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COMMITTEES
APPROPRIATIONS
RESOURCES

Congress of the United States
House of Representatives
Washington, DC 20515-3805
January 30, 2003

Mr. Dennis K. Rathbun
Director
Office of Congressional Affairs
Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Rathbun:

I am writing on behalf of SGL Carbon, LLC. SGL maintains a manufacturing facility in St. Mary's, Pennsylvania, which is located in my congressional district.

I have been contacted by Ms. Kathy Prosser, Senior Paralegal of SGL, for assistance in expediting approval of a license application to export nuclear grade graphite to Canada. On November 27, 2002, SGL submitted to the NRC two such export license applications. One application was for a license to export to its affiliate company, Speer Canada, Inc., located in Ontario, Canada. The other was for a license to export to customers in other countries throughout the world. The reason for the separate submissions, according to Ms. Prosser, was the critical need to keep the processing time for the Canadian license to a minimum.

As an interim measure, Speer Canada has been obtaining bulk graphite from European affiliates via ocean transport. However, due to weather conditions and the freezing of the St. Lawrence Seaway, ocean transport is no longer a viable method of delivery and Speer's only alternative is airfreight from Europe to Canada. According to Ms. Prosser the effect on SGL and its affiliates is now reaching catastrophic proportion and every day of delay in their ability to supply Speer Canada with graphite manufactured by SGL in St. Mary's is causing lost sales, increased costs, and reduced production.

SGL appreciates the NRC's responsiveness to their request that the Canada export license be processed as quickly as possible, and believes that NRC has been diligent in following up on the processing of both applications. However, given the critical need for the approval of the Canadian application, they are asking that NRC consider submitting the Canadian application to the Commissioners for approval now, rather than waiting for confirmations on the other application and then submitting the applications simultaneously. I can appreciate that the administrative reason for submitting the applications together at one time, but am respectfully asking that you consider SGL's request.

Enclosed please find a copy of the recent correspondence that I have received pertaining to the case. I would very much appreciate your review of this matter. Kindly respond with a report of your findings to my State College District Office at 1524 West College Avenue, Suite 208, State College, Pennsylvania, 16801, telephone (814) 238-1776.

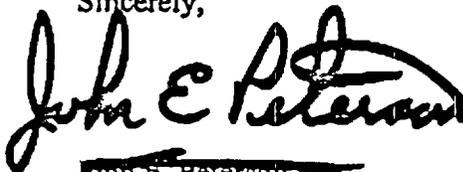
TITUSVILLE
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January 30, 2003
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Thank you for your assistance.

Sincerely,

A handwritten signature in black ink that reads "John E. Peterson". The signature is written in a cursive style with a large, sweeping flourish at the end.

John E. Peterson
Member of Congress

JEP:CB
Enclosure



SGL CARBON GROUP

Via Telefax (814-238-1918)

January 29, 2003

The Honorable John Peterson
U.S. House of Representatives

Re: Export License Application of SGL Carbon, LLC ("SGL")
Product: Nuclear Grade Graphite
Export Destination: Canada
Nuclear Regulatory Commission Docket #11005385
License Number: XMAT0403

Dear Mr. Peterson:

We request your assistance in expediting presentation of the above license application to, and review of such license application by, the Commissioners of the Nuclear Regulatory Commission.

As background, nuclear grade graphite is identified on the Commerce Control List under ECCN 0C005 - Graphite, nuclear-grade, having a purity level of less than 5 parts per million "boron equivalent" and with a density greater than 1.5 g/cm³. Export licensing of nuclear grade graphite is controlled by the Nuclear Regulatory Commission under 10 C.F.R. 110.25.

On approximately November 27, 2002, SGL submitted to the Nuclear Regulatory Commission two export license applications. One application was for a license to export nuclear grade graphite to its affiliate company, Spæer Canada, Inc., located in Kitchener, Ontario, Canada ("Spæer"). The other application was for a license to export nuclear grade graphite to customers located in other countries throughout the world. The reason for submission of two separate applications, rather than combining Canada and all other countries on the same request, was our critical need to keep the processing time for the Canadian license to a minimum. We felt that combining all countries on one application would delay issuance of the Canadian license. Spæer is reliant upon our ability to supply it with the bulk graphite necessary for the supply of finished products to its customers. In addition, optimum utilization of the resources at our St. Marys' manufacturing facility is seriously affected by our inability to supply our product to our Canadian affiliate.

SGL CARBON, LLC

8600 Bill Ficklen Drive
Charlotte, NC 28269
Mailing Address:
P.O. Box 563960
Charlotte, NC 28256-3960
Phone (704) 593-5100
Fax (704) 593-5117

As explained to Chris Brennan in your Pennsylvania district office, although the graphite manufactured by SGL at its St. Marys, Pennsylvania facility meets the technical specifications of nuclear grade graphite as defined under export control regulations, we are seeking the license to export to our Canadian affiliate for use in the manufacture of various commercial, non-nuclear related items. Enclosed, for your information, is Attachment E from the license application that provides a list of some of the commercial items for which SGL's graphite is used.

It is our understanding that the licensing process through the NRC proceeds first with referral of the application to the U.S. Department of State for confirmation that the appropriate assurances from the government of the intended country of destination have been received and for further referral to the Department of Defense for additional review and prerequisite approvals from a defense standpoint. We have been advised by the NRC that the license application for exports to Canada has now been processed and all confirmations and prerequisite Department of State and Department of Defense approvals have been received by the NRC. The final step necessary for issuance of the export license is a final review by the Commissioners and, if approved, issuance of the license.

The NRC advised us that they anticipated receiving from the Department of State on Tuesday, January 28, additional confirmations and approvals for export to countries in the European Union, as well as certain others listed in the second application. It is our understanding that the NRC, for the sake of administrative ease, intended to submit the Canadian application to the Commissioners for approval simultaneously with a partial submission of the second application for those other countries. We have received information from the Department of State that the review by the Department of Defense for such countries has not yet been completed and, therefore, we do not know when those confirmations and approvals will be returned to the NRC for further processing of the second license application.

Prior to this point in time, SGL has been patiently monitoring the standard processing procedures of this license application and appreciates the NRC's responsiveness to our request that the Canada export license be processed as quickly as possible. We believe that the NRC has diligently followed up on the processing of both license applications and has been most cooperative about processing of the second, multiple country application in stages as confirmations and approvals for the various countries were received from the Department of State.

As an interim measure, Speer Canada has been obtaining bulk graphite from our European affiliates. Although ocean transport from Europe was not an efficient or cost effective method for long term supply needs, it was generally manageable on a short term basis. Recently, due to weather conditions resulting in the freezing of the St. Lawrence Seaway, ocean transport is no longer a viable method of delivery and Speer's only alternative is air freight from Europe to Canada. The effect on SGL and its affiliates is now

reaching catastrophic proportion and every day of delay in our ability to supply Speer Canada with graphite manufactured by SGL in St. Marys, PA is causing lost sales, increased costs, and reduced production.

We seek your assistance in communicating to the NRC the impact that delays in issuance of the Canada export license are causing to our business and our urgent need to immediately present the Canada export license application to the Commissioners of the NRC for final approval and license issuance.

Thank you for your help in these matters. If you need any further information, please do not hesitate to contact me at 704-593-5173.

Very truly yours,



Katherine R. Prosser
Senior Paralegal