

April 8, 1983

MEMORANDUM FOR: Chairman Palladino
 Commissioner Gilinsky
 Commissioner Ahearne
 Commissioner Roberts
 Commissioner Asselstine

FROM: William J. Dircks, Executive Director for Operations

SUBJECT: APPROVAL OF A CONTRACTOR TO REVIEW MANAGEMENT OF THE ZIMMER PROJECT

By letter of March 7, 1983, CG&E proposed to utilize Torrey Pines Technology (TPT) as a contractor to conduct the review of CG&E's management of the Zimmer project as required by Section IV.8(1) of the Commission's November 12, 1982 order.

The staff has evaluated TPT and found them to be acceptable. The Regional Administrator is therefore prepared to approve TPT to undertake the management review task. However, the Regional Administrator will insist on reviewing the scope and certain details of the management review prior to TPT beginning work.

I propose to approve Region III's plans and dispatch of the attached letter on April 15 subject to any comments received from the Commission.

(Signed) William J. Dircks

William J. Dircks
 Executive Director
 for Operations

Enclosure:
 Proposed letter to
 CG&E

cc:
 SECY
 OGC
 OPE

Distribution:

WDircks JKepler
 TRehm HDenton
 JRoe RDeYoung
 EDO R/F GCunningham
 VStello

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DATE	4-8-83	4-8-83				

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



April 8, 1983

MEMORANDUM FOR: Chairman Palladino
Commissioner Gilinsky
Commissioner Ahearne
Commissioner Roberts
Commissioner Asselstine

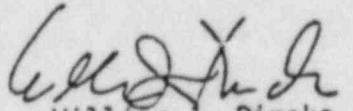
FROM: William J. Dircks, Executive Director for Operations

SUBJECT: APPROVAL OF A CONTRACTOR TO REVIEW MANAGEMENT OF THE
ZIMMER PROJECT

By letter of March 7, 1983, CG&E proposed to utilize Torrey Pines Technology (TPT) as a contractor to conduct the review of CG&E's management of the Zimmer project as required by Section IV.B(1) of the Commission's November 12, 1982 order.

The staff has evaluated TPT and found them to be acceptable. The Regional Administrator is therefore prepared to approve TPT to undertake the management review task. However, the Regional Administrator will insist on reviewing the scope and certain details of the management review prior to TPT beginning work.

I propose to approve Region III's plans and dispatch of the attached letter on April 15 subject to any comments received from the Commission.


William J. Dircks
Executive Director
for Operations

Enclosure:
Proposed letter to
CG&E

CC:
SECY
OGC
OPE

DRAFT
04/08/83
10:00 a.m.

Docket No. 50-358

Cincinnati Gas and Electric
Company
ATTN: W. H. Dickhoner, President
139 East 4th Street
Cincinnati, OH 45201

Gentlemen:

By letter dated March 7, 1983, you proposed that Torrey Pines Technology (TPT) be retained as the independent organization to conduct the review of CG&E's management of the Zimmer project required by Section IV.B(1)(a) of the Commission's November 12, 1982 Order. Supplemental information in support of this request was provided by TPT letters to you dated March 18, 22, and April 5, 1983, and to J. A. Vennemann dated April 5, 1983.

We find the proposal to use TPT for this assignment to be acceptable and to be consistent with the independence and competence criteria outlined in the Commission's letter of February 1, 1982 to Congressmen Ottinger and Dingell. However, TPT's review should not start until NRC approves the scope and certain details of the management review. In order for us to complete our review as expeditiously as possible, we wish to meet with TPT to be briefed

DRAFT
04/08/83
10:00 a.m.

2

Cincinnati Gas and Electric
Company

in detail on TPT's plans for the management review. This meeting will be held in Cincinnati and be open to public observation. We will be available to meet with TPT on April 22 or 25, 1983.

Enclosure 1 provides our evaluation of your proposal to use Torrey Pines Technology to conduct the review of the management of the Zimmer project.

Sincerely,

James G. Keppler
Regional Administrator

Enclosure: As stated

DRAFT
04/08/83
10:00 a.m.

