

The original documents are located in Box 50, folder “1975/09/09 - Bob Seamans” of the James M. Cannon Files at the Gerald R. Ford Presidential Library.

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MEETING WITH DR. SEAMONS
RE: Uranium Enrichment
Tuesday, September 9, 1975
10:30 a.m.

Mr. Cannon's Office

BRIEFING SCHEDULE FOR THE PRESIDENT'S
URANIUM ENRICHMENT LEGISLATIVE PACKAGE

<u>MEMBER OF CONGRESS</u>	<u>ERDA REPS</u>	<u>DATE</u>	<u>TIME</u>	<u>PLACE</u>
REP. PRICE	Seamans, Cantus, Voigt	9/8	1:30	2468 RHOB
JIM CANNON (DOMESTIC COUNCIL)	Seamans, Cantus, Voigt	9/9	10:30	White House
SEN. SYMINGTON	Seamans, Cantus	9/9	12:30	Senate Diningroom
SEN. BAKER	Seamans, Cantus, Voigt	9/11	3:30	4121 DSOB
REP. MOSS	Fri, Cantus, Roberts, Voigt	9/15	11:00	2354 RHOB
REP. YOUNG	Fri, Cantus, Roberts, Voigt, Leppert	9/15	2:00	2204 RHOB
REP. HORTON	Fri, Roberts, Voigt, Leppert	9/16	11:00	2229 RHOB
SEN. MUSKIE	Fri	9/17	12:30	S-143
SEN. MONTOYA	Fri, Cantus, Roberts, Voigt	9/17	2:00	5229 DSOB
SEN. BUCKLEY	Seamans, Roberts, Cantus	9/18	12:00	304 RSOB
REP. MCCORMACK	Fri, Roberts, Voigt, Leppert	9/19	1:00	1503 LHOB
REP. RONCALIO	Fri, Cantus, Voigt, Leppert	9/23	2:30	1529 LHOB
SEN. BELLMON	Fri, Cantus, Voigt	9/23	4:00	125 RSOB
REP. ANDERSON	Fri, Cantus, Voigt, Leppert	9/24	9:00	1101 LHOB
STAFF BRIEFINGS:				
JCAE	Voigt	9/8-9	TBA	H-403
JEC	Voigt, Schwenessen	9/10	10:00	20 Mass. Ave.


IC COUNCIL CLEARANCE SHEET

DATE: September 8, 1975

JMC action required by: 10AM, Sept 9.

TO: JIM CANNON

VIA: ~~DICK DUNHAM~~

JIM CAVANAUGH 

FROM: GLENN SCHLEEDE

SUBJECT: BRIEFING PAPER FOR YOUR MEETING
WITH DR. SEAMANS* AT 10AM, TUESDAY, SEPT. 9
ON URANIUM ENRICHMENT

COMMENTS: Seamans will be accompanied by:
- Bill Voigt - career ERDA man who is carrying
most of the responsibility for the program.
- Hollie Cantus - ERDA Congressional
Relations man.

RETURN TO:

Good paper
DATE: _____

Material has been:

- _____ Signed and forwarded
_____ Changed and signed (copy attached)
_____ Returned per our conversation
_____ Noted

Jim Cannon

THE WHITE HOUSE

WASHINGTON

September 8, 1975

MEMORANDUM FOR: JIM CANNON
THROUGH: JIM CAVANAUGH ~~W~~
FROM: GLENN SCHLEEDE
SUBJECT: MEETING WITH DR. SEAMANS ON
URANIUM ENRICHMENT

If you agree with my evaluation of the situation, I would urge you to urge Bob Seamans to:

- . give the President's proposal higher priority.
- . arrange for more time and attention on his part and on the part of Bob Fri and Dick Roberts (Assistant Administrator of ERDA, to whom responsibility for the program has been delegated) to:
 - sell the program on the Hill.
 - supervise the backup work of the ERDA career staff, many of whom are less than enthusiastic about having industry build the next plant.

