

The original documents are located in Box 37, folder “Uranium Enrichment - Meeting with Congressman Harsha and the Ohio Delegation, May 27, 1976” of the James M. Cannon Files at the Gerald R. Ford Presidential Library.

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MEETING WITH CONGRESSMAN HARSHA
AND THE OHIO DELEGATION
RE: Uranium Enrichment

Thursday, May 27, 1976
11:00 a.m.

Cabinet Room

TO: JIM CANNON

FROM:  GLENN SCHLEEDE

SUBJECT: BRIEFING PAPER FOR MEETING WITH OHIO DELEGATION

Here is the briefing paper -- in case the meeting is still on the schedule. From habit, we prepared it for your signature -- but it may more appropriately be from Max Friedersdorf (since he's charged with the meeting on the schedule) or jointly from the two of you.

We can fix it as appropriate first thing Thursday morning.

cc: Max Friedersdorf.



THE WHITE HOUSE

WASHINGTON

May 26, 1976

MEETING WITH CONGRESSMAN HARSHA AND THE OHIO GOP
DELEGATION ON URANIUM ENRICHMENT

Thursday, May 27, 1976

11:00 a.m. (30 minutes)

Cabinet Room

From: Jim Cannon

I. PURPOSE

To discuss with 13 members of the Ohio GOP Delegation (listed at TAB A) the pending Nuclear Fuel Assurance Act (NFAA) and, specifically, a government-owned add-on enrichment plant at Portsmouth, Ohio.


II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

- A. Background. Congressman Harsha and other GOP delegation members have urged that you commit to build a government-owned add-on plant at Portsmouth -- in lieu of or in addition to the privately-owned diffusion plant planned by UEA for Dothan, Alabama (letter at TAB B).

Most of the arguments advanced by the delegation in support of the Portsmouth add-on are based on a misunderstanding of the facts. However, the misunderstandings do not appear important if agreement can now be reached with the delegation to support the NFAA as reported on May 14 by the JCAE.

The amended NFAA provides the framework for negotiations with private ventures and authorizes and directs ERDA to "initiate construction planning and design, construction and operation of an add-on to a government facility." (Copy of the bill at TAB C.)

OMB is preparing for your consideration a supplemental 1977 appropriations request to cover the private industry part of the bill and to request approximately \$170 million to continue work necessary for an add-on plant. That request will have to go to the Senate early next week in order to be assured attention during the current session of Congress.



B. Participants:

- 13 members of the Ohio GOP Delegation (TAB A).
- Max Friedersdorf, Bill Kendall, Charles Leppert, Bob Seamans, Bob Fri, Paul O'Neill, Jim Connor, Jim Cannon
- Staff: Glenn Schleede

C. Press Plan: White House Photographer

III. TALKING POINTS

- . All of you have expressed strong interest in my uranium enrichment proposal because of its potential impact on the need for an addition to the existing government-owned plant at Portsmouth, Ohio.
- . I understand your strong interest, particularly because of the high unemployment in the Portsmouth area.
- . I wanted to discuss the matter with you personally because it is so important. We can:
 - expand uranium enrichment capacity to meet U.S. needs for nuclear fuel and to maintain U.S. leadership as the free world's supplier.
 - establish a major new private industry in America and end a government monopoly.
 - gain economic benefits at home and promote our non-proliferation objectives abroad.
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- . I also asked Congress for authority to expand existing government capacity as a backup measure if private ventures could not proceed on time.
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- . I recently requested approval of \$12.6 million for planning and other work for an add-on plant for FY 1976 and the Transition Quarter. I will request approximately \$170 million to continue this work in FY 1977.
- . We must move quickly on the bill to avoid further delays in expanding uranium enrichment capacity. I hope we can work together to get the bill passed.



TAB A



MEMBERS OF THE OHIO GOP DELEGATION ATTENDING MEETING

Robert Taft, Jr.
Clarence Brown
Samuel Devine
Tennyson Guyer
Thomas Kindness
Clarence Miller
R alph Regula
John Ashbrook
Donald Clancy
Willis Gradison
William Harsha
William Stanton
Chalmers Wylie

REGRETS

Delbert Latta
Charles Mosher
Charles Whalen



TAB B

14
WILLIAM H. HARSHA
6TH DISTRICT, OHIO
2457 RAYBURN HOUSE OFFICE BUILDING

4-12
COMMITTEE
RANKING MINORITY MEMBER
PUBLIC WORKS

Congress of the United States

HOUSE OF REPRESENTATIVES

WASHINGTON, D.C. 20515

April 8, 1976

The President
The White House
Washington, D. C.

Dear Mr. President:

The Ohio Republican Delegation has pledged its full support for construction of a Federal add-on facility at the Goodyear Atomic Energy Plant at Portsmouth, Ohio. Accomplishing this would greatly alleviate a severe unemployment problem in the Southern Ohio area and, on the whole, benefit the State and the Nation.