3

Cincinnati Gas and Electric
Company

cc w/encl:

Mr. Earl A. Borgman, Senior
Vice President

J. R. Schott, Plant
Superintendent

J. D. Flynn, Manager
Licensing Environmental
Affairs Department

DMB/Document Control Desk (RIDS)
Resident Inspector, RIII

Harold W. Kohn, Power
Siting Commission

Citizens Against a Radioactive
Environment

Helen W. Evans, State of Ohio

Robert M. Quillin, Ohio
Department of Health

Thomas Applegate

Thomas Devine, Associate
Director, Institute for
Policy Studies

Dave Martin, Office of
Attorney General

Mark Wetterhahn, Esq.

Jerome A. Vennemann, Esq.

Gretchen Hummel, Ohio
Consumers' Counsel

James R. Williams, State
Liaison Officer, Ohio
Disaster Services Agency

RIII

RIII

RIII

RIII

IE

NRR ELD

Warnick/sv
04/07/83

Lewis

Davis

Kepler

Enclosure 1

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04/08/83
10:05 a.m.

Staff Evaluation of Cincinnati Gas & Electric Co.
Proposal to Use Torrey Pines Technology to Conduct
the Review of the Management of the Zimmer Project
in Accordance with Section IV.B(1)(a) of the
Commission's November 12, 1982 Order

Purpose and Background

The purpose of this document is to provide an evaluation of the Cincinnati Gas and Electric Company's (CG&E) March 7, 1983 response to Section IV.B(1)(a) of the Commission's November 12, 1982 Order to Show Cause and Order Immediately Suspending Construction (CLI-82-33). The Order requires CG&E to take the following steps:

1. Obtain an independent review of its management of the Zimmer project, including its quality assurance and quality verification programs, to determine measures needed to ensure that construction of the facility can be completed in conformance with the Commission's regulations and the construction permit. (Section IV.B(1)(a)).
2. Based upon the independent review, make recommendations to the Administrator of NRC Region III concerning the management of the project. (Section IV.B(1)(b)).

3. Submit to the Regional Administrator an updated comprehensive plan to verify the quality of construction of the facility. (Section IV.B(2)(a)).
4. Submit to the Regional Administrator a comprehensive plan, based on the results of the verification program, for the continuation of construction. (Section IV.B(2)(b)).

This evaluation relates only to the approval of CG&E's proposal for an outside organization to conduct the independent management review under Section IV.B.(1)(a). That provision makes the selection of the independent management review subject to the approval of the Regional Administrator. CG&E initially requested approval of the Bechtel Power Corporation to conduct reviews under both Sections IV.B.(1) and IV.B.(2) of the Order and stated its intention to use Bechtel as a joint project manager for completion of construction. However, in view of the Commission's February 18, 1983 decision that Bechtel should not perform the roles of both independent management reviewer and joint project manager, CG&E has proposed that Torrey Pines Technology (TPT) be responsible for the independent management review.

CG&E's Proposed Independent Reviewer

CG&E has proposed that TPT, a subsidiary of GA Technologies, Inc. (GA), perform an independent management review of the Zimmer project in accordance

with Section IV.B(1)(a) of the Commission's November 12, 1982 Order. The NRC Staff has considered CG&E's submittal of March 7, 1983, TPT's and CG&E's responses to Region III questions, written public comments, and the clarification of submitted comments and additional comments received at a public meeting held in Cincinnati on March 28, 1983. In considering CG&E's proposal, the Staff has used as guidance the letter of February 1, 1982 from Chairman Palladino to Congressmen Ottinger and Dingell, which sets forth the "competence" and "independence" standards that have been applied by the Commission in determining the acceptability of proposed third-party reviewers.

TPT's Competence

The Staff has considered the qualifications of both the TPT/GA organization and the individuals proposed as team members to conduct the independent review of CG&E's management of the Zimmer project. Input to the Staff's review included the information supplied in CG&E's submittal, the responses to the Staff's inquiries and the Staff's existing knowledge of TPT's performance at other nuclear power plants, and information from members of the public as to TPT's competence.

