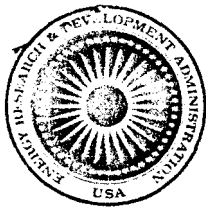


**The original documents are located in Box 19, folder “Nuclear Fuel Assurance Act: General (3)” of the Loen and Leppert Files at the Gerald R. Ford Presidential Library.**

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[11/75]

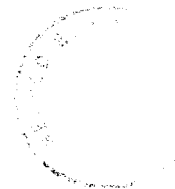


UNITED STATES  
 ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION  
 WASHINGTON, D.C. 20545

MEMORANDUM FOR Glenn Schleede - Domestic Council  
 Charles Leppert - White House  
 Bill Kendall - White House  
 Paul Stahnke - State  
 Larry Atwell - FEA  
 Jay Schuck - Commerce  
 John Harper - Treasury  
 Alan Kranowitz - OMB  
 Carlton Kammerer - NRC  
 Bill Voight - ERDA  
 Phil Kief - ERDA

DECISIONS REACHED AT NOVEMBER 5 NUCLEAR FUEL ASSURANCE PACKAGE MEETING

1. It appears that JCAE hearings will begin on the 18th and/or 19th of November. The initial witness will be Mr. Staats. The consensus was that FEA in the person of Mr. Zarb and ERDA in the person of Dr. Seamans and/or Mr. Fri should appear in tandem as the lead-off Administration witnesses.
2. ERDA will suggest a list of administration witnesses to George Murphy. The game plan calls the principals at State, Commerce, OMB, and Labor to follow the FEA/ERDA lead-off.
3. State will address the international implications of Uranium Enrichment, as well as the proliferation and technology transfer questions. State will address itself primarily to the big picture.
4. OMB will address itself to the impact on the Budget and the Government Corporation aspect.
5. Commerce in discussing the NFA commercial impact, will overlap somewhat with State in discussing international commerce and foreign investment.
6. Treasury should plan on submitting a statement for the record and hopefully have Lynn and Zarb fill in any holes in the Capital market/formation subject areas.



7. FEA will address both the net energy demand picture and the effect of the NEA package on the U.S. This will include a discussion on "Why Private Industry?" and stress heavily the opportunity for this legislation to assist in making the U.S. a net energy exporter by 1995.


8. ERDA will address the technical aspects of the enrichment, the details of contract negotiations and our view of the GAO Report.

9. General. Keep statements short and snappy. Feel free to submit a lengthy statement for the record. White House will probably restate the President's desire for personal participation by Cabinet officers.

10. The next meeting is scheduled for 4:00 P.M., November 12, at the New EOB, Room 10104. In addition to the Congressional Staff Working Group, OMB has requested that the Interagency Task Force also attend.

11. ERDA will help other agencies in any way possible. Please feel free to call.

12. Enclosed are: The Seamans to Staats letter  
The GAO Report

*for*   
H. Hollister Cantus, Director  
Office of Congressional Relations

**THE WHITE HOUSE**  
**WASHINGTON**

November 18, 1975

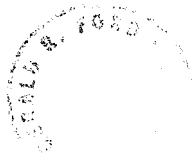
NOTE FOR:

CHARLES LEPPERT *Glenn*

FROM:

GLENN SCHLEEDE

ATTACHED FOR YOUR INFORMATION.







REMARKS PREPARED FOR DELIVERY BY  
THE HONORABLE JOHN A. HILL, DEPUTY ADMINISTRATOR,  
THE FEDERAL ENERGY ADMINISTRATION, BEFORE

THE 1975 ANNUAL CONFERENCE OF THE ATOMIC INDUSTRIAL FORUM,  
THE HOTEL ST. FRANCIS, SAN FRANCISCO, CALIFORNIA  
MONDAY, NOVEMBER 17, 1975, 2:00 PM, PST

EMBARGOED FOR RELEASE UNTIL:  
MONDAY, NOVEMBER 17, 1975, 2:00 PM, PST

I appreciate the opportunity to be here today to address the members and guests of the Atomic Industrial Forum.

Over the past several years, I have become more convinced than ever that atomic energy must play a very important and expanding role in supplying our nation's energy needs in the years ahead. If it does not, you know the consequences -- growing national dependence on foreign oil, increased outflow of U.S. dollars, fewer jobs, an increasing threat of disruption of our economy through another embargo, and interference with our foreign policy -- there is simply no other alternative.

The question is not whether the nation will use nuclear power. The question is how we can work together to make sure that safe, reliable and economical nuclear power is available to fulfill our energy needs.

This afternoon's session on the nuclear industry's financial problems presents an ideal opportunity for me to discuss with you one of the most important pieces of legislation before the Congress today and one that has a direct bearing on the nuclear industry's future and its financial status. The bill is the Nuclear Fuel Assurance Act of 1975 which was proposed by the President on June 26th of this year.

The objectives of the President's proposal are to:

- Increase the United States' capacity to produce enriched uranium to fuel domestic and foreign nuclear power plants.

- Retain U.S. leadership as a world supplier of uranium enrichment services and technology for peaceful uses of nuclear power.
- Assure the creation, in the years ahead, of a private, competitive uranium enrichment industry in the U.S. -- ending the current government monopoly.
- And, accomplish the above objectives with all necessary controls and safeguards and with little or no cost to taxpayers.

This afternoon, I want to make clear why I believe that this is a very important proposal for the nation and for all segments of the nuclear industry.

I also want to make clear that the attitude of the nuclear industry toward the Nuclear Fuel Assurance Act is very important to the nation and to the future of the industry.

There is almost universal agreement on the need to commit quickly and firmly to an expansion of enrichment capacity in the U.S. The real and perhaps only issue is whether that expanded capacity should be financed and owned by the taxpayers or by private industry.

The President's proposal for achieving the four goals I listed is a novel one. While the proposal is novel, it really involves a very straightforward way of beginning the transition to a private competitive industry. Unfortunately, there have been many who have not taken the time to understand the proposal -- but that may mean that those of us in the Administration merely must work harder to be sure it is understood.

I recognize that some segments of the industry have looked closely at the bill and support it.

Others have looked at it and decided that it's a nice idea but that continuation of the government monopoly would mean continuation of a steady flow of subsidized nuclear fuel and that this services their interests better when compared to private industrial involvement which signals the beginning of the end of subsidized nuclear fuel. This audience is well aware, of course, that the expected increases in price for uranium enrichment services would not have a significant impact on either the competitive advantages of nuclear power or on consumer prices for electricity.

Still others have looked at the proposal and decided that the safest and most comfortable position is to endorse warmly the objective of expanding our capacity for providing uranium enrichment services -- and then, with great statesmanship -- decide to let others take a position on the gut issue: Who pays the bill? Taxpayers or industry?

I want to devote most of the remainder of my remarks to an explanation of why I believe that the Nuclear Fuel Assurance Act is in the best interest of all parts of the nuclear industry as well as in the best interests of the nation. I will not spend much time on the more obvious points that have been stated well many times already by others; for example:

- The proposal would move toward placing a commercial/ industrial activity in the proper sector of the economy.
- Private industry is willing and able to enter the uranium enrichment business.
- Competition will provide incentives -- over the long term -- for technology improvements and cost savings to consumers.

Instead, I want to draw upon my experiences in the Office of Management and Budget -- and perhaps some from the Environmental Protection Agency -- as well as my current job at the Federal Energy Administration to make two major points.

First, there is a very real limit to the total amount of money that can be expected from the Federal treasury to support the various segments of the nuclear fuel cycle in the years ahead. The extremely tight federal budgets that we must all anticipate is not simply a new goal of the Administration. Tight budgets are critical to a sound recovery of our economy and maintenance of our basic freedoms.

Also, the newly created House and Senate Budget Committees and the rigid requirements of the recently enacted Budget Reform Act have convinced me that the legislative branch will be a major force in holding down federal expenditures and focusing new attention on priorities and tradeoffs among the many desirable uses of taxpayer dollars. Their success to date in this regard, goes far beyond what many of us ever imagined possible in the Congress of the United States.

The budget outlook for the years ahead should attract the attention of all segments of the nuclear industry. Federal financial help has been very important in bringing the promise of nuclear power to its current status. An industry has developed and, when we stop and think about it, it's really a pretty healthy one, recognizing the distance travelled in a very few years.

