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JUNE 1975 - Uranium Enrichment

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RED TAG

THE WHITE HOUSE
WASHINGTON

*Meta
(for Subj. file)*

June 2, 1975

MEMORANDUM FOR: MAX L. FRIEDERSDORF
THRU: VERN LOEN
FROM: CHARLES LEPPERT, JR. *CLJ*
SUBJECT: Charles Winters - Uranium Enrichment

Talked to Charles Winters of Union Carbide as requested. His personal thoughts on the next increment of uranium enrichment are as follows:

(1) The availability of enriched uranium is most important for the nation's future regardless of who the supplier is - the government, or private industry and the planning for new uranium must start now.

(2) Production of enriched uranium belongs in the private sector. Like the production of coal or iron, this is properly a function of private industry. It is not a proper function of government and doesn't belong in government. If the government builds the fourth plant then industry will never enter the business of producing enriched uranium. It will then become a government monopoly, arbitrary and non-responsive, used as a sociological tool, and will be a tax drain and not a tax source.

(3) In the 1980's uranium will be the supply source of 50% of the U. S. electrical energy. If production of enriched uranium is a monopoly either government or private industry such a monopoly could put 50% of the nation's electrical energy in jeopardy. Therefore, there is an absolute imperative to have multiple and independent sources of supply.

(4) Utilities are the customers for enriched uranium and the utilities have a cash flow problem which makes them scared of financial and other commitments for future supplies. In addition, the utilities are reluctant to make commitments not knowing what the government's policies are and whether or not the government will be a competitor.



6/3/75

Jim Conner

x 6697

Eleanor

John Hill

6451

Joanne
FEA

testifying

Uranium Enrichment

2:30

~~Thurs~~ 2:00pm

~~2:30~~

5
6/3/75

Rhodes

Conner only

0600 Mary

5:00

6/3/75

Mc Cormack

Anganne

x 5816

9:00am

6/4/75

Anderson

x 5676 June Foster



NANCY B/NETA

THE WHITE HOUSE
WASHINGTON

Hills x 6451

Re: Uranium Enrichment

appts for Jim Connor
John Hill
ASAP

4:00

LW = Rhodes

= 2:30 (sent)
6/3

LW = Anderson (Gene Foster) 5676

9:00 am
6/4

~~2/3~~
~~2/5~~
~~1/10~~
1/10

LW = Mc Cormack
(Suzanne)

-5816

6/3 5:00

1503

Connor, Jim 6697

Hill, John 6451



MEMORANDUM
OF CALL

To: _____

YOU WERE CALLED BY— YOU WERE VISITED BY—

OF (Organization) _____

PLEASE CALL → PHONE NO. CODE/EXT. _____

WILL CALL AGAIN IS WAITING TO SEE YOU

RETURNED YOUR CALL WISHES AN APPOINTMENT

MESSAGE

10/7

*Jim Connor
(Eleanor) 6697*

*John Hill FEA
961-6025*

Joanne

*Rhodes - ^{CL}_{10/11}
n.m.*

Andrew

One Cornish

Wesley

Michael

John

RECEIVED BY	DATE	TIME

6/3/75

Jim Cannon +

Jean

6515 ~~6697~~

Rod Hills

Deputy Counsel to P. 6611

re Regulatory Reform Jane

Albert

Imogene

H 209

2:30

Rhodes

Mary

H 232

5pm

6/3/75



*FWD
Unrevised
Enclosure*

THE WHITE HOUSE
WASHINGTON

August 12, 1975

MEMORANDUM FOR: BILL KENDALL
CHARLIE LEPPERT
JIM MITCHELL
DICK ROBERTS

FROM: GLENN SCHLEEDE

SUBJECT: DRAFT FOR DISCUSSION
AT 11 AM MEETING

Here is a very rough draft to try
to give us all a head start for the
11 am meeting.



PRESIDENT'S PROGRAM FOR A COMPETITIVE NUCLEAR FUEL INDUSTRY

- Review of Congressional Reaction
- Plan for "Selling" the Plan on the Hill

The Problem

A concerted effort to communicate the merits of the President's proposal to members of the Congress has not yet been undertaken by the Administration. No hearings have been held and none have been scheduled, though both the Joint Committee on Atomic Energy (JCAE) and Joint Economic Committee (JEC) have indicated their intentions of holding hearings. At present, very few members understand the proposal or the reasons why the private approach was selected instead of the Government plant approach.

To the extent that there has been public reaction from the Hill, it has been negative -- or at least given negative connotations (such as the call for an exhaustive GAO evaluation). Press reports have reflected pessimism concerning the chances for Congressional approval. Initial news stories and comment (immediately prior to the unveiling and right after) were generally very favorable. More recent comment has tended to focus on negative aspects -- and reflect some lack of understanding of the issues.

Two specific actions taken on the Hill (floor amendments in the Senate to the ERDA Authorization Bill) have the effect of undercutting the President's proposal. No successful effort has been mounted to counteract these amendments (which do not yet have final Senate approval).

This Paper

This paper:

- Summarizes the specific actions that have occurred on the Hill.
- Outlines a proposed plan for communicating the merits of the proposal and gaining Congressional approval this session.
- Tab A outlines actions taken thus far to communicate and gain approval of the plan.

Issues

Matters warranting specific attention at this time include:

- General and specific aspects of the plan; i.e., whether it

is adequate to overcome the negative situation and regain the initiative.

- specific responsibilities for:
 - . arranging and carrying out contacts on the Hill.
 - . reporting back on the outcome and arranging necessary follow-up.
 - . monitoring Congressional activity to identify adverse reactions and misunderstandings that may be subject to correction.

- who will constitute the best members of the Administration's team for carrying out the briefings and contacts, recognizing:
 - . The complexity of the subject and the complexity of the President's proposal.
 - . The long history of committee interest and involvement in uranium enrichment issues.

SPECIFIC ELEMENTS OF HILL REACTIONS

- . JCAE -
 - Both Senator Pastore and Congressman Moss have asked the GAO to undertake thorough evaluations of the President's proposal, without setting a deadline for completion.
 - . The negative aspects of this are that it has suggested adverse committee reaction and has provided a basis for indefinite postponement of scheduling of hearings.
 - . The positive aspects are that the proposal will probably get a thorough look and this should:
 - improve the chances of an impartial consideration.
 - bury the "smokescreen" type issues that have been raised such as (1) undue influence by George Shultz and other former government officials;
 - (2) "Dixon-Yates" type problems; (3) safeguards issues.
 - The JCAE has asked the Congressional Research Service (CRS) to review the proposal.
 - The JCAE staff director is generally regarded by those most familiar with the Committee to be opposed to the proposal, probably reflecting Chairman Pastore's attitude.
- . JCAE
 - As of 8/12 no hearings have been scheduled. The staff director indicates unofficially that they might begin after the GAO study is completed (which GAO has committed to deliver by September 30).
- . GAO
 - The study, which is under the direction of Assistant Comptroller General Sam Hughes, is scheduled for completion by September 30, with a staff draft to be

completed by September 1.

- GAO's last position on uranium enrichment was in favor of a Government corporation.

. Congressional Research Service(CRS)

- CRS study, under the direction of Warren Donnelly, is schedule for completion in early September.
- Study will be limited to comparison of economic aspects of Government plants vs. the President's proposal.

. Senator Humphrey.

- During a Foreign Relations Committee hearing on the safeguards aspects of the German-Brazilian agreement, Senator Humphrey made strong negative comments -- which have not yet been responded to -- on:

- . Alleged undue influence by George Shultz, who is now employed by Bechtel Corp. (lead partner in UEA)
- . Alleged parallels with the Dixon-Yates controversy.
- . Foreign access to classified technology.
- . High prices for nuclear fuel, because of oil companies

. Joint Economic Committee(JEC) interest in uranium enrich.

- Senator Humphrey has announced that he has directed the JEC staff to prepare for hearings on the economic aspects of the proposal -- which hearings have not yet been scheduled.

. Senator Symington

- During the Foreign Relations Committee hearings (above) raised questions as to whether:
 - . the President's proposal was really "private industry" when guarantees are required.
 - . whether costs fall unduly on taxpayers if ventures fail.

. Congressman Evins (Appropriations Subcommittee Chairman controlling ERDA appropriations) -- has long opposed any attempt to move away from the Government plant approach.

. Amendments to ERDA Authorization Bill.

- During Senate debate on the ERDA bill on July 29:
 - . Senator Montoya introduced an amendment which would block ERDA from using obligating funds to back up the interim contract that has been negotiated between ERDA and UEA whereby ERDA would agree to purchase from UEA design work on diffusion facilities that would be useful in a Government plant -- in the event the UEA plant did not go ahead. (\$_____ million).

. Senator Baker introduced an amendment to provide \$25 million in FY76 (not requested by the President) for ERDA design work on an add-on Government plant.

- Both amendments were approved by the Senate. Both are favored by those who want the President's proposal to be rejected by the Congress and who apparently believe that delay will force the President to abandon his proposal, thus leaving no choice but to build an add-on plant--if the U.S. is to have additional capacity. Together the amendments have the clear impact of giving the Government plant the priority and inside track--just the opposite of the President's proposal.

. UEA Experience

- UEA officials were informed early that UEA would have to undertake its own efforts to "sell" its own proposal--that the Administration would not do this job.
- UEA has had a fairly extensive effort underway for several weeks which has reached most members of the JCAE (but not yet reached Pastore, Baker, Price and perhaps a few others.) UEA has also met and been assured of the support of the Alabama delegation.
- UEA officials have reported that their experience has been that most of their time has had to be devoted to a basic explanation to members of the President's proposal, since--with a few exceptions--the members did not understand the proposal.

THE PROPOSED PLAN.

