



13

**UNITED STATES
NUCLEAR REGULATORY COMMISSION**
WASHINGTON, D.C. 20555-0001

January 14, 1998

MEMORANDUM TO: Chairman Jackson
Commissioner Dicus
Commissioner Diaz
Commissioner McGaffigan

FROM: Dennis K. Rathbun, Director
Office of Congressional Affairs *OK*

SUBJECT: STATUS OF ISSUES IN THE 105TH CONGRESS

Attached for your information is a summary and update of issues that are relevant to the NRC and being monitored by the Office of Congressional Affairs. We will keep you apprised of progress on these issues and any other significant new issues that may arise.

Attachment:
As Stated

cc: EDO
OGC/Cyr
OGC
SECY
OPA
OIP
OIG
CFO
CIO
ACRS
ACNW
ASLBP
OCAA

A/6

INDEX
STATUS OF ISSUES
IN THE 105TH CONGRESS

JANUARY 14, 1998

I.	BUDGET	Page Number
A.	NRC Appropriation.....	1
B.	NRC Authorization.....	1
C.	NRC User Fees.....	2
II.	ISSUES AND LEGISLATION	
A.	Access Authorization.....	2
B.	Affirmative Action.....	3
C.	CERCLA/Superfund.....	3
D.	Civil Service Issues	
	FEHBP Formula.....	3
	CSRS-FERS Open Season.....	4
	FEGLI.....	4
	Pay Raise.....	4
	Pension Contribution Increase.....	4
	Thrift Savings Plan.....	4
E.	Electricity Restructuring.....	5
F.	External Regulation of DOE Facilities.....	5
G.	Government Performance and Results Act.....	6
H.	High-Level Waste.....	6
I.	International Issues	
	Convention on Nuclear Safety.....	6
	Convention on Waste Management.....	7
	Liability Convention.....	7
	Withholding U.S. Assistance for IAEA Programs in Cuba.....	7
	U.S./China Nuclear Cooperation Agreement.....	7
J.	Low-Level Waste	
	Southwestern Compact/Ward Valley.....	8
	Texas Compact.....	8
K.	Medical Records.....	8
L.	MOX Fuel.....	8
M.	Nuclear Reactor Oversight.....	8
N.	NRC's Legislative Proposals.....	9
O.	Regulatory Reform.....	10
P.	Reports Elimination.....	10
Q.	Tritium Production.....	10
R.	U.S. Enrichment Corporation.....	11
S.	Year 2000 Problem.....	11

I. BUDGET

A. FY 1998 NRC Appropriations

P.L.105-62, the Energy and Water Development Appropriations Act for 1998 was signed by President Clinton on October 13, 1997. The law appropriates \$472.8 million to the NRC. This includes \$4.8 million for the IG, \$15 million from the Nuclear Waste Fund, \$2 million for activities related to commercial vitrification at the Hanford site, and \$1 million for the pilot program for external regulation of DOE. This amount represents a decrease of \$8.5 million from the NRC's request of \$481.3 million. The President line-item vetoed \$4 million in DOE's appropriation (Nuclear Waste Disposal Fund) which was to be made available to the NRC for licensing activities related to a multi-purpose canister design. Finally, the law provides for the transfer of the Formerly Utilized Sites Remedial Action Program (FUSRAP) from DOE to the Army Corps of Engineers and appropriated \$140 million for that program. The House Energy and Water Development Subcommittee did not hold an appropriation hearing for the NRC last year and there has not been a Senate appropriation hearing for at least ten years. The proposed change in the relationship between user fees and appropriations and other agency issues such as external regulation of DOE could reasonably lead to the need for NRC appropriation hearings this session.

At this stage, it would be very difficult to predict exactly what issues would arise in a House appropriations hearing--although discussion of the fee recovery issue, NRC regulation of the Commonwealth and Northeast utility systems, the NRC role in the national high level waste program, and the NRC pilot program for external regulation are likely areas of interest. In addition, individual members of the subcommittee are likely to raise issues of interest to their particular district: e.g., Mr. Frelinghuysen's interest in the status of cleanup of current or former nuclear sites in New Jersey. In addition, some members have continuing interest in specific topics: e.g., Mr. Knollenberg's interest in efficiency in government operations. However, the NRC has yet to receive a letter of invitation for a spring Appropriation hearing as we have in earlier years (except for last year's appropriation cycle for the FY 1998 appropriation.)

