

**The original documents are located in Box 2, folder “Atomic Energy - Uranium Enrichment (2)” of the Presidential Handwriting Subject File at the Gerald R. Ford Presidential Library.**

### **Copyright Notice**

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald R. Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

AT 2

THE WHITE HOUSE  
WASHINGTON

June 25, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: JIM CANNON  
FROM: JIM CONNOR *JE*  
SUBJECT: Draft Message - Uranium Enrichment

The President has reviewed your memorandum of June 24th on the above subject and indicated the following:

"Good but it must be double checked technically."

On page 8 the third paragraph was changed to read as follows:  
"ERDA would also be able to purchase from a private firm design work on components that could be used in a Government plant in the unlikely event that a private venture fails."

Please follow-up with appropriate action.



cc: Don Rumsfeld

THE WHITE HOUSE

WASHINGTON

June 24, 1975

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM CANNON *JWC*

SUBJECT:

Draft Message - Uranium Enrichment

Attached is the latest draft message to the Congress describing your plan for involving private industry in the expansion of U.S. capacity for enriching uranium.

The draft includes material contributed by ERDA, FEA, State Department, OMB, CEA and others on the Senior Staff. It has been reviewed and edited by Paul Theis. We will continue to work on an improved version for your final consideration.

*JRF.*

*Good but it must be  
double checked technically.*





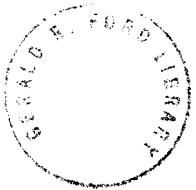
6/24/73  
7:00 p.m.

The Nation has an opportunity to take a major step now that will contribute significantly in the 1980's and beyond to our energy independence goals.

As our supplies of oil and natural gas run low, nuclear power grows in importance, year by year, as a source of electrical energy. Nuclear power is one of the most reliable, economical and safe forms of energy for America's future.

The enrichment of uranium -- concentrating the amount of U-235 in uranium that is used for reactor fuel -- is an essential step in nuclear power production. As the use of nuclear power becomes more wide-spread, the demand for enriched uranium is growing as well.

For the past 20 years, the United States Government has supplied the enrichment services for every nuclear reactor in America, and for many others throughout the world. Our leadership in this important field has enabled other nations to enjoy the benefits of nuclear power under secure and prudent conditions. At the same time, this effort has been helpful in persuading other nations to accept international safeguards and forgo development of nuclear weapons. In addition, the sale of our enrichment services in foreign countries has returned hundreds of millions of dollars to the United States.



Our ability to provide uranium enrichment services can be an important part of our energy cooperation with other oil consuming nations.

These services have been provided by enrichment plants-- owned by the Government and operated by private industry-- in Oak Ridge, Portsmouth, Ohio, and Paducah, Kentucky. A \$1-billion improvement program is now underway to increase the production capacity of these plants by 60 percent. But this expanded capacity will not meet all the anticipated needs of the next 25 years.

The United States is now committed to supply the fuel needs for several hundred nuclear power plants scheduled to begin operation by the early 1980's. Since mid-1974, we have been unable to accept new orders for enriched uranium because our plant capacity--including the \$1-billion improvement--is fully committed.

Further increases in enrichment capacity therefore depend on construction of additional enrichment plants, with seven or eight years required for each plant to become fully operational.



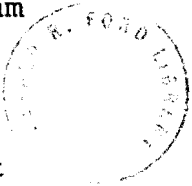
Clearly, decisions must be made and actions taken today if we are to insure an adequate supply of enriched uranium for the nuclear power needs of the future.

It is my opinion that American private enterprise is best suited to meet those needs. Already, private industry has demonstrated its willingness to pursue the major responsibilities involved in this effort. I believe that with proper licensing, safeguards, cooperation and temporary assurances from the Federal Government, the private sector can do the job effectively and efficiently--and at great savings for the American taxpayer.

Accordingly, I am proposing legislation to the Congress to authorize the Government assistance necessary for private enterprise to make its entry into this vital field.

A number of compelling reasons argue for private ownership, as well as operation, of uranium enrichment plants. The market for nuclear fuel is predominantly in the private sector. The process of uranium enrichment is clearly industrial in nature.

The uranium enrichment process has the making of a new industry for the private sector in much the same tradition



as the process for synthetic rubber--with early Government development eventually being replaced by private enterprise.

One of the strengths of America's free enterprise system is its ability to respond to unusual challenges and opportunities with ingenuity, vigor and flexibility. A significant opportunity may be in store for many firms--old and new--to participate in the growth of the uranium enrichment industry. Just as coal and fuel oil are supplied to electric utilities by private firms on a competitive basis, enriched uranium should be supplied to them in the same fashion in the future.