The Ohio Department of Economic and Community Development has been working with us and Federal Energy officials in an attempt to obtain the add-on facility for Ohio. The Joint Committee on Atomic Energy has been supplied with facts which prove expansion of the existing Goodyear plant will be much less expensive than construction of a completely new facility, as is currently contemplated for Dothan, Alabama. The independent General Accounting Office also recommended an Ohio facility expansion over the Alabama plan due to the cost factors involved.

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April 8, 1976

Page 2

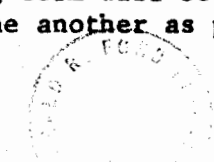
UEA's plan would operate under the "dead equity ratio" which calls for 85% debt and 15% cash. BECHTEL officials relayed to Mr. George Murphy, Executive Director of the Joint Committee on Atomic Energy, that financing had been arranged for the cash requirement from international investors, i.e. Iran, France, Germany, Japan, Spain, and Venezuela, as well as some domestic ones. However, upon investigation, Mr. Murphy found that every one of the foreign investors were waiting for U.S. Government guarantees. In testimony before the Joint Committee on Atomic Energy, Mr. Jerome Komes, Chairman of the Board of Uranium Enrichment Associates admitted no firm contracts from foreign investors have as yet been obtained. The whole basis of the UEA/Administration proposal is designed to bring the enrichment process into the private sector. If Government guarantees are provided to the requested degree, the result will be the elimination of the risks usually associated with the private enterprise sector. Concerns wishing to invest in this project should be willing to take the same chances all other legitimate private investors are required to take with their capital. When the risks are eliminated, it is no longer private enterprise.

UEA is asking for a 15% profit margin on their investment, which is substantially less than what that enterprise usually goes after; usually somewhere around 50% profit. However, that company feels it is worth it because there is no risk to their investment.

Another problem area is in the risks undertaken with sharing classified Government technology with the private sector, especially when some of the investors are foreign nations. UEA indicates foreign investment would be 60% in exchange for 60% of the output. There is always the danger of foreign governments acquiring information concerning centrifuge and gasification technology, particularly when investment is in quantities tantamount to capital control.

Additionally, the UEA plan relies upon the completion of two proposed nuclear power plants in time to provide the massive amounts of electrical power required by the gasification process. We have been advised that it takes from 10 to 12 years to construct a nuclear plant, disregarding the legal delays usually surrounding the receipt of a license to operate such a plant from the Nuclear Regulatory Commission. This being the case, should UEA have the plant completed by 1983, they would not have the required power with which to operate it.

Senator Howard Baker, ranking minority member of the Joint Committee, has stressed the need for immediate expansion of our uranium enrichment capacity. He feels that a gas centrifuge installation should eventually be brought on the line as it is a technologically superior process. However, he has said that he believes the best solution in the short term is for the Government to build add-on capacity at a current plant, probably at Portsmouth, while encouraging private industry at the same time with whatever reasonable guarantees are necessary to bring a consortium together to build the first private plant. The need in the long term will be substantial enough that government and industry inexorably will view one another as partners rather than adversaries.



April 8, 1976
Page 3

The advantages of adding on to the Portsmouth facility are many:

1. Construction would take a maximum of 3 1/2 years.
2. All local Portsmouth area building trade unions have pledged that there will be no unauthorized work stoppages in the process of constructing the add-on facility.
3. Extensive operational experience with the gaseous diffusion process is already available within the present management staff and work force at the Portsmouth plant. All facilities are available at the plant now for training of additional in-plant personnel.
4. There are three technical education schools and four vocational education facilities in the immediate area which already offer curricula relating to the mechanical, maintenance, and operational aspects of a gaseous diffusion plant.
5. Land for the add-on facility is already available and is owned by the U.S. Government. There would be no unnecessary delays caused by land plmtt!ej and acquisition.
6. Engineering and design plans for the add-on facility are complete and available.
7. Massive amounts of power are already available to the Portsmouth facility. American Electric Power Company would design, engineer and construct additional power facilities that may be needed.
8. The Portsmouth area community is already acclimated to the existence of a nuclear fuel plant, and the proposed add-on facility has complete local public acceptance.
9. The State of Ohio, local governments in the area, and Chambers of Commerce in Portsmouth and other area communities are unanimous in support of the add-on facility, and will bend every effort to guarantee the success of such a facility.
10. The add-on facility would greatly alleviate a severe unemployment problem in this southern Ohio area. Latest figures indicate a 15 percent unemployment rate in the Portsmouth area.



Obviously, time will be required to arrange for private enrichment capacity for financing any private enrichment enterprise. Therefore, we feel ERDA should commence construction of an add-on gaseous diffusion facility at the existing enrichment plant at Portsmouth, Ohio, right away.