B. NRC Authorization

The NRC's proposed Authorization legislation for FY 1998 was sent to the Congress on April 3, 1997. Included in the proposal was language extending NRC's authority to collect approximately 100% of its budget through user fees through 2002. The bill was referred to the House Committee on Commerce and the Senate Committee on Environment and Public Works. There was no action on the legislation during the first session of the 105th Congress. Hearings on the NRC's authorization bill for FY 1999 are expected in the second session of this Congress. The House Commerce Committee's Subcommittee on Energy and Power last held a general oversight hearing in September 1996. The Senate Environment and Public Works Committee is planning an authorization hearing during this session of Congress.

The House Commerce Committee will likely need to have some kind of oversight hearing -- addressing at least the fee authorization issue and general aspects of NRC's regulatory programs, essentially covering areas similar to the Appropriations Subcommittee.

C. NRC User Fees

NRC's authority to collect approximately 100% of its budget through user fees expires on September 30, 1998. If no action is taken, fees will revert to 33% of the budget, with the remaining 67% coming from the General Fund and the Nuclear Waste Fund. In FY 1997, the Administration included a five-year fee extension with the FY 1998 budget submittal. The House Commerce Committee included an extension of NRC's authority to collect approximately 100% of its budget through user fees with its budget reconciliation package, but the Senate Environment and Public Works Committee did not include such an extension. During the Conference, the Senate discussed the concept of a fee extension that was less than 100%. The Committees chose to defer consideration of fees until FY 1998. Congressional hearings in both the Senate and House on the fee extension issue are expected early this session of Congress. The hearings may cover other issues such as external regulation of DOE and the GAO report on NRC's reactor oversight program.

Congressional hearings reauthorizing 100 percent user fees could be as contentious as any hearings conducted within the last ten years. Last year, the nuclear industry often complained to Congress about fees and the lack of Congressional oversight. The industry also floated a plan (during the last budget cycle) to have fees cover less than 100% of the NRC budget and argued that \$30 million is a reasonable sum to exclude from the fee base.

Besides the 100% fee base, OMB's proposal to charge licensees on a pay-as-you-go basis will add controversy to the user fee issue.

Finally, if our Authorizing/Oversight Committees fail to enact the appropriate fee legislation, the House and Senate Appropriations Committees would be the only alternative to reverting back to a 33% fee base. In that instance, the five-year fee extension would be replaced by annual fee reauthorization by the appropriators.

Anything less than 100% user fee authority may result in a decrease in NRC's appropriation since most money not recovered by fees would be classified as discretionary funding and subject to across the board cuts in that category. In addition, Congress must find a source of funding to make up any amount excluded from the NRC fee base.

II. ISSUES AND LEGISLATION

A. Access Authorization

The NRC staff briefed the House Commerce Committee's Subcommittee on Oversight and Investigations in October on both the NRC's access authorization program and the NRC investigation of the recent "Drega incident." The Subcommittee was concerned about the adequacy of DOE's safeguards at its facilities and desired a better understanding of NRC's security program; no follow-up was requested.

B. Affirmative Action

The House Judiciary and Government Reform and Oversight Committees held hearings on employment discrimination, focussing on H.R. 1909, which would prohibit preferences based on race and sex in Federal contracting and hiring. Approved by a Judiciary Subcommittee this summer, the bill was stymied by arguments that affirmative action has already been dismantled and by concerns that supporters of the bill could suffer a political backlash. On November 6, the Judiciary Committee tabled H.R. 1909.