Nevertheless, if I read the signals correctly, the nuclear industry is looking to the federal treasury for continued assistance -- and perhaps expanded assistance -- for some parts of the fuel cycle.

Let's review the current nuclear budget for a moment. In the current fiscal year, ERDA will be spending:

- . At the very front of the cycle, about \$15 million for the appraisal of uranium resources. Expansion of this effort is important and earnestly desired by the industry.
- . At the uranium enrichment stage, the net negative cash flow will be about \$300 million in 1976, continuing an almost perfect string of minus signs which began years ago and which -- without new commitments to government owned enrichment facilities -- will continue into the 1980's. The investment has been a good one, but it will be several years before the revenue from the government plants pays back the taxpayers for money spent for past and current capital investments and operating costs. If the Federal government were to build an add-on enrichment facility at Portsmouth as some are proposing, the negative cash flow will extend beyond 1990.
- . At the fission reactor research, development and demonstration stage, federal funding will be about \$524 million in 1976 -- and this must grow in the years ahead as the demonstration breeder plant at Clinch River, Tennessee requires more money.
- . At the "back-end" of the cycle, federal funds have been relatively small for reprocessing because that stage has been left primarily to private industry. Also, funds for waste management have been quite modest compared to enrichment and reactor development.

The signals now being heard are that more federal involvement is needed at the reprocessing stage, and it has become clear that work on long term nuclear waste management must be expanded. If the federal role in these areas is to be expanded, the dollars involved must come from the same budget and the same U.S. Treasury as the dollars for uranium enrichment, reactor development and demonstration, uranium resource appraisal -- not to mention fusion, fossil and other energy R&D or the myriad of other legitimate claims on the federal budget for national defense, health and welfare, education, and other objectives.

The questions I have for the nuclear industry are simple:

(1) First, is it realistic for the nuclear industry to expect the taxpayers to commit another \$2 billion or more for a new government-owned enrichment plant and at the same time continue or expand funding for reactor development and for work at the "back-end" of the nuclear fuel cycle?

(2) Second, is this a fair or even reasonable request when private industry could clearly finance the new capacity if the Nuclear Fuel Assurance Act were passed? and,

(3) Third, what will be the answer to that rapidly growing number of people who are questioning why the federal government is already spending more money on nuclear programs than it does on R&D for other energy sources?

It has occurred to me that the federal government's involvement in support of the nuclear industry may be something like standing on one's head. Our current government role is easily explained from a historical perspective but that doesn't mean it makes sense to perpetuate it.

We are now in the process of increasing the capacity of the three existing plants -- at the cost of over \$1 billion. And, the investment is a good one. But this does not mean that it is a wise choice to commit more billions from the tight budgets that are ahead to a stage of the nuclear fuel cycle where (1) technology is developed and demonstrated, (2) the activity involved is clearly one that industry can handle, and (3) industry can finance -- if the government will permit its monopoly to come to an end and take the few inexpensive steps necessary to begin the transition to a competitive industry.

At the "back-end" of the cycle, we decided some years back that the reprocessing job belonged to industry. Industry has made a valiant attempt and undoubtedly will succeed. But, consider the situation. There still is some R&D that is needed at the reprocessing stage. There may be a need for even more federal involvement. At the waste management stage, government must be involved, but our funding has been inadequate.

The second major point that I want to make will take only a few lines. Those who are genuinely concerned about nuclear power problems -- as well as those who are determined to oppose nuclear power at any cost -- are correctly focusing their attention at the back end of the fuel cycle. They are not concerned about the enrichment stage because there aren't any unresolved technical questions which provide the basis for concerns about safety or the environment. There are honest questions being focused upon the back end of the cycle, and a much more persuasive case can be made for a federal role there.

Before closing, I want to say a few words about the well-publicized report by the General Accounting Office (GAO) on the Administration's Uranium Enrichment Proposal. There are many weaknesses in that report which serve to undermine some of the conclusions that are reached in it. These problems will be pointed out in detail in the days ahead and certainly during the hearings on the Nuclear Fuel Assurance Act that the Joint Committee on Atomic Energy will begin on December 2.

Actually, the staff of the GAO did a commendable job in learning so much about the complex matter of uranium enrichment in the short time and under the conditions that they found themselves. Under different conditions, I'm sure the report would be much better.

The point I want to make is that the report serves a very useful purpose in that it makes quite clear:

- . The need for an early decision on the question of whether government or industry will finance and own the next increments of capacity.
- . The desirability of the U.S. continuing as a major supplier of the world's needs for uranium enrichment services. This role is important to the nation's energy, economic and non-proliferation objectives.
- . That there is no significant difference between privately-owned and government-owned plants with respect to our ability to safeguard nuclear materials and protect classified technology.
- . Legislation similar to the proposed Nuclear Fuel Assurance Act is necessary to permit the transition to a private, competitive nuclear fuel industry.

The Administration is looking forward to the opportunity to present its case before the JCAE. The JCAE has a critically important task ahead of it. As I indicated, the proposal is a novel one. Experience has proven that it takes time to convey an understanding of it. The Administration fully expected that the review by the Congress would be deliberate and thorough. We are fully confident that the long deliberations that preceded the President's decision will provide the basis for explaining the proposal fully and answering satisfactorily any questions that the Congress, the industry, or the public might have.

In summary, I want to emphasize that I understand that there are diverse interests represented in the audience today -- from all parts of the nuclear industry. But there is a common goal that you share -- and that is the desire to participate in delivering the promises of peaceful uses of nuclear energy in the service of mankind.

If you are to achieve that goal, I believe that you will have to get together and make some hard choices about your industry's priorities. If you do not, you may even find that your goal will slip much further into the future.

If you decide to work together, I suggest that one of your early decisions be on your priorities for federal dollars at the various stages of the fuel cycle. I am firmly convinced that the treasury can not be an unlimited source of support which the various segments of the industry may desire. If you can decide, the federal government should be able to work with you toward a mutually acceptable solution to the problems you face.

Thank you.

-FEA-

S-75-381

*Charles F. Spegert*

THE WHITE HOUSE

WASHINGTON

December 5, 1975

MEMORANDUM FOR: JIM CANNON  
JAMES CONNOR  
JOHN HILL  
JIM MITCHELL  
EDWARD SCHMULTS

FROM: GLEN SCHLEEDE

SUBJECT: Changes in Uranium Enrichment Legislation

Tenney Johnson just called to report on his discussion with Bill Parler, Counsel to JCAE.

Briefly:

- . Johnson and Parler agreed on a number of changes in the bill including:
  - . submission of contracts rather than basis for agreement.
  - . opportunity for Congressional disapproval by concurrent resolution.
  - . a cosmetic change in the appropriations language.
  - . several other cosmetic changes to make clear the provision for Congressional review of contracts.
- . Parler will meet with Murphy on the new language and the two of them will see Chairman Pastore on Monday. Parler believes the language meets all the concerns that he has heard expressed by members.
- . Parler made clear that the ideas of criteria was his and has not been mentioned by members although he believes it may come up.
- . Parler fully agrees that the changes to the bill should be put forth by the joint committee rather than by the Administration. However, he wants assurance that they will be acceptable to the Administration in advance. Tenney promised that he would seek Administration agreement as soon as he had the Chairman sign off on the language.



- . Tenney started out by proposing a joint resolution and Parler countered with the concurrent resolution idea (as Barry Roth had predicted). Parler indicated that Joint Committee would not propose a one-house veto.

Attached is a copy of the original bill marked up to show, in rough form, the proposed changes.

cc: Barry Roth  
Hugh Loweth

to provide a procedure  
for Congressional review  
of such agreements;

A BILL

To authorize cooperative arrangements with private enterprise for the provision of facilities for the production and enrichment of uranium enriched in the isotope 235, to provide for authorization of contract authority therefor, and for other purposes.

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Nuclear Fuel Assurance Act of 1975."