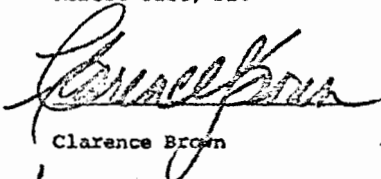
The members of the Ohio Republican Delegation join together to urge you to do all possible to see that the Portsmouth, Ohio, gaseous diffusion facility is expanded as quickly as possible.

Thank you for your consideration of our views on this important subject.

Sincerely,



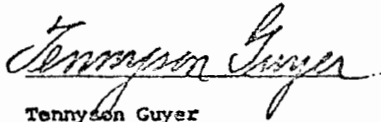
Robert Taft, Jr.



Clarence Brown



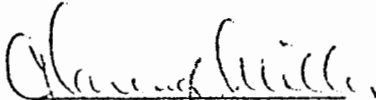
Samuel Devine



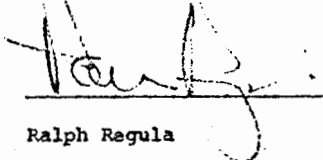
Tennyson Guyer



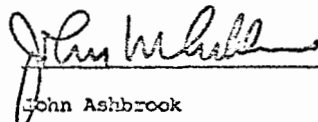
Thomas Kindness



Clarence Miller



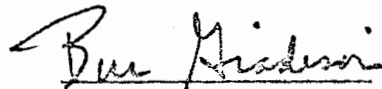
Ralph Regula



John Ashbrook



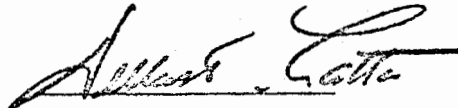
Donald Clancy



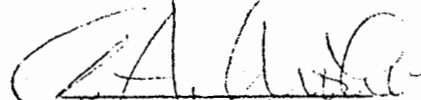
Willis Gradison



William Harsha



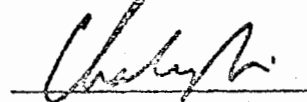
Dalbert Latta



Charles Mosher



William Stanton



Chalmers Wylie

TAB C

Calendar No. 853

94TH CONGRESS
2D SESSION

S. 2035

[Report No. 94-897]

IN THE SENATE OF THE UNITED STATES

JUNE 26 (legislative day, JUNE 6), 1975

Mr. PASTORE (for himself and Mr. BAKER) (by request) introduced the following bill; which was read twice and referred to the Joint Committee on Atomic Energy

MAY 14, 1976

Reported, under authority of the order of the Senate of May 13, 1976, by Mr. PASTORE, with amendments, and an amendment to the title

[Omit the part struck through and insert the part printed in italic]

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.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Nuclear Fuel Assurance
4 Act of ~~1975~~. 1976".

5 SEC. 2. Chapter 5 (production of special nuclear mate-
6 rial) of the Atomic Energy Act of 1954, as amended, is
7 amended by adding at the end thereof the following section:

8 "SEC. 45. COOPERATIVE ARRANGEMENTS FOR PRIVATE



1 PROJECTS TO PROVIDE URANIUM ENRICHMENT SERV-
2 ICES.—

3 “a. The *Administrator of Energy Research and De-*
4 *velopment Administration* is authorized, *subject to the prior*
5 *congressional review procedure set forth in subsection b. of*
6 *this section* without regard to the provisions of section
7 169 of this Act, to enter into cooperative arrangements with
8 any person or persons for such periods of time as the Admin-
9 ~~istrator of the Energy Research and Development Admin-~~
10 ~~istration~~ may deem necessary or desirable for the purpose of
11 providing such Government cooperation and assurances as
12 the Administrator may deem appropriate and necessary to
13 encourage the development of a competitive private uranium
14 enrichment industry and to facilitate the design, construc-
15 tion, ownership, and operation by private enterprise of
16 facilities for the production and enrichment of uranium en-
17 riched in the isotope-235 in such amounts as will contribute
18 to the common defense and security and encourage develop-
19 ment and utilization of atomic energy to the maximum extent
20 consistent with the common defense and security and with
21 the health and safety of the public; including, inter alia, in
22 the discretion of the Administrator,

23 “(1) furnishing technical assistance, information,
24 inventions and discoveries, enriching services, materials,

1 and equipment on the basis of recovery of costs and
2 appropriate royalties for the use thereof;

3 “(2) providing warranties for materials and equip-
4 ment furnished;

5 “(3) providing facility performance assurances;

6 “(4) purchasing enriching services;

