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# United States Senate

COMMITTEE ON  
ENERGY AND NATURAL RESOURCES

WASHINGTON, DC 20510-8150

March 17, 1989

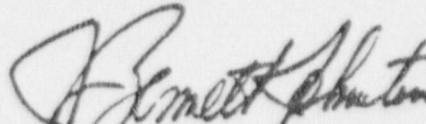
Chairman Lando W. Zech, Jr.  
U.S. Nuclear Regulatory Commission  
Washington, DC 20555

Dear Chairman Zech:

The Senate Committee on Energy and Natural Resources is herewith transmitting ~~for~~ for your study and report. Please furnish the Committee with your report, together with 50 copies for the use of the Committee.

We hope you can submit your report within 30 days. If you cannot do so, please let us know.

Sincerely,

  
J. Bennett Johnston  
Chairman

\*Proposed Amendment #6 (to S. 83)  
Enclosure

Referred also to: DOE and OMB

3/21...To OGC to Prepare Response for Signature of Chairman or OGC as Appropriate....Date due: April 28...Cpys to: RF, OCA to Ack...  
(If response is for Chairman's Signature, Comm Review as well)

101ST CONGRESS  
1ST SESSION

## S. 83

To establish the amount of costs of the Department of Energy's uranium enrichment program that have not previously been recovered from enrichment customers in the charges of the Department of Energy to its customers.

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### IN THE SENATE OF THE UNITED STATES

JANUARY 25 (legislative day, JANUARY 3), 1989

Mr. FORD (for himself and Mr. JOHNSTON) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

---

## A BILL

To establish the amount of costs of the Department of Energy's uranium enrichment program that have not previously been recovered from enrichment customers in the charges of the Department of Energy to its customers.

1        *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*  
3 That section 161v. of the Atomic Energy Act of 1954, as  
4 amended, (42 U.S.C. 2201(v)) is further amended by insert-  
5 ing after the phrase "over a reasonable period of time: . . ."  
6 the following: "*And provided further, That the Government's*  
7 *costs of providing services under paragraphs A and B of this*  
8 *subsection that have been incurred and not recovered prior to*



1 fiscal year 1987 of the United States are hereby determined  
2 to be \$364,000,000, and such amount shall be recovered in  
3 charges for services under paragraphs A and B within a  
4 twenty-year period commencing on October 1, 1989, along  
5 with interest on the unpaid balance at a rate equal to the  
6 average yield on long-term Government obligations as deter-  
7 mined by the Secretary of the Treasury on October 1,  
8 1989:".

○

AMENDMENT NO. 6 Ex.          Calendar No.          ✓

Purpose: To establish a wholly-owned Government corporation to manage the Nation's uranium enrichment enterprise, operating as continuing, commercial enterprise on a profitable and efficient basis.

IN THE SENATE OF THE UNITED STATES

s. 83

To establish the amount of uranium enrichment recovered from enrichment Department of Energy to it

AMENDMENT NO. 6

By FORD

Bill/Res. No. 5-83

45 pages

FEB 23 1989 JAN 3 '89

( ) Referred to the Committee  
on ENERGY AND NATURAL  
RESOURCES and ordered to be printed

Intended to be proposed by Mr. FORD (for himself and Mr. JOHNSTON)

Viz: Strike everything after the enacting clause and insert the following in lieu thereof:

- 1 SEC. 110. SHORT TITLE -- This Act may be cited as the
- 2 'Uranium Enrichment Act of 1989.'
- 3 SEC. 111. DELETION OF SECTION 161v. -- Subsection 161v. of
- 4 the Atomic Energy Act of 1954, as amended, is deleted and the
- 5 remaining subsections are relettered accordingly.
- 6 "SEC. 112. REDIRECTION OF THE URANIUM ENRICHMENT
- 7 ENTERPRISE OF THE UNITED STATES. --
- 8 "The Atomic Energy Act of 1954, as amended (42 U.S.C. Sections
- 9 2011-2296) is further amended by-
- 10 "a. inserting at the commencement thereof after the

1 words 'ATOMIC ENERGY' ACT OF 1954':

2 " 'TITLE I - ATOMIC ENERGY'; and

3 "b. adding at the end thereof the following:

4 " 'TITLE II - UNITED STATES ENRICHMENT CORPORATION

5 " 'CHAPTER 21. FINDINGS

6 " 'SEC. 1101. FINDINGS. -- The Congress of the United States finds  
7 that:

8 " 'a. The enrichment of uranium is essential to the  
9 national security and energy security of the United States.

10 " 'b. A competitive, well-managed and efficient  
11 enrichment enterprise provides important economic benefits to  
12 the United States and contributes to a highly favorable  
13 foreign trade balance.

