiate.
3. Available electricity to supply probable needs in the late 80's.
4. Available fuel mix.
5. Access to nuclear project if other systems of generation have an emergency.
6. Allows time to look at a possible sale in a concrete fashion.

Mr. Graham said that it was totally incorrect to say that a vote against was a vote for full participation or that a vote against was a vote for total selling. Whatever proposition was submitted to the voters would still cause another election. He pointed out that the real issue was the financial integrity of the City of Austin.

Peck Young, another member of the Electric Utility Commission, presented the minority report of the Commission. The minority recommended that the Council put on the January 20th ballot authorization for the City Council to sell all of Austin's interest in the South Texas Nuclear Project and use the proceeds for general system improvements.

Dr. Larry Deuser, a member of the Electric Utility Commission, stated that his position was not one of compromise either. He pointed out that reducing the City's participation in STP by about one-half would not result in a great economic loss for the City over a 15-year period, but it would buy time. He felt that there was an advantage to having a fixed-dollar rather than a percentage interest in STP.

Dr. Deuser stated that last Sunday an important vote was taken by the Commission regarding electric system expenses to be placed on the January 20th ballot. The Commission had voted to recommend to the Council that three propositions be placed on the ballot. Those propositions were:

1. Fayette Project, to include fuel requirements and transmission lines.
2. Initial fuel stockpile for the reactor and transmission lines for STP.
3. Other system needs.

In conclusion, Dr. Deuser stated that a comprehensive look at the City's future electrical supply and demand was critical. Austin could avoid the mistakes of a precipitous withdrawal from STP by remaining in at the fixed amount of \$161 million, while also avoiding paying for continual overruns to protect a possible unneeded quantity generation.

MS. SHUDDE FATH, another Electric Utility Commission, introduced her daughter, Betsy Fath, who sang a song expressing opposition to STP.

Ms. Fath then asked the Council to give the voters a chance to vote For or Against selling all of Austin's 16% interest in STP. She suggested that the City sell its interest in STP to Houston Lighting and Power Company and cited the following reasons:

1. HL&P had talked about resuming its Allen's Creek nuclear plant at an estimated cost of \$1100/kwh instead of the current \$800/kwh for STP.
2. HL&P lost a potential estimated 750 megawatts of capacity when Dow Chemical pulled out of a proposed partnership for a 1,500-megawatt lignite plant in Freestone County after HL&P had already bought the turbines and generators to burn Dow-owned lignite.
3. HL&P will pay Austin \$8 million in 1980 and \$8 million in 1981 for 500 megawatts for standby capacity, and should now be a good candidate for a 1982 deal since the STP startup delay.
4. HL&P's long-term contract with Exxon for natural gas was believed to terminate in 1980.

NEAL KOCUREK, another Electric Utility Commission member, stated that he strongly supported remaining in STP at a full 16% interest. However, he recognized certain problems and would support a modified approach to energy diversity for Austin which a majority of the Commission had endorsed.

ROGER DUNCAN, representing Austin Citizens for Economical Energy, stated that the option recommended by the Electric Utility Commission did not avoid the legal and financial problems of default. He predicted that there would be further massive cost overruns on STP and that if Austin left \$161 million in the project there would be no energy received in return for it. He also predicted that STP would never produce cheap energy and might never operate due to citizen's concerns. Finally, he predicted that opponets of STP would eventually be vindicated in their struggle.

THOMAS PARKER spoke in favor of alternative sources of energy, such as solar, wind or tides.

BILL HART, a local businessman, supported a full 16% interest in STP and felt that in the future nuclear power would be the most cost effective source of energy.

PATRICK GREEN, representing the Texas Mobilization for Survival, spoke in opposition to STP and in favor of alternative sources of energy.

FRANK SHANE spoke in opposition to STP and felt that it was not needed by Austin.

DRU THOMSON, speaking for Texas Mobilization for Survival, asked the Council to consider social, moral and public safety factors of nuclear energy. She supported putting on the ballot the option to get out of STP entirely.

PHIL DUDLEY, Executive Director, Austin Apartment Association, asked the Council to withstand emotional and political appeals and retain Austin's 16% interest in STP.

An unidentified man, speaking for the Nuclear Energy Dragon, commented on the South Texas Project.