C. CERCLA/Superfund

In the House, Representative Mike Oxley (R-OH), Chairman of the Commerce Committee's Subcommittee on Finance and Hazardous Materials introduced H.R. 3000, bill to reform the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). NRC has briefed House and Senate staff on agency views on the CERCLA issue, and the majority staff in both houses have been quite receptive to our perspectives on the finality of NRC decisions and position on site decontamination and decommissioning. In fact, Section 810 of H.R. 3000 contains language supported by NRC which addresses the finality of NRC decision-making in decommissioning and decontamination cases. Other House bills do not contain such a provision. Chairman Oxley expects to begin hearings early this session.

In the Senate, Environment and Public Works Committee Chairman John Chafee (R-RI) introduced S. 8, a bill to reform CERCLA. The bill does not contain a section comparable to 810 in H.R. 3000. The Committee has held a number of hearings but has been unable to gather any support from the Democratic minority. Committee staffs continue to work toward a bipartisan bill; however, it has been, and is expected to be, very difficult to build bipartisan support in the Senate. Therefore, one should not be too sanguine for Congressional resolution of the issue raised by the NRC.

D. Civil Service Issues

The Civil Service Subcommittee of the House Government Reform and Oversight Committee is drafting omnibus civil service reform legislation, a part of which may address discrimination concerns, FEHBP, and FEGLI reforms.

FEHBP Formula

Without action, the current formula, which established that the Federal government pay 71% of employees' health insurance premiums, would have expired in 1999, resulting in a higher employee share. Representative Morella included in the Budget Reconciliation Act her proposal to take a weighted average of all plans with the employers' contribution set at 72%, not to exceed 75% of any plan's total premium. Separately, the House Government Reform and Oversight Committee held a hearing on the FEHBP in October 1997, laying the groundwork for possible reform, focussing on statutory modifications, such as broadening the criteria for adding plans, allowing more flexibility in meeting FEHBP conditions, and recognizing the evolution in health care. Additionally, several bills have been introduced to allow entry into FEHBP either by military retirees or by the general public.

CSRS-FERS Open Season

Citing its cost and effect on downsizing, President Clinton line-item vetoed a provision in the FY 1998 Treasury-Postal Appropriations bill allowing an open season for CSRS employees to switch to FERS. The NTEU challenged in court the constitutionality of this veto, and in December, the Administration settled the lawsuit and agreed to an open season, possibly in July. However, in a hearing last fall before the House Government Reform and Oversight Committee, GAO, CBO, and OPM testified that the net cost to the government would increase if there were more FERS enrollees due to the costs of their becoming eligible for social security and receiving agency TSP contribution matches. OPM added that agency restructuring efforts could be affected by employees staying on longer to gain FERS benefits. The Committee plans to pursue this issue by exploring social security differences between the two systems, retirement buyouts, alternative annuity, and options for CSRS employees to have a matching TSP.

Fegli

In November, the House approved H.R. 2675 requiring OPM to develop legislation providing for group universal life insurance, group variable life insurance, additional voluntary accidental and dismemberment insurance policies, increased insurance coverage of family members, and the option to continue the full extent of life insurance coverage after age 65. Earlier, the House approved H.R. 1316 which directs that a domestic relations order issued by a court be considered a binding designation of a beneficiary for FEGLI; the Senate is expected to vote on the bill soon.

Pay Raise

The President authorized an average pay raise of 2.8% for Federal employees effective in January 1998; in the Washington area, the pay raise is 2.45%. The President's FY 1999 budget proposes a total pay raise of 3.1% in January 1999, with the split between locality and base pay raises to be determined later. In addition, the President recently signed an Executive Order authorizing this same percentage pay increase to members of the Senior Executive Service. Also, Congressional action on the Treasury-Postal Appropriations bill extends the same 2.45% pay increase to the Executive Schedule (i.e., Presidential appointees).

Pension Contribution Increase

The Balanced Budget Act increased employee contributions to CSRS and FERS by .5% phased in over three years beginning in CY 1999. The increases will be: .25% in January 1999, .15% in January 2000, and .10% in January 2001. Beginning on October 1, 1997, agency contributions for CSRS employees increased by 1.51%. A proposal by the President to delay retiree COLAs from January until April was not adopted by Congress.