14 " 'c. A strong United States enrichment enterprise  
15 promotes United States nonproliferation policies by requiring  
16 accountability for United States enriched uranium.

17 " 'd. The operation of uranium enrichment facilities must  
18 meet high standards for environmental health and safety.

19 " 'e. The operation and management of a uranium  
20 enrichment enterprise requires a commercial business  
21 orientation in order to engender customer support and  
22 confidence, and customers, rather than the taxpayers at  
23 large, should bear the costs of uranium enrichment services.

24 " 'f. The optimal level of expenditures for the uranium  
25 enrichment enterprise fluctuates and cannot be accurately  
26 predicted or efficiently financed if subject to annual



1 authorization and appropriation.

2 "g. Flexibility is essential to adapt business  
3 operations to a competitive marketplace.

4 "h. The events of the recent past, including the  
5 emergence of foreign competition, have brought new and  
6 unforeseen forces to bear upon the management and operation  
7 of the Government's uranium enrichment enterprise.

8 "i. The present operation of the uranium enrichment  
9 enterprise must be changed so as to further the national  
10 interest in the enterprise and respond to the competitive  
11 demand placed upon it by market forces, while continuing to  
12 meet the paramount objective of ensuring the Nation's common  
13 defense and security.

14  
15 "CHAPTER 22. DEFINITIONS, ESTABLISHMENT OF CORPORATION AND  
16 PURPOSES

17 "SEC. 1201. DEFINITIONS. -- For the purpose of this title:

18 "a. The term "Secretary" means the Secretary of  
19 Energy.

20 "b. The term "Department" means the Department of  
21 Energy of the United States.

22 "c. The term "Administrator" means the chief  
23 executive officer of the United States Enrichment  
24 Corporation.

25 "d. The term "Corporation" means the United States  
26 Enrichment Corporation.

1           "e. The term 'Advisory Board' means the appointed  
2 members of the official advisory panel appointed by the  
3 President pursuant to section 1503 of this title.

4           "f. The term 'uranium enrichment' means the  
5 separation of uranium of a given isotopic content into two  
6 components, one having a higher percentage of a fissile  
7 isotope and one having a lower percentage.

8   "SEC. 1202. ESTABLISHMENT OF THE CORPORATION. --

9           "a. There is hereby created a body corporate to be  
10 known as the 'United States Enrichment Corporation'.

11          "b. The Corporation shall --

12          "(1) be established as a wholly-owned Government  
13 corporation subject to the Government Corporation Control  
14 Act, as amended (31 U.S.C. section 9101-9109), except as  
15 otherwise provided herein; and

16          "(2) be an agency and instrumentality of the United  
17 States.

18   "SEC. 1203. PURPOSES. -- The Corporation is created for the  
19 following purposes:

20          "(1) to acquire feed material for uranium enrichment,  
21 enriched uranium and the Department's uranium enrichment and  
22 related facilities;

23          "(2) to operate, and as required by business  
24 conditions, to expand or construct facilities for uranium  
25 enrichment or both;

26          "(3) to market and sell enriched uranium and uranium

1 enrichment and related services to--

2 " (A) the Department for governmental purposes; and

3 " (B) qualified domestic and foreign persons;

4 " (4) to conduct research and development for purposes  
5 of identifying, evaluating, improving and testing processes  
6 for uranium enrichment;

7 " (5) to operate, as a continuing, commercial  
8 enterprise, on a profitable and efficient basis;

9 " (6) to establish a corporate structure that is self-  
10 financing and would obviate the need for appropriations or  
11 other sources of Government financing after enactment of this  
12 title;

13 " (7) to maintain a reliable and economical domestic  
14 source of enrichment services;

15 " (8) to conduct its activities in a manner consistent  
16 with the health and safety of the public;

17 " (9) to continue to meet the paramount objectives of  
18 ensuring the Nation's common defense and security (including  
19 consideration of United States policies concerning  
20 nonproliferation of atomic weapons and other nonpeaceful uses  
21 of atomic energy); and

22 " (10) to take all other lawful action in furtherance of  
23 the foregoing purposes.

24 "CHAPTER 23. CORPORATE OFFICES

25 "SEC. 1301. CORPORATE OFFICES. --

26 "The Corporation shall maintain an office for the service of



1 process and papers in the District of Columbia, and shall be  
2 deemed, for purposes of venue in civil actions, to be a resident  
3 thereof. The Corporation may establish offices in such other  
4 place or places as it may deem necessary or appropriate in the  
5 conduct of its business.