7 “(5) undertaking to acquire the assets or interest
8 of such person, or any of such persons, in an enrichment
9 facility, and to assume obligations and liabilities (includ-
10 ing debt) of such person, or any of such person, arising
11 out of the design, construction, ownership, or operation
12 for a defined period of such enrichment facility in the
13 event such person or persons cannot complete that en-
14 richment facility or bring it into commercial operation:
15 *Provided, That* any undertaking, pursuant to this sub-
16 section (5), to acquire equity or pay off debt, shall apply
17 only to ~~individuals~~ *investors or lenders* who are citizens
18 of the United States, or ~~to any~~ *are a* corporation or other
19 entity organized for a common business purpose, which
20 is owned or effectively controlled by citizens of the
21 United States; and

22 “(6) determining to modify, complete, and operate
23 that enrichment facility as a Government facility or to
24 dispose of the facility at any time, as the interest of the

1 Government may appear, subject to the other provisions
2 of this Act.

3 "b. Before the Administrator enters into any arrange-
4 ment or amendment thereto under the authority of this sec-
5 tion, or before the Administrator determines to modify, or
6 complete and operate any facility or to dispose thereof, the
7 basis for the proposed arrangement or amendment thereto
8 which the Administrator proposes to execute (including the
9 name of the proposed participating person or persons with
10 whom the arrangement is to be made, a general description
11 of the proposed facility, the estimated amount of cost to be
12 incurred by the participating person or persons, the incen-
13 tives imposed by the agreement on the person or persons
14 to complete the facility as planned and operate it successfully
15 for a defined period, and the general features of the proposed
16 arrangement or amendment), or the plan for such modifica-
17 tion, completion, operation, or disposal by the Administra-
18 tor, as appropriate, shall be submitted to the Joint Com-
19 mittee on Atomic Energy, and a period of forty-five days
20 shall elapse while Congress is in session (in computing such
21 forty-five days, there shall be excluded the days on which
22 either House is not in session because of adjournment for
23 more than three days) unless the Joint Committee by resolu-
24 tion in writing waives the conditions of, or all or any portion
25 of, such forty-five day period: *Provided, however, That any*

1 such arrangement or amendment thereto, or such plan, shall
2 be entered into in accordance with the basis for the arrange-
3 ment or plan, as appropriate, submitted as provided herein."

4 "b. The Administrator shall not enter into any arrange-
5 ment or amendment thereto under the authority of this section,
6 modify, or complete and operate any facility or dispose
7 thereof, until the proposed arrangement or amendment thereto
8 which the Administrator proposes to execute, or the plan for
9 such modification, completion, operation or disposal by the
10 Administrator, as appropriate, has been submitted to the
11 Joint Committee on Atomic Energy, and a period of sixty
12 days has elapsed while Congress is in session with passage
13 by the Congress of a concurrent resolution stating in sub-
14 stance that it does favor such proposed arrangement or
15 amendment or plan for such modification, completion, opera-
16 tion, or disposal (in computing such sixty days, there shall be
17 excluded the days on which either House is not in session be-
18 cause of adjournment for more than three days): *Provided,*
19 *That prior to the elapse of the first thirty days of any such*
20 *sixty-day period the Joint Committee shall submit a report to*
21 *the Congress of its views and recommendations respecting*
22 *the proposed arrangement, amendment or plan and an accom-*
23 *ppanying proposed concurrent resolution stating in substance*
24 *that the Congress favors, or does not favor, as the case may*
25 *be, the proposed arrangement, amendment or plan. Any such*

1 concurrent resolution so reported shall become the pending
 2 business of the House in question (in the case of the Senate
 3 the time for debate shall be equally divided between the pro-
 4 ponents and the opponents) within twenty-five days and
 5 shall be voted on within five calendar days thereafter, unless
 6 such House shall otherwise determine.

7 SEC. 3. The Administrator of ~~the~~ Energy Research and
 8 Development ~~Administration~~ is hereby authorized to enter
 9 into contracts for cooperative arrangements, without fiscal
 10 year limitation, pursuant to section 45 of the Atomic Energy
 11 Act of 1954, as amended, in an amount not to exceed in the
 12 aggregate \$8,000,000,000 ~~as may be approved in an appro-~~
 13 ~~priation Act.~~ but in no event to exceed the amount provided
 14 therefor in a prior appropriation Act: Provided, That the
 15 timing, interest rate, and other terms and conditions of any
 16 notes, bonds, or other similar obligations secured by any such
 17 arrangements shall be subject to the approval of the Admin-
 18 istrator with the concurrence of the Secretary of the Treasury.
 19 In the event that liquidation of part or all of any financial
 20 obligations incurred under such cooperative arrangements
 21 should become necessary, the Administrator ~~of the Energy~~
 22 ~~Research and Development Administration~~ is authorized to
 23 issue to the Secretary of the Treasury notes or other obliga-
 24 tions up to the levels of contract authority approved in an
 25 appropriation Act pursuant to the first sentence of this