JUDGE HARLEY CLARK commented on the matter of "property of equal value" if Austin sold its share of STP and felt that it was not necessary to purchase another generating plant with the proceeds.

T. PAUL ROBINS, Texas Mobilization for Survival, stated that conservation was a viable alternative to coal and nuclear. He supported solar energy.

MARSHA JELONEK spoke against nuclear power, particularly the safety factor. She asked for a "Yes" or "No" proposition on the ballot to get out of STP entirely.

RICK PILTZ stated that any participation by Austin in STP was a pro-nuclear position. He asked that the voters be given a choice to get out of STP entirely.

GARY GUENTHNER, President, Travis Chapter, Texas Society of Professional Engineers, read the following resolution, which was passed by his Chapter on December 11, 1978:

WHEREAS the registered professional engineer is sworn to protect the public safety and welfare,

WHEREAS fossile fuels are becoming not only in short supply but increasingly subject to the whim of cartels,

WHEREAS it will be against federal law after 1990 to fuel boilers with natural gas (even if it were available),

WHEREAS the toxicity of coal wastes and their ultimate disposal is presently under investigation by the Environmental Protection Agency,

WHEREAS the safety of commercial nuclear power plants has been demonstrated unequivocally by a virtually flawless worldwide operating history, and

WHEREAS to maintain our sixteen percent participation in the South Texas Project will provide the Austin rate-payer the cheapest possible electrical generation,

THEREFORE be it resolved that the Travis Chapter of the Texas Society of Professional Engineers supports Austin's participation in the South Texas Project.

JEFF JONES spoke in opposition to the STP. He asked that the people be allowed to vote to get out of the Project.

DR. GARY WITT stated that the people in his precinct (139) would like to have more than one option on the ballot.

ALFRED WUPPERMAN stated that he was against nuclear power. He said that he had a list of 54 scientists and engineers who were concerned about plutonium poisoning.

MARY ROE, a member of Austin Citizens for Economical Energy, felt that the real question was one of ethics regarding radioactive waste from nuclear power plants.

RAY REECE, representing the Texas Solar Action Coalition, stated that Richard Halpin, Head of the Creative Rapid Learning Center, had asked him to request that the Council not allow City staff to use City time to campaign during the election. Concerning the question of "property of equal value" he said that the \$161 million could pay for the insulation and equipping of 10,000 substandard Austin homes with solar hot water and greenhouse systems. It could make available a \$100 million revolving fund for low-interest loans to consumers and local producers of solar energy systems. From that fund could come \$500,000 to each of 50 local manufacturers to build factories, train personnel and launch operations. Also, from that fund could come \$5,000 for each of 15,000 Austin families wishing to live in solar-powered homes. With the remaining \$41 million the Electric Department could begin research and development toward eventual construction of 30 to 40 neighborhood-scale solar electric generating stations producing up to 100 kilowatts each, enough electricity to supply the needs of 2,000 Austin families. If the investments were spread over a five-year period, by 1985 they could create 5 years of work for 3,381 Austinites. He hoped the Council would put on the ballot the option to get out of STP and spend the \$161 million on property of equal

value as he had outlined.

An unidentified man spoke against nuclear energy and in support of solar energy.

SAMMIE RITTER, member, Texas Mobilization for Survival, asked the Council to place an either/or consideration on the January 20th ballot so that voters could choose.

Three unidentified musicians sang a song to express their opposition to the South Texas Project.

DAVID YOUNG thought that STP was the worst possible solution to the energy problem. He expressed concern over the safety factor in using nuclear power.

HELENA HARDCASTLE felt that it was highly unethical for City Employees to propagandize either for or against STP while working.

WILLIAM GARFIELD, representing the Austin group of the Lone Star Chapter of the Sierra Club, stated that STP was a very undesirable method of supplying energy for Austin. The Sierra Club favored a referendum that would give voters the option of complete withdrawal from STP. He then referred to the proposed Allen's Creek reactor and said that if Austin withdrew its 400 mw share of STP, the size of the Allen's Creek plant could be reduced from 1150 mw to 750 mw. If San Antonio withdrew its 750 mw share of STP, the Allen's Creek reactor would not need to be built.