6 "CHAPTER 24. POWERS AND DUTIES OF THE CORPORATION

7 "SEC. 1401. SPECIFIC CORPORATE POWERS AND DUTIES. --

8 "The Corporation --

9 "a. shall perform uranium enrichment or provide for such  
10 enrichment to be performed by others at facilities of the  
11 Corporation. The Corporation shall continue in effect contracts  
12 in existence as of the date of the enactment of this title  
13 between the Department and persons currently under contract to  
14 perform uranium enrichment at facilities of the Department;

15 "b. shall conduct, or provide for the conduct of, research  
16 and development activities related to the isotopic separation of  
17 uranium as the Corporation deems necessary or advisable for  
18 purposes of maintaining the Corporation as a continuing,  
19 commercial enterprise operating on a profitable and efficient  
20 basis;

21 "c. may acquire or distribute enriched uranium, feed  
22 material for uranium enrichment or depleted uranium in  
23 transactions with-

24 "(1) persons licensed under sections 53, 63, 103, or  
25 104 of title I in accordance with the licenses held by such  
26 persons;

1           "(2) persons in accordance with, and within the peri  
2           of, an agreement for cooperation arranged pursuant to secti  
3           123 of title I; or

4           "(3) as otherwise authorized by law;

5           "d. may --

6           "(1) enter into contracts with persons licensed unde  
7           section 53, 63, 103, or 104 of title I for such periods of  
8           time as the Corporation may deem necessary or desirable, to  
9           provide uranium or uranium enrichment and related services;  
10          and

11          "(2) enter into contracts to provide uranium or  
12          uranium enrichment and related services in accordance with,  
13          and within the period of, an agreement for cooperation  
14          arrange pursuant to section 123 of title I or as otherwise  
15          authorized by law; Provided, that comparable services are  
16          made available pursuant to paragraph (1);

17          "e. shall sell to the Department as provided in this title  
18          and without regard to the provisions of 31 U.S.C. 1535, such  
19          amounts of uranium or uranium enrichment and related services as  
20          the Department may determine from time to time are required: (1)  
21          for the Department to carry out Presidential direction and  
22          authorizations pursuant to section 91 of title I; and (2) for the  
23          conduct of other Department programs;

24          "f. may grant licenses, both exclusive and nonexclusive,  
25          for the use of patent and patent applications owned by the  
26          Corporation, and establish and collect charges, in the form of

1 royalties or otherwise, for utilization of Corporation-owned  
2 facilities, equipment, patents, and technical information of a  
3 proprietary nature pertaining to the Corporation's activities.

4 "'SEC. 1402. GENERAL POWERS OF THE CORPORATION -- In order to  
5 accomplish the purposes of this title, the Corporation --

6 "'a. shall have perpetual succession unless dissolved by Ac  
7 of Congress;

8 "'b. may adopt, alter, and use a corporate seal, which shall  
9 be judicially noticed;

10 "'c. may sue and be sued in its corporate name and be  
11 represented by its own attorneys in all judicial and  
12 administrative proceedings;

13 "'d. may indemnify the Administrator, officers, attorneys,  
14 agents and employees of the Corporation for liabilities and  
15 expenses incurred in connection with their corporate activities;

16 "'e. may adopt, amend, and repeal bylaws, rules and  
17 regulations governing the manner in which its business may be  
18 conducted and the power granted to it by law may be exercised and  
19 enjoyed;

20 "'f. (1) may acquire, purchase, lease, and hold real and  
21 personal property including patents and proprietary data, as it  
22 deems necessary in the transaction of its business, and sell,  
23 lease, grant, and dispose of such real and personal property, as  
24 it deems necessary to effectuate the purposes of this title and  
25 without regard to the Federal Property and the Administrative  
26 Services Act of 1949, as amended;



1       "(2) Purchases, contracts for the construction, maintenance  
2 or management and operation of facilities and contracts for  
3 supplies or services, except personal services, made by the  
4 Corporation shall be made after advertising, in such manner and  
5 such times sufficiently in advance of opening bids, as the  
6 Corporation shall determine to be adequate to insure notice and a  
7 opportunity for competition; Provided, that advertising shall not  
8 be required when the Corporation determines that the making of an  
9 such purchase or contract without advertising is necessary in the  
10 interest of furthering the purposes of this title, or that  
11 advertising is not reasonably practicable;

12       "'g. with the consent of the agency or government concerned,  
13 may utilize or employ the services or personnel of any Federal  
14 Government agency, or any State or local government, or voluntary  
15 or uncompensated personnel to perform such functions on its  
16 behalf as may appear desirable;

17       "'h. may enter into and perform such contracts, leases,  
18 cooperative agreements, or other transactions as may be necessary  
19 in the conduct of its business and on such terms as it may deem  
20 appropriate, with any agency or instrumentality of the United  
21 States, or with any State, territory or possession, or with any  
22 political subdivision thereof, or with any person, firm,  
23 association, or corporation;