Sec. 2. Chapter 5. PRODUCTION OF SPECIAL NUCLEAR MATERIAL of the Atomic Energy Act of 1954, as amended, is amended by adding at the end thereof the following Section:

"Sec. 45 Cooperative Arrangements for Private Projects to Provide Uranium Enrichment Services --

"a. The Energy Research and Development Administration is authorized, without regard to the provisions of Section 169 of this Act, to enter into cooperative arrangements with any person or persons for such periods of time as the Administrator of the Energy Research and Development Administration may deem necessary or desirable for the purpose of providing such Government cooperation and assurances as the Administrator may deem appropriate and necessary to encourage the development of a competitive private uranium enrichment industry and to facilitate the design, construction, ownership and operation by private enterprise of facilities for the production and enrichment of uranium enriched in the isotope 235 in such amounts as will contribute to the common defense and security and encourage development and utilization of atomic energy to the maximum extent consistent with the common defense and security and with the health and safety of the public; including, inter alia, in the discretion of the Administrator,

(1) furnishing technical assistance, information, inventions and discoveries, enriching services, materials, and equipment on the basis of recovery of costs and appropriate royalties for the use thereof;

more

\* technical change to agree with title bestowed by Energy R&D reorganization Act

procedures set forth in subsection b. of this Section,



(2) providing warranties for materials and equipment furnished;

(3) providing facility performance assurances;

(4) purchasing enriching services;

(5) undertaking to acquire the assets or interest of such person, or any of such persons, in an enrichment facility, and to assume obligations and liabilities (including debt) of such person, or any of such persons, arising out of the design, construction, ownership, or operation for a defined period of such enrichment facility in the event such person or persons cannot complete that enrichment facility or bring it into commercial operation: Provided that any undertaking, pursuant to this subsection 5, to acquire equity or pay off debt, shall apply only to individuals who are citizens of the United States, or to any corporation of other entity organized for a common business purpose, which is owned or effectively controlled by citizens of the United States; and

(6) determining to modify, complete and operate that enrichment facility as a Government facility or to dispose of the facility at any time, as the interest of the Government may appear, subject to the other provisions of this Act.

~~"b. Before the Administrator enters into any arrangement or amendment thereto under the authority of this section, or before the Administrator determines to modify, or complete and operate any facility or to dispose thereof, the basis for the proposed arrangement or amendment thereto which the Administrator proposes to execute (including the name of the proposed participating person or persons with whom the arrangement is to be made, a general description of the proposed facility, the estimated amount of cost to be incurred by the participating person or persons, the incentives imposed by the agreement on the person or persons to complete the facility as planned and operate it successfully for a defined period, and the general features of the proposed arrangement or amendment), or the plan for such modification, completion,~~

more



shall

"b. The Administrator ~~may~~ not enter into any arrangement or amendment thereto under the authority of this section, modify, or complete and operate any facility or dispose thereof, until the proposed arrangement or amendment thereto which the Administrator proposes to execute, or the plan for such modification, completion, operation or disposal by the Administrator, as appropriate, has been submitted to the Joint Committee on Atomic Energy, and a period of forty-five days has elapsed while Congress is in session without passage by the Congress of a concurrent resolution rejecting such proposed arrangement or amendment or plan for such modification, completion, operation or disposal (in computing such forty-five days, there shall be excluded the days on which either House is not in session because of adjournment for more than three days) unless the Joint Committee by resolution in writing waives the conditions of, or all or any portion of, such forty-five day period."





operation or disposal by the Administrator, as appropriate, shall be submitted to the Joint Committee on Atomic Energy, and a period of forty-five days shall elapse while Congress is in session (in computing such forty-five days, there shall be excluded the days on which either House is not in session because of adjournment for more than three days) unless the Joint Committee by resolution in writing waives the conditions of, or all or any portion of, such forty-five day period: Provided, however, that any such arrangement or amendment thereto, or such plan, shall be entered into in accordance with the basis for the arrangement or plan, as appropriate, submitted as provided herein."

Sec. 3. The Administrator of ~~the~~ Energy Research and Development ~~Administration~~ is hereby authorized to enter into contracts for cooperative arrangements, without fiscal year limitation, pursuant to Section 45 of the Atomic Energy Act of 1954, as amended, in an amount not to exceed in the aggregate \$8,000,000,000 ~~as may be approved in an appropriation Act.~~ In the event that liquidation of part or all of any financial obligations incurred under such cooperative arrangements should become necessary, the Administrator of ~~the~~ Energy Research and Development ~~Administration~~ is authorized to issue to the Secretary of the Treasury notes or other obligations up to the levels of contract authority approved in an appropriation Act pursuant to the first sentence of this section in such form and denomination, bearing such maturity and subject to such terms and conditions as may be prescribed by the Administrator with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturity at the time of issuance of the notes or other obligations. The Secretary of the Treasury shall purchase any notes or other obligations issued hereunder and, for that purpose, he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act, as amended, are extended to include any purchase of such notes and obligations. The Secretary of the

but in no event may exceed the amount provided therefor in a prior.

more



Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. There are authorized to be appropriated to the Administrator such sums as may be necessary to pay the principal and interest on the notes or obligations issued by him to the Secretary of the Treasury.

Section 4. The Administrator of ~~the~~ Energy Research and Development ~~Administration~~ is hereby authorized to initiate construction planning and design activities for expansion of an existing uranium enrichment facility. There is hereby authorized to be appropriated such sums as may be necessary for this purpose.

# # # #

more



THE WHITE HOUSE  
WASHINGTON

Nota: 12-13-75  
File in the  
Unusual Enclosure  
file.  
Chris.

THE WHITE HOUSE  
WASHINGTON

December 7, 1975

MEMORANDUM FOR: JIM CANNON  
JIM CONNOR  
JOHN HILL  
JIM MITCHELL  
ED SCHMULTS

FROM: *Glenn Schleede*  
GLENN SCHLEEDE

SUBJECT: REVISED URANIUM ENRICHMENT  
LEGISLATION

This follows up on my December 5th memorandum which reported on the status of discussions between ERDA's General Counsel and the Counsel to the JCAE on revisions in the Nuclear Fuel Assurance Act.

Attached is a copy of Tenney Johnson's memo which provides a copy of the revised bill and explanatory material -- which material has been provided to the JCAE Counsel.

cc: Barry Roth  
Hugh Loweth  
Max Friedersdorf  
Charlie Leppert  
Pat O'Donnell





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

December 6, 1975

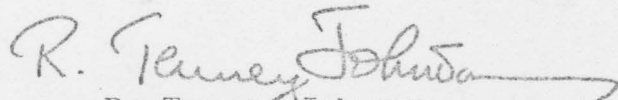
MEMORANDUM FOR GLENN SCHLEEDE

Attached for distribution as you see fit are 20 copies of the following:

1. Text of the "Nuclear Fuel Assurance Act" as revised in discussions with Joint Committee counsel on December 5;
2. Bill Analysis of the revised bill;
3. Comparative text showing the revisions in the bill as originally submitted;
4. Revision Notes keyed to the revisions shown in the comparative text; and
5. Short narrative of the Congressional Oversight Procedures in the revised Nuclear Fuel Assurance Act arranged in chronological order.

Ten (10) copies of the foregoing have been supplied to JCAE counsel. No other distribution has been made outside ERDA.

It is possible that JCAE counsel, after consultation with the Chairman, may seek additional "criteria" against which to judge a proposed cooperative arrangement.

  
R. Tenney Johnson  
General Counsel



A BILL

To authorize cooperative arrangements with private enterprise for the provision of facilities for the production and enrichment of uranium enriched in the isotope 235, to provide for authorization of contract authority therefor, to provide a procedure for prior Congressional review of proposed arrangements, and for other purposes.

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Nuclear Fuel Assurance Act of 1975."

