



OFFICE OF THE
CHAIRMAN

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

September 3, 1980

COMMISSION
CORRESPONDENCE

Mr. J. Dexter Peach
Director, Energy and Minerals Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Peach:

We have reviewed the draft GAO report, "Proposed Interim Consolidation of the NRC," and agree with the conclusion that NRC's scattered physical locations seriously affect NRC operations. We continue to maintain, however, that the OMB proposed interim consolidation plan, which would relocate half the agency in the Matomic Building and half in Bethesda, is the only acceptable short-term solution identified to date. This plan would significantly reduce two existing problems of Commission interaction with its staff and the coordination of numerous staff offices with each other. The proposed alternative plan suggested by GAO, however, would only marginally address the first of these problems. Moreover, by merely reshuffling the agency within the currently dispersed configuration, the GAO plan would leave the NRC scattered in five different locations. In contrast, the OMB plan provides for substantial consolidation in two locations. Since the GAO alternative would not improve our dispersal problem, we feel strongly that the agency should not go forward with this alternative.

With regard to the difference in costs of the alternatives, it is important to note two points. First, the \$500,000 estimate for the GAO alternative is low since it does not take account of the extensive alterations which would be required to meet the Commission's special needs, such as public hearing rooms and security arrangements. Second, we estimate that under the OMB proposal the agency would save one million dollars a year in administrative costs by consolidating in two locations. Thus, over a five-year period, which is the shortest possible time before a permanent building could be ready, the savings would be enough to offset the initial cost difference. These savings would not be realized under the GAO proposal.

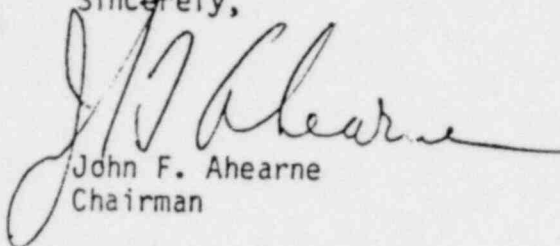
In summary, the Commission is concerned that the GAO report could create the false impression that either of the proposed alternatives is acceptable. To the contrary, the GAO alternative does nothing to solve the current state of dispersal and as such is unacceptable. We have to emphasize that it is we who are given the responsibility of managing this agency to assure safe nuclear power. We have pointed out for years the need to deal with the chaotic housing pattern of the agency. It was only after the accident at Three Mile Island

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September 3, 1980

that we received general recognition of the need to assist us with our problem. If we lose this opportunity that is presented to us in the form of the OMB proposal, it will be extremely unfortunate, not only for us in our abilities to manage and control this agency, but more significantly for the adverse impact of this loss on our ability to assure safe nuclear power.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. F. Ahearne". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

John F. Ahearne
Chairman