. The JCAE

- . Each member will be contacted during the first two weeks of September and presented a detailed briefing on the President's program:
 - ERDA will develop a draft set of talking points to be used in briefings and circulate the draft to all others concerned for comment by August 25.
 - Contacts with members of JCAE to set up individual briefings will be made by _____ (White House Congressional Relations) (ERDA).
 - Briefings will be conducted by Dr. Seamans or Bob Fri and assisted by Dr. Roberts and _____

(Problem: Nearly all members of the JCAE have a much longer association with uranium enrichment than any of the above people. The two people who have(a) had the largest role in conceiving and developing the private

. The JCAE (continued)

industry approach, (b) participated fully in discussions with UEA and have the best grasp of the intricacies of the proposal and why it is necessary and would be effective, (c) have experience with JCAE members on the uranium enrichment issue, and (d) have an excellent track record in convincing others of the wisdom of the private approach -- are Roger Legassie of ERDA and Jim Connor. (Both have been identified by one or more members of the JCAE who are favorably disposed as especially effective in telling the story.) Both are fully occupied with other pursuits. Before this plan is submitted to the President, we should explore whether one or both can be made available to play a major role in briefings.)

- . _____ will contact Senator Pastore and urge that hearings be undertaken by _____
- . _____ will contact minority members of the JCAE _____ -and _____ to urge them to urge the Chairman to call hearings.
- . Following the completion of most briefings for JCAE members, consideration will be given jointly by ERDA, WH Congressional Relations and DC to:
 - proposing another Presidential meeting with the JCAE.
 - Presidential telephone calls to selected members.
- . Plan for hearings; Once hearings are scheduled:
 - The Administration would attempt to have all the following appear:
 - . Secretary Kissinger - International considerations.
 - . Frank Zarb - National energy strategy and the important role of uranium enrichment
 - . Bob Seamans and Bob Fri - Details of the proposal.
 - . Jim Lynn - Federal budgetary aspects and advantages of private industry involvement.
 - . Russ Train - environmental considerations.
 - . Secretary Morton - Private industry role.
 - . Secretary Dunlop - Job and economic impact
 - ERDA will identify by September _____ non-Federal witnesses which should testify and suggest these to the Committee. These will include: Edison Electric Institute (EEI); UEA; _____, _____.
- . GAO
 - . GAO (Sam Hughes) has been contacted by White House staff and Dr. Seamans and assured full cooperation. Followup meetings have been held and these will be continued.
 - . ERDA and WH staff will contact GAO to assure getting

- an opportunity to comment on the GAO draft report.
- . If needed, follow up meetings will be sought with GAO officials to convey the best possible understanding of the President's proposal and the reasons why the proposal was decided upon.
- . CRS
 - CRS (Warren Donnelly) has been contacted by ERDA and WH staff and assured full cooperation. Followup contacts will be made by ERDA, and by Bill Kendall, Glenn Schleede, and Hugh Loweth--who know Donnelly personally.
 - . Joint Economic Committee
 - Leppert will seek information on Committee plans .
 - ERDA staff(_____, _____) will meet with JEC staff on August 25 to _____
Senators
 - Bill Kendall will contact/Paul Fannin and Robert Taft to (a) explain importance the President attaches to proposal and (b) set up opportunities for briefings.
 - Charlie Leppert will contact Congressmen Bud Brown, _____, and _____ for the same purpose.
 - Briefings will be conducted by _____.

(Consideration should be given to participation in these briefings by Jim Lynn and Alan Greenspan.)
 - . Senator Humphrey
 - _____ will contact Senator Humphrey to seek an opportunity to brief him on the President's proposal and to deal specifically with the issues the Senator has raised.
 - In addition (or as substitute) _____ will prepare a proposal for a Presidential telephone call to Senator Humphrey.
 - . Senator Symington * will be contacted during JCAE briefings. His specific concerns should be addressed.
 - . Congressman Evins -
 - . Amendments to ERDA authorization bill.
 - . _____ will contact Senators Baker and Montoya and find out more about their concerns.
 - . ERDA will develop a plan by _____ for getting Montoya

amendment stricken and Baker Amendment stricken or modified. (Plan should include members who can be counted on to sponsor and get support for the amendment; statement of rationale (1 pager); and language for amendments and talking points.

. Monitoring Congressional Concerns.

- have primary responsibility to
- . ERDA will/maintain a continuing review of Congressional reaction and
 - report negative comments to others on the Administration team.
 - Develop responses and check them out with others concerned.
- . Others picking up negative Congressional reactions should report them to ERDA.

. Continuing review of media comment.

- . ERDA will have the primary responsibility for keeping aware of media commentary on uranium enrichment and for getting appropriate responses prepared and checked out with others on the Administration team.

. Weekly meetings to review status and plans and prepare status report.

- . Beginning in the last week of August and continuing as long as necessary, the following should plan to meet at least once a week to review status coordinate actions, and recommend participation by others, if necessary:

- | | |
|-------------------|--------------|
| . Bill Kendall | . ERDA _____ |
| . Charlie Leppert | . OMB _____ |
| . Glenn Schleede | . ERC _____ |

- . These meetings should produce a weekly report for Seamans, Zarb, Cannon, Connor and Friedersdorf -- and if appropriate for the President, on status, accomplishments and outlook.

THE WHITE HOUSE
WASHINGTON

9/75?

TO: JIM MITCHELL
HUGH LOWETH

FROM: GLENN SCHLEEDE

SUBJECT: Baker and Montoya
Amendments - Uranium Enrichment*

- . Here are the notes I was talking from in the meeting on Tuesday. I've given a copy to Bill Voigt.
- . I'd appreciate any help you can give to get this one resolved ASAP. If we keep dragging our feet, it will be too late.
- . As soon as we get substantive agreement, I want to try to get help from White House Congressional Relations in getting it accepted. To do this, we need for each amendment a piece of paper which:
 - . shows the language as it now reads.
 - . shows the changes we want.
 - . gives in very concise, outline form the rationale for the change.
- . Can you help? We're a bit short on manpower.

cc: Connor, Kendall, Leppert.

*in ERDA Authorization Bill for '76

1. Montoya - Ask that it be deleted.
2. Baker - Ask that it be changed to provide only that amount of money that might be required between Jan 1 and June 30, 1976. (\$6M).
additional
 - Point out that no money/is needed between now and Dec. 31.
 - Indicate that only \$6M ~~is needed~~ would be needed between Jan and June 76, and this would be for Title I only.
 - ~~-----Indicate that Administration believes--~~
 - Title II and Advance procurement need not begin before July 1976 at the earliest. If it were begun earlier, it could compete with the private (UEA) efforts and potentially tie up resources and sources of supply that UEA needs.
 - Indicate that ~~the Administration believes~~, since ~~the delay~~ Title II and advance procurement work need not begin and the money is not needed, its authorization now could unnecessarily prejudice the case in favor of proceeding with a Government plant -- prior to Congressional consideration of the President's proposal and prior to giving an opportunity to the Administration to explain and defend that proposal.
 - Point out that there will be plenty of time for a supplemental request ~~to~~ fund work on a Government plant if the Congress rejects the private industry approach after hearings on the Proposal.



THE WHITE HOUSE
WASHINGTON

September 28, 1975

TO: BILL KENDALL
✓ CHARLIE LEPPERT

FROM: GLENN SCHLEEDE

SUBJECT: URANIUM ENRICHMENT -
MEETING WITH SEN. BAKER

Here's a copy of the Briefing paper
as you requested.

Tab A is Hollie Cantus' summary
of Congressional attitudes -- which,
because of its sensitivity, Hollie
didn't want to let go of unless I
could guarantee him it would be
help very close. Accordingly,
would you please not let him know
you have it. Thanks.



~~PROPOSED~~ BAKER AMENDMENT

. What it is

- . Amendment would add a line item to ERDA's FY 1976 supplemental budget amendment for \$25 million for work on expansion of Government owned uranium enrichment capacity.

. Proposed Action

- . Administration should seek to have the amendment changed to provide only the additional funding (\$6 million) required for FY 1976 that would be necessary to proceed with expansion of existing Government capacity.

. Rationale

- . The conceptual planning and design work needed to continue work on the option of expanding Government owned enrichment capacity will only require \$6 million in FY 1976 (in addition to that already provided in the FY 1976 budget).
- . Providing the full \$25 million could have the effect of signaling a decision that the Government will build the next increment of capacity, thus prejudicing the case against the President's



proposal -- prior to Congressional consideration of the proposal and prior to an opportunity for the Administration to explain and defend that proposal.

Even if the Congress were to reject the President's proposal, additional funding to expand Government owned enrichment capacity would not be needed before July 1976 at the earliest. There will be plenty of time to request such funds if they prove necessary, after the Congress considers the President's proposal.



SEP 19 1975

EXACT LETTERS, WHICH
WAS SENT TO
PASTORE, WERE
ALSO SENT TO
MONTONA, JACKSON
's TEAGUE

Bob Voigt

Honorable Howard H. Baker, Jr.
United States Senate

Dear Howard:

As you know, we have submitted legislation to enact the President's Nuclear Fuel Assurance Program which includes among its provisions a "hedge plan" to maintain the option for additional government enriching capacity.

I am enclosing a copy of my letter to Senator Pastore containing my recommendations on how this hedge plan should be funded for FY 1976. This relates directly to the amendment which you introduced. I hope you will agree with the approach described in the enclosed letter.

Sincerely,

SB Bob

Robert C. Seamans, Jr.
Administrator

Enclosure:
As Stated



NFCP	ANE	SA/A	EA	DA	A
WRVoigt	KWRoberts	KLWalters			
9/19/75	9/ /75	9/ /75	9/ /75	9/ /75	9/ /75

AMF

SEP 19 1975

Senator John O. Pastore, Chairman
Joint Committee on Atomic Energy
The Capital
Room H 403
Washington, D.C. 20510

Dear Senator Pastore:

The President's Nuclear Fuel Assurance Program included as an important element provision for a "hedge" plan which would maintain an option for providing, when required, additional enrichment capacity through a government financed and owned plant should the private venture fail for any reason.