The energy consumer also stands to benefit. Nuclear power now costs between 25 and 50 percent less than electricity produced from fossil fuels. It is not vulnerable to the supply whims or unwarranted price decrees of foreign energy suppliers. And based on the past fifteen years of experience, commercial nuclear power has had an unparalleled record of safe operation.

The key technology of the uranium enrichment process is secret and will remain subject to continued classification, safeguards and export controls.





But for several years, a number of qualified American companies have been granted access to the Government's technology under carefully controlled conditions to enable them to assess the commercial potential for private enriching plants.

The Government-owned gaseous diffusion enriching plants have run reliably and with ever-improving efficiency for more than a quarter of a century. One private group has chosen this well-demonstrated process as part of its \$3.5 billion proposal to build an enrichment plant serving 90 nuclear reactors here and abroad in the 1980's. Others are studying the potential of the newer gas centrifuge process. Though not yet in large-scale operation, the centrifuge process--which uses much less power than the older process--is almost ready for commercial application.

I believe we must move forward with both technologies and encourage competitive private entry into the enrichment business with both methods. A private gaseous diffusion plant should be built first to provide the most urgently needed increase in capacity, but we should proceed simultaneously with commercial development of the centrifuge process.



With this comprehensive approach, the United States can reopen its uranium enrichment "order book," reassert its supremacy as the world's major supplier of enriched uranium, and develop a strong private enrichment industry to help bolster the national economy.

For a number of reasons, a certain amount of governmental involvement is necessary to make private entry into the uranium enrichment industry successful.

The initial investment requirements for such massive projects are huge. The technology involved is presently owned by the Government. There are safeguards that must be rigidly enforced. The Government has a responsibility to help ensure that these private ventures perform as expected, providing timely and reliable service to both domestic and foreign customers.

Under the legislation I am proposing today, the Energy Research and Development Administration would be authorized to negotiate and enter into contracts with private groups interested in building, owning and operating a gaseous diffusion uranium enrichment plant.

ERDA would also be authorized to negotiate for construction of several centrifuge enrichment plants when more definitive proposals for such projects are made by the private sector.



Contract authority in the amount of \$8 billion will be needed, but we expect almost no actual government expenditures to be involved. In fact, the creation of a private enrichment industry will generate substantial revenues for the United States Treasury through payment of Federal income taxes and compensation for use of Government-owned technology.

Under our proposed arrangements, significant opportunities for foreign investment in these plants will be presented, although the plants will remain firmly under U.S. control. In addition, there will be limitations on the amount of capacity each plant can commit to foreign customers.

Also, all exports of plant products will continue to be made pursuant to Agreements for Cooperation with other Nations, and will be subject to appropriate safeguards to preclude use for other than agreed peaceful purposes.

Foreign investors and customers would not have access to sensitive classified technology. Proposals from American enrichers to share technology would be evaluated separately, and would be subject to careful Government review and approval.

Finally, low enriched fuel produced in the gaseous diffusion plant would be suitable only for commercial power reactors--not for nuclear explosives.

In the remote event that a proposed private venture did not succeed, this legislation would enable the Government to take actions necessary to assure that plants will be brought on line in time to supply domestic and foreign customers when uranium enrichment services are needed.

I have instructed the Energy Research and Development Administration to implement backup contingency measures, including continuation of conceptual design activities, research and development, and technology assistance to the private sector on a cost recovery basis.

ERDA would also be able to purchase from a private firm design work on components that could be used in a Government plant in the unlikely event that <sup>private</sup> a venture fails.

Finally, I pledge to all customers--domestic and foreign--who place orders with our private suppliers that the United States Government will guarantee that these orders are filled as needed. Those who are first in line with our private sources will be first in line to receive supplies under this assurance. All contracted obligations will be honored.

The program I have proposed takes maximum advantage of the strength and resourcefulness of industry and Government,

and it will reinforce the world leadership we now enjoy in uranium enrichment technology. It will also help insure the continued availability of reliable energy for America.

Our program to assure development of a competitive nuclear fuel industry is an important part of our overall energy strategy. But we must continue our efforts to conserve the more traditional energy resources on which we have relied for generations. And we must accelerate our exploration of new sources of energy for the future-- including solar power, the harnessing of nuclear fusion and development of nuclear breeder reactors which are safe, environmentally sound, and reliable. To move the United States one step nearer to our objective of energy independence, I ask the Congress for early authorization of the program I have proposed.



