



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

August 10, 1981

The Honorable David A. Stockman
Director
Office of Management and Budget
Washington D. C. 20503

Dear Mr. Stockman:

In its report to Congress on the Non-Proliferation Act of 1978, the GAO recommended that:

Unless the Commission determines that it would be detrimental to the U. S. national security interests, NRC should resume decision-making proceedings on whether commercial reprocessing and the use of plutonium-bearing fuels should be permitted on a widescale basis in the United States from an environmental, health, safety, and safeguards standpoint.

We would like to offer the following comments regarding the above recommendation by the GAO:

- The Commission has the issue of resumption of decision-making proceedings on commercial reprocessing and use of plutonium-bearing fuels under review. As in the past, the Commission will give substantial deference to the President's views on this important subject. We anticipate that the domestic nuclear policy statement to be issued by the Administration will provide additional views on this matter.

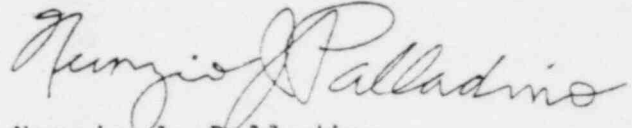
- Reprocessing and use of plutonium-bearing fuels are integral parts of the nuclear power research and development plans of the Department of Energy. Accordingly, assessment of the associated environmental, health, safety, and safeguards aspects might also be considered a part of that agency's activities.

As a final matter, Commissioner Ahearne and I support GAO's recommendation that the Congress clarify to what extent

The Honorable David Stockman 2

effectiveness of international safeguards should be considered
by NRC in export licensing.

Sincerely,

A handwritten signature in cursive script, reading "Nunzio J. Palladino". The signature is written in dark ink and is positioned above the printed name.

Nunzio J. Palladino