Thrift Savings Plan

Representative Morella introduced H.R. 2526 in September to increase the dollar amount that Federal employees could contribute to the TSP. Currently, FERS and CSRS employees are

limited to contributing 10% and 5%, respectively, of their salary. This bill would allow employees to invest up to the IRS limit, currently \$9,500. Additionally, it would allow new employees to roll-in money from a private sector 401(k) into the TSP and eliminate the waiting period for new employees to begin investing. In the past, the Administration has expressed concern about the effect on the Federal budget of allowing additional pre-tax contributions.

E. Electricity Restructuring

Numerous hearings were held in 1997 by both the House Commerce Committee's Subcommittee on Energy and Power and the Senate Energy and Natural Resources Committee, but legislation regarding electricity restructuring did not advance. Many members believe that the Federal role should be limited to facilitating market forces of supply and demand and therefore a Federal mandate is not needed because competition is already occurring at the state level.

House Energy and Power Subcommittee Chairman Schaefer (R-CO) and full House Commerce Committee Chairman Bliley (R-VA) are determined to mark up comprehensive restructuring legislation this session. Chairman Schaefer's H.R. 655 imposes a Federal mandate for competition by December 15, 2000. The bill also repeals PURPA, partially repeals PUHCA, and leaves decisions regarding stranded cost recovery to the states.

Opposed to a Federal mandate, Senate Energy and Natural Resources Chairman Murkowski (R-AK) circulated a memo in October describing the issues he felt should be addressed in restructuring legislation, including "How can Congress act to retain the nuclear power option?" He is expected to assess the response to his memo by February and determine whether there are sufficient consensus items around which legislation could be drafted. Additionally, the Administration is expected to submit a "statement of principles," not draft legislation, to Congress later this year. The Office of Congressional Affairs will continue to monitor hearings on this topic.

F. External Regulation of DOE Facilities

Several House and Senate Committees will continue to be interested in NRC's pilot program for regulation of DOE facilities. The House Appropriations Committee's Subcommittee on Energy and Water Development requested a status report on the pilot program to be provided as part of the NRC's FY 1999 budget request. The NRC's House and Senate authorizing committees have asked to be kept informed of the program's progress. Also, the subject of external regulation is expected to be a hearing topic for the NRC's oversight committees as well as Senate Energy Committee's exercise of DOE oversight. Additionally, the topic will likely arise in exercise of oversight responsibilities by the House National Security Committee and the Senate Armed Services Committee.

In a related matter, the Defense Nuclear Facilities Safety Board is required to submit a report to the Defense authorizing committees recommending which facilities should be retained under the jurisdiction of the Board and which facilities should be transferred to an external regulatory agency, and to make other related assessments. An interim report was requested within six months of the enactment of the Defense Authorization Bill (May/June time frame).

G. Government Performance and Results Act

Majority Leader Armev (R-TX) assessed agency strategic plans which were required by GPRA to be submitted in September, and the NRC's draft and final plans were rated among the best. Overall, the assessment reflected room for improvement at all agencies and stressed the importance of agencies submitting high quality performance plans which are due in February with the President's budget. In November, Representative Burton (R-IN) introduced H.R. 2883, GPRA Technical Amendments, which provides for resubmission of agency strategic plans by September 30, 1998 and every three years thereafter. Thus, it is expected that Chairman Burton of the Government Reform and Oversight Committee will continue, during the second session, the Congressional oversight work began by Representative Steve Horn.

H. High-Level Waste

On October 30, 1997, the House passed H.R. 1270, "The Nuclear Waste Policy Act of 1997," by 307-120, a margin large enough to override an administration veto. However, the vote in the Senate on the high level waste bill, S 104, passed with three votes short of a two thirds majority. The administration and the Nevada congressional delegation continue to oppose House and Senate legislation which would site an interim storage facility in Nevada. However, congressional legislation addressing high level waste and providing for an interim storage facility remains a top priority with the nuclear industry. Conferees have not been picked and indeed may not be selected until March. Proponents of the bill in both Houses are expected to push for an early designation of Conferees.