AT2

THE WHITE HOUSE  
WASHINGTON

November 14, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:	JIM CANNON
FROM:	JIM CONNOR <i>JEC</i>
SUBJECT:	<u>Uranium Enrichment</u>

The President reviewed your memorandum of November 10 recommending a Telephone Call to Senator Pastore. The following notations were made:

"11/13/75 - Senator Pastore will let our witnesses testify first. I assumed this meant Bob Seamans et al.  
- December 2nd is date."

Please follow-up with appropriate action.



cc: Dick Cheney



THE WHITE HOUSE  
WASHINGTON

11/13/75

Sen. Pastore will  
let our witnesses  
testify first. I assumed  
this meant Bob Leammone  
et al.  
DHC 2nd is date.



THE WHITE HOUSE

WASHINGTON

RECOMMENDED  
TELEPHONE CALL

November 10, 1975

MEMORANDUM FOR THE PRESIDENT

FROM : JIM CANNON *Ji*  
SUBJECT : Uranium Enrichment



Before you meet with Senator Pastore on uranium enrichment, you asked me to talk with Senator Baker.

Senator Baker recommends that you telephone Senator Pastore and ask Pastore and Baker to come to the White House to discuss uranium enrichment.

Baker says that both he and Pastore want the next increment of uranium enrichment to be a government add-on.

However, your senior staff members who have most closely followed uranium enrichment developments believe we have a reasonable chance to get legislation which would enable private industry to build the next increment and future plants.

LATEST DEVELOPMENT

1. The GAO Report was made public on October 31. As we expected, the report recommends that:
  - a. The next increase of enrichment capacity be a government add-on at the Portsmouth, Ohio plant.
  - b. A Federal corporation be created to take over the three existing diffusion plants (at Portsmouth, Oak Ridge, and Paducah) and the new add-on.
  - c. Private industry be brought into subsequent plants, using centrifuge technology.
2. Hearings. Pastore's staff has recommended that:
  - a. Hearings be scheduled to begin <sup>Dec 2</sup> ~~November 10~~, with Elmer Staats criticizing the Administration proposal.



- b. ERDA and FEA witnesses be scheduled for ~~November 19.~~  
**Dec. 3**
- c. Other witnesses be heard following the Thanksgiving recess.

RECOMMENDATION

Max Friedersdorf, Jim Connor and I recommend that Pastore be asked --

1. To proceed with hearings as soon as possible, and
2. To give major Administration witnesses the opportunity to present the affirmative case for the Administrative proposal on the first day of hearings.



Filed 1/4/76 AT2

THE WHITE HOUSE

WASHINGTON



RECOMMENDED TELEPHONE CALL

TO: Congressman John Anderson

DATE: By December 23, 1975, if possible

RECOMMENDED BY: *Jac* Jim Cannon, Max Friedersdorf, Jim Connor, Glenn Schleede

PURPOSE: Express appreciation for the assistance and strong support in the effort to get favorable action by the Joint Committee on Atomic Energy for your June 26, 1975 "Nuclear Fuel Assurance Act" (Uranium Enrichment).

BACKGROUND: John Anderson has been our strongest supporter since June 26. He has worked to persuade others (e.g., Howard Baker and Frank Horton); made several public statements of support, and worked closely with your staff in developing a strategy and presentations.

TOPICS OF DISCUSSION:

1. Thanks for the consistent and strong support and for advising your staff on strategy and presentation.
2. Understand that Chairman Pastore is expected to accept the provisions for Congressional Review (60 day period; Concurrent Resolution of approval or disapproval worked out between JCAE and ERDA staff.
3. Understand that Senator Pastore will not move the bill until Secretary Kissenger appears, but that he hopes to move the bill shortly thereafter. I hope we can regain momentum in January.
4. Assuming the bill is reported out soon, hope that he will continue to advise us (a) as the authorization bill is considered on the Floor, (b) as the necessary appropriations bill is considered, and (c) finally, when individual contracts are submitted for approval.

December 16, 1975

Action

*1/4/76 Appreciated*

Jim -

I usually tell the person who suggested  
the call the outcome (by phone) --- in this  
case since you know is that enough?

*I'll Tell Schlaede*

Trudy



THE WHITE HOUSE

WASHINGTON

April 26, 1976

ATZ

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JIM CANNON/JIM CAVANUAGH

FROM:

- JIM CONNOR JEC.

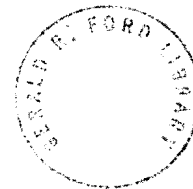
SUBJECT:

Nuclear Fuel Plan

The attached newspaper clipping was returned in the President's outbox with the following notation:

"Where did AP get this?"

