



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D. C. 20555

September 30, 1987

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MEMORANDUM FOR: Chairman Zech  
Commissioner Roberts  
Commissioner Bernthal  
Commissioner Carr  
Commissioner Rogers

FROM: John C. Bradburne, Director  
Congressional Affairs, GPA

SUBJECT: SENATE ENERGY COMMITTEE BEGINS MARKUP OF COMPREHENSIVE  
URANIUM BILL

This morning the Senate Committee on Energy and Natural Resources held discussions on a Comprehensive Uranium Bill to replace S.1084 (including Amendment 176) and S.1100 (including Amendment 177). At the present time, this bill exists in the form of an unpublished joint staff recommendation. In essence, the bill establishes a wholly owned government corporation to manage and operate the uranium enrichment facilities presently owned by DOE. Chairman Johnston announced his intention to have the bill marked up and reported out in a session to be conducted tomorrow morning.

There was no mention of NRC licensing provisions in today's discussions. A copy of the most recent proposed language concerning licensing is attached.

The bill would set the content of domestic enriched uranium to be loaded into reactors at 62.5%, with a sliding scale reducing that figure to 50% over a period of seven years. Discussion centered on seven points that Senator Johnston hopes to have resolved by the time of the markup. These are:

- Whether DOE should be allowed to set charges so as to maintain viability of the industry after the year 2000,
- Whether to permit "flag swapping", a process in which utilities reassign the country of origin on paper as a means of managing their inventory,
- Whether the percentage of domestic enriched uranium content should be measured in units known as Natural Uranium Equivalents,
- Whether the administrator of the corporation should be under the general supervision of the Secretary of Energy and a more precise definition of the term "general supervision",

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- Whether there should be a Board of Directors involved in the operation of the corporation,
- The timetable for a study and recommendation required by the bill on the viability of the industry and whether or not the corporation should be privatized, and
- Payments from the corporation to TVA to settle DOE's take-or-pay contracts.

Contact: J.DeiMedico, x4-1444

Attachment:  
As stated

cc: SECY  
OGC/MALSCH  
OGC/FONNER  
EDO  
- NMSS  
GPA/H.Denton  
GPA/SLITP  
GPA/PA  
GPA/IP

## NRC LICENSING

PURPOSE: to exempt the United States Enrichment Corporation from NRC licensing of existing gaseous diffusion plants; to provide that the owners of new enrichment plants be licensed as source and special nuclear material licensees under 10 CFR Parts 40 and 70; and to accomplish related objectives.

1) On pages 72 and 73 delete the text of section 1601 and insert in lieu thereof the following:

"(a) Notwithstanding any other provision of law, with respect solely to facilities, equipment and materials for activities related to the isotopic separation of uranium by the gaseous diffusion technology at facilities in existence as of the date of enactment of this title, the Corporation and its contractors are hereby exempted from the licensing requirements and prohibitions of sections 57, 62, 81, 101, and other provisions of title I to the same extent as the Department and its contractors are exempt in regard to the Department's own functions and activities.

(b) The Corporation shall not transfer or deliver any source, special nuclear or byproduct materials or production or utilization facilities, as defined in title I, to any person who is not properly qualified or licensed under the provisions of title I.

(c) The Corporation shall be subject to the regulatory jurisdiction of the Nuclear Regulatory Commission and the Department of Transportation with respect to the packaging and transportation of source, special nuclear or byproduct materials."

2) At the end of the definition of the term "production facility" contained in section 11(v) of the Atomic Energy Act of 1954, as amended, add the following:

"Provided, however, that as the term is used in Chapters 10 and 16 of this Act, other than with respect to import or export of a uranium enrichment production facility, it shall not include any equipment or device, or important component part especially designed therefor, capable of separating the isotopes of uranium or enriching uranium in the isotope 235."

3) Strike the period at the end of section 161(b) of the Atomic Energy Act of 1954, as amended, and add the following:

"; in addition the Commission shall prescribe such regulations or orders as may be necessary or desirable to promote the common defense and security with regard to control, ownership or possession of any equipment or device, or important component part especially designed therefor, capable of separating the isotopes of uranium or enriching uranium in the isotope 235;"

4) Section 41(a)(2) of the Atomic Energy Act of 1954, as amended, is further amended by striking "section 103 or 104" and inserting in lieu thereof: "this title".

5) Section 236 of the Atomic Energy Act of 1954, as amended, is further amended by striking the word "or" following paragraph (2) and by adding the following after paragraph (3): "or (4) any uranium enrichment facility licensed by the Commission;"

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