After conferees are selected, the Commission may wish to provide its perspectives on any remaining areas of concern not already addressed in the House and Senate bills in a letter to conferees. Both bills have made NRC-requested adjustments in scheduling regulatory reviews for Independent Spent Fuel Storage Installations. However, the House version provides a somewhat longer time for NRC reviews. Although there are some differences between the House and Senate how the statement of the safety standard is phrased, the Chairman's letter of September 11, 1997 indicates that the NRC can support implementation of the House-passed 100 mrem annual dose limit given the flexibility to implement the internationally-accepted average member of the critical group approach. The health standard version passed by the Senate states that the increase in risk of premature cancer death cannot be greater than 1 in 1000, which may provide clearer guidance for regulatory implementation. One area which could be worthy of comment is to emphasize again the need for adequate agency funding for the NRC to carry out agency responsibilities for the national waste program.

I. International

Convention on Nuclear Safety

The Convention was sent to the U.S. Senate in May 1995 for its advice and consent to ratification. Senators Jesse Helms (R-NC) and Bob Graham (D-FL) requested GAO to do a report entitled, "Uncertainties About the Implementation and Costs of the Nuclear Safety Convention," which GAO published in January 1997. The Senate Foreign Relations Committee took no action on the Convention, which Committee staff attributed to a large volume of State

Department confirmations and other legislative issues. Despite repeated NRC contacts with Congressional staff regarding the timing of Senate consideration, no firm schedule for Senate consideration of this important Convention exists. There is also no sign of progress with respect to parallel efforts by the State Department in this regard. There has been some thought that the Foreign Relations Committee could consider the Safety Convention without the need for a formal Committee hearing.

Convention on Waste Management

The President is expected to submit the Joint Convention on the Safety of Spent Fuel Management and the Safety of Radioactive Waste Management to the Senate for ratification.

Liability Convention

The President is expected to submit the Convention on Supplementary Compensation for Nuclear Damage to the Senate for ratification. There has been some speculation that the Senate may consider the Waste and Liability (and possibly even the Nuclear Safety Convention) all at the same time.

Withholding U.S. Assistance for IAEA Programs in Cuba

Senator Torricelli (D-NJ) and Representative Menendez (D-NJ) introduced legislation this summer that would withhold a proportionate share of the United States' voluntary contributions for certain programs or projects of the IAEA in Cuba. The House adopted this legislation in H.R. 2159, the Foreign Operations Appropriations bill. The Senate's version of the bill was silent on this issue. The conference report to H.R. 2159, directs the State Department, prior to the obligation of funds for the IAEA, to certify to the Committees on Appropriations that none of the funds provided will be used to facilitate the activation of the Juragua nuclear plant in Cuba.

U.S./China Nuclear Cooperation Agreement

In October 1997, the House International Relations Committee and the Senate Energy and Natural Resources Committee held hearings on the U.S.-China Nuclear Cooperation Agreement. The Agreement, which was negotiated in 1985, requires the President to certify that China has met specific assurances. While the President has said he intends to make the certification, it has not been sent to Congress and will not be sent until Congress comes back in session at the end of January 1998. There is a statutory requirement that the certification will have to sit before Congress for 30 days of continuous days in session. The House passed H.R. 2358, the Political Freedom in China Act, on November 5. This bill would extend the Congressional review of the President's certification from 30 to 120 days. The Senate has not taken any action on this legislation.

J. Low-Level Waste

Southwestern Low-Level Radioactive Waste Disposal Compact/Ward Valley

Senate Energy Committee Chairman Frank Murkowski (R-AK) has been interested in the ongoing controversy surrounding the release of Federal lands for the Southwestern Compact's Ward Valley low-level radioactive waste disposal site. In the first session of this Congress, he held hearings and threatened to push for the enactment of legislation to release the lands to the State of California. Chairman Murkowski continues to be at odds with the Department of the Interior and plans to hold hearings soon after the Senate returns from recess.