Sec. 2. Chapter 5. PRODUCTION OF SPECIAL NUCLEAR MATERIAL of the Atomic Energy Act of 1954, as amended, is amended by adding at the end thereof the following Section:

"Sec. 45. COOPERATIVE ARRANGEMENTS FOR PRIVATE PROJECTS TO PROVIDE URANIUM ENRICHMENT SERVICES. --

"a. The Administrator of Energy Research and Development is authorized, subject to the prior Congressional review procedure set forth in subsection b. of this section, without regard to the provisions of section 169 of this Act, to enter into cooperative arrangements with any person or persons for such periods of time as the Administrator may deem necessary or desirable for the purpose of providing such Government cooperation and assurances as the Administrator may deem appropriate and necessary to encourage the development of a competitive private uranium enrichment industry and to facilitate the design, construction, ownership and operation by private enterprise of facilities for the production and enrichment of uranium enriched in the isotope 235 in such amounts as will contribute to the common defense and security and encourage development and utilization of atomic energy to the maximum extent consistent with the common defense and security and with the health and safety of the public; including, inter alia, in the discretion of the Administrator,

(1) furnishing technical assistance, information, inventions and discoveries, enriching services, materials, and equipment on the basis of recovery of costs and appropriate royalties for the use thereof;



(2) providing warranties for materials and equipment furnished;

(3) providing facility performance assurances;

(4) purchasing enriching services;

(5) undertaking to acquire the assets or interest of such person, or any of such persons, in an enrichment facility, and to assume obligations and liabilities (including debt) of such person, or any of such persons, arising out of the design, construction, ownership, or operation for a defined period of such enrichment facility in the event such person or persons cannot complete that enrichment facility or bring it into commercial operation: Provided that any undertaking, pursuant to this subsection (5), to acquire equity or pay off debt, shall apply only to investors or lenders who are citizens of the United States, or are a corporation or other entity organized for a common business purpose, which is owned or effectively controlled by citizens of the United States; and

(6) determining to modify, complete and operate that enrichment facility as a Government facility or to dispose of the facility at any time, as the interest of the Government may appear, subject to the other provisions of this Act.

"b. The Administrator shall not enter into any arrangement or amendment thereto under the authority of this section, modify, or complete and operate any facility or dispose thereof, until the proposed arrangement or amendment thereto which the Administrator proposes to execute, or the plan for such modification, completion, operation, or disposal by the Administrator, as appropriate, has been submitted to the Joint Committee on Atomic Energy, and a period of forty-five days has elapsed while Congress is in session without passage by the Congress of a concurrent resolution rejecting such proposed arrangement or amendment or plan for such modification, completion, operation, or disposal (in computing such forty-five days, there shall be excluded the days on which either House is not in session because of adjournment for more than three days) unless the Joint Committee by resolution in writing waives the conditions of, or all or any portion of, such forty-five day period."

Sec. 3. The Administrator of Energy Research and Development is hereby authorized to enter into contracts for cooperative arrangements, without fiscal year limitation, pursuant to Section 45 of the Atomic Energy Act of 1954, as amended, in an amount not to exceed in the aggregate \$8,000,000,000, but in no event to exceed the amount provided therefor in a prior appropriation Act: Provided that the timing, interest rate, and other terms and conditions of any notes, bonds, or other similar obligations secured by any such arrangements shall be subject to the approval of the Administrator with the concurrence of the Secretary of the Treasury. In the event that liquidation of part or all of any financial obligations incurred under such cooperative arrangements should become necessary, the Administrator is authorized to issue to the Secretary of the Treasury notes or other obligations up to the levels of contract authority approved in an appropriation Act pursuant to the first sentence of this section in such form and denomination, bearing such maturity and subject to such terms and conditions as may be prescribed by the Administrator with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturity at the time of issuance of the notes or other obligations. The Secretary of the Treasury shall purchase any notes or other obligations issued hereunder and, for that purpose, he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act, as amended, are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. There are authorized to be appropriated to the Administrator such sums as may be necessary to pay the principal and interest on the notes or obligations issued by him to the Secretary of the Treasury.

Section 4. The Administrator of Energy Research and Development is hereby authorized to initiate construction planning and design activities for expansion of an existing uranium enrichment facility. There are hereby authorized to be appropriated such sums as may be necessary for this purpose.

## Bill Analysis

Section 1 of the proposed bill cites the Act as the "Nuclear Fuel Assurance Act of 1975."

Section 2 of the proposed bill would amend Chapter 5, Production of Special Nuclear Material, of the Atomic Energy Act, as amended, by adding a new Section 45, entitled "Cooperative Arrangement for Private Projects to Provide Uranium Enrichment Services."

Subsection a. of the new Section 45 would authorize the Administrator of Energy Research and Development, subject to prior Congressional review procedures in subsection b., to enter into cooperative arrangements with private enterprise to facilitate the development of a competitive private industry for the enrichment of uranium to make fuel for nuclear power plants. This subsection would enable the Administrator to promote private investment in the construction, ownership and operation of uranium enrichment plants by providing such Government cooperation and assurances as are determined to be necessary and in the best interests of the Government after detailed negotiation with selected individual proposers of enrichment services. Such negotiations would be directed toward obtaining arrangements most advantageous to the Government and the public interest and with a degree of risk to the private entrepreneurs consistent with the objective of creating a private competitive uranium enrichment industry.

Cooperative arrangements authorized by Section 45a. could include such Government cooperation and assurances as enumerated in the bill, including the specific authority provided in subsection 45a.(5), for the Government to acquire the assets or interests and assume the liabilities (including debt) of a private enrichment firm in the event--which is highly unlikely--that private industry could not complete a plant or bring it into operation. It is intended that any undertaking by the Government under subsection 45a.(5) to acquire assets or interest and to assume liabilities of a private venture would terminate after approximately one year of commercial operation of a plant. The precise period would be defined during the negotiations of defined agreements. Any obligations to pay off debt and to acquire equity interest would be limited to citizens of the United States.

Subsection b. of the new Section 45 provides procedures for Congressional review of any proposed cooperative arrangement.

and would preclude the Administrator of Energy Research and Development from signing any proposed arrangement or amendment thereto until he has submitted it to the Joint Committee on Atomic Energy and a period of forty-five days has elapsed while Congress is in session without passage of a concurrent resolution rejecting such proposed arrangement. This procedure is also required for any plan proposed by the Administrator to modify, complete, operate or dispose of any enrichment facility he may acquire.

Section 3 of the proposed Nuclear Fuel Assurance Act would authorize the Administrator of Energy Research and Development to enter into contracts, pursuant to the new subsection 45a., in an amount not to exceed \$8 billion, but in no event to exceed the amount provided therefor in prior appropriation Acts. This amount is an estimate of the total potential cost to the Government in the unexpected event that all private ventures covered by cooperative arrangements were to fail and it was then necessary for the Government to assume assets and liabilities of the ventures, take over plants, and compensate domestic investors. It is not expected that any of these funds would be expended for the assumption of private ventures, but the authorization is necessary to provide assurance, to customers and sources of debt financing for private producers, of the Federal Government's commitment to create a competitive industry.

Section 3 would also provide that, in the event of Government assumption of the debts, interests and liabilities of a private venture, the Administrator is authorized to secure funds through the Secretary of the Treasury to liquidate contract authority, up to the levels previously provided in an appropriation Act.

Section 4 of the proposed bill would authorize the Administrator of Energy Research and Development to initiate preliminary engineering design and planning for expansion of a Government-owned uranium enrichment facility for contingency purposes.

REVISION OF  
A BILL

To authorize cooperative arrangements with private enterprise for the provision of facilities for the production and enrichment of uranium enriched in the isotope 235, to provide for authorization of contract authority therefor, to provide a procedure for prior Congressional review of proposed arrangements, and for other purposes.

Revision  
Note

1

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Nuclear Fuel Assurance Act of 1975."