OSCAR DECKER quoted from the book, "Nuclear Power--the Unviable Option," by John J. Berger. He wondered what would happen if a hurricane hit the STP site.

DAVID SWEET spoke in support of STP. He supported the Electric Utility Commission's report, and cited the following reasons for that support:

1. Energy would run out in the 1980's, with a severe effect on transportation. People in third world countries would be effected since the United States transported food to those countries. If Austin sold out of STP, it would be selling out of the 1980's.
2. Nuclear power plants had been generating electricity for 20 years without a major accident or death reported while each year thousands died in coal fields and oil fields.
3. The Federal government was the major source of cost overruns on STP. New regulations had been imposed on the project since it began and had driven up costs.

He asked the Council to support the Commission's report.

GARY WEED asked the Council to give citizens a choice on the January 20th ballot to stay in for 16% or get out completely.

TODD SAMUSSON, representing the Lone Star Alliance Coalition of Anti-Nuclear Groups, spoke in opposition to STP.

DAN GARFIELD cited some statistics on cost overruns for STP. He asked that a proposition to get out of STP be placed on the ballot.

JOHN INGLE spoke against STP and centralized power distribution. He favored using solar energy.

HENRIETTA TAYLOR favored keeping Austin's 16% interest in STP. She then read a statement by Dr. John J. McKetta which supported nuclear power.

STEVEN HOWLE spoke in opposition to nuclear power in general.

J.A. SMITH cited some statistics to show that nuclear-generated power was cheaper to produce than coal- or oil-produced power. He did not want the City to get out of STP.

CARL DIEHL questioned the reliability of electric utility load forecasts and asked that several alternatives be placed on the January 20th ballot.

PAT CUNEY asked the Council to place a stay in or get out proposition on the ballot.

MARGRET HOFMANN, former Councilmember, said that the situation was practically identical two years ago when the nuclear issue was voted on. On May 13, 1976 she made a motion that the Council instruct the City Manager to find a purchaser for Austin's share of STP, and the motion carried. Two months later the City Manager told the Council that potential buyers had been found and further advised that selling the City's share of STP would not hurt Austin's standing with the bond houses. There was no mention then of the bond covenant which required the City to purchase a generating facility of equal value. On July 22, 1976 the Council called an election for August 14, 1976 with the following wording to be placed on the ballot:

"Shall the City Council of the City of Austin be authorized to sell the entire undivided interest of the City of Austin of the South Texas Nuclear Project for an amount not less than the City's accrued cost including interest?"

That language was recommended by the then acting City Attorney. Ms. Hofmann asked why the present recommended procedure on STP was not the same as two years ago.

Janet Gillis felt that there were alternatives to nuclear energy which were safe and economical and should be considered.

HEINZ AESCHBACH spoke against nuclear power and in support of solar energy.

RON PHILLIPS read a letter written over 120 years ago by Chief Seattle to President Franklin Pierce expressing concern over the white man's desire to buy his land. He then expressed his personal concern over present-day pollution.

ANTOINETTE MACALUSA spoke against nuclear power and nuclear waste.

TOM FAIREY said that about 25 years ago he was involved for 8 years in the design and personal startup of 16 power reactors. He presented himself as an example of nuclear safety and had no concern over such safety. He then stated that Austin's unpaid portion of STP was rather small in terms of today's dollars. Austin needs the power from STP, but conservation should also be supported. Alternative forms of energy were also needed. He asked the Council to give Austin citizens a chance to vote for power.

GLORIA HARRISON spoke in support of Austin's 16% interest in STP.

PETE GARCIA WHITE said that he had just returned from Roswell, New Mexico where the Department of Energy had just held public hearings on their proposed nuclear waste disposal site near Carlsbad, New Mexico. He was opposed to the project.

DOROTHY ROWLAND, President, Austin Chamber of Commerce, said that in 1973 the Energy Study Committee of the Chamber of Commerce recommended with full Board approval that Austin proceed with western coal generation and participation in the South Texas Nuclear Project to obtain a balanced generation capability that was less dependent on natural gas and fuel oil. Twelve of the original 14 members of the Committee were contacted this week and asked if they recommended Austin's continued participation in STP at 16%. Ten members recommended the 16% interest; one recommended 8% with an additional capacitation of an equal amount of lignite generation capability. One member had died and one other member could not be contacted. Ms. Rowland stated that the credibility and expertise of the original committee could not be questioned. The Chamber recommended that Austin continue its participation in STP.