In order to provide for this option, the President's amended FY 76 budget request for ERDA included \$ 7.5 million in operating funds earmarked for conceptual design of a government "add-on" enrichment plant.

Our initial assessment was that this level of funding would be sufficient to carry the hedge plan activity through March 1, 1976, at which time the issue of how to provide additional capacity would be further clarified. By that time, if further funding was required for continued development of the hedge plan, a supplemental request would have been proposed.

Subsequently, Senator Baker has included an amendment in the Senate version of the ERDA Authorization Bill a line item construction project (76-5-3) for "additional facilities, enriched uranium, locations undetermined, \$25,000,000".

We do not at this time see a need for an authorization in the full amount of \$25,000,000 as provided in the Amendment. We do believe it would be prudent to allow for some additional funding that would permit construction, planning and design of the hedge plan activity. We currently estimate that the amount of \$6,000,000 would be adequate for this activity through June 30, 1976.



Senator John O. Pastore

2

Further, we are concerned that providing the full \$25,000,000 could have the effect of signaling a decision that the Government will build the next increment of capacity, thus prejudicing the case against the President's proposal—prior to Congressional consideration of the proposal and prior to an opportunity for the Administration to explain and defend the proposal.

Therefore, I recommend that the \$7.5 million in operating funds already included in the Senate version of the Authorization Bill be approved. In addition, I recommend that Project 76-6-g be authorized and funded in the amount of \$6,000,000. There will be adequate time to submit a supplemental request at a later date to cover continued hedge plan activity, if needed.

Sincerely,

/S/ Robert C. Seamans, Jr.

Robert C. Seamans
Administrator



THE WHITE HOUSE
WASHINGTON

September 28, 1975

TO: BILL KENDALL
✓ CHARLIE LEPPERT

FROM: GLENN SCHLEEDE

SUBJECT: URANIUM ENRICHMENT -
MEETING WITH SEN. BAKER

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of Congressional attitudes -- which,
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didn't want to let go of unless I
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would you please not let him know
you have it. Thanks.

THE WHITE HOUSE


WASHINGTON

MEETING WITH SENATOR BAKER

Monday, September 29, 1975

10:00 a.m. (15 minutes)

The Oval Office

From: Jim Cannon 

I. PURPOSE

To seek Senator Baker's active support for your June 26, 1975, uranium enrichment proposal.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background

- Your proposal called for the expansion of U.S. capacity for enriching uranium for nuclear power plant fuel--with very heavy emphasis on the objective that all future increments of capacity would be financed and owned by private industry. Your bill would authorize ERDA to enter into cooperative agreements with private ventures to provide technical assistance and temporary, backup assurances--primarily to overcome the reluctance of the financial community to provide large capital.
- Your proposal also called for continuing work on planning for a Government-owned facility as a "hedge" if private industry couldn't proceed.
- Unfortunately, those who manage the Government's uranium enrichment complex (lower levels of ERDA & its contractors) are pushing the "hedge" plan as the best solution--to head off private industry participation.



- Potential private participants are concerned that continued emphasis on the "hedge" plan will force the Administration to give up its efforts to get industry to finance the next plant--and possibly succeeding plants.
- Senator Baker introduced your bill (S. 3025) and has voiced support for the objective of a private uranium enrichment industry, but:
 - On September 18, in a speech to an American Nuclear Society group, he favored Government construction of (a) an add-on plant at Portsmouth, Ohio, the "hedge" plan, and (b) a demonstration centrifuge plant, presumably at Oak Ridge, Tennessee.
 - On July 30, the Senator secured Senate approval of a \$25 million amendment to the ERDA authorization bill for work on a Government-owned diffusion plant.
- JCAE hearings will probably not occur before late October. GAO promised its report by September 30, but it will be late.
- Seamans and Fri of ERDA have personally briefed 13 of the 18 JCAE members thus far. Members' reactions are summarized at Tab A.
- Max Friedersdorf believes the Senator may bring up two other items, summarized at Tab B: auto emissions and James Hooper's appointment to TVA.

B. Participants: Senator Baker
Staff: Jim Cannon, Bill Kendall

C. Press Plan: Meeting will be announced routinely;
White House photographer.

III. TALKING POINTS

- I want to thank you for introducing my proposed "Nuclear Fuel Assurance Act" in the Senate.



- I'm aware that there is strong support for adding on to the Government's diffusion plant at Portsmouth and waiting for centrifuge technology before getting the private sector to finance and own plants. I'm concerned that giving up on the next increment of capacity will make it even more difficult to go private in the future. We would lose the benefit of the strong stand in favor of industry that we've built up over the past few years and show that we don't have the determination to make a break in the Government monopoly.
- I want to continue pressing forward with my bill, and I hope you will support us through the hearings.
- We have taken very seriously your concern that foreign investment in private ventures could inadvertently lead to foreign control and access to our classified technology. I have instructed our people to watch that potential problem very closely.



A



UNITED STATES
 ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION
 WASHINGTON, D.C. 20545

September 26, 1975

To: GLENN SCHLEEDE
 DOMESTIC COUNCIL

FROM: HOLLISTER CANTUS
 ERDA CONGRESSIONAL RELATIONS



PRESIDENTIAL BRIEFING PAPER ON NUCLEAR FUEL ASSURANCE ACT

Per our telephone conversation this morning, the following information may be of assistance to you in preparing a briefing paper for the President on initial Congressional reaction to the proposed Nuclear Fuel Assurance Act.

ERDA has been pursuing this subject at two levels simultaneously: our Administrator, Bob Seamans, our Deputy Administrator, Bob Fri, and our Assistant Administrator for Nuclear Energy, Dick Roberts, have been briefing the members of the Joint Atomic Energy Committee individually. As of this morning we have been able to talk to 13 of the 18 members of the JCAE plus Senator Bellmon. In addition there have been numerous staff-level briefings for non-JCAE staffers.

The general reaction has been two-fold: There is a reluctance on the part of some of the JCAE members to commit themselves to a position prior to the release of the GAO study -- presently expected out on October 1st-- and a universal recognition of the need for additional enrichment capacity for the United States. No strong opinions have been propounded in opposition to the President's proposal as a whole, although the Chairman, Senator Pastore, has declined to be briefed and several members have serious concerns for certain aspects of the plan.

Individual reactions expressed to us have been as follows:

Senator Jackson -- Generally favorable since it fits into his basic philosophy on the government role in the commercialization of the synthetic fuels industry. His concern was whether private industry could raise the required capital without additional financial guarantees. He was very receptive, as one might expect, to the impact this industry would have on the employment problem, specifically in the plumbing and building trades. He is concerned that the so-called "environmentalists" would seize this opportunity to challenge nuclear growth.



Senator Swmington -- Generally favorable to the plan but has very great concerns for the growing trend of Government guarantees for private industry, the potential for proliferation of nuclear enrichment technology to foreign countries, and the problems associated with safeguarding nuclear material. The Senator recognizes that the uranium enrichment "genie" is out of the bottle and therefore, if the U.S. is to play a role in the formation of regulations and international agreements to safeguard materials and technology, it has to be a participant in the world market arena.

Senator Montoya -- Somewhat surprisingly, Senator Montoya approves of the concept of a competitive nuclear fuel enrichment industry. While tending toward the preservation of the government's role in gaseous diffusion plants, he had no objection to the commercialization of the centrifuge technology. He managed to work into the conversation his belief that the enrichment plants ought to be close to the source of uranium ore -- like New Mexico? He agrees that all interests will be best served by prompt hearings. He is not yet aware of which subcommittee Sen. Pastore will task with this subject. (Sen. Montoya chairs the Legislative Subcommittee).

Senator Baker -- According to his speech before the American Nuclear Society, he favors the commercialization of the centrifuge technology after the government builds and operates a centrifuge demonstration plant (at Oak Ridge). In the interim, he stated that the Government ought to add on to the existing plant (diffusion) at Portsmouth rather than the UEA proposal. There may have been more of a "home consumption" element to his speech than a firm commitment to his suggestion. He left himself some maneuvering room. Nonetheless, his apparent opposition to the President's proposal leaves the JCAE Minority in a difficult position.

Senator Case -- His reaction was one of benevolent neutrality. He may support the proposal once he has sorted out in his own mind what the proper level of government participation should be -- in this and all other areas of the private sector industries. He is reassured by the lack of direct financial involvement on the part of the government unless there is default or a clear need for the add-on at Portsmouth. He also expressed concern over the need for clear definition, by ERDA and NRC, of the roles each will play to ensure the safeguarding of the technology.

Senator Buckley -- Fully supports the proposal "because of my basic philosophy which would include the sale by the Government of TVA."

Rep. Price -- Will withhold judgement until after he has seen the GAO Report. It is likely that Mel will oppose the proposal since he has fully supported the retention of "this technology built by and for the taxpayers" within the federal Government.

Rep. Poncalio -- "You will have no problem with me on this one". He is concerned, however, by the inability of the IAEA to exercise real control over nuclear materials and technology overseas. He also expressed



concern that the Government might be moving too far and too fast in the whole area of guarantees. This statement was made the day after the EIA announcement and so can be taken with a grain of salt.

Rep. McCormack -- Mike is increasingly concerned by the anti-big business and anti-energy positions being expressed by the Congress and the Nader-ites respectively. He sees this issue as another opportunity to fight the anti-nuclear growth issue. However, since he is so busy elsewhere, he cannot play a significant role on this one. He strongly suggests that the President commence a series of "fireside energy chats" addressing the most difficult subjects first and, weekly if possible, using these chats to educate the public on energy issues and their complex interrelationships. He sees this as also a means through which to focus and control the debates. With regard to this specific program, Mike indicated that it made more sense to him to make the switch to commercialize uranium enrichment at the same time we switch to the centrifuge process.