1 section in such form and denomination, bearing such maturity
 2 and subject to such terms and conditions as may be pre-
 3 scribed by the Administrator with the approval of the
 4 Secretary of the Treasury. Such notes or other obligations
 5 shall bear interest at a rate determined by the Secretary of
 6 the Treasury, taking into consideration the current average
 7 market yield on outstanding marketable obligations of the
 8 United States of comparable maturity at the time of issuance
 9 of the notes or other obligations. The Secretary of the Treas-
 10 ury shall purchase any notes or other obligations issued here-
 11 under and, for that purpose, he is authorized to use as a
 12 public debt transaction the proceeds from the sale of any
 13 securities issued under the Second Liberty Bond Act, as
 14 amended, and the purposes for which securities may be
 15 issued under that Act, as amended, are extended to include
 16 any purchase of such notes and obligations. The Secretary
 17 of the Treasury may at any time sell any of the notes or
 18 other obligations acquired by him under this section. All
 19 redemptions, purchases, and sales by the Secretary of the
 20 Treasury of such notes or other obligations shall be treated
 21 as public debt transactions of the United States. There are
 22 authorized to be appropriated to the Administrator such
 23 sums as may be necessary to pay the principal and interest
 24 on the notes or obligations issued by him to the Secretary
 25 of the Treasury.

1 SEC. 4. The Administrator of the Energy Research and
2 Development ~~Administration~~ is hereby authorized *and di-*
3 *rected* to initiate construction planning and design, *construc-*
4 *tion and operation* activities for expansion of an existing
5 uranium enrichment facility. There is hereby authorized to
6 be appropriated ~~such sums as may be necessary~~ \$255,000,-
7 000 for this purpose.

Amend the title so as to read: "A bill to authorize co-
operative arrangements with private enterprise for the pro-
vision of facilities for the production and enrichment of
uranium enriched in the isotope-235, to provide for author-
ization of contract authority therefor, to provide a procedure
for prior congressional review and approval of proposed ar-
rangements, and for other purposes."

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C. Press Plan: White House Photographer

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REGRETS

Delbert Latta
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Charles Whalen



TAB B

Congress of the United States

HOUSE OF REPRESENTATIVES

WASHINGTON, D.C. 20515

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The White House
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In the past, there have been two orders from West Germany for uranium enriched to 4%, which we did not have the capacity to provide. The uranium was sent to London, then to the Soviet Union where it was enriched and forwarded to Germany. Taking this as one example, you can imagine how much of this market we will lose if we wait much longer to act upon this issue.



April 8, 1976

Page 2


UEA's plan would operate under the "dead equity ratio" which calls for 85% debt and 15% cash. BECHTEL officials relayed to Mr. George Murphy, Executive Director of the Joint Committee on Atomic Energy, that financing had been arranged for the cash requirement from international investors, i.e. Iran, France, Germany, Japan, Spain, and Venezuela, as well as some domestic ones. However, upon investigation, Mr. Murphy found that every one of the foreign investors were waiting for U.S. Government guarantees. In testimony before the Joint Committee on Atomic Energy, Mr. Jerome Komes, Chairman of the Board of Uranium Enrichment Associates admitted no firm contracts from foreign investors have as yet been obtained. The whole basis of the UEA/Administration proposal is designed to bring the enrichment process into the private sector. If Government guarantees are provided to the requested degree, the result will be the elimination of the risks usually associated with the private enterprise sector. Concerns wishing to invest in this project should be willing to take the same chances all other legitimate private investors are required to take with their capital. When the risks are eliminated, it is no longer private enterprise.

UEA is asking for a 15% profit margin on their investment, which is substantially less than what that enterprise usually goes after; usually somewhere around 50% profit. However, that company feels it is worth it because there is no risk to their investment.

Another problem area is in the risks undertaken with sharing classified Government technology with the private sector, especially when some of the investors are foreign nations. UEA indicates foreign investment would be 60% in exchange for 60% of the output. There is always the danger of foreign governments acquiring information concerning centrifuge and gasification technology, particularly when investment is in quantities tantamount to capital control.

Additionally, the UEA plan relies upon the completion of two proposed nuclear power plants in time to provide the massive amounts of electrical power required by the gasification process. We have been advised that it takes from 10 to 12 years to construct a nuclear plant, disregarding the legal delays usually surrounding the receipt of a license to operate such a plant from the Nuclear Regulatory Commission. This being the case, should UEA have the plant completed by 1983, they would not have the required power with which to operate it.

Senator Howard Baker, ranking minority member of the Joint Committee, has stressed the need for immediate expansion of our uranium enrichment capacity. He feels that a gas centrifuge installation should eventually be brought on the line as it is a technologically superior process. However, he has said that he believes the best solution in the short term is for the Government to build add-on capacity at a current plant, probably at Portsmouth, while encouraging private industry at the same time with whatever reasonable guarantees are necessary to bring a consortium together to build the first private plant. The need in the long term will be substantial enough that government and industry inexorably will view one another as partners rather than adversaries.