24       "'i. may determine the character of and the necessity for its  
25 obligations and expenditures and the manner in which they shall  
26 be incurred, allowed, and paid, subject to the provisions of this

1 title and other provisions of law specifically applicable to  
2 wholly-owned Government corporations;

3 "j. notwithstanding any other provision of law, and without  
4 need for further appropriation, may use monies, unexpended  
5 appropriations, revenues and receipts from operations, amounts  
6 received from obligations issued and other assets of the  
7 Corporation in accordance with section 1505, without fiscal year  
8 limitation, for the payment of expenses and other obligations  
9 incurred by the Corporation in carrying out its functions under,  
10 and within the requirements of, this title; and shall not be  
11 subject to apportionment under the provisions of subchapter II of  
12 chapter 15 of title 31, United States Code.

13 "k. may settle and adjust claims held by the Corporation  
14 against other persons or parties and claims by other persons or  
15 parties against the Corporation;

16 "l. may exercise, in the name of the United States, the  
17 power of eminent domain for the furtherance of the official  
18 purposes of the Corporation;

19 "m. shall have the priority of the United States with  
20 respect to the payment of debts out of bankrupt, insolvent, and  
21 decedents' estates;

22 "n. may define appropriate information as "Government  
23 Commercial Information" and exempt such information from  
24 mandatory release pursuant to 5 U.S.C. 552(b)(3) when it is  
25 determined by the Administrator that such information if publicly  
26 released would harm the Corporation's legitimate commercial

1 interests;

2 "o. may request, and the Administrator of General Services  
3 when requested, shall furnish the Corporation such services as he  
4 is authorized to provide agencies of the United States;

5 "p. may accept gifts or donations of services, or of  
6 property, real, personal, mixed, tangible or intangible, in aid  
7 of any purposes herein authorized; and

8 "q. may execute, in accordance with its bylaws, rules and  
9 regulations, all instruments necessary and appropriate in the  
10 exercise of any of its powers.

11 "SEC. 1403. CONTINUATION OF CONTRACTS, ORDERS,  
12 PROCEEDINGS AND REGULATIONS --

13 "a. Except as provided elsewhere in this title, all  
14 contracts, agreements, and leases with the Department, and  
15 licenses, and privileges that have been afforded to the  
16 Department prior to the date of the enactment of this title and  
17 that relate to uranium enrichment, including all enrichment  
18 services contracts and power purchase contracts, shall continue  
19 in effect as if the Corporation had executed such contracts,  
20 agreements, or leases or had been afforded such licenses and  
21 privileges.

22 "b. As related to the functions vested in the Corporation  
23 by this title, all orders, determinations, rules, regulations and  
24 privileges of the Department shall continue in effect and remain  
25 applicable to the Corporation until modified terminated,  
26 superseded, set aside or revoked by the Corporation, by any court



1 of competent jurisdiction, or by operation of law unless  
2 otherwise specifically provided in this title.

3 "c. Except as provided elsewhere in this title, the  
4 transfer of functions related to and vested in the Corporation by  
5 this title shall not affect proceedings judicial or otherwise,  
6 relating to such functions which are pending at the time this  
7 title takes effect, and such proceedings shall be continued with  
8 the Corporation, as appropriate.

9 "SEC. 1404. CERTAIN PENDING LITIGATION --

10 "The Corporation may enter into or continue any contract in  
11 accordance with the provisions of this title without regard to  
12 any judgment in the proceeding pending before the United States  
13 Court of Appeals for the Tenth Circuit in Docket No. 85-2428,  
14 concerning the procedure followed by the Department in setting  
15 the terms of certain enrichment services contracts.

16 "SEC. 1405. LIABILITIES --

17 "Except as provided elsewhere in this title, all liabilities  
18 attributable to operation of the uranium enrichment enterprise  
19 prior to the date of the enactment of this title shall remain  
20 direct liabilities of the Government of the United States.

21 "CHAPTER 25. ORGANIZATION, FINANCE AND MANAGEMENT

22 "SEC. 1501. ADMINISTRATOR --

23 "a. The management of the Corporation shall be vested in a  
24 Administrator who shall be appointed by the President, by and  
25 with the advice and consent of the Senate, without regard to  
26 political affiliation. The Administrator shall be a person who,

1 by reason of professional background and experience is speciall  
2 qualified to manage the Corporation; Provided, however, That up  
3 enactment of this title, the President shall appoint an existin  
4 officer or employee of the United States to act as Administrator  
5 until the office is filled.

