Department of Energy
Washington, DC 20585

April 27, 2007

Mr. Robert C. Pierson
Director
Division of Fuel Cycle Safety
and Safeguards
United States Nuclear Regulatory Commission
Washington, DC 20555-0001

Dear Mr. Pierson:

This responds to your letter of February 27, 2007, requesting the position of the Department of Energy (DOE) on the national energy and security implications of the Nuclear Regulatory Commission (NRC) retaining the licensing and regulation of future uranium conversion and depleted uranium deconversion facilities in Agreement States. We understand that subsequent to this letter, the Commission decided that NRC will retain these responsibilities rather than discontinue such authority, which would have resulted in these facilities being regulated by Agreement States pursuant to section 274 of the Atomic Energy Act. DOE supports NRC's policy decision on this matter.

Currently 104 nuclear power plants are licensed in the United States and over 30 new plants that have begun the pre-license application process. DOE believes that U.S. energy security would be significantly enhanced by additional private sector investment in the domestic nuclear fuel supply infrastructure to support existing and anticipated nuclear power plants. However, potential investors have been reluctant to invest in projects that could face significant delays because of regulatory uncertainties. We believe that private financing for future uranium conversion and depleted uranium deconversion facilities would be further encouraged under the predictable regulatory regime provided by NRC.

I appreciate the opportunity to comment on issues relevant to our Nation's nuclear energy infrastructure. Should you have any questions, please contact me or Mr. William N. Szymanski, of my staff at 202-586-9086.

Sincerely,

Edward G. McGinnis, Director
for Corporate and Global Partnership Development
Office of Nuclear Energy

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