



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D. C. 20555

NOV 17 1982

MEMORANDUM FOR: Harold R. Denton, Director
Office of Nuclear Reactor Regulation

FROM: Darrell G. Eisenhut, Director
Division of Licensing

SUBJECT: IDVP POTENTIAL CONFLICT OF INTEREST

In early October Region V identified a potential conflict of interest (COI) for two R. F. Reedy Inc. (RFR) associates (Enclosure 1). W. Cooper of Teledyne addressed the issue in a letter of October 14, 1982 (Enclosure 2). On October 27, 1982 Mr. Reedy and Region V advised us of a similar COI for a third RFR associate.

The potential COI arises from (1) the previous employment of the three employees with Bechtel-San Francisco and (2) the previous involvement of one individual with the Bechtel QA Topical Report which is the basis for the QA program of the integrated PG&E/Bechtel Diablo Canyon Project Organization.

We have discussed with Region V (P. Morrill) the information obtained during personal interviews with the two individuals referred to in Enclosure 1. The information will be included in a Region V inspection report. We requested additional information from RFR for all three individuals which was provided October 28, 1982, including their professional resumes and the IDVP "Statement Regarding Potential or Apparent Conflict of Interest" (the information is considered proprietary). The information indicates the following for all three individuals:

1. They are well qualified to perform the QA audit functions within the IDVP.
2. They left Bechtel and began their employment with RFR prior to the initiation of the design verification effort in November 1981.
3. They left the Bechtel organization for better opportunities.
4. They were not aware, at the time of leaving Bechtel, of any forthcoming PG&E/Bechtel integrated Diablo Canyon project organization.
5. Their first assignment at RFR was not related to Diablo Canyon or to PG&E.

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6. They had no previous involvement with PG&E or Diablo Canyon (not at Bechtel or during any other employment).
7. They were not previously employed by PG&E.
8. No members of their families are associated with PG&E or with Bechtel in any form of employment.
9. Two individuals have no financial interests in either PG&E or Bechtel.
The third individual owns jointly with his wife fewer than 100 shares of PG&E common stock (approximate total value of 2,600 dollars).
10. One individual participated from 1972 to 1974 in the development of the Bechtel QA Topical Report, Rev. 0, which since has been revised and forms the basis for the Diablo Canyon Project QA program.
The other two individuals had no such involvement.
11. None of the individuals will be reviewing any work on the Diablo Canyon Project of which he was the originator.

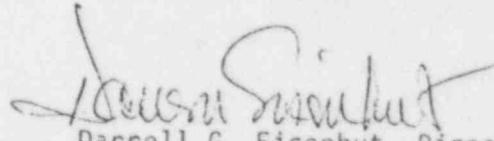
On the basis of our review of the information as described above we conclude the following:

1. The three individuals meet the IDVP procedure and guidelines for independence which was approved by NRR letter of September 8, 1982 (Enclosure 3).
2. The individuals meet the intent of the NRC criteria as set forth in the letter from Chairman Palladino to Congressmen Dingell and Ottinger (Enclosure 4). The ownership of 100 shares of PG&E common stock by one of the individuals does not constitute, in our opinion, a conflict of interest and does not influence his integrity. Similarly, the involvement of one individual in the development of the Bechtel QA topical report between 1972 and 1974, in our opinion, does not constitute a conflict of interest because of the long time lapse and because of the peripheral relationship between the past and current activities.
3. We also considered how the previous Bechtel employment of the three individuals would be evaluated in similar circumstances for former federal employees under the regulations of 10 CFR 0735-26. A two year time lapse is required before a former federal employee can represent a new employer before the NRC in matters dealing with his previous employment. We do not find that the three former Bechtel employees were engaged during their last two years of Bechtel employment in any matters associated or related to their current QA audit work with RFR.

Harold R. Denton

- 3 -

We conclude that there exists no direct or potential conflict of interest for these individuals with respect to their previous employment by Bechtel. We recommend that Teledyne Engineering Services as the IDVP Project Manager be informed of our conclusion through the attached letter.


Darrell G. Eisenhut, Director
Division of Licensing

Enclosure:
As stated

cc: R. Engelken
R. Vollmer



Public Utilities Commission

STATE OF CALIFORNIA

June 19, 1984

FILE NO.

U.S. Nuclear Regulatory Commission
Division of Rules and Records
Freedom of Information and Privacy Office
Washington, D.C. 20555

FREEDOM OF INFORMATION
ACT REQUEST

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Rec'd 6-25-84

To Whom It May Concern:

The California Public Utilities Commission is currently engaged in a review of the costs incurred in constructing the Diablo Canyon Nuclear Power Plant. One of the areas under study is the utility's quality assurance program.

A recent NRC study entitled "Assurance of Quality In Nuclear Construction Projects", published as NUREG 1055, contains a useful discussion of quality assurance programs at seven different nuclear plants under construction. The study contains relatively little documentary support, however, for the conclusions reached. I understand that the study was based largely upon separate "case studies" of the seven plants which may contain somewhat more detailed documentation and analysis.

We have obtained copies of case studies A, B, and C, but have not been able to obtain any of the remaining case studies. Neither have we been able to obtain any of the documentation or analysis supporting the conclusions reached in the "case studies". This information would be of definite assistance to us in thoroughly and fairly evaluating the Diablo Canyon Project. Accordingly, we request that the following information be provided to us under the Freedom Of Information Act, 5 U.S.C. §552:

- a) All "case studies", or analyses of quality assurance at nuclear power plant construction projects by whatever designation, used, reviewed, or relied upon in preparing the study "Assurance of Quality In Nuclear Construction Projects".
- b) All statements, comments, interview notes, minutes, transcripts or tapes used, reviewed, or relied upon in preparing either the "case studies" or the study "Assurance of Quality In Nuclear Construction Projects".

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June 19, 1984

Page 2

- c) All documents, data, studies, reports, analyses, audits, records, publications, decisions, letters, orders, photographs, drawings, agreements, contracts, notes, memoranda, and drafts used, reviewed, or relied upon in preparing either the "case studies" or the study "Assurance of Quality In Nuclear Construction Projects".

If for any reason you are unable to promptly comply with some part of this request, please comply to the extent possible and indicate which item or items you are unable to promptly comply with. If you are unable to comply with any part of this request due to an alleged exclusion from the provisions of the Freedom Of Information Act, please identify the alleged exclusion, and the item to which the exclusion is alleged to apply. Please identify the item by providing, where applicable, its date, author, originator, general subject matter, title, present location, custodian, recipients, and the use to which it was put in preparing either the "case studies" or the study, "Assurance of Quality In Nuclear Construction Projects".

Thank you very much for your cooperation. Should you have any questions regarding this request please call either myself at (415) 557-2381 or Mr. Mark Fogelman at (415) 557-2563.

Very truly yours,



Edward W. O'Neill

EWO:lz

cc: M. Fogelman