Texas Low-Level Radioactive Waste Disposal Compact

In October, the House passed H.R. 629, the Texas Low-Level Radioactive Waste Disposal Compact Consent Act. The original bill was amended on the House floor to invalidate the Compact should the Compact site accept waste from any State other than one of the Compact States of Texas, Maine and Vermont. Compact officials and others oppose this provision. The Senate Judiciary Committee passed a companion bill, S. 270, without the invalidation provision. The bill is expected to be brought up early in the next session, but Senator Paul Wellstone (D-MN) has promised to initiate a national dialogue on environmental justice in conjunction with the debate on the bill. We assume the Senator's reference to a national dialogue means either a floor statement or Dear Colleague letters which result in proposed amendments by the Senator on the Texas Compact.

K. Medical Records

In 1996 legislation, Congress committed itself to enact legislation regarding confidentiality of medical records by August 1999. In 1997, the Administration submitted a report to the Congress regarding enactment of legislation which would restrict access to medical records. The Senate Committee on Labor and Human Resources considers this a high priority item. This could affect NRC and Agreement State access to medical records.

L. MOX Fuel

The Congress did not get deeply involved with the MOX fuel issue during the first session of the 105th Congress; however, the Defense authorizing committees have noted that they expect NRC to maintain communication with DOE on their developing plans in this area and indicated that Congress expects to be more involved with this issue during the coming session.

M. Nuclear Reactor Oversight

Both the House Commerce Committee and the Senate Environment and Public Works Committee have a continuing interest in NRC's nuclear reactor regulatory program. As has already been mentioned, an NRC authorization hearing would entail discussion of the strength of NRC's reactor regulatory programs. This would include discussion of ongoing agency programs to improve reactor oversight—i.e., improvements in the senior management process for plant evaluation, the prospects for improvements in SALP, etc. Individual members would

bring up system and plant specific issues, e.g., Northeast and the Millstone Units and the various Commonwealth issues and plant specific factors. Senators Lieberman and Biden wrote Senators Lott and Daschle requesting an NRC oversight hearing focussing on the issues raised by the GAO report last year. However, we understand that the Senate Environment and Public Works Committee agreed to have a hearing but did not specifically schedule when that hearing would occur.

Specifically, the House Commerce Committee's Subcommittee on Oversight and Investigations has indicated its interest in oversight of NRC's regulation of nuclear reactors by having multiple NRC staff briefings as well as site visits to Northeast Utilities in February 1997 and to Region III and Commonwealth Edison in October 1997. The Subcommittee's staff has stressed that their work is intended to serve as the basis for a Subcommittee hearing during this session; increasingly, it appears that the focus of the hearing will be one or all of the following topics: lessons learned from Millstone; industry's response to the 50.54(f) letter on design basis; NRC's 2.206 petition and/or allegation process; performance matrix; and interaction between INPO, NRC, and the industry. As a cautionary note, it should be emphasized that the second session is just beginning, and thus hearing planning is at this point tentative. Additionally, the Illinois and Connecticut congressional delegations remain interested in, and have been briefed by NRC staff on the respective licensees.

N. NRC's Legislative Proposals

The NRC Legislative Proposals were transmitted to Congress on August 18, 1997 and were referred to the Senate Committee on Environment and Public Works and the House Committee on Commerce. There was no legislative action on the Proposals during the first session of the 105th Congress. Congressional actions, including introduction and hearings, are expected during the second session. In brief, the Proposals:

- (1) authorize guards to carry firearms at NRC-licensed facilities where there are special nuclear materials present;
- (2) make unauthorized introduction of weapons at facilities subject to licensing or certification by the NRC a Federal crime;
- (3) make it a Federal crime to sabotage a production, utilization, waste storage, waste treatment, or waste disposal, uranium enrichment or nuclear fuel fabrication facility during its construction, if the action could jeopardize public health and safety, or to sabotage a uranium enrichment or nuclear fuel fabrication facility during its operation;
- (4) allow a Commissioner whose term has expired to continue in office for a limited time if a successor has not been confirmed;
- (5) provide the NRC with general gift acceptance authority;
- (6) eliminate the requirement that the NRC maintain an office for the services of process and papers within the District of Columbia.