April 8, 1976
Page 3

The advantages of adding on to the Portsmouth facility are many:

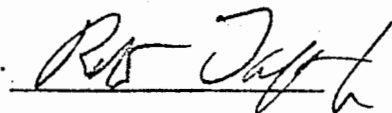
1. Construction would take a maximum of 3 1/2 years.
2. All local Portsmouth area building trade unions have pledged that there will be no unauthorized work stoppages in the process of constructing the add-on facility.
3. Extensive operational experience with the gaseous diffusion process is already available within the present management staff and work force at the Portsmouth plant. All facilities are available at the plant now for training of additional in-plant personnel.
4. There are three technical education schools and four vocational education facilities in the immediate area which already offer curricula relating to the mechanical, maintenance, and operational aspects of a gaseous diffusion plant.
5. Land for the add-on facility is already available and is owned by the U.S. Government. There would be no unnecessary delays caused by land plmttlej and acquisition.
6. Engineering and design plans for the add-on facility are complete and available.
7. Massive amounts of power are already available to the Portsmouth facility. American Electric Power Company would design, engineer and construct additional power facilities that may be needed.
8. The Portsmouth area community is already acclimated to the existence of a nuclear fuel plant, and the proposed add-on facility has complete local public acceptance.
9. The State of Ohio, local governments in the area, and Chambers of Commerce in Portsmouth and other area communities are unanimous in support of the add-on facility, and will bend every effort to guarantee the success of such a facility.
10. The add-on facility would greatly alleviate a severe unemployment problem in this southern Ohio area. Latest figures indicate a 15 percent unemployment rate in the Portsmouth area.

Obviously, time will be required to arrange for private enrichment capacity for financing any private enrichment enterprise. Therefore, we feel ERDA should commence construction of an add-on gaseous diffusion facility at the existing enrichment plant at Portsmouth, Ohio, right away.

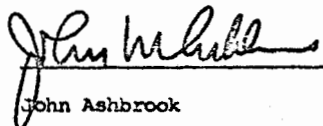
The members of the Ohio Republican Delegation join together to urge you to do all possible to see that the Portsmouth, Ohio, gaseous diffusion facility is expanded as quickly as possible.

Thank you for your consideration of our views on this important subject.

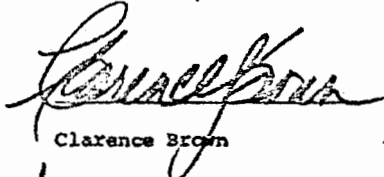
Sincerely,



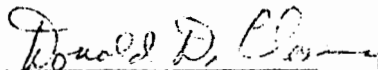
Robert Taft, Jr.



John Ashbrook



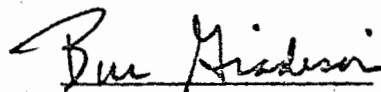
Clarence Brown



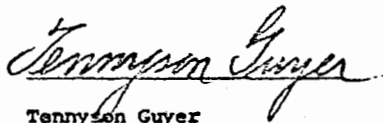
Donald Clancy



Samuel Devine



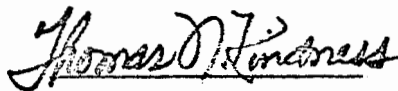
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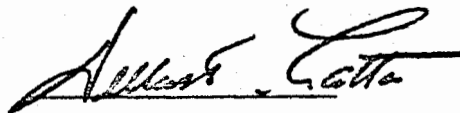
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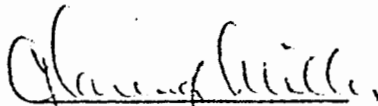
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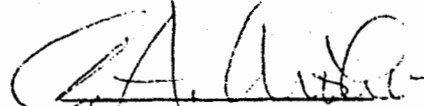
Thomas Kindness



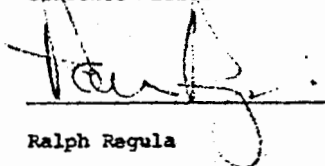
Delbert Latta



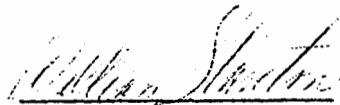
Clarence Miller



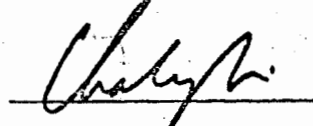
Charles Mosher



Ralph Regula



William Stanton



Chalmers Wylie

TAB C

Calendar No. 853

94TH CONGRESS
2D SESSION

S. 2035

[Report No. 94-897]

IN THE SENATE OF THE UNITED STATES

JUNE 26 (legislative day, JUNE 6), 1975

Mr. PASTORE (for himself and Mr. BAKER) (by request) introduced the following bill; which was read twice and referred to the Joint Committee on Atomic Energy

MAY 14, 1976

Reported, under authority of the order of the Senate of May 13, 1976, by Mr. PASTORE, with amendments, and an amendment to the title

[Omit the part struck through and insert the part printed in *italic*]

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.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Nuclear Fuel Assurance
4 Act of ~~1975~~, 1976".