Rep. Moss -- As a co-sponsor of the request for a GAO audit, John did not want to comment on the proposal without seeing the GAO study. He expressed concern over the trend toward big petroleum companies moving into the other energy areas, such as uranium enrichment. Chet Holifield is John Moss's mentor on the JCAE and may be guiding his present views.

Rep. Anderson -- John is one of the most knowledgeable members on this subject. He will lead the charge on the minority (House) side on this issue. He suggests we continue to brief the members with high-level but low-profile efforts until the GAO study is out. Then he suggests we bring out the technical experts to refute the expected unfavorable report.

Rep. Horton -- Frank has done his homework on this issue but is not committed one way or the other. He expressed concern over the partnership arrangements in UEA, both as to the extent of foreign involvement and the personalities involved in the domestic corporations. He suggests a fixed timetable for the initiation of the "hedge plan" be made public as soon as possible. He is also concerned over the extent to which the JCAE would be able to exercise control over all contractual agreements which impose burdens or obligations on the Government. He is categorized as neutral/leaning against on this issue. Ed Bauser, former staff director on the JCAE, has been hired as a consultant to Horton on this program.

Senator Bellmon -- Although not a JCAE member, the Senator is very current on this proposal through his visits to the centrifuge experiment at Oak Ridge and a series of briefings by UEA and the centrifuge companies. He fully supports the program and has spoken to Senator Pearson to urge that he lead the minority side (Senate) on this issue in the face of a possible Baker fallout. He reports that Senator Pearson is willing to do so. ERDA-Pearson discussions have been scheduled.



B



EXTRANEOUS ITEMS

(I) James Hooper/TVA

The Senator might bring up the pending nomination of James Hooper of Mississippi for TVA. He and Senator Brock (for political reasons, we suspect) are adamant in their opposition to Hooper. We have been holding them at bay pending Hooper's review of the final draft of the Public Works Committee investigative report. Although the report will not reveal any criminal culpability, the Senators allege that it will expose Hooper as an extremely poor businessman who has exercised exceedingly bad judgment in numerous financial transactions. The Senators anticipate that Hooper will voluntarily withdraw after he reviews the report. However, if he decides to go forward, they hope to persuade the President that the nomination should be withdrawn.

Our best projection is that Hooper will resist any suggestion of withdrawal. In that event, Baker and Brock predict that he will not be confirmed.

(II) Clean Air Act/Auto Standards

We have been discussing a possible resolution of the auto business controversy with Senator Baker. We need his active support and in the event the President wants to mention the subject, the following points will serve as a background:

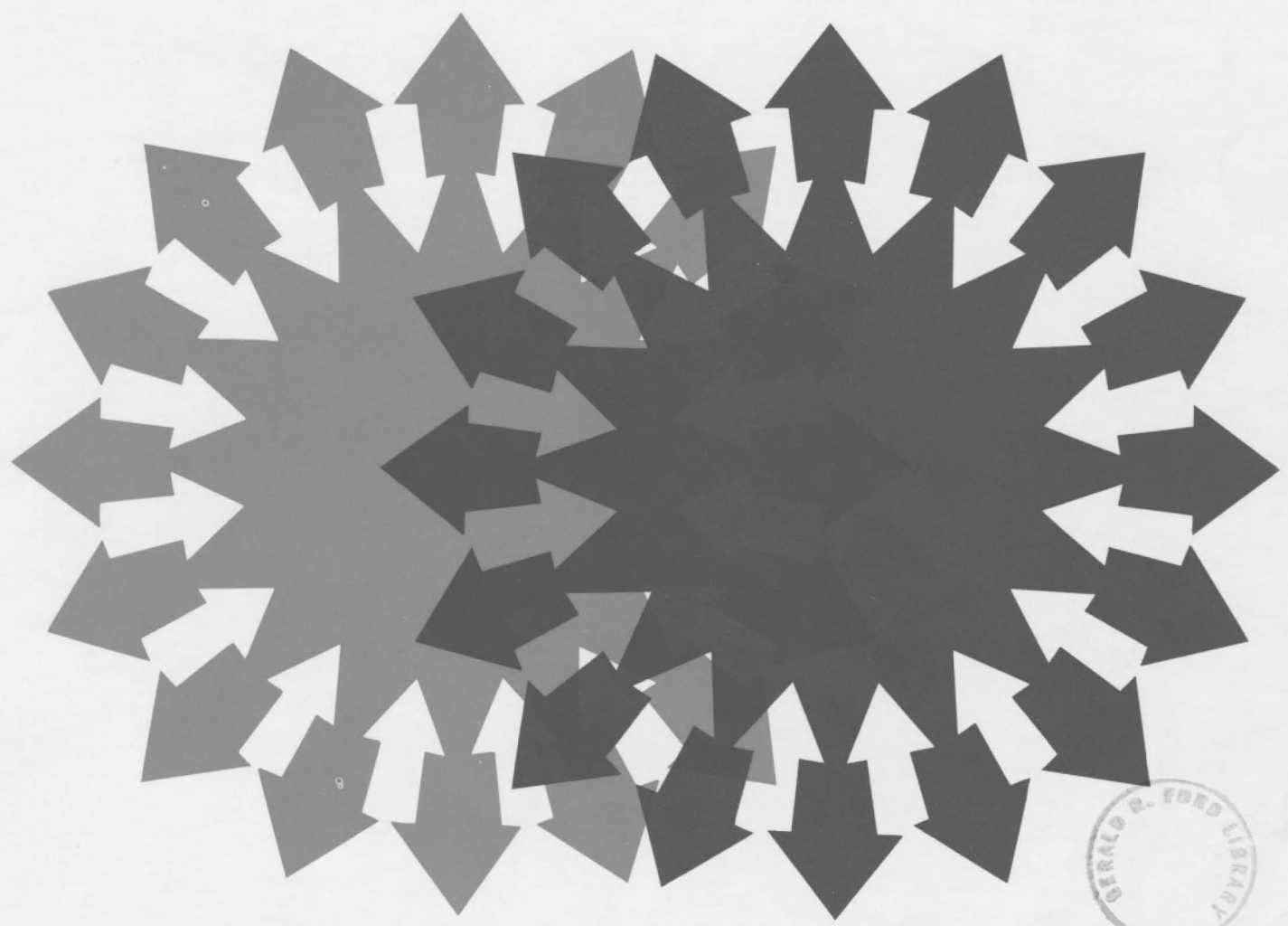
1. The President considers resolution of auto emission standards problem to be critical to the economy because:
 - a) Buyers are confused and reluctant to purchase new cars.
 - b) Auto companies (particularly AMC and Chrysler) should not make huge investments for new control equipment tooling when technology requirements are so uncertain and confused.
 - c) Auto company expenditures should be directed towards energy conservation projects (new engines, better carbureation, etc.)
 - d) Auto industry is critical to economic recovery and unemployment problems.
2. Our position is still the request for a 5 year monitorium.

3. The President is disturbed by House subcommittee action (two year suspension of 1978 Standards but with changes within the two year time frame) This would result in fuel economy penalties and would further confuse understanding from a public standpoint.
4. The President would be willing to accept compromise if decision is expedited.
5. This matter is being handled for the administration jointly by Domestic Council (Cannon) and Economic Policy Board (Seidman) who have assigned William Gorog (Deputy to Seidman) to coordinate action with auto companies, labor, EPA and the committees.

10/757
ERDA-85

Uranium Enrichment

A Vital New Industry





Uranium Enrichment

A Vital New Industry

“Today, I am asking the Congress to join me in embarking this Nation on an exciting new course . . . the establishment of an entirely new private industry in America to provide the fuel for nuclear power reactors—the energy resource of the future.”

President Ford, message to Congress, June 26, 1975

Decisive action by the Congress is needed to assure the expanded production of enriched uranium if nuclear-generated electric power is to realize its potential in the decades ahead as a major contributor to the energy independence of the Nation. Passage of the President's Nuclear Fuel Assurance Act of 1975 will permit the nuclear fuel needs of this growing industry to be met through the involvement of private enterprise in the production of enriched uranium—a technology which up to the present time has been developed and applied solely by the Federal Government.

For the Government to continue in this exclusive role is neither essential nor desirable. It is not essential because the basic technology has matured to the point where private enterprise can do the job as well as the Government. It is not desirable because the heavy production demands anticipated for the future would entail billions in additional Federal outlays. Establishment of a commercial enrichment industry, which this legislation would encourage, is the best approach to meeting the needs of all concerned and for assuring that the United States can maintain and improve its position as a major and reliable supplier to the nuclear power industry, both here and abroad.

It is my hope that this report will contribute to the understanding of the President's approach to expanding the Nation's uranium enrichment capacity.

—Dr. Robert C. Seamans, Jr., Administrator
Energy Research and Development Administration

The Energy Problem

Over 75 percent of the Nation's energy consumption is based on dwindling supplies of petroleum and natural gas, and about 20 percent of that total is imported. The price for these foreign fuels was \$25 billion in 1974. And the price is going up. The combination of dwindling domestic fuels and spiraling prices for imported fuels could spell disaster to the economy . . . and to the security of our nation.

Other sources of energy must be developed. According to the U.S. Energy Research and Development Administration's National Energy Research, Development and Demonstration Plan, the three

most promising, long-range new energy sources are solar, fusion and the breeder reactor. The development and demonstration of these resources to a level of significant energy production will take time, however. They are likely to contribute significantly only after the turn of the century. Meanwhile coal and nuclear power must provide the bulk of our Nation's increased energy needs. While conservation of our resources will be necessary no matter what the energy options utilized, it alone cannot pare down our electrical power requirements to a level sufficient for a healthy, vigorous economy.

The Need for Nuclear

A realistic appraisal of this Nation's energy options compels us to the realization that nuclear power, along with greatly expanded use of our richest fossil energy source, coal, is crucial to our energy needs for the foreseeable future.