Principal Problems

I believe the principal problems at this time are:

1. Continued Pressure for a Government Plant. As has been the case for the past 2-3 years, there are many who strongly prefer Government financing and ownership of the next plant(s). These include:
 - . Many in the ERDA bureaucracy.
 - . Many in the Union Carbide-Nuclear Division, which is ERDA's contractor that operates one diffusion plant and provides all the technical backup for ERDA's enrichment program. This group has drawn up plans for an 8.8 million SWU add-on diffusion plant at Portsmouth, and an 8.8 million SWU centrifuge plant at Oak Ridge. They are also promoting a large-scale centrifuge demonstration plant at Oak Ridge. All these would be out if the President's proposal succeeds. (This group is close to Senator Baker.)
 - . Some and perhaps most of the Joint Committee on Atomic Energy (JCAE), probably including Chairman Pastore.
 - . JCAE Staff Director George Murphy who is being quoted

as saying he will "bury us" when hearings start.

As in the past, the strategy of those favoring Government ownership continues to include:

- . Pushing for more money and more work on a Government "back-up" option. (Senator Baker has added an amendment for \$25 million for 1976 for this.)
- . Delaying efforts to move ahead with efforts toward privatization.

2. Adequacy of ERDA Top Management Attention. I believe ERDA's top management still isn't giving enough attention to the program:

- . Bob Seamans has been away much of the time and will be spending more time out of town in the critical days ahead. He is not a good briefer, but he is highly respected by many members and his genuine support could be important when the votes are counted.
- . Bob Fri has had little time to devote to the matter since late June. He is a good spokesman.
- . Principal responsibility has been delegated to Dick Roberts, the recently appointed Ass't Administrator for Nuclear Programs. Dick is good but he has many other things to do, is still learning the programs and travels a lot.
- . The next man down, Frank Baranowski, has been an outspoken advocate of Government ownership. He has been involved little in work with us or the Hill.
- . Most of the responsibility has really fallen to Baranowski's deputy, Bill Voigt (career staff).
- . Roger Legassie, the principal architect of the private industry approach and the man who played a major role in discussions with UEA is off on other things.

I have pressed hard for Seamans and/or Fri to lead all Hill briefings and they have agreed to do so.

Last Friday, I discussed with Bob Fri my concerns about the small amount of time available for the program from the top ERDA people. Bob feels that (1) up to this point, it probably hasn't made much difference, and (2) he and Seamans are committed to spend more time in the weeks ahead.

Briefing Plan and Schedule

- . Tab A is another copy of the draft Briefing Plan I sent to you in New York--while you were on leave.
- . TAB B is a list of briefings ERDA has arranged as of Sept.5.

Other Items Worth Noting

1. UEA
 - . Still facing delays in signing up US partners. Goodyear still hasn't signed but UEA claims that this is due to contract technicalities.
 - . Foreign customers are holding back, apparently waiting to see what Congress does and what the October 1 deadline for centrifuge proposals brings in.
 - . Domestic customers are also slow in moving.
2. ERDA-UEA negotiations.
 - . Interim contract for purchase of UEA design work that could be used by ERDA in an add-on plant is held up by UEA until Goodyear signs.
 - . Negotiations for the long-term contract are moving ahead, apparently on schedule.
3. GAO
 - . Due to report to JCAE by September 30. GAO has promised ERDA and us a chance to review and comment on draft report.
4. CRS
 - . Congressional Research Service work on an evaluation of economics is moving slowly. I am trying to get the report for review in draft.
5. Amendments to ERDA Authorization Bill in Senate
 - . I'm working with ERDA and OMB on a proposed position on Senate amendments to the ERDA authorization bill which could undercut the President's proposal:
 - Montoya amendment would prevent ERDA from using funds to back up the interim contract with UEA.
 - Baker amendment added \$25 million for design and advance procurement work on a Government "back up" plant.
 - . We will need help to get these changed in Conference.
6. White House Help.
 - . The Congressional Relations people have little real understanding of the proposal and little time to help.
 - . When we worked with them (Kendall & Leppert) on the plan (Tab A), the only lead assignment they wanted was to arrange a meeting with Pastore--for Seamans, Cannon, Connor and Kendall. Kendall hasn't done this yet.
7. Coordinating Meetings.
 - . With ERDA concurrence, I'm arranging periodic meetings for all the key staff level backup people including their representatives from ERDA, State, OMB, NSC, Justice, White House Counsel, NRC and FEA.
 - . We meet again this afternoon.