6 "b. The Administrator --

7 "(1) shall be the chief executive officer of the  
8 Corporation and shall be responsible for the management an  
9 direction of the Corporation. The Administrator shall  
10 establish the offices, appoint the officers and employees  
11 the Corporation (including attorneys), and define their  
12 responsibilities and duties. The Administrator shall appo  
13 other officers and employees as may be required to conduct  
14 the Corporation's business;

15 "(2) shall serve a term of six years but may be  
16 reappointed;

17 "(3) shall, before taking office, take an oath to  
18 faithfully discharge the duties thereof;

19 "(4) shall have compensation determined by the  
20 President except that compensation shall not exceed Executi  
21 Level I, as prescribed in 5 U.S.C. 5312;

22 "(5) shall be a citizen of the United States;

23 "(6) shall designate an officer of the Corporation w  
24 shall be vested with the authority to act in the capacity o  
25 the Administrator in the event of absence or incapacity; an

26 "(7) may be removed from office only by the Presiden

1 and only for neglect of duty or malfeasance in office. T  
2 President shall communicate the reasons for any such remo  
3 to both Houses of Congress at least 30 days prior to the  
4 effective date of such removal.

5 "c. The Administrator shall be solely responsible for t  
6 exercise of all powers and responsibilities that are committed  
7 the Administrator under this title and, notwithstanding the  
8 provisions of 31 U.S.C. 9104(a)(4), including the setting of t  
9 appropriate amount of, and paying, any dividend under section  
10 1506(c) and all other fiscal matters.

11 "SEC. 1502. DELEGATION --

12 "The Administrator may delegate to other officers or  
13 employees powers and duties assigned to the Corporation in orde  
14 to achieve the purposes of this title.

15 "SEC. 1503. ADVISORY BOARD --

16 "There is hereby established an Advisory Board appointed  
17 the President which shall consist of five members, one of whom  
18 shall be designated as chairman. Members of the Advisory Board  
19 shall be individuals possessing high integrity, demonstrated  
20 accomplishment and broad experience in management and shall hav  
21 strong backgrounds in science, engineering, business or finance  
22 At least one member of the Advisory Board shall be, or previous  
23 have been, employed on a full-time basis in managing an electric  
24 utility:

25 "a. The specific responsibilities of the Advisory Board  
26 shall be to:



1           "(1) review the Corporation's policies and performance  
2           and advise the Administrator on these matters; and

3           "(2) advise the Administrator on any other such  
4           matters concerning the Corporation as may be referred to the  
5           Advisory Board.

6           "'b. Except for initial appointments, members of the  
7           Advisory Board shall serve five-year terms. Each member of the  
8           Advisory Board shall be a citizen of the United States. No more  
9           than three members of the Board shall be members of any one  
10          political party. Of those first appointed, the chairman shall  
11          serve for the full five-year term; one member shall serve for a  
12          term of four years; one shall serve for a term of three years;  
13          one shall serve for a term of two years; and one shall serve for  
14          a term of one year.

15          "'c. Upon expiration of the initial term, each Advisory  
16          Board member appointed thereafter shall serve a term of five  
17          years. Upon the occurrence of a vacancy on the Board, the  
18          President shall appoint an individual to fill such vacancy for  
19          the remainder of the applicable term. Upon expiration of a term,  
20          a Board member may continue to serve up to a maximum of one year  
21          or until a successor shall have been appointed and assumed  
22          office, whichever occurs first.

23          "'d. The members of the Advisory Board in executing their  
24          duties shall be governed by the laws and regulations regarding  
25          conflicts of interest, but exempted from other provisions and  
26          authority prescribed by the Federal Advisory Committee Act, as

1 amended (5 U.S.C. Appendix 2).

2 "e. The Advisory Board shall meet at any time pursuant  
3 the call of the Chairman and as provided by the bylaws of the  
4 Corporation, but not less than quarterly.

5 "f. The Corporation shall compensate members of the Advi  
6 Board at a per diem rate equivalent to Executive Level III, as  
7 defined in 5 U.S.C. 5314, in addition to reimbursement of  
8 reasonable expenses incurred when engaged in the performance of  
9 duties vested in the Advisory Board. Any Advisory Board member  
10 who is otherwise a Federal employee shall not be eligible for  
11 compensation above reimbursement for reasonable expenses incurred  
12 while attending official meetings of the Corporation.

13 "g. (1) The Advisory Board shall report at least annually  
14 to the Administrator on the performance of the Corporation and  
15 the issues that, in the opinion of the Board, require the  
16 attention of the Administrator. Any such report shall include  
17 such recommendations as the Board finds appropriate. A copy of  
18 any report under this subsection shall be transmitted promptly  
19 the President, the Committee on Energy and Natural Resources of  
20 the Senate and to the Speaker of the House of Representatives.