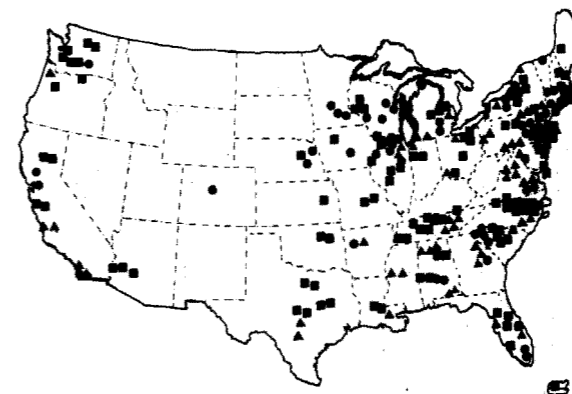
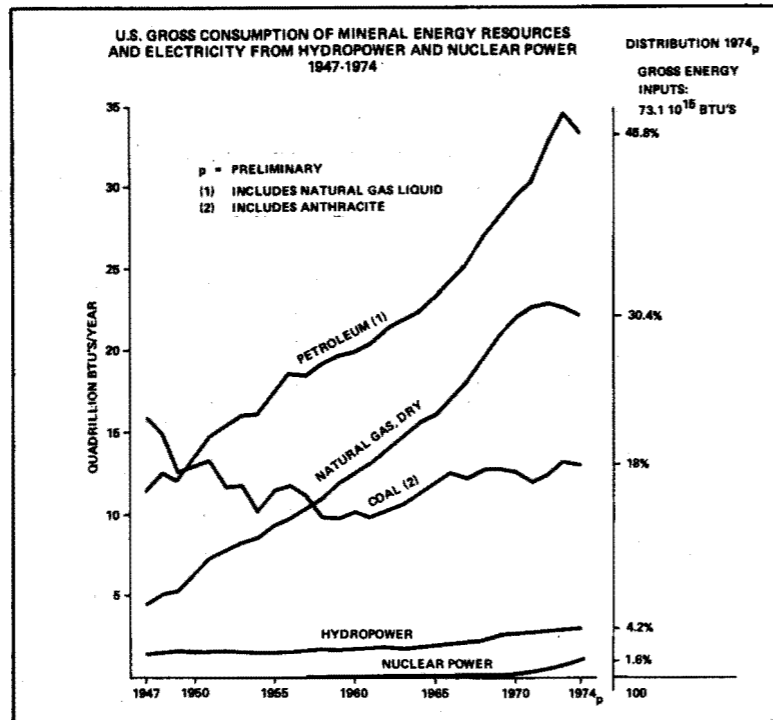
It now costs substantially less for nuclear power than for power from new fossil fuel plants. ERDA estimates that 110 billion kilowatt hours of nuclear-generated electricity in 1974 represent savings in fuel cost of over \$1.5 billion relative to the cost of fuel for oil-fired plants. By the year 2000, the availability of nuclear-generated power should save the Nation over \$4 billion annually and reduce our dependence on fossil fuels by the equivalent of 14 million barrels of oil per day.

Nuclear power growth, however, is constrained by a complex of factors, including high capital costs, long licensing procedures, and long construction times. It is also hedged by environmental criticisms

in spite of an outstanding public safety record.

Recognizing these problems, the President nevertheless demonstrated his conviction that nuclear power growth is vital to this Nation's well being when in his State of the Union Address he urged the construction of a total of 200 nuclear power plants by 1985. Currently, there are fifty-six operable nuclear power plants in the United States providing approximately seven percent of the country's total electrical power.

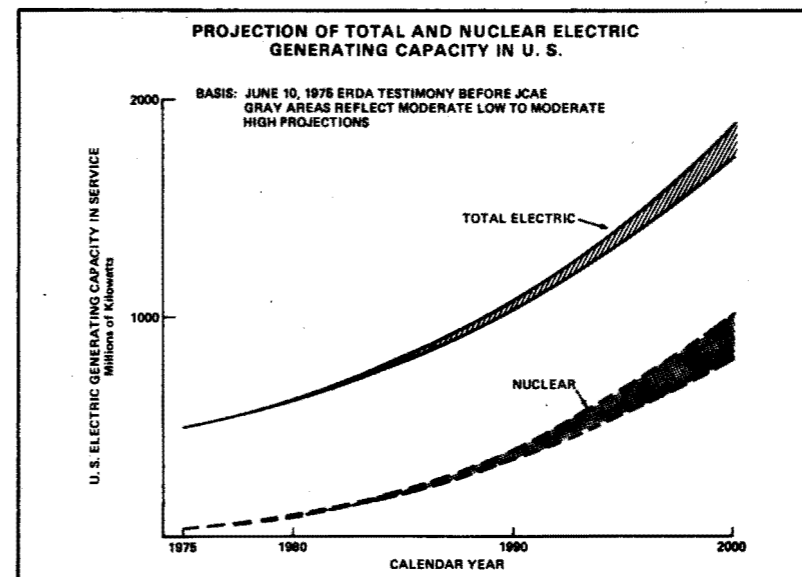
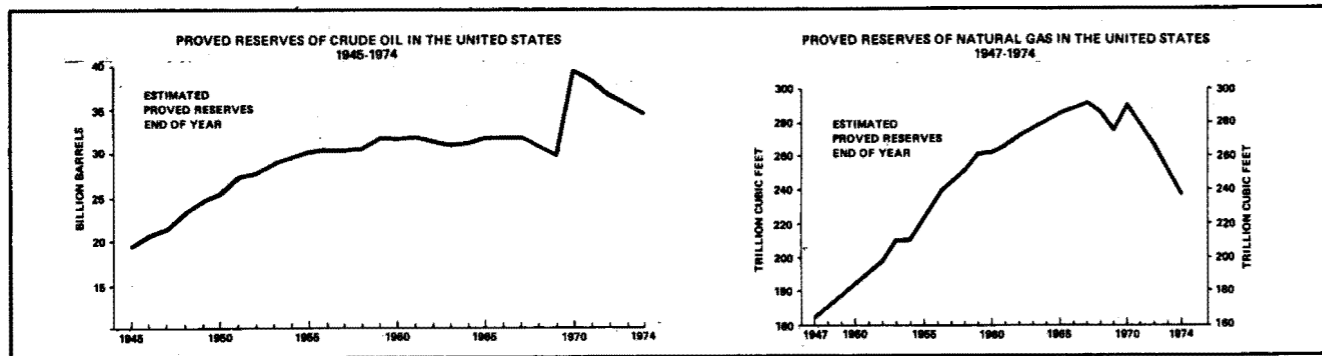
The recognition that our domestic oil and gas resources are limited mandates an increasing reliance on electricity which can utilize alternate fuel sources. Nuclear power, along with coal, is particularly suited to provide the base for the continuing larger proportion of our power supply derived from electricity. However, in order to continue to have nuclear power we must have the enriched uranium which fuels these plants.



NUCLEAR POWER REACTORS IN THE UNITED STATES

● OPERABLE	56
▲ BEING BUILT	62
■ ORDERED	106
TOTAL	224

AS OF SEPT 1975



The Demand for Enriching Services

Since the Nation must increase its reliance on nuclear energy, especially through the end of this century, expansion of this Nation's uranium enrichment capacity is a necessity. The capacity of the three Government enrichment facilities, operated by private industry under contract to the Government and located at Oak Ridge, Tennessee, Paducah, Kentucky, and Portsmouth, Ohio, is being increased by about 60 percent in a massive \$1 billion improvement program.

Even so, since mid-1974, the entire capacity of the three plants, including the increased capacity to be derived from the improvement program, has been fully committed under long-term contracts.

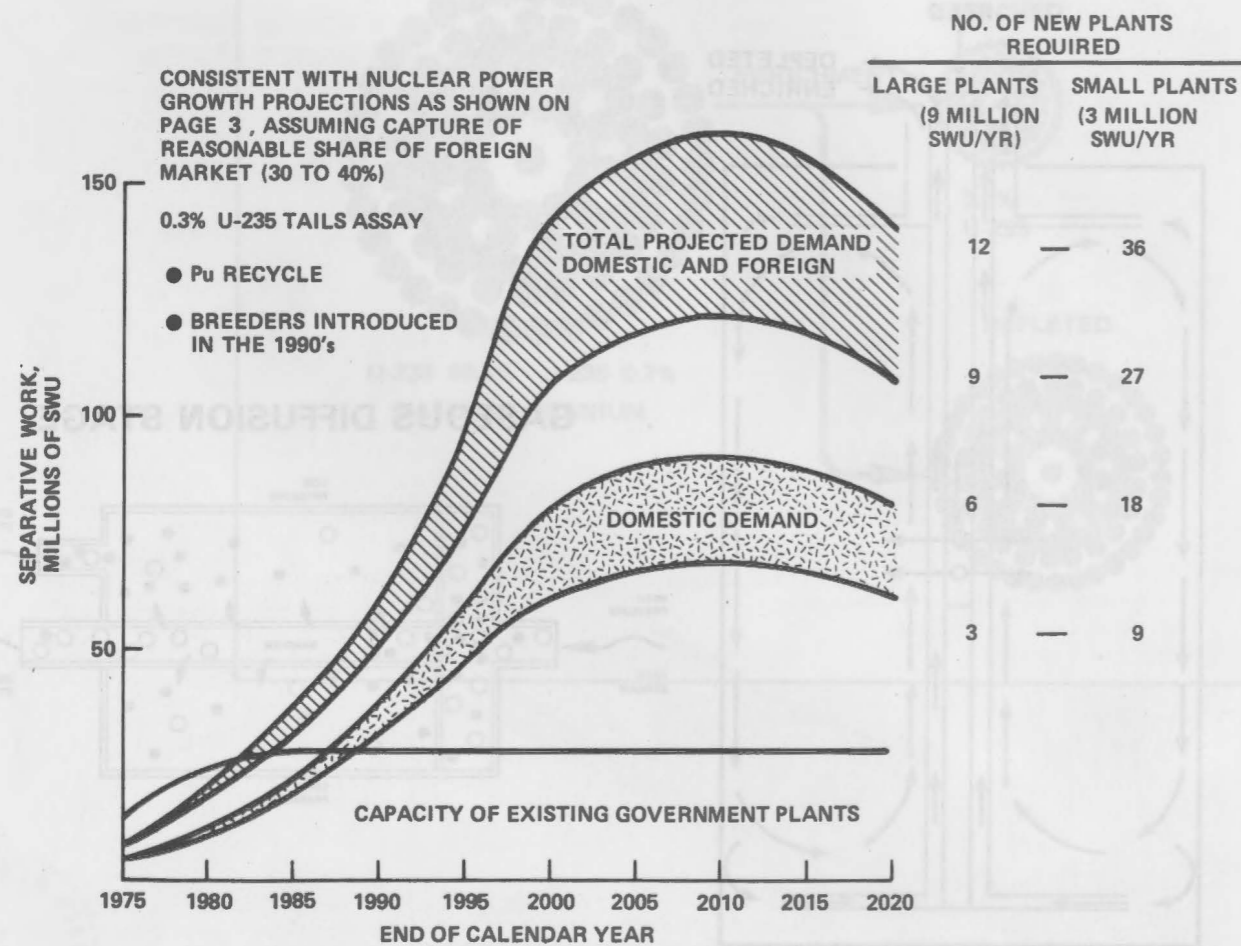
New enrichment capacity must be ready beginning in 1983-1984 to meet the growing domestic and foreign demand for nuclear fuel. Thereafter, ERDA estimates, the U.S. will need an additional large uranium enrichment facility about every 18 months in order to supply fuel for the nuclear power plants