TAB A

THE WHITE HOUSE

WASHINGTON

EYES ONLY

August 14, 1975

MEMORANDUM FOR: JIM CANNON
FROM: *Glenn*
GLENN SCHLEEDE
SUBJECT: PLAN FOR DEALING WITH THE CONGRESS
ON THE PRESIDENT'S URANIUM ENRICHMENT
PROPOSAL

Here is a draft of a proposed plan for your initial consideration. This represents the thinking thus far of the following group:

- . Dr. Dick Roberts - ERDA's lead man (after consultation with Dr. Seamans and Bob Fri).
- . Jim Mitchell, Bill Kendall
- . Charlie Leppert
- . Myself

We ought to be able to refine it somewhat this coming week. If you have any reactions you want to give me by phone before you return, I would appreciate having them.

Attachment

cc: Jim Connor
Max Friedersdorf

PRESIDENT'S PROGRAM FOR A COMPETITIVE NUCLEAR FUEL INDUSTRY

- Review of Congressional Reaction
- Plan for "Selling" the Program 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.

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.
 - Though it is too early to predict for sure, GAO probably will be disposed toward building an add on plant with an attempt to get private industry involved at the centrifuge stage.
 - . The positive aspects are that the proposal will probably get a thorough look and this should improve the chances of impartial consideration.
 - . Unfortunately, it probably will not be much help in laying to rest "smokescreen" type issues that have been raised such as (1) influence by George Shultz and other former government officials; (2) "Dixon-Yates"; (3) lay to rest some issues such as safeguards.

 - 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.

- As of 8/12 no JCAE 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 scheduled for completion in early September.
 - Study will be limited to a 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 interest in uranium enrichment.
 - 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.
 - Joint Economic Committee (JEC)
 - Senator Humphry 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.
 - 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, except for Chairman Pastore, to set up individual briefings will be made by 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 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.

- . Bill Kendall will take the lead in setting up a meeting ASAP after the recess with Senator Pastore for Cannon, Seamans, Connor and Kendall.
- . Bill Kendall will stay in touch with Howard Baker and Charlie Leppert with John Anderson urging them to urge Chairman Pastore 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 they 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 3 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 (OMB) -- all of whom know Donnelly personally.

. Joint Economic Committee

- Leppert will seek information on Committee plans.
- ERDA staff will meet with JEC staff on August 25 to provide information.
- Schleede will establish contact with Senior Minority staff man.
- Bill Kendall will contact Senators 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 other Minority House members for the same purpose.
 - Briefings will be conducted by ERDA. (Consideration should be given to participation in these briefings by Jim Lynn, Alan Greenspan, Jim Connor and perhaps others.)
- 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 August 30 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
 - ERDA will have primary responsibility to 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. (Roberts)
 - 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.

. Status Reports - Weekly Meetings

- . ERDA will provide a weekly status report to be distributed to Mitchell, Schleede, Kendall and Leppert on all aspects of the implementation of the President's program.
- . 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:
 - . Dick Roberts - ERDA
 - . Jim Mitchell - OMB
 - . Bill Kendall
 - . Charlie Leppert
 - . Glenn Schleede
- . 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.

TAB B

BRIEFING SCHEDULE FOR THE PRESIDENT'S
URANIUM ENRICHMENT LEGISLATIVE PACKAGE

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AS OF : Close of Business 9/5

THE WHITE HOUSE

WASHINGTON

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MEMORANDUM FOR: JIM CANNON

THROUGH: JIM CAVANAUGH

FROM: GLENN SCHLEEDE

SUBJECT: MEETING WITH DR. SEAMANS ON
URANIUM ENRICHMENT

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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.

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.
 - Though it is too early to predict for sure, GAO probably will be disposed toward building an add on plant with an attempt to get private industry involved at the centrifuge stage.
 - . The positive aspects are that the proposal will probably get a thorough look and this should improve the chances of impartial consideration.
 - . Unfortunately, it probably will not be much help in laying to rest "smokescreen" type issues that have been raised such as (1) influence by George Shultz and other former government officials; (2) "Dixon-Yates"; (3) lay to rest some issues such as safeguards.

 - 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.

- As of 8/12 no JCAE 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 scheduled for completion in early September.
- Study will be limited to a 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 interest in uranium enrichment.

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.

Joint Economic Committee (JEC)

- Senator Humphry 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.

- 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, except for Chairman Pastore, to set up individual briefings will be made by 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 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.

- . Bill Kendall will take the lead in setting up a meeting ASAP after the recess with Senator Pastore for Cannon, Seamans, Connor and Kendall.
- . Bill Kendall will stay in touch with Howard Baker and Charlie Leppert with John Anderson urging them to urge Chairman Pastore 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 they 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 3 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 (OMB) -- all of whom know Donnelly personally.