The Staff has reviewed TPT's and GA's experience in assessing the management of nuclear construction projects, particularly its performance in independent reviews of design, construction, and quality assurance undertaken for utilities

DRAFT
04/08/83
10:05 a.m.

as input to the NRC's operating license reviews (Palo Verde, Waterford and San Onofre)¹. TPT's reviews have entailed evaluation of the management performance of the utilities involved. The staff has evaluated these reviews, and found them to be competent and thorough.

The Staff has also reviewed the qualifications of the key persons proposed for the project, as set forth in the March 7, 1983 submittal, and has concluded that the team has significant stated experience in QA/QC matters, nuclear plant construction, and management systems. These are the skills which we find necessary to carry out the independent management review required under Section IV.B(1)(a) of the Order. Through reference checks and/or discussions with NRC Staff members familiar with the key personnel, we have verified their experience and competence in these areas.

Based upon its review, the Staff concludes that the TPT organization and the individual review team members are competent to conduct the independent management review, and meet the technical competence standards set forth in the Ottinger/Dingell letter.

¹ It should be noted that TPT conducted an independent review of the Shoreham project for Long Island Lighting Company. Since this effort was not conducted under the NRC staff's auspices, it was not reviewed by the NRC; therefore, it was not considered in this evaluation.

TPT Independence

The Staff believes that for an organization to be acceptable to conduct this verification program the organization must be independent of the utilities which own Zimmer and of contractors whose work will be subject to the independent review. Independence has been defined by the Commission as being the ability "...to provide an objective, dispassionate technical judgement, provided solely on the basis of technical merit...." (Page 1 of Response to Questions, attached to Ottinger/Dingell letter.) The Commission further defined the term by stating that the company approved to conduct an independent review must be one "...not previously involved with the activities... that they will now be reviewing...." Id.

The Staff has reviewed the information provided by CG&E and TPT regarding previous work performed by TPT for the three utilities who own Zimmer and the principal contractors for the Zimmer project and the comments offered by members of the public on the question of independence.

GA Technologies Inc. and its predecessor company, General Atomic, report they have not performed any work for CG&E, Columbus & Southern Ohio Electric Company, Dayton Power & Light, Sargent and Lundy, or Kaiser. Revenues of \$102,700 were received from General Electric Company in 1981 for fabrication of a demineralizer vessel but it was not for the Zimmer project.

Enclosure 1

DRAFT
04/08/83
10:05 a.m.

GA has not identified any contacts with any companies relating to the Zimmer project over the life of the Zimmer project other than the general marketing contacts to present their engineering service capabilities. A general presentation on radiation monitoring systems was made to Sargent and Lundy in the 1977 timeframe. However, this was not specific to Zimmer, and it did not result in a request for bid on the Zimmer project.

All TPT/GA professional personnel assigned to work on the Zimmer management review will provide the NRC with sworn statements regarding their independence. TPT has stated that none of the staff expected to be assigned to the Zimmer management review has any prior work experience with CG&E or on Zimmer.

Information provided by TPT to the Staff demonstrates that recent contracts with Bechtel account for less than 3% of total GA revenue. Based on this information, the Staff has no basis to believe that TPT is not sufficiently independent of Bechtel. In addition, TPT/GA has stated that key personnel who will be involved in the CG&E management review have not worked under a contract with Bechtel. Individuals will provide sworn statements to this effect.

The Staff concludes that TPT and the key personnel who have been identified for the conduct of the review meet the standards of independence outlined in the Ottinger/Dingell letter.

Enclosure 1

DRAFT
04/08/83
10:05 a.m.

TPT's Review Program

TPT's proposed detailed outline and scope for its management review of Zimmer will need to be submitted to CG&E and the Staff, and approved by the NRC, prior to the initiation of the review at Zimmer. The Staff plans to hold a meeting with TPT specifically to obtain additional information from TPT regarding their proposed program. This meeting will be open for public observation.

Summary and Conclusion

Based on our review of the documentation submitted by CG&E and TPT, followup checks, and consideration of oral and written comments of members of the public, we conclude that TPT meets the independence and competence criteria for third party reviewers.