Please follow-up with appropriate action.



cc: Dick Cheney

Attachment:

Article from THE GRAND RAPIDS PRESS  
4/22/76 entitled "Ford's Controversial Plan  
for N-Fuel Fav ors 2 Firms"



THE WHITE HOUSE  
WASHINGTON

Jim Cannon Jim Cannon

When did A.P. get  
this?



# Ford's Controversial Plan For N-Fuel Favors 2 Firms



WASHINGTON (AP) — After 30 years of nonprofit uranium enrichment by a government monopoly, the Ford administration is promoting a private enrichment venture requiring so much federal support that nuclear fuel costs would rise some \$700 million a year, or 34 per cent.

Electricity consumers would pay the bill.

Administration officials say a private plant, planned for Dothan, Ala., would avoid some \$2.8 billion of taxpayer investment for the alternative, a new government plant at Portsmouth, Ohio, and would "pave the way" for private

enterprise and competition.

But, in an Associated Press investigation, a key government official conceded that the taxpayers would have to invest up to \$1 billion to launch the private project; that electric utilities would pay 34 per cent more for atomic fuel to support the private operation; and that the project alone would bring neither private enterprise nor competition into uranium enrichment.

The investigation also shows that a new government plant could bring the U.S. Treasury more money than the taxes and royalties from a private plant, and yet

charge consumers less.

The U.S. Energy Research and Development Administration — ERDA — is expanding the three existing government plants at Oak Ridge, Tenn., Paducah, Ky., and Portsmouth.

There is general agreement that a fourth plant is needed, but disagreement whether it should be a Portsmouth "add-on," or the private plant proposed by the Uranium Enrichment Associates — UEA — a partnership of Bechtel Corp., Goodyear Tire and Rubber Co. and The Williams Companies, an oil-fertilizers-

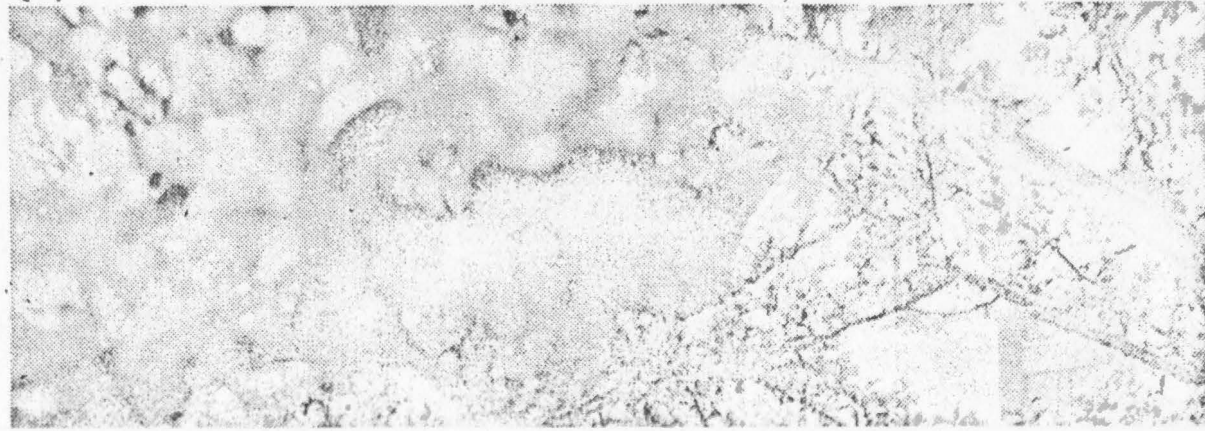
See Uranium, page 2A



## Pinch Hitter

Call 451-8484

Pinch Hitter will assist our readers with their problems and answer their questions. Write



# Uranium

from 1A

and-steel conglomerate.

ERDA, which concluded a year ago that the UEA proposal "does not achieve most goals of private enrichment" now is pushing it.

The UEA plant would use time-tested government technology and produce the same amount of uranium enrichment as a government "add-on," at roughly the same production cost, says ERDA.

But there the resemblance stops.

## ERDA officials admit the UEA project would:

—Require government guarantees that the plant would work.

—Require the government to buy and stockpile a large chunk of UEA's early production to keep the plant operating at full capacity.

—Charge higher prices and require the government to raise its own prices to persuade customers to deal with UEA.

—Collect production costs plus after-tax profits of 15 per cent on equity investment, providing little incentive to restrain costs in a project whose chief contractors would be UEA partners Bechtel and Goodyear.

—Require close government supervision of UEA cost control to protect both the taxpayer and the consumer.

—Drain 60 per cent of UEA's profits and interest payments out of the U.S. economy to anticipated foreign investors and lenders.

—And expose the government to the risk of having to take over a floundering, half-finished project if UEA can't complete it.