BOB BINDER, who opposed STP, urged the Council place a proposition on the ballot to stay in for 16% or get out of STP.

DAVID WEIR asked the Council to investigate the possibility of corrosion embrittlement in the pipes being used for cooling at the South Texas Project.

DANIEL ROTH asked the Council to give citizens a chance to vote one way or the other on STP.

KATE VANDERMORE encouraged the Council to develop strategies which would last in terms of energy needs. She also asked that the people be given a chance to say whether or not they wanted nuclear power.

KEITH YOUNG stated that he had been working on the environment since 1965. He saw no serious danger from uranium in Texas or in nuclear power

plants. He supported participation in STP and cited continuing cost increases for coal.

JEFF SHELDON spoke in opposition to nuclear power.

BOB HUNTER, Vice-Chairman, Central Texas Section, Institute of Electrical and Electronics Engineers, and President, Austin Chapter, Americans for Energy Independence, did not think that a "get out completely" option should appear on the ballot because no practical alternatives to STP existed presently. He proposed the following language to appear on the ballot:

"The City of Austin should approve the sale of bonds and other customary methods of financing to maintain its contractually obligated 16% share of the South Texas Nuclear Project. It is understood that a prevailing No vote would commit Austin to retain as much of the South Texas Nuclear Project as its presently committed \$161 million will finance."

MR. HUNTER pointed out that the environmental damage connected with energy was not limited to its production, and the focus should be on that area as well as production.

ROBIN SUNFLOWER from Eugene, Oregon, spoke against nuclear power.

MARJORIE ADAMS suggested that the City not get involved in nuclear power.

SUE WHITE expressed concern over the problem of human error in the STP. She hoped that in the next four weeks the Council and citizens would re-educate themselves and she asked for the chance to vote whether to stay in or get out of STP.

An unidentified man expressed concern over nuclear accidents and near accidents involving the safety of reactors.

PATTI POLINARD spoke in support of solar energy and felt that Austin could have a unique opportunity as a city using and implementing solar energy. She asked for the opportunity to vote against STP on the ballot.

JIM BOWMAN stated that he did not like the way the Electric Utility Commission wanted to put the STP issue on the ballot. He also felt that there was a credibility gap within the City bureaucracy. He asked that a stay in for 16% or get out proposition be placed on the ballot. He thought that a diversified source of power was needed.

JOHN FINE, an oil and gas consultant and Sierra Club member, spoke in support of alternative energy sources, such as solar and bio-mass conversion. He felt that STP was an interim measure.

An unidentified man spoke against nuclear power and pollution.

ROYAL MASSET felt that the ballot proposition should be for 16% interest in STP or none and that other propositions for costs such as transmission lines and fuel costs also be placed on the ballot.

DALE CHENOWETH spoke against STP. He was more concerned over safety considerations rather than economics. He urged the City to allow a chance to sell out now rather than wait for the cost spiral to increase, when it would be more difficult to find a buyer.

An unidentified woman spoke against nuclear power, particularly the safety factor. She wanted to get out of the South Texas Project.

DR. EILEEN BIRD, a veterinarian, spoke against nuclear energy and in support of solar energy and conservation. She asked for a choice on the ballot.

Vic Mathias, Manager of the Economic Development Council of Austin, felt that the previous Councils and the present Council should be commended for long-range planning for a fuel mix for Austin. He urged the Council to maintain the strongest position in the South Texas Nuclear Project due to its effect on the local job market annually.

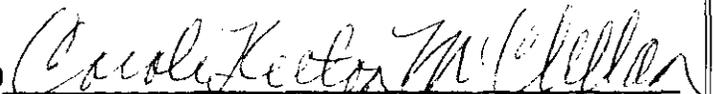
CARL KAOUGH asked the Council to give all citizens of Austin a chance to vote whether to stay in STP completely or get out completely. He wondered about leaving STP as a legacy with its radioactivity.

ALLEN POGUE expressed his opposition to the South Texas Project and nuclear power.

ADJOURNMENT

The Council adjourned at 11:10 p.m.

APPROVED



Mayor

ATTEST:



City Clerk