O. Regulatory Reform

The Senate Governmental Affairs Committee held a hearing in September 1997 on S. 981, the Regulatory Improvement Act, introduced by Senators Levin (D-MI) and Thompson (R-TN). The bipartisan sponsors of S. 981 hope to move the debate forward with provisions regarding cost-benefit analyses, restricted judicial review, and recommendations by advisory committees of existing rules to be reviewed. OMB testified that additional regulatory reform was premature, and others testified that the bill does not go far enough.

Separately, Representative Bliley (R-VA), Chairman of the Commerce Committee, introduced in November H.R. 2840, which requires the President to provide an accounting statement every two years regarding the costs and benefits of regulation. The report accompanying P.L. 105-61, FY 1998 Treasury/Postal Appropriations, requires OMB to submit a report by September 30, 1998, estimating the total cost and benefits of Federal regulatory programs.

P. Reports Elimination

In November, Senators McCain (R-AZ) and Levin (D-MI) introduced S. 1364, the Federal Reports Elimination Act. Building on similar legislation by these two Senators, approved in 1995, S. 1364 includes additional reports to be eliminated including the annual ACRS, Price-Anderson Act, agency debt collection reports to Congress, and reports regarding ALJ's and providers of property and services. Also, instead of providing an annual report on the gaseous diffusion facilities, a report would be required only after the periodic certification decisions are made.

Q. Tritium Production

In the National Defense Authorization Act for 1998, Congress directed the Secretary of Energy to make a final decision by December 31, 1998 on the technology to be utilized. The Conferees requested DOE to identify by March 1, 1998, its preferred commercial reactor sub-option and to submit any necessary legislation by March 15, 1998. The Conferees directed the Secretary of Energy to establish a senior-level interagency process to review and assess the issues associated with the commercial reactor option. This assessment is to be completed before DOE identifies a preferred reactor sub-option. In the first session of the 105th Congress, NRC worked with committee staff to identify issues that should be addressed should the commercial light water option be pursued. These discussions are expected to continue.

In the last session, the House Commerce Committee staff was concerned regarding power sales aspects of an acquisition or lease of a commercial operating reactor by the Department of Energy. Rather than face a sequential referral issue, the House National Security Committee agreed to drop the tritium production provision for that session of Congress. In the House-Senate Conference on Defense Authorization, the conferees subsequently agreed to drop the tritium production provision entirely. A Congressional concern is that the Department of Energy make a better substantiated case--covering the economic and rate implications--of the need for Congressional action on the tritium production issue. There is a bipartisan consensus of opinion both in the House and Senate of the need for tritium production for national defense purposes; also, the Congressional staff seem reasonably comfortable with a regulatory role for

the NRC. However, unless the Congressional concern mentioned above is satisfactorily resolved, it is difficult to foresee Congressional action in this session of the 105th Congress.

R. U.S. Enrichment Corporation

On July 25, 1997, President Clinton approved implementation of USEC's privatization plan and directed USEC to work with the Treasury Department and other agencies to design and implement details of the final privatization transaction. Depending upon the speed with which final privatization develops, Congress may hold oversight hearings.

The FY 1998 Energy and Water Development Appropriations bill contained an additional \$60 million beyond that already expended to be spent on development of the Advanced Vapor Laser Isotope Separation (AVLIS) uranium enrichment process at Lawrence Livermore National Laboratory.

S. Year 2000 Problem

Both the House Government Reform and Oversight and the Science Committees held hearings this year to examine Federal and private sector efforts to assess, renovate, validate, and implement corrective fixes for computers with the Year 2000 problem: many computer programs utilize only the last two digits of a year with the assumption that the first two digits are 19. With the turn of the century, this failure to recognize a year as beginning with 20 could cause significant computer malfunxions. In September, NRC's CIO briefed the staff of the House Government Reform and Oversight Committee's Subcommittee on Government Management, Information, and Technology to discuss the status of NRC's effort to address the Year 2000 problem.