Joint Economic Committee

- Leppert will seek information on Committee plans.
- ERDA staff will meet with JEC staff on August 25 to provide information.
- Schleede will establish contact with Senior Minority staff man.
- Bill Kendall will contact Senators 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 other Minority House members for the same purpose.
- Briefings will be conducted by ERDA. (Consideration should be given to participation in these briefings by Jim Lynn, Alan Greenspan, Jim Connor and perhaps others.)

- 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 August 30 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

- ERDA will have primary responsibility to 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. (Roberts)

- 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.



. Status Reports - Weekly Meetings

- . ERDA will provide a weekly status report to be distributed to Mitchell, Schleede, Kendall and Leppert on all aspects of the implementation of the President's program.
- . 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:
 - . Dick Roberts - ERDA
 - . Jim Mitchell - OMB
 - . Bill Kendall
 - . Charlie Leppert
 - . Glenn Schleede
- . 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.



TAB B

BRIEFING SCHEDULE FOR THE PRESIDENT'S
URANIUM ENRICHMENT LEGISLATIVE PACKAGE

<u>MEMBER OF CONGRESS</u>	<u>ERDA REPS</u>	<u>DATE</u>	<u>TIME</u>	<u>PLACE</u>
REP. PRICE	Seamans, Cantus, Voigt	9/8	1:30	2468 RHOB
JIM CANNON (DOMESTIC COUNCIL)	Seamans, Cantus, Voigt	9/9	10:30	White House
SEN. SYMINGTON	Seamans, Cantus	9/9	12:30	Senate Diningroom
SEN. BAKER	Seamans, Cantus, Voigt	9/11	3:30	4121 DSOB
REP. MOSS	Fri, Cantus, Voigt	9/15	11:00	2354 RHOB
REP. HORTON	Fri, Roberts, Voigt	9/16	11:00	2229 RHOB
SEN. MUSKIE	Fri	9/17	12:30	S-143
SEN. MONTROYA	Fri, Cantus, Voigt	9/17	2:00	5229 DSOB
SEN. BUCKLEY	Seamans, Roberts, Cantus	9/18	12:00	304 RSOB
REP. MCCORMACK	Fri, Roberts, Voigt	9/19	1:00	1503 LHOB
REP. RONCALIO	Fri, Cantus, Voigt	9/23	2:30	1529 LHOB
SEN. BELLMON	Fri, Cantus, Voigt	9/23	4:00	125 RSOB
REP. ANDERSON	Fri, Cantus, Voigt	9/24	9:00	1101 LHOB
STAFF BRIEFINGS:				
JCAE	Voigt	9/8-9	TBA	H-403
JEC	Voigt, Schw enessen	9/10	10:00	20 Mass Ave.



