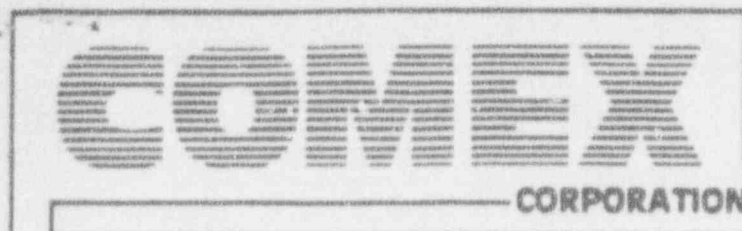


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5 March 1992

U.S. Nuclear Regulatory Commission
ATTN: William H. Foster (Chief Policy Branch)
Division of Contracts and Property Management
Mailstop P-1118
Washington, D.C. 20555

Ref: (a) NRC Invite to 26 March 92 COI Meeting dated 21 February 92

Subject: Input to NRC Re: Organizational Conflicts of Interest

Dear Mr. Foster:

I am the President of COMEX Corporation, a Washington State small business which has performed prime and subcontractor technical support services for NRC, DOE, and FEMA over the past 10 years. We believe that this COI meeting, advertised in reference (a), has been largely driven by the requests of large businesses in the DC area who can afford to employ large legal staffs which interface with agencies such as NRC on a daily basis. Unfortunately, we cannot support sending a representative to the meeting, but request that our comments be included in the staff's presentation. Here then some comments:

* Our company has been extremely careful to completely avoid COI issues, through a policy of performing absolutely no work of any nature for any commercial reactor licensee, vendor or supplier. While we have undoubtedly passed up profitable opportunities, we have chosen this course to avoid the related legal costs which would be incurred in trying to convince NRC that utility work slightly different from our NRC support work isn't really a COI issue.

* In competitive bid situations, we believe that NRC should always award work to the technically qualified company with the least, or preferably zero COI.

* Realizing that some contracts cover such a wide diversity of technical areas that it may be impossible to find a company (or team of companies) that is technically qualified, and yet has no COI, we believe that large companies (or teams) could be awarded the work if they structured task order work to ensure that only the non-COI portions of the team (e.g., subcontractors) perform onsite work and regulatory (versus administrative) work related to licensee sites where a COI issue exists for the prime contractor.

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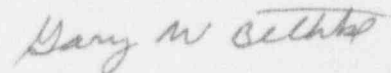
* NRC should consider the fact that small businesses, with little or no COI, can easily locate specialized technical assets in the post-contract-award period. However, the current environment makes such businesses reluctant to assemble teams to bid major contracts in a prime role (for fear of being eliminated over a few missing technical disciplines and the lack of a strong DC presence). From our perspective, it appears that NRC is more willing to live with awards to full service large companies with gross COI, than to award work to a COI free company initially capable of performing 80 to 90% of the known scope of work.

* We fully support tightening (versus relaxation) of the present COI rules and the rules prohibiting the private sector from employing previous NRC employees for performance on NRC contracts. Stronger enforcement of such restrictions would help level the playing field for those of us located outside the Beltway!!! In support of our not-so-subtle contention that a Beltway location provides a distinct advantage, please consider the following:

- > On a recent group of five NRC RFPs (NRR-92-021, 027, 033, 034, 035), our Beltway competition received their copies of the RFPs a full 8 days before we did.
- > Geographic information in RFPs which are heavily reactor site oriented still show preference for DC area companies.
- > Beltway companies' lawyers and management can interface with NRC on a daily basis over mitigating COI issues, while we outside companies must take the safe route of just avoiding COI issues.

We respectfully request that our comments be included in the staff's 26 March 92 COI Meeting presentation, but also request that the source of our comments remain confidential. None of our comments should be considered an "Allegation", and none require a formal response. We would appreciate a copy of any transcript or minutes developed during the 26 March meeting.

Regards,



Gary W. Bethke
President