Sec. 2. Chapter 5. PRODUCTION OF SPECIAL NUCLEAR MATERIAL of the Atomic Energy Act of 1954, as amended, is amended by adding at the end thereof the following Section:

~~"Sec. 45 Cooperative-Arrangements-for-Private Projects-to-Provide-Uranium-Enrichment-Services.~~  
COOPERATIVE ARRANGEMENTS FOR PRIVATE PROJECTS TO PROVIDE URANIUM ENRICHMENT SERVICES. --

2

"a. The Administrator of Energy Research and Development Administration is authorized, subject to the prior Congressional review procedure set forth in subsection b. of this section, without regard to the provisions of section 169 of this Act, to enter into cooperative arrangement with any person or persons for such periods of time as the Administrator may deem necessary or desirable for the purpose of providing such Government cooperation and assurances as the Administrator may deem appropriate and necessary to encourage the development of a competitive private uranium enrichment industry and to facilitate the design, construction, ownership and operation by private enterprise of facilities for the production and enrichment of uranium enriched in the isotope 235 in such amounts as will contribute to the common defense and security and encourage development and utilization of atomic energy to the maximum extent consistent with the common defense and security and with the health and safety of the public; including, inter alia, in the discretion of the Administrator,

3

(1) furnishing technical assistance, information, inventions and discoveries, enriching services, materials, and equipment on the basis of recovery of costs and appropriate royalties for the use thereof;

(2) providing warranties for materials and equipment furnished;

(3) providing facility performance assurances;

(4) purchasing enriching services;

(5) undertaking to acquire the assets or interest of such person, or any of such persons, in an enrichment facility, and to assume obligations and liabilities (including debt) of such person, or any of such persons, arising out of the design, construction, ownership, or operation for a defined period of such enrichment facility in the event such person or persons cannot complete that enrichment facility or bring it into commercial operation: Provided that any undertaking, pursuant to this subsection (5), to acquire equity or pay off debt, shall apply only to individuals investors or lenders who are citizens of the United States, or to any ~~te any~~ are a corporation ~~of~~ or other entity organized for a common business purpose, which is owned or effectively controlled by citizens of the United States; and

4  
5

(6) determining to modify, complete and operate that enrichment facility as a Government facility or to dispose of the facility at any time, as the interest of the Government may appear, subject to the other provisions of this Act.

~~"b. Before the Administrator enters into any arrangement or amendment thereto under the authority of this section, or before the Administrator determines to modify, or complete and operate any facility or to dispose thereof, the basis for the proposed arrangement or amendment thereto which the Administrator proposes to execute (including the name of the proposed participating person or persons with whom the arrangement is to be made, a general description of the proposed facility, the estimated amount of cost to be incurred by the participating person or persons, the incentives imposed by the agreement on the person or persons to complete the facility as planned and operate it successfully for a defined period, and the general features of the proposed arrangement or amendment), or the plan for such modification, completion,~~



operation or disposal by the Administrator, as appropriate, shall be submitted to the Joint Committee on Atomic Energy, and a period of forty-five days shall elapse while Congress is in session (in computing such forty-five days, there shall be excluded the days on which either House is not in session because of adjournment for more than three days) unless the Joint Committee by resolution in writing waives the conditions of, or all or any portion of, such forty-five day period:--Provided, however, that any such arrangement or amendment thereto, or such plan, shall be entered into in accordance with the basis for the arrangement or plan, as appropriate, submitted as provided herein. The Administrator shall not enter into any arrangement or amendment thereto under the authority of this section, modify, or complete and operate any facility or dispose thereof, until the proposed arrangement or amendment thereto which the Administrator proposes to execute, or the plan for such modification, completion, operation, or disposal by the Administrator, as appropriate, has been submitted to the Joint Committee on Atomic Energy, and a period of forty-five days has elapsed while Congress is in session without passage by the Congress of a concurrent resolution rejecting such proposed arrangement or amendment or plan for such modification, completion, operation, or disposal (in computing such forty-five days, there shall be excluded the days on which either House is not in session because of adjournment for more than three days) unless the Joint Committee by resolution in writing waives the conditions of, or all or any portion of, such forty-five day period."

6

Sec. 3. The Administrator of the Energy Research and Development Administration is hereby authorized to enter into contracts for cooperative arrangements, without fiscal year limitation, pursuant to Section 45 of the Atomic Energy Act of 1954, as amended, in an amount not to exceed in the aggregate \$8,000,000,000 as may be approved in an appropriation Act, but in no event to exceed the amount provided therefor in a prior appropriation Act: Provided that the timing, interest rate, and other terms and conditions of any notes, bonds, or other similar obligations secured by any such arrangements shall be subject to the approval of the Administrator with the concurrence of the Secretary of the Treasury. In the event that liquidation of part or all of any financial obligations incurred under such cooperative arrangements should become necessary, the Administrator of the Energy Research and Development Administration is authorized

7

8

9



to issue to the Secretary of the Treasury notes or other obligations up to the levels of contract authority approved in an appropriation Act pursuant to the first sentence of this section in such form and denomination, bearing such maturity and subject to such terms and conditions as may be prescribed by the Administrator with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturity at the time of issuance of the notes or other obligations. The Secretary of the Treasury shall purchase any notes or other obligations issued hereunder and, for that purpose, he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act, as amended, are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. There are authorized to be appropriated to the Administrator such sums as may be necessary to pay the principal and interest on the notes or obligations issued by him to the Secretary of the Treasury.

Section 4. The Administrator of the Energy Research and Development Administration is hereby authorized to initiate construction planning and design activities for expansion of an existing uranium enrichment facility. There are hereby authorized to be appropriated such sums as may be necessary for this purpose. 10

## Revision Notes

(Revisions are indicated by solid underlining; deletions are indicated by overstriking.)

1. Adds a statement of purpose in the Bill's title, namely "to provide a procedure for prior Congressional review of proposed arrangements."
2. Conforms (by capitalizing) the title line of proposed new Section 45 to the style of title lines of other sections of the Atomic Energy Act of 1954.
3. Places the authority of the Bill in the Administrator of Energy Research and Development, rather than in the Energy Research and Development Administration, and correctly states the Administrator's title ("Administrator of Energy Research and Development") to conform to the provisions of the Energy Reorganization Act of 1974, P.L. 93-438, particularly section 102(a) and 104(c) thereof.
4. Adds parentheses around the numeral "5" for stylistic purposes.
5. Clarifies the intent that any undertaking to acquire equity or pay off debt shall apply only to domestic investors and lenders by removing any implication that such undertaking could apply to foreign investors in or lenders to a domestic enrichment corporation which is owned or effectively controlled by citizens of the United States.
6. Revises Congressional review procedure to (a) state positively that the Administrator shall not enter into a cooperative arrangement until the Congressional review procedure has been completed; (b) require that the actual contractual documents for the proposed arrangement, not just the "basis for the proposed arrangement," are submitted for Congressional review; and (c) provide that rejection of a proposed arrangement may be accomplished by concurrent resolution of the Congress, not a new Act or Joint Resolution.
7. Correctly states the title of the Administrator (see note 3. above).
8. Clarifies the intent that no arrangement may be entered into before an appropriation Act has provided contract authority therefor; adds a stipulation that the terms and conditions of any money obligations secured by cooperative arrangements are subject to the approval of the Administrator and the concurrence of the Secretary of the Treasury.

9. Correctly states the title of the Administrator  
(see note 3. above).

10. Correctly states the title of the Administrator  
(see note 3. above).

CONGRESSIONAL OVERSIGHT OF THE PRESIDENT'S PLAN  
TO ATTAIN A COMPETITIVE PRIVATE ENRICHMENT INDUSTRY

Congressional Oversight of the President's plan to attain a competitive private enrichment industry will occur in the following three consecutive phases:

A. JCAE hearings on the proposed Nuclear Fuel Assurance Act of 1975. During these hearings the JCAE has the opportunity to obtain the views of the Administration, the nuclear industry and the public concerning the need for the legislation and its intended implementation.

B. Hearings before the Senate and House Appropriation Committees on requests for provision of contract authority authorized by Section 3 of the proposed legislation. In compliance with the Congressional Budget Control Act of 1974, Section 3 of the proposed Act authorizes appropriation Acts providing contract authority in an amount not to exceed in the aggregate \$8,000,000,000, and precludes the Administrator from entering into any cooperative arrangements in excess of such amounts of contract authority as are provided in a prior appropriation Act.

C. Submittal of any proposed cooperative arrangement to the JCAE for Congressional review prior to execution of such arrangement. Section 2 of the proposed Act precludes the Administrator from signing any proposed arrangement or amendment thereto until he has submitted it to the JCAE

and a period of forty-five (45) days has elapsed while Congress is in session without passage of a concurrent resolution rejecting such proposed arrangement.

In the event the JCAE raises serious questions concerning the advisability of any aspects of the proposed cooperative arrangement, the Administrator may withdraw the proposed arrangement and endeavor to modify it and resubmit it under the same procedure.

In the unlikely event of Government takeover of a facility, a similar process is required for any plan of the Administrator to modify, or complete and operate any facility or to dispose thereof.



THE WHITE HOUSE

WASHINGTON

FILE  
[1976]

Dear Mr. Chairman:

On June 26, 1975, I submitted to the Congress my proposed Nuclear Fuel Assurance Act (NFAA) which would enable the Government to take actions necessary to assure that uranium enrichment capacity in the United States would be available in time to supply domestic and foreign needs.