ERDA strongly supported an administration bill, the proposed "Nuclear Fuel Assurance Act," to make all this possible.

The congressional Joint Committee on Atomic Energy recently completed hearings on it and received a report by the General Accounting Office urging government construction of the next uranium enrichment plant.

"The proposal of Uranium Enrichment Associates," said the GAO, "is not acceptable."

ERDA Administrator Robert C. Seamans Jr., expressed the same view to President Ford and Budget Director James T. Lynn a year ago. After ERDA officials met with the Office of Management and Budget, the Federal Energy Administration, UEA and the White House, however, Seamans changed his mind.

Two of former President Richard M.



## U.S. ENERGY researcher Jarvis Schwennesen concedes shortcomings in Ford's plan.

making their uranium suitable for atomic fuel by "enriching" it: concentrating one kind of uranium, U-235, and separating out its near-twin, U-238.

UEA's proposal requests "a commitment that USG (the U.S. government) will purchase from UEA enriching service up to six million SWUs (enrichment units)," to help the private plant get started.

Schwennesen said the U.S. Treasury would have to lay out up to \$1 billion for these support purchases and stockpile this enriched uranium up to 10 years.

Interest lost by the Treasury on that outlay could total \$358 million or more, which ERDA would have to charge its own customers, he said.

**Meanwhile, uranium enrichment could not remain nonprofit as it is now.**

Administration documents estimate

that UEA would pay some \$70 million a year in taxes and royalties and collect another \$79 million as its 15 per cent profit, thus charging customers some \$149 million more than an alternative nonprofit government plant.

To do this, UEA estimates, it would charge \$85 per enrichment unit, compared with the government's average price of \$54 at its three existing, lower-cost plants.

Because the government plants now are fully committed and could not take on potential UEA customers, there would be no competition between them, said Schwennesen. As UEA chairman Jerome W. Komes testified, "You are sold out, and we are the only store open in town."

But continuation of the government's low, nonprofit prices, Schwennesen said, would make atomic utilities balk at paying UEA's higher price. So ERDA has asked Congress to abandon nonprofit operation and to authorize "commercial" pricing which, the bill specifies, "will not discourage" private enrichment plants.

ERDA proposed a \$76 support price which would cost the government's enrichment customers and, eventually, their electricity consumers an additional \$510 million a year.

If necessary, ERDA would raise its support prices still higher to drive new customers to UEA, the GAO reported. And UEA may raise its own profit margin, dragging government support-prices to still higher plateaus.

Komes testified, "we are going to have difficulty with ... our investors ... in keeping as low as that 15 per cent" rate of return.

Adding up UEA's taxes and profits, government support prices, and the cost of investing \$1 billion to buy and stockpile UEA's early production, electric utilities and their consumers would pay some \$700 million a year more under the UEA proposal than under continued all-government, nonprofit uranium enrichment.

## Scientists Find Dangerous Fork to California Fault

SACRAMENTO, Calif. (AP) — Scientists have discovered a west fork of the San Andreas fault off the central California coast they say could trigger much stronger earthquakes than previously thought possible.

The discovery six weeks ago that linked a number of smaller faults into a 400-mile-long fault zone was announced Wednesday in connection with a Senate hearing on a bill to implement the

the best data today, to expect a possible "eight" from the 400-mile fault zone on the open-ended Richter magnitude scale.

The 1906 San Francisco earthquake registered 8.3. It occurred on the 650-mile-long San Andreas fault.

Lajoie said the "west branch" is "not the same caliber as the ... the San Andreas."



acceptable.

ERDA Administrator Robert C. Seamans Jr., expressed the same view to President Ford and Budget Director James T. Lynn a year ago. After ERDA officials met with the Office of Management and Budget, the Federal Energy Administration, UEA and the White House, however, Seamans changed his mind.

Two of former President Richard M. Nixon's budget directors, George P. Shultz and Caspar W. Weinberger, are now directors of Bechtel Corp., a large construction firm whose stock is owned only by the Bechtel family and the corporate officers.

These Bechtel stockholders stand to reap some \$26 million a year in profits from the UEA project if no additional U.S. partners are brought into the deal, and perhaps even more since UEA plans to award Bechtel the contract, worth an estimated \$250 million, to build the plant.

Another UEA partner, Goodyear, which operates the government's Portsmouth plant under contract, also is slated to operate the proposed UEA plant.

Thus, Bechtel and Goodyear would assure themselves of lucrative construction and operating contracts for the plant, without the competitive bidding that would select contractors for a government plant.