AS OF : Close of Business 9/5



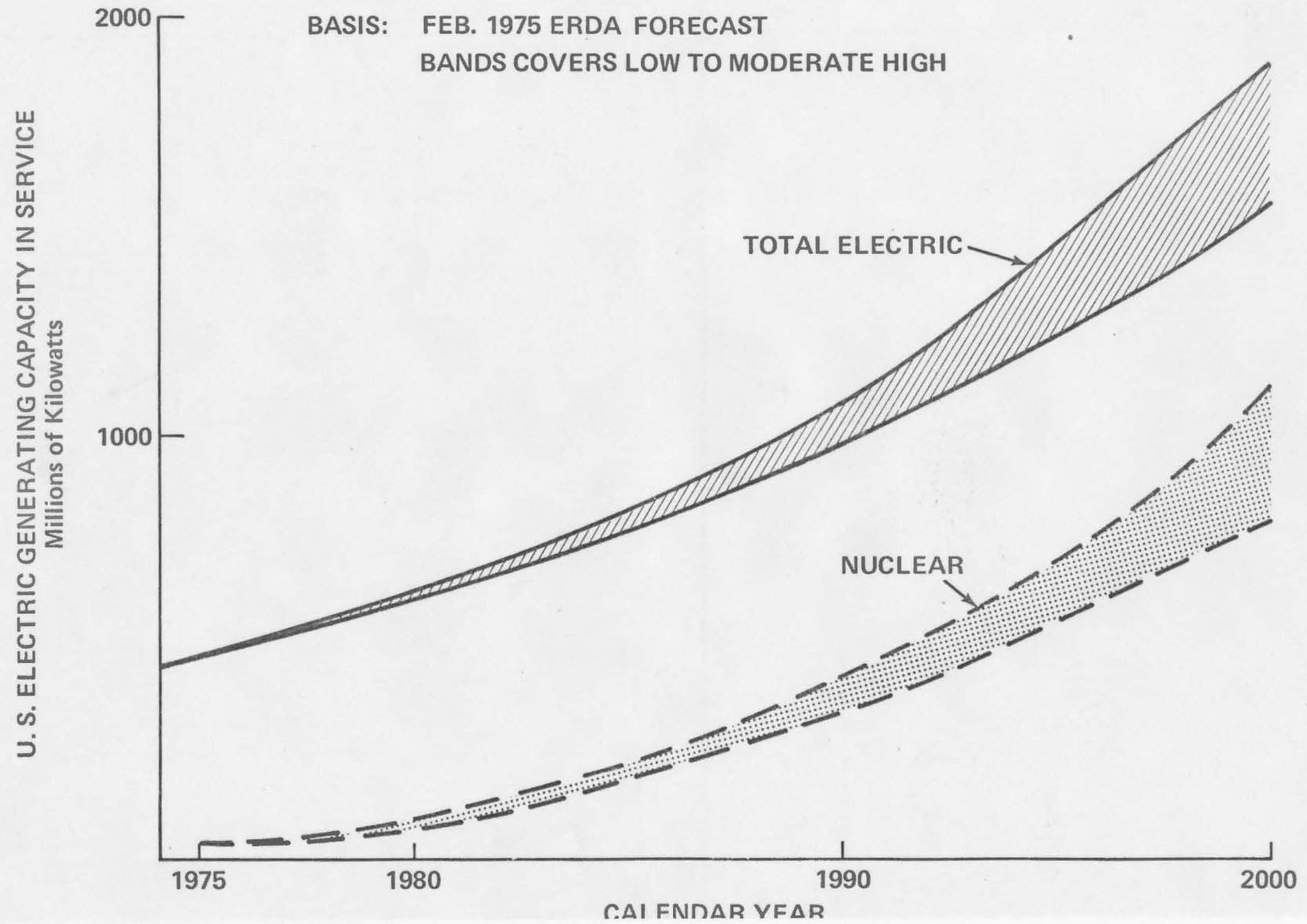
**PLAN
FOR A COMPETITIVE
NUCLEAR FUEL INDUSTRY
IN
THE UNITED STATES**

9/8/75



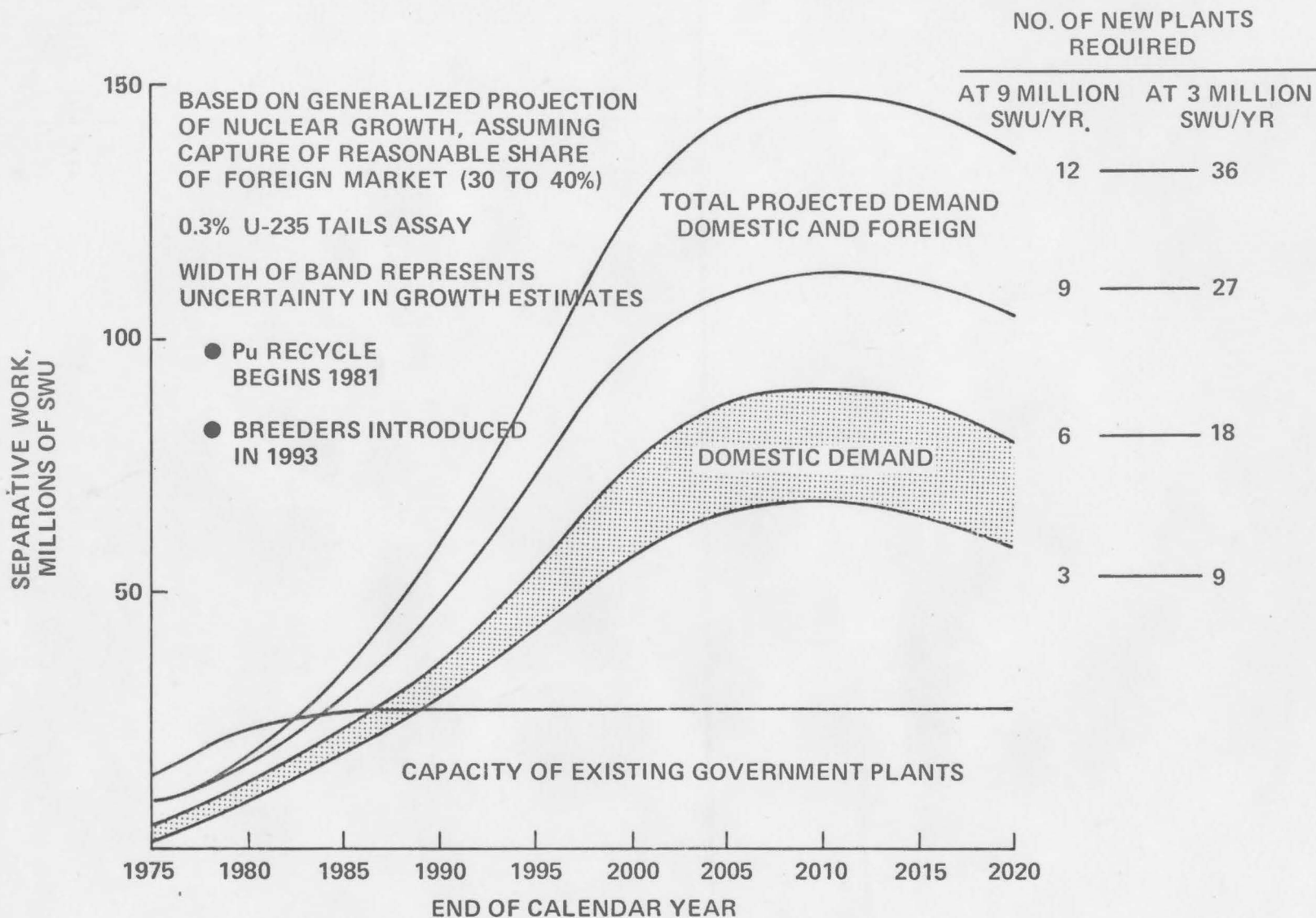
PROJECTION OF TOTAL AND NUCLEAR ELECTRIC GENERATING CAPACITY IN U. S.

BASIS: FEB. 1975 ERDA FORECAST
BANDS COVERS LOW TO MODERATE HIGH





ANNUAL DEMAND FOR U. S. SEPARATIVE WORK



NEED FOR ADDITIONAL U.S. ENRICHMENT CAPACITY

- Existing U. S. Long Term Capacity Committed
- Lack of Additional Assured U. S. Capacity Results in
 - Loss of Foreign Markets
 - Reluctance of Domestic Utilities to Elect Nuclear Option
 - Increases Reliance on Fossil Fuels, Including Imported Oil
 - Harmful to Goal of Energy Independence

WHY U.S. SHOULD SUPPLY SOME OF THE FOREIGN NUCLEAR MARKET

- **U. S. is World Leader in Enrichment Technology, and should Capitalize on that Lead**
- **Assured U. S. Sources of Enriching Services would Discourage Independent Foreign Development and Construction of Enrichment Capacity**
- **U. S. Marketing Activity would Afford Safeguards Leverage over Foreign Nuclear Programs**
- **U. S. Supply of Enriching Services would Strengthen U. S. Ability to Influence Foreign Nuclear Programs Toward U. S. Non-Proliferation Objectives**
- **Foreign Financial Participation in U. S. Projects would Reduce Drain on U. S. Capital Markets**
- **Sale of Enriching Services Abroad would Result in Dollar Inflow to U. S. and Help Balance of Payments**

- **Additional Enrichment Capacity Needed**
- **Issue is Whether Government or Private Industry Should Provide**
- **The President Has Decided That Private Industry can and should do the Job**

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**
- **Continued Federal Monopoly would Lead, as Reliance on Nuclear Power Increases, to Unprecedented Degree of Federal Control over Electrical Energy Supply**

**RIGID CONTROLS OVER PLANT
DESIGN, MATERIAL SAFEGUARDS,
AND TECHNOLOGY ACCESS
WILL BE MAINTAINED**

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**
- **Uncertainty as to Nuclear Power Moratorium(s)**