The NFAA provides the means for moving to a private, competitive uranium enrichment industry--thus ending the Government monopoly and avoiding the need for billions of dollars of Federal expenditures over the next few years. The NFAA also authorizes funds for work on a Government-owned plant as a back-up measure, in the event that private industry is unable to proceed with its plans for building additional enrichment capacity.

We have been waiting for nearly nine months for Congressional approval of the NFAA. During that time, ERDA has continued work on the design of a Government-owned add-on plant and we shall continue necessary work on it until it is clear that it will not be needed. We have followed a responsible course of action. However, our steps in proceeding with the contingency plan, together with the delay in Congressional action on the NFAA, are being interpreted by potential private enrichment firms and their customers, here and abroad, as an indication that the Federal Government does not have the resolve to end its monopoly.

The primary purpose of this letter is to request the additional authorization of appropriations to take the necessary next steps on the back-up plan which are detailed in the enclosure. I want to make it very clear that this request does not reflect any change in my commitment to the creation of a private, competitive industry in the United States, and I urge you to approve the NFAA at the earliest possible time.

As I indicated last June, private industry is willing and able to finance, build, and operate additional uranium enrichment capacity if the Government provides the limited cooperation and temporary assurances contemplated in my proposal.





If the Congress does not approve this approach and the Federal Government is forced to proceed with the construction of the next increments of capacity, the cost to the taxpayer will be substantial. The following table compares costs under the two alternative approaches for providing the next 18 million separate work units (SWUs) of enriching capacity.

(Dollars in Billions)

Enrichment Capacity Provided	Under the NFAA			Without NFAA
	Private Industry Costs	US Government Contingent Liability	US Government Costs	US Government Costs
9M SWU Gaseous Diffusion Plant	\$3.5	\$1.4	0	\$2.4
9M SWU of Centri- fuge capacity	3.0	3.0	0	3.4
Allowance for contingency and cost escalation	<u>5.2</u>	<u>3.6</u>	<u>0</u>	<u>4.0</u>
Totals	\$11.7	\$8.0	0	\$9.8

The estimates in the above table cover the capital costs of these plants only. It is important to note that ERDA studies have shown that the cost of the product from a Government-owned add-on plant would probably exceed the cost of product from a free-standing plant. This is due to the fact that the add-on Government plant would, in all likelihood, be supplied by coal-fired electric power, whereas the free-standing plant would be supplied with less expensive nuclear power.

Additional increments of capacity will be needed beyond those shown in the above table. If the Government fails to end its monopoly, commitments to build U.S. uranium enrichment plants between now and 1985 will total something in the neighborhood of \$30 to \$50 billion (in FY 1976 dollars).

Although the costs of such a Government construction program would eventually be recovered, the near-term adverse impact on the taxpayers and the Federal Budget would be very great. For example, if the Government were to build all future enrichment plants, the costs of new plants





would exceed revenues from these plants by about \$9 billion (in 1976 dollars) by 1985. Funds committed for the next increment of capacity, if built by the Government, would not be recovered until the 1990's.

I believe we should use our limited Government resources in areas where they are most needed. It is not necessary for us to spend Federal money for the construction of the next increment of capacity, if Congress approves the NFAA. Furthermore, the commitment of Federal funds for construction of Government-owned enrichment capacity would make it more difficult for the Government to finance work that may be needed in other parts of the nuclear fuel cycle such as reprocessing and waste management.

On February 23, Dr. Seamans advised you of the Administration's acceptance of your proposal to modify the NFAA to provide 60 days for Congressional review and approval of the proposed cooperative agreements. This change makes it very clear that passage of the NFAA does not signal approval of any cooperative agreement that might be proposed by ERDA. The transmittal of this request for authorization of supplemental funds completes the actions by the Administration that you have requested.

The need to proceed with firm plans for new uranium enrichment capacity in the United States is urgent. I believe that the time has come for Congress to give its approval to the Nuclear Fuel Assurance Act.

I also urge that the Congress act favorably on the proposed legislation which would enable ERDA to obtain a fair return for its current enrichment services sold to foreign and domestic customers. Present charges cannot recover the full economic costs of uranium enrichment services. This legislation would eliminate an unjustifiable subsidy by the taxpayers of both foreign and domestic customers and provide added encouragement for the creation of a private, competitive enrichment industry.

With warm personal regards,

Sincerely,

Honorable John O. Pastore  
Chairman  
Joint Committee on Atomic Energy  
House of Representatives  
Washington, D. C. 20515

Enclosure



[1976?]

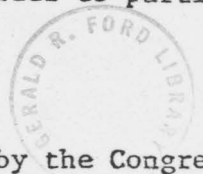
The Nuclear Fuel Assurance Act

Objectives

- To meet future needs, domestic and international, for enriched uranium fuel for nuclear power reactors.
- To end the Government monopoly of uranium enrichment services thus avoiding Federal expenditures for capacity that can be provided by the private sector.
  - With proper licensing, safeguards and export controls.
  - With taxes and royalty payments to the Treasury.
  - With Government controls over sensitive technology, safeguards and exports.
- To provide a complementary expansion of existing Federal uranium enrichment capacity to meet the needs of U.S. and foreign customers.
- To maintain U.S. influence on nuclear proliferation by inhibiting the spread of enrichment plants in other countries.

Features of NFAA

- Two uranium enrichment technologies (gaseous diffusion and gas centrifuge).
  - Four private projects proceeding essentially in parallel to maximize prospects for development of competitive industry.
  - Temporary Government cooperative arrangements to overcome major obstacles to commercial financing:
    - Lack of commercial experience with classified Government technology.
    - Massive capital requirements.
    - Long term investment pay back.
  - Government guarantees that government-developed enrichment technology will work (the Government collects royalties for use of the technology).
  - \$8 Billion in contact authority covers the Government contingent liability if all private plants were to falter and the Government were to acquire the domestic interest. The prospect of such failure is very remote and no outlays of funds for acquisition of any of these projects is expected. However, even if there were outlays, such costs would ultimately be borne by enrichment services customers not the taxpayer.
  - Foreign investment in private U.S. projects permitted only under conditions which insure U.S. control of projects.
  - No foreign access to enrichment technology.
  - Owners of private projects will take substantial equity risks in order to participate in the program.
  - No Government guarantee of profit.
  - Negotiated contractual arrangements must be individually approved by the Congress.
- \*\*\*\*\*
- Enrichment is basically an industrial activity, serving an industrial market.



[1976?]

The Nuclear Fuel Assurance Act

Objectives

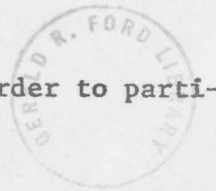
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\*\*\*\*\*

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FACT SHEET ON NUCLEAR FACILITIES LICENSING REFORM BILL

( S. 3286, H. R. 13512)

1976  
Five

S. 3286 (H. R. 13512) is a bill intended to shorten and improve the licensing process for nuclear facilities. It is sponsored by 7 members of the Joint Committee on Atomic Energy including Chairman Pastore, Vice-Chairman Price and ranking Republicans Baker and Anderson. S. 3286, while containing some JCAE staff modifications, has the same basic features and objectives as an earlier NRC and Administration-backed bill (S. 1717, H. R. 7002) and is supported by the Nuclear Regulatory Commission. The assistance of the Administration is needed to secure an early markup and reporting out of the bill in the current session.

As in the case of the earlier bill, S. 3286 is not intended to in any way impair the quality or thoroughness of Commission reviews or to adversely affect public participation in the licensing process. The bill provides for:

- \* separate and early site reviews and decisions;
- \* encouragement of use of standardized designs;
- \* elimination of mandatory construction permit hearings and Advisory Committee on Reactor Safety review;
- \* interim licensing;
- \* increased flexibility in the structure of the licensing process to accommodate early site approval and design standardization.

In introducing S. 3286, JCAE Chairman Pastore stated that a major objective is to reduce the present 10 year lead-time "by 3 or 4 years, thereby insuring that utilities which in the future will be required to construct additional electric powerplants within shorter time periods will not be foreclosed from building a nuclear facility where that is the best alternative." - Congressional Record, 9 April 1976, page S 5386.