Sen. John O. Pastore, D-R.I., chairman of the joint committee, said during its hearings that the proposal seemed to guarantee UEA a profit and might amount to "another big giveaway program."

Ford administration witnesses — Seamans, Lynn, FEA Administrator Frank G. Zarb, Economic Adviser Paul W. MacAvoy, and Asst. Atty. Gen. Thomas S. Kauper — argued in favor of the UEA project and said it would save taxpayers some \$2.8 billion, the cost of a new government plant.

But Jarvis L. Schwennesen, ERDA's assistant director for uranium enrichment and head of a government task force on the UEA proposal, admitted in a recent interview that the "saving" may be a billion dollars less than advertised.

In the enrichment program, the government does not sell uranium to atomic power utilities; they have to bring their own. The government charges them for

## Funds

from 1A

legislation had not been completed

SACRAMENTO, Calif. (AP) — Scientists have discovered a west fork of the San Andreas fault off the central California coast they say could trigger much stronger earthquakes than previously thought possible.

The discovery six weeks ago that linked a number of smaller faults into a 400-mile-long fault zone was announced Wednesday in connection with a Senate hearing on a bill to implement the California Coastal Plan.

Dr. Kenneth Lajoie of the U.S. Geological Survey at Menlo Park said in a telephone interview that 10 geologists mapping offshore faults met in early March at Stanford University, compared notes and agreed that the faults were connected.

The discovery doubles the 200-mile length of the offshore fault from Pt. Arena to Monterey Bay, extending down to Pt. Conception and including the Hosgri fault near the San Luis Obispo County coast. It goes ashore at San Simeon and then back out to sea.

"Very definitely," Lajoie said, "the longer a fault becomes, the larger the earthquake you can expect from it."

"It would not be unreasonable, from

the best data today, to expect a possible eight" from the 400-mile fault zone on the open-ended Richter magnitude scale.

The 1906 San Francisco earthquake registered 8.3. It occurred on the 650-mile-long San Andreas fault.

Lajoie said the "west branch" is "not the same caliber as the San Andreas."

But he said coastal Californians — 85 per cent of California's 21 million persons — are in an area "more potentially seismically active" than scientists realized.

He said geologists also have traced the Rose Canyon fault in San Diego offshore to a point where it links up with the Newport Inglewood fault that cuts across the Los Angeles basin.

East-west faults off Santa Barbara prevent the two north-south faults from running all the way down the coast, he said.

"It doesn't appear to be as long, and doesn't tie directly to the San Andreas," Lajoie said of the Southern California offshore fault zone, "but I'm presently conducting a study of the marine terraces off San Diego."

**OPEN HOUSE**  
**AIR STREAM—ARGOSY**  
 APRIL 22, 23, 24,  
**WOODLAND TRAVEL CENTER**  
 5190 PLAINFIELD AVE. N.E. 363-9038

**Sears Film**  
**developing**



12-exposure  
**Color print**  
 film developed  
 and printed

Sears  
 Everyday  
 Low Price **297**

**CHARGE IT**  
 on Sears  
 Revolving Charge



20-exposure  
**Color print**  
 film developed  
 and printed

Sears  
 Everyday  
 Low Price **441**

20-exposure  
**Slide, 50-ft. Reg. 8,**



AT2

THE WHITE HOUSE  
WASHINGTON

May 18, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: JIM CANNON

FROM: JIM CONNOR *JEC*

SUBJECT: The Uranium Enrichment  
Bill Reported by the JCAE

The President reviewed your memorandum of May 15, 1976 on the above subject and approved the following:

- "Consider the Nuclear Fuel Assurance Act as ordered reported by the JCAE on May 11, 1976 to be acceptable."

Please follow-up with appropriate action.



cc: Dick Cheney

THE PRESIDENT HAS SEEN....

THE WHITE HOUSE

WASHINGTON

May 15, 1976

*Energy - New lead*  
DECISION

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM CANNON *J. Cannon*

SUBJECT:

The Uranium Enrichment Bill Reported  
by the JCAE.



PURPOSE

The purpose of this memorandum is to assess the Nuclear Fuel Assurance Act ordered reported on May 11 by the Joint Committee on Atomic Energy.

THE JCAE BILL

Briefly, the JCAE made two significant changes from the bill we had previously agreed to:

- The JCAE bill specifies that ERDA cannot enter into contracts with private ventures unless the Congress passes a concurrent resolution of approval within 60 legislative days after receiving the contract. Previously, the bill had provided that ERDA could sign the contract if the Congress had not passed a concurrent resolution of disapproval.
- The JCAE bill and Committee Report states that ERDA "is hereby authorized and directed to initiate construction planning and design, construction and operation activities for expansion" at Portsmouth.