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**

PRESIDENT'S LEGISLATIVE PROPOSAL — THE NUCLEAR FUEL ASSURANCE ACT OF 1975

- **Designed to**
 - **Bring Capacity on Line When Needed**
 - **Overcome Obstacles to Private Entry**
- **Legislation would Authorize ERDA to Enter into Cooperative Arrangements with Private Parties Willing and Able to Design, Construct, Own, and Operate Uranium Enrichment Facilities**
 - **Provide Temporary Government Assurances — Until Commercial Plant Operation is Demonstrated**
 - **Warranting Technology, for which Royalties will be Paid**
 - **Warranting Materials and Equipment Purchased from Government at Full Cost Recovery**
 - **Assumption of Domestic Assets and Liabilities of the Private Project in the Unlikely Event a Project were to Falter**
 - **Legislation Provides Contract Authority for up to \$8 Billion to Cover Government's Contingent Liability for First 4 Projects**
— **NO OUTLAYS EXPECTED**

PRESIDENT'S LEGISLATIVE PROPOSAL (Continued)

- **Enriching Services Purchases from, or Sales to Private Project to Accomodate Startup and Loading Problems**
- **Assurance of Delivery to Customers Placing Orders with Private Enrichment Firms**
- **Authorize ERDA to Continue with Backup Contingency Measures to Assure That Capacity will be Ready in Unlikely Event That Private Industrial Efforts Falter ("Hedge Plan")**
- **As Further Assurance, Government will Provide, on Full Cost Recovery Basis, Technical Assistance, Review, and Monitoring to see That Projects Will Function Properly and be Completed on Time and Within Cost Estimates.**

PRESIDENT'S LEGISLATIVE PROPOSAL WOULD COVER

- **Gaseous Diffusion – Next Increment**
- **Gas Centrifuge – Succeeding Increments**

COMPARISON OF ENRICHMENT TECHNOLOGIES

GASEOUS DIFFUSION

- Proven Technology Now Available (30 Years Operating Experience)
- Established High on-Stream Efficiency
- Established Industrial Base
- Long Life Components

GAS CENTRIFUGE

- Lower Power Consumption
- Economic at Smaller Plant Sizes, Therefore More Opportunity for Competitive Participation over Long Term
- Potential for Improvement

WHY PRIVATE ENTRY IS EXPECTED TO SUCCEED

- **Technology Demonstrated**
- **Government Technical Expertise Through Design, Construction, And Startup (Costs to be Fully Reimbursed)**
- **Temporary Government Assurances Overcome**
 - **Obstacles to Private Financing**
 - **Potential Customers' Concerns over Assurance of Supply**

RISKS ASSUMED BY PRIVATE FIRMS

- **Potential Loss of Equity if Venture Were to Fail**
- **Once Commercial Plant Operation is Demonstrated,
Total Risk for Life of Project is Borne by Owners**

IN SUMMARY

THE PRESIDENT'S PLAN FOR A COMPETITIVE NUCLEAR FUEL INDUSTRY

- **Provide U. S. Enriching Capacity in Time to Meet Projected U. S. and Foreign Demand**
- **Maintain U. S. Leadership in Enrichment Technology as a Major World Supplier of Enriching Services**
- **All Future Capacity to be Built, Financed and Operated by Private Industry**
- **Avoids Substantial Federal Construction Funding, Thus Improving Early Government Net Cash Flow Position**
- **Tax and Royalty Revenue to the Government**
- **Maintain Same Degree of Materials and Technology Control as now Maintained for Government Plants**
- **Enter into Cooperative Arrangements with Industry to Bridge Transition Period Until New Projects can Demonstrate Commercial Operation**

THE PRESIDENT'S PLAN (Cont'd)

- **Cooperative Arrangements:**
 - **Provide Simultaneous Support to Both Private Diffusion and Private Centrifuge Projects**
 - **Diffusion Project (UEA) will Provide Needed Assurance of Supply for Near Future**
 - **Several Centrifuge Projects Proceeding in Parallel Provide Real Bases for Competitive Industry and Ability to Meet Market in Competitive Manner**
 - **Centrifuge Projects Lend to Expansion in small Increments to Track Market**
 - **Provide for Government-Industry Cooperation for Defined Period to Assure Operability of Projects; Government then Steps out**
- **Government to Continue with Backup Contingency Measures ("Hedge Plan")**
- **No Plans to Dispose of Existing Government Plants**