



Department of Energy

Washington, DC 20585

November 13, 1989

Mr. James M. Taylor
Acting Executive Director for Operations
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Taylor:

The United States Senate recently passed the Comprehensive Uranium Act of 1989 (S.83) that would establish the United States Enrichment Corporation (USEC). This corporation would take over the existing gaseous diffusion plants at Portsmouth, Ohio, and Paducah, Kentucky. The bill also modifies the Atomic Energy Act so that enrichment facilities would be subject to the Nuclear Regulatory Commission (NRC) material license regulations (10 CFR Part 70) rather than production facility licensing regulations (10 CFR Part 50). The bill also directs the NRC to promulgate regulations and guidance for licensing enrichment facilities and requires the USEC to apply for a license from the NRC.

To better understand the implications of this legislation, the Energy and Water Development Appropriations Bill for 1990 directs the Department of Energy (DOE) to conduct and submit to Congress a study on the cost of licensing the existing gaseous diffusion plants under the provisions of S.83. The Bill also requires that the study be accompanied by NRC comments on the study.

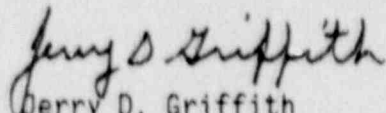
Enclosed for your review and comment is a report that identifies our current cost estimate for licensing the uranium enrichment plants at Portsmouth, Ohio, and Paducah, Kentucky. This report breaks the costs into two areas: 1) potential costs due to facility modifications, and 2) costs associated with developing and defending licensing documents and NRC review of these documents. The cost estimate identifies significant uncertainty in determining the costs of licensing these existing facilities because licensing criteria for existing enrichment facilities has not been developed. Any assistance you can give us on the report would be appreciated.

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In order to provide a report to Congress on a timely basis, your comments on this cost estimate are requested to be sent to my office by November 27, 1989. Thank you for your attention and cooperation. If you have any questions on the report, please refer them to Philip G. Sewell or J. W. Bennett of my staff at 353-4321.

Sincerely,



Derry D. Griffith
Acting Assistant Secretary
for Nuclear Energy

Enclosure