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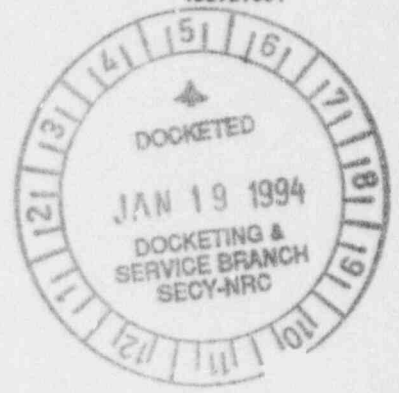
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January 14, 1994

Administrative Judge James P. Gleason, Chair
Administrative Judge Jerry R. Kline
Administrative Judge G. Paul Bollwerk, III
Atomic Safety and Licensing Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555



RE: Docket No. 40-8027-EA, Agenda List for the
January 19, 1994 Prehearing Conference

Dear Judges Gleason, Kline and Bollwerk:

As you know, we only recently entered our appearance on behalf of General Atomics. Since that entry, we have worked diligently to become familiar with the factual and legal background of this matter in order to prevent any unnecessary procedural delay.

In its January 13, 1994 Memorandum (Posing Matters for Consideration at Prehearing Conference), however the Board identified certain fundamental threshold issues which we have also identified and which we believe must be resolved with respect to General Atomics, before the matter can proceed, namely: (1) whether the Nuclear Regulatory Commission has jurisdiction over General Atomics in the circumstances of this case, and (2) whether it has authority to place a non-civil penalty financial liability upon General Atomics by compelling it to guarantee a remediation and decommissioning obligation of the Licensee, Sequoyah Fuels Corporation.

Because of the critical importance of these issues and because we are anxious to avoid the cost of expensive and ultimately unnecessary prehearing discovery involving General Atomics, we believe that discovery should be delayed until the threshold issues are resolved by the Board. As a practical matter, the several issues raised in the October 15, 1993 Order involving the Licensee, the Commission and General Atomics are sufficiently interrelated that it would be in the best interest of all parties to delay discovery until the threshold issues are decided.

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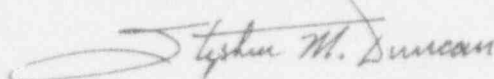
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For these reasons, we believe that the following additional items should be explored at the Prehearing Conference next week:

1. The setting of a schedule for briefing and oral argument on the issue of the Commission's jurisdiction over General Atomics and its authority to "place this non-civil penalty financial liability" upon General Atomics.

2. A delay in the commencement of discovery by all parties until the threshold issues are resolved.

Sincerely,



Stephen M. Duncan

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cc: Service List