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THE WHITE HOUSE

WASHINGTON

May 18, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: JIM CANNON

FROM: JIM CONNOR *JEF*

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 - Nuclear
DECISION

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM CANNON *JC*

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. OMB, NSC, ERDA, Congressional Relations, White House Counsel, Jim Connor and I concur.

APPROVE



DISAPPROVE