



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

COMM
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August 24, 1979

Mr. Daniel Ford
Mr. Robert Pollard
Union of Concerned Scientists
1025 15th Street, N.W.
Washington, D.C. 20005

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Gentlemen:

This letter is in response to your memorandum of March 26, 1979, in which the Union of Concerned scientists raised seven issues regarding seismic design. On March 28, 1979, the Union of Concerned Scientists also filed a petition with the Commission raising several of the same issues. In particular the first six items highlighted in your March 26 memorandum are covered either explicitly or implicitly in your March 28 petition. These six items will be addressed in our response to your March 28 petition which we are preparing.

The thrust of the seventh item in your March 25 memorandum indicates a concern for a potential organizational conflict created by the NRC staff use of EG&G on seismic design matters. In particular, you note that the president of EG&G, Mr. Bernard O'Keefe, serves on the Board of Directors of the Boston Edison Company and that one of EG&G's consultants, Dr. Norman Rasmussen sits on the Board of Directors of the Northeast Utility Company.

The Nuclear Regulatory Commission shares your concern that work performed under contract for the NRC not be biased because of organizational conflicts of interest. In this particular case, the Department of Energy entered into a contract authorizing EG&G to operate the Department of Energy's National Engineering Laboratory in Idaho. EG&G performs work for the NRC under that DOE contract. Article LVI(C) of the DOE contract with EG&G provides that EG&G will promptly notify DOE in writing of any situation, activity or proposed contractual or organizational relationship with others which may involve any interest or function of the Nuclear Regulatory Commission or any other Government agency, which may relate to the work and services under this contract. Article LVI(D) provides:

Unless (EG&G) has obtained (DOE's) prior approval in writing, (EG&G) and its employees, whether or not assigned to the work and services under this contract,

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shall not participate as an applicant for a license or a construction permit or as an intervenor in licensing proceedings, nor as a consultant or contractor to an applicant, licensee or intervenor or a consultant or contractor thereof, or in any other manner, in any matter which is or may come before the Nuclear Regulatory Commission or which may relate in a substantive way to any of the work and services covered by this contract.

Article LVI(E) provides that the paragraph cited above shall be inserted in all subcontracts under the DOE contract, unless DOE otherwise approves. Before making any determinations, the Department of Energy consults with the NRC.

We believe that these contractual provisions should preclude possible organizational conflict of interests. With respect to the outside interests of Mr. O'Keefe and Dr. Rasmussen, neither are working for EG&G on NRC seismic design matters. As a result, the Commission has no reason to believe that the EG&G work product for the NRC will be biased.

I trust this discussion has been responsive to your concerns.

Sincerely,


Joseph M. Hendrie

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