The original NRC/Administration licensing reform bill (S. 1717, H. R. 7002) was introduced by request in both houses on May 12, 1975. Other licensing reform bills were subsequently introduced by Representatives Price ( H. R. 3995) and McCormack (H. R. 3734). The JCAE heard testimony from NRC on June 25, 1975 and from industry, state government, and public interest group representatives on November 11, 1975. The JCAE staff-revised bill (S. 3286, H. R. 13512) was introduced in the Senate on April 9, 1976 and in the House on May 3, 1976. Because of its similarity with previous bills, further hearings do not appear necessary.



**EDISON ELECTRIC INSTITUTE**

90 PARK AVENUE • NEW YORK 10016 • (212) 573-8700

*FILE  
URANIUM  
ENRICHMENT*

January 9, 1976

Hon John O Pastore, Chairman  
Joint Committee on Atomic Energy  
Room H403, The Capitol  
Washington, D C 20510

Dear Senator Pastore

The Edison Electric Institute, the principal association of the investor-owned electric utility companies in this country, supports the Nuclear Fuel Assurance Act of 1975 and urges prompt passage of this legislation by the Congress. Attached is a statement which outlines our position in some detail. Should the Joint Committee hold additional hearings, we would appreciate an opportunity to appear and express our views.

Sincerely yours

W Donham Crawford  
President

rice  
attachment

Position of the Edison Electric Institute  
on the  
Nuclear Fuel Assurance Act of 1975

1. Prompt enactment of the Nuclear Fuel Assurance Act of 1975 is in the best interests of the public generally, the Federal taxpayer and electric utility consumers. Passage of the proposed legislation will permit private industry to assume responsibility for future uranium enrichment requirements and will relieve the Federal taxpayer of this burden. For reasons indicated below, this method of development appears to be the best way of assuring that the nation will have an adequate supply of enriched nuclear fuel when it is needed. Lastly, the establishment of a private enrichment industry provides the opportunity for competition and thus the potential for lower enrichment service costs, a situation not possible with a government monopoly.
2. Passage of the Act will assure minimum cost to the taxpayers because:
  - a) Private, not Federal, capital will be the expected source of funds for the building of necessary enrichment capacity.
  - b) Without the guarantee provisions which would result in the entry of private industry into the enrichment field, the government would have to immediately undertake the construction of adequate enrichment capacity at great expense to the Federal taxpayer.

c) ERDA will receive royalty payments from private enrichers for the use of government technology and will be paid for other services rendered. These payments will accrue to the Federal taxpayer.

3. Passage of the Act is the best means of assuring an adequate and timely supply of enriched fuel because:

- a) Several private enrichment proposals are well developed and can be finalized with the assistance provided in the Act. In order to have the additional enrichment capability in operation in the mid-1980's when it will be needed, a detailed construction program must begin almost immediately.
- b) Alternative arrangements such as a government corporation or other government-sponsored entities would be less desirable approaches. These options would require authorizing legislation with resultant delays. Legislation of this type has not even been considered by the present Congress.
- c) Building of additional increments of enrichment capacity by ERDA, which would require Congressional appropriations of funds, is subject to the yearly uncertainties



of the budgetary process and will not provide the assurance of supply that can be developed through definitive private proposals made possible with passage of the Nuclear Fuel Assurance Act.

4. Passage of the Act provides the best opportunity for competitive enrichment service prices because:

- a) The Act will permit the entry of private industry into the enrichment field. Only through private development is competition possible, with the consequent potential for lower prices. A government monopoly cannot foster competition.
- b) Now is the opportune time to promote private development. As previously stated, several potential private enrichers have developed concrete proposals and are soliciting business from utilities. If the Federal government should build the next increment of enrichment capacity, these private initiatives could be discouraged and the possibility of eventually establishing a private enrichment industry would become doubtful.
- c) As indicated, private initiatives in the enrichment supply field are underway so



that in the short term utilities have the opportunity of negotiating with one or more of these entities to obtain the best terms of service and price.

- d) In the longer term, at each stage where additional enrichment capacity is needed, this same negotiating opportunity should be available, particularly with technological improvements which can best be generated in the competitive atmosphere of private development.

5. It is important that a favorable decision to enact the Nuclear Fuel Assurance Act be made promptly because:

- a) Private development is the best means of assuring an adequate and timely supply of enriched fuel and the opportunity to establish a private enrichment industry is currently available.
- b) ERDA's enrichment facilities are fully committed and will have to operate at high tails assay to meet these commitments rather than at lower tails which is preferable because of possible uranium ore limitations.
- c) Unless new enrichment facilities are constructed, the U S electric power program

will be delayed and U S consumers may face a shortage of electricity in the 1980's because of an enriched nuclear fuel shortage.

- d) Swift establishment of adequate enrichment capacity will permit the United States to retain a portion of the foreign enrichment market with its positive contribution to the balance of payment situation.

January 9, 1976

January 16, 1976

MEMORANDUM FOR:

BILL KENDALL

FROM:

CHARLES LEPPERT, JR.

SUBJECT:

Uranium Enrichment

Attached is a letter which Glenn Schleede thinks should be attached to the notebooks he is having prepared for distribution to the JAEC members. The notebook will be ready for distribution early next week.

Also attached for your information is a copy of the Edison Electric Institute letter to Chairman Pastore in support of the Administration's Nuclear Fuel Assurance Act.

Attachments

cc: VLoen  
TLoeffler



Dear \_\_\_\_\_:

Attached is a notebook containing copies of the documents that the Executive Branch has supplied to the Congress in support of the Nuclear Fuels Assurance Act. I <sup>thought</sup> hope this compilation will be useful to you and your staff. <sup>R</sup> For your convenience, a listing of the documents is included at the front of the book.

*in assessing the purpose & need to  
create a private competitive uranium  
enrichment industry in the United States.*

SOME LETTER TO:

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" Theo Roncalis	3
" Mike McCormack	4
" John E. Moss	5
" John B. Anderson	6
" Manuel Lujan	7
" Frank Horton	8
" Andrew J. Henderson	9
Mr. George Murphy Exec. Director	10.

Sincerely,

Charles L. ...



NUCLEAR FUEL ASSURANCE ACT

This Notebook contains a compilation of documents supplied to the Joint Committee on Atomic Energy by the Executive Branch on the President's proposal to create a private, competitive uranium enrichment industry.

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EDISON ELECTRIC INSTITUTE

90 PARK AVENUE • NEW YORK 10016 • (212) 573-8700

January 9, 1976

Hon John O Pastore, Chairman  
Joint Committee on Atomic Energy  
Room H403, The Capitol  
Washington, D C 20510

Dear Senator Pastore

The Edison Electric Institute, the principal association of the investor-owned electric utility companies in this country, supports the Nuclear Fuel Assurance Act of 1975 and urges prompt passage of this legislation by the Congress. Attached is a statement which outlines our position in some detail. Should the Joint Committee hold additional hearings, we would appreciate an opportunity to appear and express our views.

Sincerely yours

W Donham Crawford  
President

rice  
attachment





Position of the Edison Electric Institute  
on the  
Nuclear Fuel Assurance Act of 1975

1. Prompt enactment of the Nuclear Fuel Assurance Act of 1975 is in the best interests of the public generally, the Federal taxpayer and electric utility consumers. Passage of the proposed legislation will permit private industry to assume responsibility for future uranium enrichment requirements and will relieve the Federal taxpayer of this burden. For reasons indicated below, this method of development appears to be the best way of assuring that the nation will have an adequate supply of enriched nuclear fuel when it is needed. Lastly, the establishment of a private enrichment industry provides the opportunity for competition and thus the potential for lower enrichment service costs, a situation not possible with a government monopoly.
2. Passage of the Act will assure minimum cost to the taxpayers because:
  - a) Private, not Federal, capital will be the expected source of funds for the building of necessary enrichment capacity.
  - b) Without the guarantee provisions which would result in the entry of private industry into the enrichment field, the government would have to immediately undertake the construction of adequate enrichment capacity at great expense to the Federal taxpayer.





c) ERDA will receive royalty payments from private enrichers for the use of government technology and will be paid for other services rendered. These payments will accrue to the Federal taxpayer.