expected to be in operation. Each new facility would be similar in size to one of the Government's existing plants. Each new enrichment plant is expected to cost \$3 billion to \$3.5 billion (in 1976 dollars).

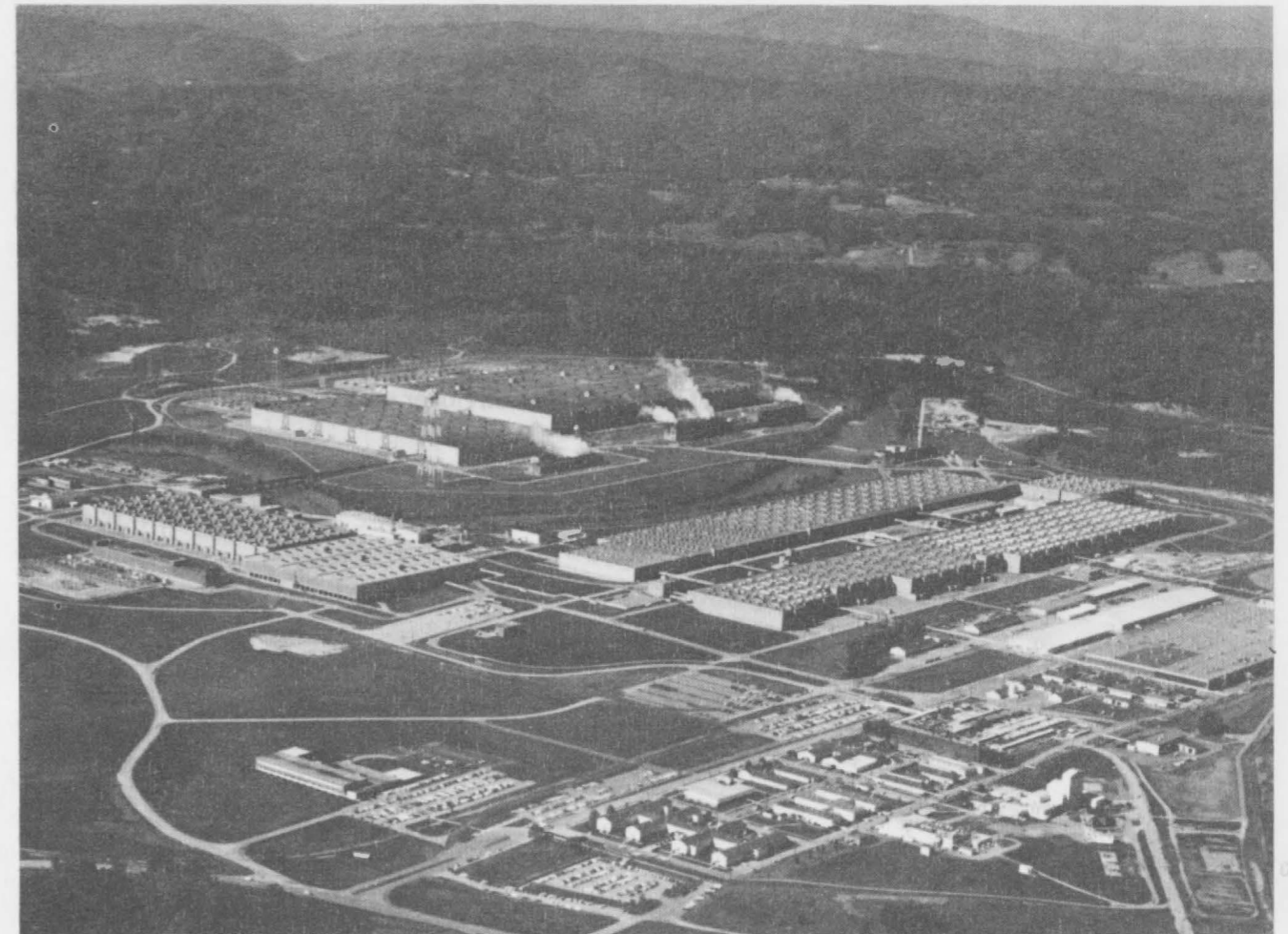
Without the additional uranium enrichment capacity the Nation will lose the option of constructing additional nuclear power projects in this country. Further, potential foreign customers, who already have begun looking to the Soviet Union, France and URENCO, a European consortium, for uranium en-

richment services, will be lost. In the final analysis, without additional enrichment capacity the U.S. would be forced to rely on its domestic oil and natural gas supplies, as well as to increase its dependence on imported oil. Such a predicament would be a serious impediment to the Government's goal of energy independence. Since it is expected to take 7-8 years to provide large new plants, commitments to expand U.S. enrichment capacity must be made now.

ANNUAL DEMAND FOR U. S. SEPARATIVE WORK



The Oak Ridge Gaseous Diffusion Plant. Similar size facilities cost from \$3 billion to \$3.5 billion in today's dollars.



The Issue: Expansion By Government or Private Industry

There are many important and convincing reasons for proceeding with the creation of a competitive nuclear fuel supply industry now. Among these reasons are:

- Uranium enrichment services is now essentially a commercial/industrial type of activity. It is not one that can be performed well only by the Government.
- Private industry is willing and able to enter the uranium enrichment industry.
- A more diverse fuel supply base will be created to support our growing nuclear power industry.
- Construction of the needed enrichment plants to increase this country's capacity through the year 2000 would cost U.S. taxpayers \$30 to \$50 billion, although these sums would be recovered through revenues from these

plants after they are built. These demands should not compete in the Federal budget with other areas which can only be financed by the Government—such as certain social services and national defense.

- Private competition should provide incentives, over the long term, for lower costs, improved efficiencies, and technological advancement.
- Private industry will provide to the Government up to \$100 million annually in income taxes and royalties from each facility the size of one of our existing plants.
- Lastly, a private undertaking will avoid the delays and uncertainties associated with the Government's budget and appropriations processes to finance needed new increments of capacity every year or two if the past methods of Government financing are employed.

WHY PRIVATE URANIUM ENRICHMENT EXPANSION

- Places Commercial/Industrial Activity in Proper Sector of Economy
- Private Industry is Willing and Able to Enter the Enrichment Business
- Avoids Multi-Billion Dollar Federal Budget Outlays, Especially over next Several Years
- Competition will Provide Incentives — Over the Long Term — for Technology Improvements and Cost Savings to Consumer

Obstacles to Private Enrichment

Responding to the Federal Government's policy of encouraging private entry into the uranium enrichment industry announced in 1971, several industrial firms have undertaken substantial efforts to prepare for building, owning and operating enrichment facilities. A substantial momentum has now been built up in the industry establishing that industry does have the interest in and capability to provide all new increments of capacity. One venture, that of Uranium Enrichment Associates, has reached the stage where it has proposed construction of a specific plant and is accepting letters of intent from customers for enriching services. It has lined up a number of customers and made detailed plans to proceed, including options on land and electrical power. Other ventures have been organized and plans have been proposed for plants using centrifuge technology to provide the next increments of enriching capacity.

All firms interested in building, owning and operating a private uranium enrichment plant have concluded that some form of Government cooperation and temporary assurances are essential to begin the transition to a private competitive industry. Among the factors that have contributed to this conclusion are:

- The absence of a commercial history in uranium enrichment, which handicaps private financing.
- The complexity of the undertaking, including relationships to existing Federal facilities and the classification of the technology.
- The large financial commitment required, the long payout periods involved and the difficulty encountered in trying to obtain private financing under these conditions.
- A degree of uncertainty as to whether or not the Government would follow through on its commitment to end its monopoly and achieve private involvement.
- The concern that local jurisdictions might impose nuclear power moratoriums.

OBSTACLES THAT ARE PREVENTING ENTRY OF PRIVATE INDUSTRY

- No Commercial Experience with Classified Technology
- Massive Capital Requirements
- Long-Term Payout
- Uncertainty as to Government's Intentions Regarding Private Enrichment
- Concern about Nuclear Power Moratorium(s)

The President's Plan

The President's Nuclear Fuel Assurance Act of 1975 will permit the Government to assist private uranium enrichment projects during a transition period until they become operable. Such assistance will be based on recovery of any Government costs incurred. The contemplated cooperative arrangements will provide assurance that the projects will work, and that national and international commitments made for the output of the plant will be met. The President has already pledged to domestic and foreign customers that enriching services orders placed with U.S. private producers will be fulfilled from U.S. sources of supply. While the Act would enable foreign investment in U.S. uranium enrichment facilities, it would assure that control of the projects would remain firmly in domestic hands. It would assure necessary Governmental controls and safeguards over all aspects of plant operation. And foreign investors will not have access to classified technology.