21 "(2) Within 90 days after the receipt of any report under  
22 this subsection the Administrator shall respond in writing to  
23 such report and provide an analysis of such recommendations of the  
24 Board contained in the report. Such response shall include plan  
25 for implementation of each recommendation or a statement of the  
26 reasons why that recommendation will not be implemented.

1    "SEC. 1504.   EMPLOYEES OF THE CORPORATION --

2           "Officers and employees of the Corporation shall be officers  
3   and employees of the United States:

4           "'a. The Administrator shall appoint all officers, employees  
5   and agents of the Corporation as are deemed necessary to effect  
6   the provisions of this title without regard to any  
7   administratively imposed limits on personnel, and any such  
8   officer, employee or agent shall only be subject to the  
9   supervision of the Administrator. The Administrator shall fix  
10   all compensation in accordance with the comparable pay provision  
11   of 5 U.S.C. 5301, with compensation levels not to exceed Executive  
12   Level II, as defined in 5 U.S.C. 5313. The Administrator shall  
13   define the duties of all officers and employees and provide a  
14   system of organization inclusive of a personnel management system  
15   to fix responsibilities and promote efficiency. The Corporation  
16   shall assure that the personnel function and organization is  
17   consistent with the principles of 5 U.S.C. 2301(b) relating to  
18   merit system principles. Officers and employees of the  
19   Corporation shall be appointed, promoted and assigned on the basis  
20   of merit and fitness, and other personnel actions shall be  
21   consistent with the principles of fairness and due process but  
22   without regard to those provisions of title 5 of the United States  
23   Code governing appointments and other personnel actions in the  
24   competitive service.

25           "'b. Any Federal employee hired before January 1, 1984, who  
26   transfers to the Corporation and who on the day before the date



1 of transfer is subject to the Federal Civil Service Retirement  
2 System (subchapter III of chapter 83 of title 5, United States  
3 Code) shall remain within the coverage of such system unless he  
4 or she elects to be subject to the Federal Employees' Retirement  
5 System. For those employees remaining in the Federal Civil  
6 Service Retirement System, the Corporation shall withhold pay a  
7 shall pay into the Civil Service Retirement and Disability Fund  
8 the amounts specified in chapter 83 of title 5, United States  
9 Code. Employment by the Corporation without a break in  
10 continuity of service shall be considered to be employment by the  
11 United States Government for purposes of subchapter III of  
12 chapter 83 of title 5, United States Code. Any employee of the  
13 Corporation who is not within the coverage of the Federal Civil  
14 Service Retirement System shall be subject to the Federal  
15 Employees' Retirement System (chapter 84 of title 5, United  
16 States Code). The Corporation shall withhold pay and make such  
17 payments as are required under that retirement system. Further:  
18       "(1) Any employee who transfers to the Corporation  
19       under this section shall not be entitled to lump sum payment  
20       for unused annual leave under 5 U.S.C. 5551, but shall be  
21       credited by the Corporation with the unused annual leave at  
22       the time of transfer.  
23       "(2) An employee who does not transfer to the  
24       Corporation and who does not otherwise remain a Federal  
25       employee shall be entitled to all the rights and benefits  
26       available under Federal law for separated employees, except

1       that severance pay shall not be payable to an employee who  
2       does not accept an offer of employment from the Corporation  
3       of work substantially similar to that performed by the  
4       employee for the Department.

5       "'c. This section does not affect a right or remedy of an  
6       officer, employee, or applicant for employment under a law  
7       prohibiting discrimination in employment in the Government on a  
8       basis of race, color, religion, age, sex, national origin,  
9       political affiliation, marital status, or handicap conditions.

10       "'d. Officers and employees of the Corporation shall be  
11       covered by chapter 73 of title 5 United States Code, relating to  
12       suitability, security and conduct.

13       "'e. Compensation, benefits, and other terms and conditions  
14       of employment in effect immediately prior to the effective date  
15       of this section, whether provided by statute or by rules and  
16       regulations of the Department or the executive branch of the  
17       Government of the United States shall continue to apply to  
18       officers and employees who transfer to the Corporation from other  
19       Federal employment until changed by the Corporation or Congress  
20       in accordance with the provisions of this title.

21       "'f. The provisions of sections 3323(a) and 8344 of title 5,  
22       United States Code, or any other law prohibiting or limiting the  
23       reemployment of retired officers or employees or the simultaneous  
24       receipt of compensation and retired pay or annuities, shall not  
25       apply to officers and employees of the Corporation who have  
26       retired from or ceased previous government service prior to April

1 28, 1987.

