

50-358

THE CINCINNATI GAS & ELECTRIC COMPANY



CINCINNATI, OHIO 45201

W. H. DICKHONER
PRESIDENT

January 10, 1983

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U. S. Nuclear Regulatory Commission
Region III
799 Roosevelt Road
Glen Ellyn, Illinois 60137

Attention: Mr. James G. Keppler
Regional Administrator

Gentlemen:

Re: Wm. H. Zimmer Nuclear Power Station, Unit 1
Order to Show Cause and Order Immediately
Suspending Construction, Docket No. 50-358,
Construction Permit No. CPPR-88, W.O. 57300,
Job E-5590 - Clarifying Information

In response to the request by Mr. Stephen H. Lewis,
Region III Counsel, for clarification as to the relationship
between Dillon, Read & Co. Inc. and the Bechtel Group,
attached is a letter from the Chief Counsel of the Bechtel
Power Corporation which should clarify this relationship.

Please feel free to contact me if any further
information is required on this subject.

Yours very truly,

THE CINCINNATI GAS & ELECTRIC COMPANY

W. H. Dickhoner

By

W. H. Dickhoner

WHD:vm
Enclosure

Bechtel Power Corporation

Engineers—Constructors

Fifty Beale Street

San Francisco, California

Mail Address: P.O. Box 3965 San Francisco, CA 94119



January 5, 1983

W.G. Henry
Bechtel Power Corporation
Ann Arbor Office

Subject: Job No. 15697, Cincinnati Gas & Electric
(Zimmer), Dillon, Read & Co. Inc.

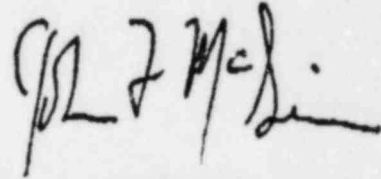
Dear Bill:

I asked Barry Williams, the Secretary of Sequoia Ventures Inc., to talk to representatives of Dillon, Read today concerning its underwriting involvement with the owners of the Zimmer project. I also talked to others within Bechtel. The following summarizes the principal points of these discussions:

1. Dillon, Read & Co. Inc. has no present investment interest, either equity or debt, in any of the three owners of the Zimmer project: Cincinnati Gas & Electric, Dayton Power & Light, or American Electric Power.
2. In the normal course of business, Dillon, Read, a leading underwriter, participated as a member of underwriting syndicates formed to raise debt or equity for these three utilities. Dillon, Read's normal practice, which is customary in the industry, is to dispose of its entire underwriting commitment within a day or so after the signing of the underwriting agreement. This practice was followed with respect to syndicates involving the owners of the Zimmer project.
3. Neither Bechtel Power Corporation, its shareholder, Bechtel Group, Inc., nor any of Bechtel Group, Inc.'s subsidiaries, own any shares in Dillon, Read. Sequoia Ventures Inc., a privately owned company whose shareholders include members of the Bechtel family, owns a significant interest in Dillon, Read.

W.G. Henry
January 6, 1983
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4. Dillon, Read's personnel conduct its day-to-day operations, including underwriting decisions, without any involvement from Sequoia (or Bechtel) personnel. Further, only three of the twenty-two Directors of Dillon, Read were nominated by Sequoia. As Bechtel Power Corporation cannot dictate Dillon, Read's investment or underwriting decisions, the allegation of a potential conflict of interest on the part of Bechtel Power Corporation with respect to the Zimmer project because of Dillon, Read's activities is clearly without merit.



John F. McGuinn
Chief Counsel

JFM/jy

cc: B.L. Williams

bcc: H.O. Reinsch
J.V. Morowski
J.W. Weiser
M.P. Hearney
J.M. Duff, Jr.