5 SEC. 2. Chapter 5 (production of special nuclear mate-
6 rial) of the Atomic Energy Act of 1954, as amended, is
7 amended by adding at the end thereof the following section:

8 "SEC. 45. COOPERATIVE ARRANGEMENTS FOR PRIVATE



1 PROJECTS TO PROVIDE URANIUM ENRICHMENT SERV-
2 ICES.—

3 “a. The *Administrator of Energy Research and De-*
4 *velopment Administration* is authorized, *subject to the prior*
5 *congressional review procedure set forth in subsection b. of*
6 *this section* without regard to the provisions of section
7 169 of this Act, to enter into cooperative arrangements with
8 any person or persons for such periods of time as the Admin-
9 istrator of the ~~Energy Research and Development Admin-~~
10 ~~istration~~ may deem necessary or desirable for the purpose of
11 providing such Government cooperation and assurances as
12 the Administrator may deem appropriate and necessary to
13 encourage the development of a competitive private uranium
14 enrichment industry and to facilitate the design, construc-
15 tion, ownership, and operation by private enterprise of
16 facilities for the production and enrichment of uranium en-
17 riched in the isotope-235 in such amounts as will contribute
18 to the common defense and security and encourage develop-
19 ment and utilization of atomic energy to the maximum extent
20 consistent with the common defense and security and with
21 the health and safety of the public; including, inter alia, in
22 the discretion of the Administrator,

23 “(1) furnishing technical assistance, information,
24 inventions and discoveries, enriching services, materials,

1 and equipment on the basis of recovery of costs and
2 appropriate royalties for the use thereof;

3 “(2) providing warranties for materials and equip-
4 ment furnished;

5 “(3) providing facility performance assurances;

6 “(4) purchasing enriching services;

7 “(5) undertaking to acquire the assets or interest
8 of such person, or any of such persons, in an enrichment
9 facility, and to assume obligations and liabilities (includ-
10 ing debt) of such person, or any of such person, arising
11 out of the design, construction, ownership, or operation
12 for a defined period of such enrichment facility in the
13 event such person or persons cannot complete that en-
14 richment facility or bring it into commercial operation:
15 *Provided, That any undertaking, pursuant to this sub-*
16 *section (5), to acquire equity or pay off debt, shall apply*
17 *only to individuals investors or lenders who are citizens*
18 *of the United States, or to any are a corporation or other*
19 *entity organized for a common business purpose, which*
20 *is owned or effectively controlled by citizens of the*
21 *United States; and*

22 “(6) determining to modify, complete, and operate
23 that enrichment facility as a Government facility or to
24 dispose of the facility at any time, as the interest of the

1 Government may appear, subject to the other provisions
2 of this Act.

3 ~~"b. Before the Administrator enters into any arrange-~~
4 ~~ment or amendment thereto under the authority of this sec-~~
5 ~~tion, or before the Administrator determines to modify, or~~
6 ~~complete and operate any facility or to dispose thereof, the~~
7 ~~basis for the proposed arrangement or amendment thereto~~
8 ~~which the Administrator proposes to execute (including the~~
9 ~~name of the proposed participating person or persons with~~
10 ~~whom the arrangement is to be made, a general description~~
11 ~~of the proposed facility, the estimated amount of cost to be~~
12 ~~incurred by the participating person or persons, the incen-~~
13 ~~tives imposed by the agreement on the person or persons~~
14 ~~to complete the facility as planned and operate it successfully~~
15 ~~for a defined period, and the general features of the proposed~~
16 ~~arrangement or amendment), or the plan for such modifica-~~
17 ~~tion, completion, operation, or disposal by the Administra-~~
18 ~~tor, as appropriate, shall be submitted to the Joint Com-~~
19 ~~mittee on Atomic Energy, and a period of forty-five days~~
20 ~~shall elapse while Congress is in session (in computing such~~
21 ~~forty-five days, there shall be excluded the days on which~~
22 ~~either House is not in session because of adjournment for~~
23 ~~more than three days) unless the Joint Committee by resolu-~~
24 ~~tion in writing waives the conditions of, or all or any portion~~
25 ~~of, such forty-five day period: Provided, however, That any~~

1 such arrangement or amendment thereto, or such plan, shall
2 be entered into in accordance with the basis for the arrange-
3 ment or plan, as appropriate, submitted as provided herein."