2 "'SEC. 1505. TRANSFER OF PROPERTY TO THE CORPORATION --

3 "'In order to enable the Corporation to exercise the powers and  
4 duties vested in it by this title:

5 "'a. The Secretary, in consultation with the Administrator  
6 is authorized and directed to transfer without charge to the  
7 Corporation all of the Department's right, title, or interest  
8 and to, real or personal properties owned by the Department, or  
9 by the United States but under control or custody of the  
10 Department, which are related to and materially useful in the  
11 performance of the functions transferred by this title, includ:  
12 but not limited to the following:

13 "'(1) production facilities for uranium enrichment  
14 inclusive of real estate, buildings and other improvements  
15 production sites and their related and supporting equipment  
16 Provided, that facilities, real estate, improvements and  
17 equipment related to the Oak Ridge K-25 plant in Oak Ridge  
18 Tennessee, and to the gas centrifuge enrichment program  
19 located shall not transfer under this subsection. This  
20 paragraph shall not prejudice consideration of any site as  
21 candidate site for future expansion or replacement of  
22 uranium enrichment capacity.

23 "'(2) facilities, equipment, and materials for research  
24 and development activities related to the isotopic separation  
25 of uranium by the gaseous diffusion technology.

26 "'(3) The Department's stocks of preproduced enriched



1 uranium.

2       "(4) the portion of the Department's stocks of feed  
3 materials needed for a minimum working inventory of 18,000  
4 metric tons of uranium (MTU).

5       "(A) The Department's stockpile of enrichment  
6 tails, as of the date of enactment, shall remain with  
7 the Department.

8       "(B) Stocks of feed materials which remain the  
9 property of the Department under paragraph (4) shall  
10 remain in place at the enrichment plant sites. The  
11 Corporation shall have access to and use of these feed  
12 materials provided such quantities as are used are  
13 replaced, or credit given, if use by the Department is  
14 subsequently needed.

15       "(5) all other facilities, equipment, materials,  
16 processes, patents, technical information of any kind,  
17 contracts, agreements, and leases to the extent these items  
18 concern the Corporation's functions and activities, except  
19 those items required for programs and activities of the  
20 Department and those items specifically excluded by this  
21 subsection.

22       "b. The Secretary is authorized and directed to grant to th  
23 Corporation without charge the Department's rights and access to  
24 the Atomic Vapor Laser Isotope Separation, hereinafter referred  
25 to as 'AVLIS', technology and to provide on a reimbursable basis  
26 and at the request of the Corporation, the necessary cooperation

1 and support of the Department to assure the commercial  
2 development and deployment of AVLIS or other technologies in  
3 manner consistent with the intent of this title.

4 "c. The Secretary is authorized and directed to grant to  
5 Corporation without charge, to the extent necessary or  
6 appropriate for the conduct of the Corporation's activities,  
7 licenses to practice or have practiced any inventions or  
8 discoveries (whether patented or unpatented) together with the  
9 right to use or have used any processes and technical informat  
10 owned or controlled by the Department.

11 "d. The Secretary is directed, without need of further  
12 appropriation, to transfer to the Corporation the unexpended  
13 balance of appropriations and other monies available to the  
14 Department (inclusive of funds set aside for accounts payable)  
15 and accounts receivable which are related to functions and  
16 activities acquired by the Corporation from the Department  
17 pursuant to this title, including all advance payments.

18 "e. The President is authorized to provide for the trans.  
19 to the Corporation of the use, possession, and control of such  
20 other real and personal property of the United States which is  
21 reasonably related to the functions performed by the Corporatio  
22 Such transfers may be made by the President without charge as h  
23 may from time to time deem necessary and proper for achieving t  
24 purposes of this title.

25 "SEC. 1506. CAPITAL STRUCTURE OF THE CORPORATION --

26 "a. Upon commencement of operations of the Corporation, a.

1 liabilities then chargeable to unexpended balances of  
2 appropriations transferred under section 1505 shall become  
3 liabilities of the Corporation.

4       "b. (1) The Corporation shall issue capital stock  
5 representing an equity investment equal to the book value of  
6 assets transferred to the Corporation, as reported in the Uranium  
7 Enrichment Annual Report for fiscal year 1987, modified to  
8 reflect continued depreciation and other usual changes that occur  
9 up to the date of transfer. The Secretary of the Treasury shall  
10 hold such stock for the United States; Provided, that all rights  
11 and duties pertaining to management of the Corporation shall  
12 remain vested in the Administrator as specified in section 1501.

13       "(2) The capital stock of the Corporation shall not be sold  
14 transferred, or conveyed by the United States unless such  
15 disposition is specifically authorized by Federal law enacted  
16 after enactment of this title.