Specifically, the President's legislative proposal asks Congress to authorize ERDA to negotiate and

enter into cooperative arrangements with private industrial companies on a basis deemed most advantageous to the Government and the Public interest and with a degree of risk to the private firm consistent with the objective of creating a private, competitive uranium enrichment industry.

The proposal would permit warranties for the Government's uranium enrichment technology, for which royalties will be paid to the Government and warranties on the materials and equipment purchased from the Government on a full-cost recovery basis,

The legislative proposal would also provide authorization for contract authority in amounts up to \$8 billion. This is an estimate of the total potential cost to the Government in the highly unlikely event that all private diffusion and centrifuge ventures, covered by cooperative arrangements, faltered, and it was determined necessary for the Government to take over the plants, assume domestic assets and liabilities, and compensate domestic investors. This compensation would recognize that private investors

The Purposes of the President's Plan

The President's plan is intended to:

- Provide for our immediate domestic needs.
- Permit us to become a reliable international supplier again—NOW.
- Put in motion the events which result in establishment of a new private competitive industry.
- Have private industry, rather than the Federal Government, assume the responsibility for financing and operating the many needed new multi-billion dollar projects.

must assume an appropriate degree of risk in these ventures. It is the Administration's expectation that none of these funds would have to be expended for the assumption of private ventures because the nature of government involvement will insure that the projects will work. But the authorization is necessary to provide assurance to customers and to potential private enrichers that the Government is committed to the creation of a competitive uranium enrichment industry.

Congressional Review

Once contracts were negotiated, the Joint Committee on Atomic Energy would be notified and a period of 45 days would have to elapse before a contract could be executed to allow an opportunity for Congressional review of the basis for ERDA's arrangements with private firms.

THE PRESIDENT'S PLAN

- **Legislation — Nuclear Fuel Assurance Act— To Authorize Government to Enter into Cooperative Arrangements with Private Firms that Wish to Build, Own and Operate Uranium Enrichment Plants**
- **Presidential Assurance to Foreign and Domestic Customers that Orders Placed with Private Producers will be Fulfilled as Services are Needed**
- **Opportunities for Foreign Investment, with Control of Projects Remaining in Domestic Hands**
- **Necessary Controls and Safeguards Concerning**
 - **Diversion of Nuclear Materials**
 - **Spread of Sensitive Technology**
 - **Environmental Impact**
 - **Safety**
 - **Antitrust**

Conclusion

"Without question," the President said on June 26, 1975, when he presented his Nuclear Fuel Assurance Act of 1975 to the Congress, "our energy future will become more reliant on nuclear energy as the supplies of oil and natural gas diminish." To realize that future more uranium enrichment capacity is essential. The expansion of our Nation's uranium enrichment capacity through the private sector of our economy will be a significant and far-reaching event. This crucial issue has been studied in detail for the last several years. The time for a decision is now. As the President said, "The course we select will touch the lives of most of us before the end of this century and surely affect the lives of generations of Americans yet to come."

The Nuclear Fuel Cycle

Nearly all of today's commercial nuclear power plants utilize Light Water Reactor (LWR), meaning that these reactors use ordinary water as a coolant.

The production of power from reactors, however, is only one link in a series of interrelated steps known as the nuclear fuel cycle.

The first step in the nuclear fuel cycle is the mining of uranium ore from the earth. The ore is shipped to a mill where uranium concentrate is produced. This uranium concentrate is often referred to as yellowcake, whose chemical symbol is U_3O_8 . There are 14 mills presently operating in the United States. The yellowcake is then sent to a converter where it is converted into uranium hexafluoride, or UF_6 . Uranium hexafluoride is the only simple form of uranium that can be

gaseous at conditions near room temperatures and pressures. There are two UF_6 conversion plants operating in the U.S.

Uranium hexafluoride is then sent to a uranium enrichment plant. Once the desired enrichment is conducted, the material is shipped to a fuel fabrication plant. There, the enriched uranium is converted to uranium dioxide, UO_2 , formed into pellets, and placed in zirconium tubes. The tubes are assembled into bundles and sent to nuclear power plants. Seven domestic companies are involved in the fabrication of nuclear fuel.

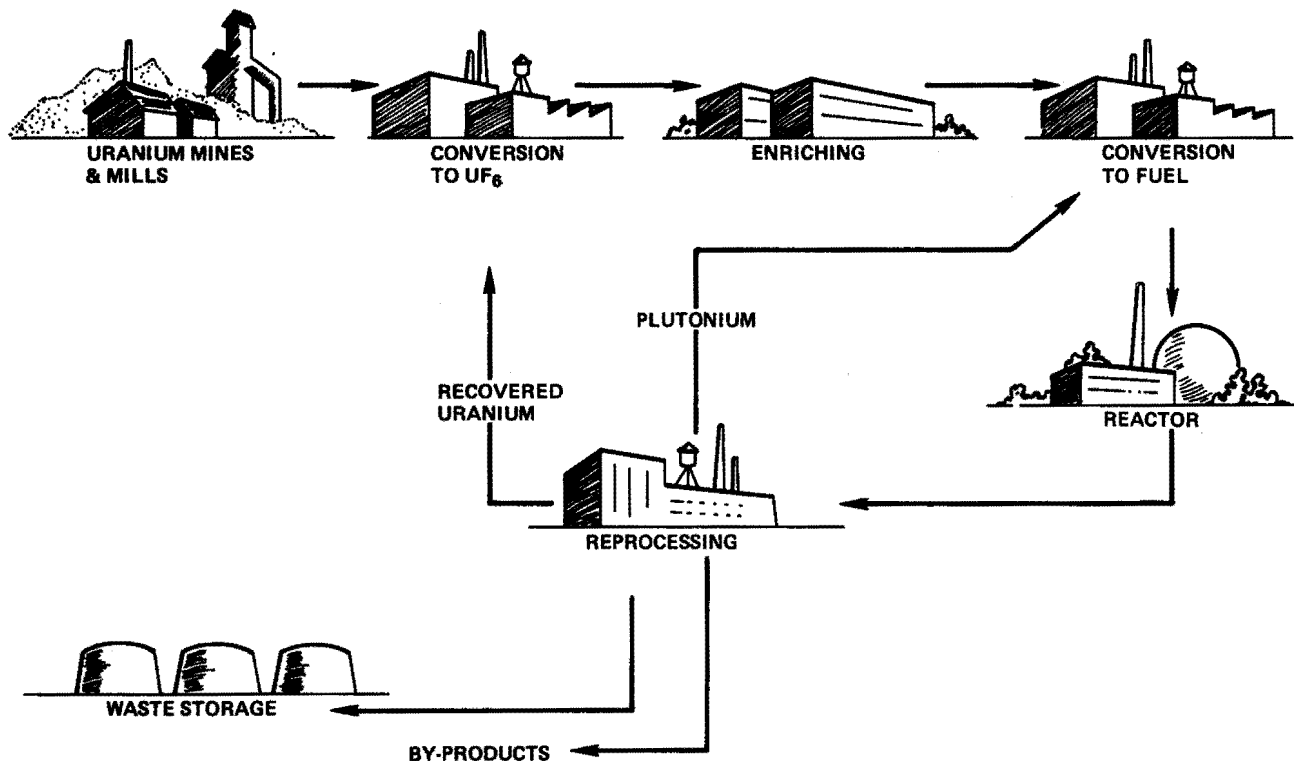
After the fuel is used in the nuclear power plant, it is discharged and cooled in a large water basin at the plant. The spent fuel will then be sent to a chemical reprocessing plant.

There the uranium and reactor-produced plutonium will be separated from the highly radioactive fission products generated while in the nuclear power plant. The radioactive wastes, converted into a solid, will then be shipped to a Government repository. The recovered uranium will be converted again into the hexafluoride gas and reinserted into the enrichment plant for re-enrichment.

The extracted plutonium, which is also a fissionable material, can be used as fuel in a nuclear power plant. If use of the plutonium is granted by the Nuclear Regulatory Commission, it would be sent to the fuel fabrication plant. There it would be mixed with uranium and formed into pellets for nuclear fuel. This process is known as plutonium recycle.

THE NUCLEAR FUEL CYCLE

STEPS



File

THE WHITE HOUSE

WASHINGTON

INFORMATION

October 16, 1975

MEMORANDUM FOR: JIM CANNON
FROM: *Glenn*
GLENN SCHLEEDE
SUBJECT: Congressman Horton's Statement in
the Congressional Record on
Uranium Enrichment

The Extension of Remarks section of the October 9, 1975 Congressional Record contains a statement by Congressman Horton which:

- . Endorses Senator Baker's recent statement on uranium enrichment in which Baker said that the Government should build an add-on plant at Portsmouth.
- . Says Baker's "alternative plan" should be considered by the JCAE (of which he is a member) when hearings are held on the President's proposal.

Congressman Horton's statement probably can be explained by the presence on his staff of a consultant by the name of Ed Bauser who, until the beginning of this Congress, served as staff director for the JCAE. Bauser is a strong supporter of Government -- rather than private industry -- ownership of uranium enrichment plants.

Horton comes out strong for a prompt decision because of our eroding position as a reliable supplier, but he makes other points that are doubtful; e.g.,

- . Government must build a plant because industry can't respond fast enough.
 - Seamans' October 14 letter to GAO indicates that ERDA couldn't have a plant on line until one or two years after the date planned by UEA.
- . Receipts from ERDA plants would pay for another Government plant and have \$8 billion left over by 1990.