3. Passage of the Act is the best means of assuring an adequate and timely supply of enriched fuel because:

- a) Several private enrichment proposals are well developed and can be finalized with the assistance provided in the Act. In order to have the additional enrichment capability in operation in the mid-1980's when it will be needed, a detailed construction program must begin almost immediately.
- b) Alternative arrangements such as a government corporation or other government-sponsored entities would be less desirable approaches. These options would require authorizing legislation with resultant delays. Legislation of this type has not even been considered by the present Congress.
- c) Building of additional increments of enrichment capacity by ERDA, which would require Congressional appropriations of funds, is subject to the yearly uncertainties



of the budgetary process and will not provide the assurance of supply that can be developed through definitive private proposals made possible with passage of the Nuclear Fuel Assurance Act.

4. Passage of the Act provides the best opportunity for competitive enrichment service prices because:

- a) The Act will permit the entry of private industry into the enrichment field. Only through private development is competition possible, with the consequent potential for lower prices. A government monopoly cannot foster competition.
- b) Now is the opportune time to promote private development. As previously stated, several potential private enrichers have developed concrete proposals and are soliciting business from utilities. If the Federal government should build the next increment of enrichment capacity, these private initiatives could be discouraged and the possibility of eventually establishing a private enrichment industry would become doubtful.
- c) As indicated, private initiatives in the enrichment supply field are underway so



that in the short term utilities have the opportunity of negotiating with one or more of these entities to obtain the best terms of service and price.

- d) In the longer term, at each stage where additional enrichment capacity is needed, this same negotiating opportunity should be available, particularly with technological improvements which can best be generated in the competitive atmosphere of private development.

5. It is important that a favorable decision to enact the Nuclear Fuel Assurance Act be made promptly because:

- a) Private development is the best means of assuring an adequate and timely supply of enriched fuel and the opportunity to establish a private enrichment industry is currently available.
- b) ERDA's enrichment facilities are fully committed and will have to operate at high tails assay to meet these commitments rather than at lower tails which is preferable because of possible uranium ore limitations.
- c) Unless new enrichment facilities are constructed, the U S electric power program



will be delayed and U S consumers may face a shortage of electricity in the 1980's because of an enriched nuclear fuel shortage.

- d) Swift establishment of adequate enrichment capacity will permit the United States to retain a portion of the foreign enrichment market with its positive contribution to the balance of payment situation.

January 9, 1976



January 19, 1976

Dear Mr. Chairman:

Attached is a notebook containing copies of the documents that the Executive Branch has supplied to the Congress in support of the Nuclear Fuels Assurance Act. I thought this compilation would be useful to you and your staff in assessing the purpose and need to create a private competitive uranium enrichment industry in the United States.

For your convenience, a listing of the documents is included at the front of the book.

Sincerely,

Charles Leppert, Jr.  
Special Assistant  
for Legislative Affairs

Honorable Melvin Price  
Chairman  
Committee on Armed Services  
House of Representatives  
Washington, D. C. 20515

Enclosure: "Compilation of Documents supplied to the Congress By  
The Executive Branch In Support of the Nuclear Fuel Assurance Act."  
January 1976

CL:nb



January 19, 1976

Dear John:

Attached is a notebook containing copies of the documents that the Executive Branch has supplied to the Congress in support of the Nuclear Fuels Assurance Act. I thought this compilation would be useful to you and your staff in assessing the purpose and need to create a private competitive uranium enrichment industry in the United States.

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Sincerely,

Charles Leppert, Jr.  
Special Assistant  
for Legislative Affairs

Honorable John Young  
House of Representatives  
Washington, D. C. 20515

Enclosure: "Compilation of Documents Supplied to the Congress By  
The Executive Branch in Support of the Nuclear Fuel Assurance Act."  
January 1976.

CL:nb





**January 19, 1976**

**Dear Teno:**

**Attached is a notebook containing copies of the documents that the Executive Branch has supplied to the Congress in support of the Nuclear Fuels Assurance Act. I thought this compilation would be useful to you and your staff in assessing the purpose and need to create a private competitive uranium enrichment industry in the United States.**

**For your convenience, a listing of the documents is included at the front of the book.**

**Sincerely,**

**Charles Leppert, Jr.  
Special Assistant  
for Legislative Affairs**

**Honorable Teno Roncallo  
House of Representatives  
Washington, D. C. 20515**

**Enclosure: "Compilation of Documents Supplied to the Congress By  
The Executive Branch in Support of the Nuclear Fuel Assurance Act."  
January 1976**

**CL:nb**



January 19, 1976

Dear Mike:

Attached is a notebook containing copies of the documents that the Executive Branch has supplied to the Congress in support of the Nuclear Fuels Assurance Act. I thought this compilation would be useful to you and your staff in assessing the purpose and need to create a private competitive uranium enrichment industry in the United States.

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Sincerely,

Charles Leppert, Jr.  
Special Assistant  
for Legislative Affairs

Honorable Mike McCormack  
House of Representatives  
Washington, D. C. 20515

Enclosure: "Compilation of Documents Supplied to the Congress By  
The Executive Branch in Support of the Nuclear Fuel Assurance Act."  
January 1976

CL:nb





January 19, 1976

Dear Mr. Moss:

Attached is a notebook containing copies of the documents that the Executive Branch has supplied to the Congress in support of the Nuclear Fuels Assurance Act. I thought this compilation would be useful to you and your staff in assessing the purpose and need to create a private competitive uranium enrichment industry in the United States.

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Sincerely,

Charles Leppert, Jr.  
Special Assistant  
for Legislative Affairs

Honorable John E. Moss  
House of Representatives  
Washington, D. C. 20515

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The Executive Branch in Support of the Nuclear Fuel Assurance Act."  
January 1976

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January 19, 1976

Dear John:

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For your convenience, a listing of the documents is included at the front of the book.

Sincerely,

Charles Leppert, Jr.  
Special Assistant  
for Legislative Affairs

Honorable John B. Anderson  
House of Representatives  
Washington, D. C. 20515

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January 1976

CL:nb



January 19, 1976

Dear Manny:

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For your convenience, a listing of the documents is included in the front of the book.

Sincerely,

Charles Leppert, Jr.  
Special Assistant  
for Legislative Affairs

Honorable Manuel Lujan  
House of Representatives  
Washington, D. C. 20515

Attachment: "Compilation of Documents supplied to the Congress By  
The Executive Branch in Support of the Nuclear Fuel Assurance Act."  
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January 19, 1976

Dear Frank:

Attached is a notebook containing copies of the documents that the Executive Branch has supplied to the Congress in support of the Nuclear Fuels Assurance Act. I thought this compilation would be useful to you and your staff in assessing the purpose and need to create a private competitive uranium enrichment industry in the United States.

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Sincerely,

Charles Leppert, Jr.  
Special Assistant  
for Legislative Affairs

Honorable Frank Horton  
House of Representatives  
Washington, D. C. 20515

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January 19, 1976

Dear Andy:

Attached is a notebook containing copies of the documents that the Executive Branch has supplied to the Congress in support of the Nuclear Fuels Assurance Act. I thought this compilation would be useful to you and your staff in assessing the purpose and need to create a private competitive uranium enrichment industry in the United States.

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Sincerely,

Charles Leppert, Jr.  
Special Assistant  
for Legislative Affairs

Honorable Andrew J. Hinshaw  
House of Representatives  
Washington, D. C. 20515

Attachment: "Compilation of Documents Supplied to the Congress by the Executive Branch in Support of the Nuclear Fuel Assurance Act." January 1976

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January 19, 1976

Dear George:

Attached is a notebook containing copies of the documents that the Executive Branch has supplied to the Congress in support of the Nuclear Fuels Assurance Act. I thought this compilation would be useful to you and your staff in assessing the purpose and need to create a private competitive uranium enrichment industry in the United States.

For your convenience, a listing of the documents is included in the front of the book.

Sincerely,

Charles Leppert, Jr.  
Special Assistant  
for Legislative Affairs

Mr. George F. Murphy  
Executive Director  
Joint Committee on Atomic Energy  
H 403 The Capitol  
Washington, D.C. 20515

Attachment: "Compilation of Documents Supplied to the Congress by the Executive Branch in Support of the Nuclear Fuel Assurance Act." January 1976

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