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

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The Honorable William M. Thomas
United States House of Representatives
Washington, D.C. 20505

Dear Congressman Thomas:

This is in response to your letter to Chairman Palladino of October 4, 1983, by which you provided a copy of a letter from Mr. Joel R. Reynolds, counsel to the joint intervenors in the NRC's Diablo Canyon licensing proceeding. Mr. Reynolds had provided you with a copy of a report of a 1977 audit by the Nuclear Services Corporation (NSC) of the Pullman Power Products Corporation (Pullman), a contractor to Pacific Gas and Electric Company (PG&E) at Diablo Canyon. In his letter to you, Mr. Reynolds raised issues concerning the significance of the NSC audit's findings and whether PG&E was required to report the audit findings to the NRC.

On October 20, 1983, Mr. Reynolds filed a motion on behalf of the joint intervenors before the Commission for revocation, or in the alternative continuation of the suspension of the low power operating license for Diablo Canyon Unit 1. The motion asks for such relief on the basis of PG&E's failure to report the 1977 NSC audit of Pullman. The questions in Mr. Reynold's letter to you are for the most part covered by the motion. The Commission has referred the matter to the NRC staff for consideration as a petition for enforcement action under 10 CFR 2.206. In its referral, the Commission stated that: "Prior to authorizing criticality and low power testing however, the Commission expects a status report from the staff addressing the matters". If the petition is denied, the joint intervenors will be provided with a decision that explains the basis for the denial. The decision will be subject to the Commission's review at its own initiative.

It is also appropriate to point out at this time that on October 24, 1983, the Atomic Safety and Licensing Appeal Board denied the joint intervenors' motion to reopen the record of the proceeding regarding construction quality assurance. The motion to reopen had been based in part on the 1977 audit report.

I trust the above information is responsive to your concerns at this time. We will advise you of our action on the petition. I would be pleased to provide any additional information relating to this matter which you may find necessary.

Sincerely,

(Signed) William J. Dircks

XA Copy Has been Sent to PDR

William J. Dircks
Executive Director for Operations

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