- Seamans' letter points out that mixing up revenue from existing plants and possible new plants is fallacious, because:
 - . Revenue from existing uranium enrichment plants is largely a reimbursement for past and current capital and operating costs for those plants -- which has been paid out from tax dollars.
 - . The revenue is counted on to offset the costs of other federal programs and if not available, would have to be paid out from higher taxes or deficit spending.
 - . Considering a new add-on plant by itself, it will take until after 1990 to get enough revenue to recoup costs.

- Electrical power needs for an add-on plant at Portsmouth can be accommodated by American Electric Power Company.

- AEP has attached two major conditions to its commitment to supply power:
 1. AEP wants Government guaranteed securities to back up the cost of the new power plants and transmission lines that would be required.
 2. AEP won't install scrubbers on the plants.

Either one or both of these could make the power commitment worthless. (We're working with ERDA, EPA and OMB to get an assessment. If the commitment is meaningless, ERDA must come up with an alternative or the "hedge" plan -- for an add-on plant -- isn't creditable.)

I'll work with ERDA and Max Friedersdorf's staff to get the correct information to Congressman Horton.

Attachment

cc: ~~Max~~ Friedersdorf
✓ Charlie Leppert

held in by responsible Fili-
 es not dare act against this
 ainist his regime.
 alk in the Philippines to ask
 o start forming cells of re-
 gime. Because of the pov-
 of the people, a Portu-
 beillon may well succeed in
 Marcos may hold the per-
 his generals, but we know
 troops are a sorry lot.
 pe that my appeal to with-
 to Marcos is heeded. The
 of the United States de-

N. L. MANEANO
 Philippine Civil Liberties
 and the core of the resistance
 ganes occupation during
 he writer was then the mili-
 organization.

PHILIPPINE CIVIL LIBERTIES
ACT OF 1975
 SPEECH OF
AND J. ST GERMAIN
 RHODE ISLAND
 OF REPRESENTATIVES
 y, October 9, 1975

Committee of the Whole
 ate of the Union had under
 a bill (H.R. 200) to extend
 asis the jurisdiction of the
 er certain ocean areas and
 protect the domestic fishing
 other purposes.

ST GERMAIN, Mr. Chairman,
 in Washington in 1961 as
 ed representative of the
 onal District, I was
 of the plight of a consid-
 of my constituents in
 whose livelihood was in
 opardy. My State's do-
 m industry was, as the result
 ions of foreign fleets, at

modern and Government-
 igh fleets appeared in
 numbers in our tradi-
 ounds, and their disre-
 e conservation measures
 ar fish resources so alarm-
 ill be generations before
 ee the balance restored.
 e of my first legislative
 ected toward the correc-
 neglected abuse through
 nt of a 200-mile coastal
 14 years ago, and the
 th then seemed insup-
 w absolutely disastrous.
 that the Congress face
 itively, and take imme-
 protect and restore one of
 red natural resources by
 of H.R. 200.

ishment of a 200-mile
 delineated in H.R. 200,
 on measures will be put
 iately, and the Nation's
 benefit from clearly de-
 strictures. No more will
 fleets from other nations
 our traditional fishing
 ts, such as the loss of

\$150,000 in lobstering equipment suffered
 by Rhode Island- and Massachusetts-
 based fishermen early in January 1975
 as the result of the reckless and immo-
 derate fishing practices of a foreign power,
 will no longer be tolerated.

We owe posterity the preservation of
 our natural resources, and passage of this
 legislation is but one step toward that
 great goal.

URANIUM ENRICHMENT

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 9, 1975

Mr. HORTON. Mr. Speaker, Senator
 HOWARD BAKER, in a statement before
 the American Nuclear Society on Sep-
 tember 18, proposed that the Govern-
 ment provide the next increment of
 uranium enrichment capacity by adding
 on to one of its three present uranium
 enrichment plants. It will be recalled
 that the administration proposed on
 June 26 that the next plant, which is
 urgently needed to supply our require-
 ments for enriched uranium to fuel addi-
 tional nuclear plants, be built by a con-
 sortium of private industrial organiza-
 tions, with a portion of its financing
 derived from investments of foreign na-
 tions. Senator BAKER stated he advocates
 that, at the same time the Government
 proceeds with an add-on plant, we also
 encourage private efforts, with whatever
 backup of Government guarantees are
 reasonable, to build the plants which will
 be needed after the Government addi-
 tion is completed.

I concur in the basic approach Senator
 BAKER suggests for getting the next most
 urgently needed unit of additional
 uranium enrichment capacity. I do not
 believe we can finish building a com-
 pletely new plant in time to meet this
 need under the proposed plan which en-
 visions cooperative funding by a num-
 ber of private domestic companies and
 foreign nations. In my view, it will take
 too long to make the necessary arrange-
 ments, especially since foreign negotia-
 tions are involved, to meet our more im-
 mediate needs. There will be adequate
 opportunity for the entry of the private
 sector after the add-on plant is com-
 pleted, since additional plants will be re-
 quired every year or two starting in the
 1980's.

Adding on to the existing Government
 plant for the next unit of capacity is
 logical for a number of reasons: The
 Congress several years ago authorized
 preliminary design efforts to determine
 the best way to increase enriched urani-
 um production by adding on to one or
 more of its three present plants. Much
 work has already been done. ERDA re-
 quested and received authorization ap-
 proval of both the House and Senate for
 continuation of its work on the add-on
 to the Portsmouth plant. Senator BAKER,
 although he took no credit for it in his
 prepared American Nuclear Society re-
 marks, won the addition of \$25,000,000 to
 the Senate-passed ERDA authorization
 bill for more construction planning and

design efforts on an add-on plant. The
 availability of electrical energy to op-
 erate such a plant has also been checked,
 and it has been found that needs can be
 accommodated by the American Electric
 Power Company whose affiliates serve
 the area. It is fortunate that conditions
 are favorable for proceeding with the
 Government add-on plant since the
 schedule which must be followed to meet
 our projected needs requires the design
 work for the plant to be started early
 next year.

I realize that there are those who sug-
 gest that conservation and the recent
 history of decreased growth in demand
 of electricity make it unnecessary to add
 to our electrical generating capacity. Of
 course every reasonable effort should be
 made to eliminate energy waste and in-
 crease the efficiency in the way we utilize
 energy, but the problem cannot be com-
 pletely solved in these ways. Major in-
 creases in the use of completely domes-
 tically controlled energy sources must
 still be made to meet our growing needs
 and to cut down on our foreign depend-
 ence on petroleum. Nuclear energy,
 which requires the production of more
 enriched uranium, and coal are the most
 practical energy sources to accomplish
 these goals. Therefore, we cannot chance
 running short of enriched uranium by
 not facing up to the long lead times
 needed to build enriched uranium pro-
 duction plants. Our present best esti-
 mates of requirements and construction
 schedules indicate, as I mentioned before,
 that the next uranium production plant
 must be started early next year.

Senator BAKER said that we must build
 more enrichment capacity soon in order
 to maintain international leadership
 in the field. He referred to the problem
 which would be created by the world-
 wide proliferation of enriching plants.
 He said that other nations may get in the
 business of supplying enriched uranium
 if we do not keep a lead in supplying this
 material. Foreign nations are already
 in the business of enriching uranium.
 The Soviet Union, for example, is per-
 forming enriching services for a num-
 ber of nations and offering its services to
 others. A consortium of three nations—
 Britain, Holland and West Germany—
 are signing up customers. The French
 are also proceeding with an expansion
 program and soliciting orders. From
 these developments, the urgency of pro-
 ceeding with our own additional produc-
 tion facilities is obvious.

The President has pointed out the im-
 portance of adding both nuclear and coal
 fueled electrical generating capacity. It
 should also be pointed out that, because
 of the lack of firm plans to add addi-
 tional enriching capacity, all long term
 sales of additional uranium enrichment
 services were suspended over a year ago.
 This suspension is still in effect, and
 could be lifted immediately once the
 decision to proceed with the government
 add-on plant is made. This potential
 impediment to the utilization of nuclear
 energy could thereby be eliminated
 quickly.

Adding on to one of the Government's
 existing plants, as the interim step to
 meet our most critical needs for en-

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THE WHITE HOUSE
WASHINGTON

10-17-75

Nota:

Pto check to see if
Headall or Pat O'Donoghue
are going - if so I'll
go - if not - decline
for me.

JK.
Chris

Cancelled 10/21/75





THE GARRETT CORPORATION

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TELEPHONE (202) 331-1873

14 October 1975

Mr. Charles Leppert, Jr., Special Assistant for
Legislative Affairs
The White House Office
1600 Pennsylvania Avenue, N. W.
Washington, D. C. 20500

Subject: Enriched Uranium Briefing

Dear Mr. Leppert:

In confirmation of recent telecon to your office, subject briefing is scheduled for 1100 hours, Tuesday, 21 October 1975, in the Colonial Room of the Washington Suite at the downtown Army and Navy Club at Farragut Square and I Street, N. W. A buffet luncheon will follow immediately at the conclusion of the briefing.

The briefing team will be headed by Mr. J. V. Crawford, Senior Executive Vice President of The Garrett Corporation. Significant items on the briefing agenda include:

- Need for Enrichment Capacity
- Discussion of Technologies
- TRENCOR/Garrett Proposed Centrifuge
Enrichment Plant Description
- Financial Considerations
- Centrifuge Machine Technology and
Manufacturing

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SUBSIDIARIES: AERO HYDRAULICS, INC. • GREER PRODUCTS, INC. • GARRETT MANUFACTURING LIMITED
GARRETT INTERNATIONAL, S. A.

Mr. Charles Leppert, Jr.
The White House Office

14 October 1975
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The Garrett Corporation sincerely appreciates your interest and welcomes this opportunity to confirm the above invitation.

Very truly yours,

THE GARRETT CORPORATION

A handwritten signature in cursive script, appearing to read "W. E. Sullivan".

W. E. Sullivan
Washington Representative

WES:sem