THE ISSUES

The three principal issues raised by the JCAE bill are:

1. Is the Congressional review procedure constitutional?

White House Counsel (Barry Roth), after consulting with the Justice Department, has concluded that the

review procedure does not raise significant questions of constitutionality, and that you have the option of accepting the bill as written. Counsel further advises that the principal question is whether your acceptance of this bill might be perceived as inconsistent with your veto of the International Security Assistance Arms Exports Control Act of 1976. Counsel, Congressional Relations and NSC staff concluded that this was not a significant problem.

2. Can we expect Congress to approve proposed contracts within the 60 days allowed?

Clearly, the requirement for positive Congressional approval action is a more difficult requirement than absence of disapproval. However, your advisers believe the new requirement is, on balance, acceptable because:

- a. The bill itself sets up a timetable for Congressional action (30 days for JCAE; bill must become pending business in each House within 25 additional days and be voted upon within 5 days), though the bill also provides this could be changed.
- b. We believe that Chairman Pastore and Committee Members are pursuing the matter in good faith and would work to get contracts considered within the time provided.
- c. If Congress does not approve a contract, the implication that Congress will have to appropriate more Federal dollars instead will be clear.
- d. Informal checks with prospective private enrichment firms indicate they think this is the best they are going to get out of Congress.

3. Is the requirement to initiate work on an add-on plant at Portsmouth acceptable?

Clearly, the bill and the Report imply a commitment to build a \$3 billion Portsmouth add-on. However,



the Budget Committee Staff Report accompanying the Committee Report implies the opposite.

On balance, OMB and your other advisers believe the provision is acceptable because:

- a. There will be future opportunities to evaluate the feasibility and desirability of proceeding with the add-on plant as (1) the need for higher authorizations and appropriations are considered; (2) the environmental impact is evaluated; and (3) uncertainties concerning electrical power supply and advanced diffusion technology are clarified.
- b. There may in fact be a need for the add-on plant (in addition to the expected private plants) because:
  - (1) Existing Government plants may now be over-committed in contracts already signed.
  - (2) The additional Government owned capacity, if built, could be used to add enriched uranium to the national stockpile, to back up your commitment that services will be available when needed by foreign and domestic customers, and as a hedge against delays in centrifuge plants or unexpected failure of private ventures.
- c. The provision could be accepted without reopening the Government's "order book." Reopening the Government's order book would be in direct competition with the private ventures and probably prevent them from going ahead.
- d. ERDA believes work necessary to an add-on plant could be sequenced so that it would not compete excessively for talent and resources needed for private plants. Thus the add-on work would not prevent private ventures from going ahead.

#### RECOMMENDATION

That you consider the Nuclear Fuel Assurance Act as ordered reported by the JCAE on May 11, 1976, to be acceptable.  
 ONE. NSC, ERDA, Congressional Relations, White House Counsel  
 Jim Connor and I concur.

APPROVE \_\_\_\_\_

*MR4*

DISAPPROVE \_\_\_\_\_



AT2

THE WHITE HOUSE

WASHINGTON

June 25, 1976



ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

MAX FRIEDERSDORF  
JIM CANNON

FROM:

JIM CONNOR *JEC*

SUBJECT:

Results of Telephone Call  
to Congressman Melvin Price

Confirming phone call to Max Friedersdorf's office earlier today the President made the following notation on your Recommended Telephone Call to Congressman Melvin Price.

"6/24/76 - 10:45 P. M.

Will urge Tip O'Neill to schedule a definite day this week.

Get John Rhodes to pressure Speaker and Tip to do same.

Mel is all with us."

Please follow-up with appropriate action.

cc: Dick Cheney

THE WHITE HOUSE  
WASHINGTON



RECOMMENDED TELEPHONE CALL

TO: Congressman Melvin Price, in his role as senior Majority House Member of the Joint Committee on Atomic Energy, and Floor Manager for the Nuclear Fuel Assurance Act (uranium enrichment).

DATE: June 23, 1976

RECOMMENDED BY: Max Friedersdorf, *M.B.* Jim Cannon, *J.C.* Jim Connor

PURPOSE: To encourage him to press hard with the Speaker for prompt floor action on the Nuclear Fuel Assurance Act (NFAA).

BACKGROUND: After revising your proposal, the JCAE reported the NFAA on May 14 by a vote of 15-0. It has not been scheduled for floor action in either house because, according to the leadership, the schedules are jammed with other bills. It is included on whip notices in both houses--to be taken up whenever there is an opening. Our best information is that a strong push by Cong. Price with the Speaker might get the bill to the floor. We need the bill as soon as possible in order to (a) get the follow-up appropriations language and (b) have time for approval of individual contracts -- all before the end of this session. Meanwhile, the authorization for the add-on plant and the \$178.8 million in appropriations is going ahead because that is authorized in the ERDA authorization bill as well as the NFAA.