4 *"b. The Administrator shall not enter into any arrange-*
5 *ment or amendment thereto under the authority of this section,*
6 *modify, or complete and operate any facility or dispose*
7 *thereof, until the proposed arrangement or amendment thereto*
8 *which the Administrator proposes to execute, or the plan for*
9 *such modification, completion, operation or disposal by the*
10 *Administrator, as appropriate, has been submitted to the*
11 *Joint Committee on Atomic Energy, and a period of sixty*
12 *days has elapsed while Congress is in session with passage*
13 *by the Congress of a concurrent resolution stating in sub-*
14 *stance that it does favor such proposed arrangement or*
15 *amendment or plan for such modification, completion, opera-*
16 *tion, or disposal (in computing such sixty days, there shall be*
17 *excluded the days on which either House is not in session be-*
18 *cause of adjournment for more than three days): Provided,*
19 *That prior to the elapse of the first thirty days of any such*
20 *sixty-day period the Joint Committee shall submit a report to*
21 *the Congress of its views and recommendations respecting*
22 *the proposed arrangement, amendment or plan and an accom-*
23 *ppanying proposed concurrent resolution stating in substance*
24 *that the Congress favors, or does not favor, as the case may*
25 *be, the proposed arrangement, amendment or plan. Any such*

1 concurrent resolution so reported shall become the pending
 2 business of the House in question (in the case of the Senate
 3 the time for debate shall be equally divided between the pro-
 4 ponents and the opponents) within twenty-five days and
 5 shall be voted on within five calendar days thereafter, unless
 6 such House shall otherwise determine.

7 SEC. 3. The Administrator of the Energy Research and
 8 Development ~~Administration~~ is hereby authorized to enter
 9 into contracts for cooperative arrangements, without fiscal
 10 year limitation, pursuant to section 45 of the Atomic Energy
 11 Act of 1954, as amended, in an amount not to exceed in the
 12 aggregate \$8,000,000,000 as ~~may be approved in an appro-~~
 13 ~~priation Act.~~ but in no event to exceed the amount provided
 14 therefor in a prior appropriation Act: Provided, That the
 15 timing, interest rate, and other terms and conditions of any
 16 notes, bonds, or other similar obligations secured by any such
 17 arrangements shall be subject to the approval of the Admin-
 18 istrator with the concurrence of the Secretary of the Treasury.
 19 In the event that liquidation of part or all of any financial
 20 obligations incurred under such cooperative arrangements
 21 should become necessary, the Administrator ~~of the Energy~~
 22 ~~Research and Development Administration~~ is authorized to
 23 issue to the Secretary of the Treasury notes or other obliga-
 24 tions up to the levels of contract authority approved in an
 25 appropriation Act pursuant to the first sentence of this

1 section in such form and denomination, bearing such maturity
 2 and subject to such terms and conditions as may be pre-
 3 scribed by the Administrator with the approval of the
 4 Secretary of the Treasury. Such notes or other obligations
 5 shall bear interest at a rate determined by the Secretary of
 6 the Treasury, taking into consideration the current average
 7 market yield on outstanding marketable obligations of the
 8 United States of comparable maturity at the time of issuance
 9 of the notes or other obligations. The Secretary of the Treas-
 10 ury shall purchase any notes or other obligations issued here-
 11 under and, for that purpose, he is authorized to use as a
 12 public debt transaction the proceeds from the sale of any
 13 securities issued under the Second Liberty Bond Act, as
 14 amended, and the purposes for which securities may be
 15 issued under that Act, as amended, are extended to include
 16 any purchase of such notes and obligations. The Secretary
 17 of the Treasury may at any time sell any of the notes or
 18 other obligations acquired by him under this section. All
 19 redemptions, purchases, and sales by the Secretary of the
 20 Treasury of such notes or other obligations shall be treated
 21 as public debt transactions of the United States. There are
 22 authorized to be appropriated to the Administrator such
 23 sums as may be necessary to pay the principal and interest
 24 on the notes or obligations issued by him to the Secretary
 25 of the Treasury.

1 SEC. 4. The Administrator of the Energy Research and
2 Development ~~Administration~~ is hereby authorized *and di-*
3 *rected* to initiate construction planning and design, *construc-*
4 *tion and operation* activities for expansion of an existing
5 uranium enrichment facility. There is hereby authorized to
6 be appropriated ~~such sums as may be necessary~~ \$255,000,-
7 000 for this purpose.

Amend the title so as to read: "A bill to authorize co-
operative arrangements with private enterprise for the pro-
vision of facilities for the production and enrichment of
uranium enriched in the isotope-235, to provide for author-
ization of contract authority therefor, to provide a procedure
for prior congressional review and approval of proposed ar-
rangements, and for other purposes."



Calendar No. 853

94TH CONGRESS
2D SESSION

S. 2035

[Report No. 94-897]

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.

By Mr. PASTORE and Mr. BAKER

JUNE 26 (legislative day, JUNE 6), 1975

Read twice and referred to the joint Committee on
Atomic Energy

MAY 14, 1976

Reported with amendments, and an amendment to
the title