*6/24/76 = 10:45 PM  
Will urge Top 04  
to schedule a definite day  
this week.  
Next John Rhodes to  
pressure Speaker & Top to  
do same.  
Mel is all with us.*

TOPICS OF DISCUSSION:

1. We need to move ahead quickly with actions to expand uranium enrichment capacity in this country.
2. As I have indicated, I will accept the NFAA as reported by the JCAE on May 14.
3. Since the JCAE is solidly behind the bill and a rule has been granted, I understand that all that is needed is a strong push from you to get the bill on the floor and passed.

*Called Harry Kennedy 6/23/76 11:11 AM*

4. We need this authorizing legislation in order to get the appropriations language needed to cover the contingent liability for private ventures, and so that contracts can be submitted for Congressional review.
5. Uranium enrichment is too important to risk delays that might take us beyond the end of this session before firm commitments are made.

June 23, 1976



Action \_\_\_\_\_



ATZ

*T. relayed  
message  
9/11/76  
Sara*

Sara -

Could you call & pass the results to

Max Friedersdorf and Cannon

Just too late to do so.

Trudy





THE PRESIDENT HAS SEEN....

THE WHITE HOUSE

WASHINGTON

RECOMMENDED TELEPHONE CALL

TO: Senator Mansfield

DATE: As soon as possible today

RECOMMENDED BY: Max Friedersdorf, Jim Cannon *JFC*

PURPOSE: To head off decision by Senator Mansfield to defer further action on the Nuclear Fuel Assurance Act.



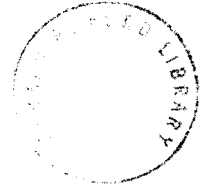
BACKGROUND: Senator Mansfield has indicated to Bill Kendall that he sees little or no chance of scheduling the NFAA this year and may include this in a statement this afternoon.

TOPICS OF DISCUSSION:

1. Action this year on the Nuclear Fuel Assurance Act (NFAA) is critical. We must proceed with firm actions to expand capacity in the United States to enrich uranium because:
  - Our ability to supply uranium enrichment services is the best tool we have for influencing other countries to act in ways that limit the threat of proliferation.
  - U.S. utilities need to know that fuel will be available in the mid and late 1980's if they decide to build additional nuclear plants.
2. We have already lost more than a year because Congress has not taken final action.
  - I sent the bill up on June 26, 1975.
  - The JCAE reported the bill 16-0 on May 14, 1976.
  - The House passed the bill on August 4, 1976.
3. You have scheduled a nuclear export control bill (S. 1439) for September 16. That bill is based on concerns about proliferation. If the Senate is truly interested in non-proliferation, the members should recognize that the NFAA is far more critical. Without

enrichment capacity, other steps you might wish to take will be largely ineffective.

4. In summary, this bill is important for non-proliferation, energy, economic and Federal budget objectives.



September 9, 1976

Action

*He will try to program. If we could <sup>get</sup> a time agreement I'm sure he would.*

THE WHITE HOUSE

WASHINGTON

September 1, 1976

Dear Mike:

The Nuclear Fuel Assurance Act, H.R. 8401, passed the House of Representatives on August 4, 1976, and is now awaiting action by the Senate. This bill is of great importance to the Nation.

We must act to increase the capacity in the United States to enrich uranium needed for nuclear power plants. This action is necessary to our energy independence and to a strong economy.

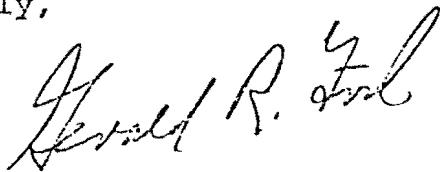
This Nation and many others around the world will, without question, become more reliant on nuclear energy as the supplies of oil and natural gas diminish. We must have additional uranium enrichment capacity for our domestic needs and to maintain our role as a major supplier of enrichment services to others.

Moreover, it is my conviction that the best way to control nuclear proliferation throughout the world is for the United States to maintain its leadership in supplying nuclear fuel.

The Nuclear Fuel Assurance Act which has passed the House would provide for U.S. leadership in an industry that is closely related to U.S. progress and to future international security.

I urge you to bring H.R. 8401 to the Senate floor immediately after the Labor Day recess.

Sincerely,



The Honorable Mike Mansfield  
United States Senate  
Washington, D.C. 20510