17       "c. The Corporation shall pay into miscellaneous receipts of  
18 the Treasury of the United States or such other fund as provided  
19 by law, dividends on the capital stock, out of earnings of the  
20 Corporation, as a return on the investment represented by such  
21 stock. The Corporation shall pay such dividends out of earnings,  
22 unless there is an overriding need to retain these funds in  
23 furtherance of other corporate functions including but not  
24 limited to research and development, capital investments and  
25 establishment of cash reserves.

26       "d. The Corporation shall repay within a 20-year period the



1 amount of \$364,000,000 into miscellaneous receipts of the  
2 Treasury of the United States, or such other fund as provided by  
3 law with interest on the unpaid balance from the date of  
4 enactment of this title at a rate equal to the average yield on  
5 20-year Government obligations as determined by the Secretary of  
6 the Treasury on the date of enactment of this title. The money  
7 required to be repaid under this subsection is hereinafter  
8 referred to as the 'Initial Debt'.

9 "e. Receipt by the United States of the stock issued by the  
10 Corporation (including all rights appurtenant thereto) together  
11 with repayment of the Initial Debt shall constitute the sole  
12 recovery by the United States of previously unrecovered costs  
13 that have been incurred by the United States for uranium  
14 enrichment activities prior to enactment of this title.

15 "SEC. 1507. BORROWING --

16 "a. (1) The Corporation is authorized to issue and sell  
17 bonds, notes, and other evidences of indebtedness (hereinafter  
18 collectively referred to as 'bonds') in an amount not exceeding  
19 \$2,500,000,000 outstanding at any one time to assist in financing  
20 its activities and to refund such bonds. The principal of and  
21 interest on said bonds shall be payable from revenues of the  
22 Corporation.

23 "(2) Notwithstanding any other provision of law, the  
24 Corporation may pledge and use its revenues for payment of the  
25 principal of and interest on said bonds, for purchase or  
26 redemption thereof, and for other purposes incidental thereto,

1 including creation of reserve funds and other funds which may  
2 similarly pledged and used, to such extent and in such manner  
3 it may deem necessary or desirable.

4       "(3) Notwithstanding any other provision of law, the  
5 Corporation is authorized to enter into binding covenants with  
6 the holders of said bonds--and with the trustee, if any--under  
7 any indenture, resolution, or other agreement entered into in  
8 connection with the issuance thereof with respect to the  
9 establishment of reserve funds and other funds, stipulations  
10 concerning the subsequent issuance of bonds, and such other  
11 matters, not inconsistent with this title, as the Corporation :  
12 deem necessary or desirable to enhance the marketability of sa:  
13 bonds.

14       "(4) Bonds issued by the Corporation hereunder shall not  
15 obligations of, nor shall payments of the principal thereof or  
16 interest thereon be guaranteed by, the United States.

17       "'b. Bonds issued by the Corporation under this section sh  
18 be negotiable instruments unless otherwise specified therein,  
19 shall be in such forms and denominations, shall be sold at such  
20 times and in such amounts, shall mature at such time or times n  
21 more than thirty years from their respective dates, shall be so.  
22 at such prices, shall bear such rates of interest, may be  
23 redeemable before maturity at the option of the Corporation in  
24 such manner and at such times and redemption premiums, may be  
25 entitled to such priorities of claim on the Corporation's  
26 revenues with respect to principal and interest payments, and

1 shall be subject to such other terms and conditions, as the  
2 Corporation may determine; Provided, that at least fifteen day  
3 before selling each issue of bonds hereunder (exclusive of any  
4 commitment shorter than one year) the Corporation shall advise  
5 the Secretary of the Treasury as to the amount, proposed date o  
6 sale, maturities, terms and conditions and expected rates of  
7 interest of the proposed issue in the fullest detail possible.  
8 The Corporation shall not be subject to the provisions of section  
9 9108 of title 31, United States Code. The Corporation shall be  
10 deemed part of an executive department or an independent  
11 establishment of the United States for purposes of the provision  
12 of 15 U.S.C. 78c(c).

13 "c. Bonds issued by the Corporation hereunder shall be  
14 lawful investments and may be accepted as security for all  
15 fiduciary, trust, and public funds, the investment or deposit of  
16 which shall be under the authority or control of any officer or  
17 agency of the United States. The Secretary of the Treasury or  
18 any other officer or agency having authority over or control of  
19 any such fiduciary, trust, or public funds, may at any time sell  
20 any of the bonds of the Corporation acquired by them under this  
21 section; Provided, that the Corporation shall not issue or sell  
22 any bonds to the Federal Financing Bank.

23 "SEC. 1508. PRICING --

24 "a. To the extent permitted by prevailing business  
25 conditions, the Corporation shall establish prices and charges  
26 for its products, materials and services that in the opinion of



1 the Corporation will over the long term: (1) recover the costs  
2 of performing and maintaining corporate functions, including but  
3 not limited to research and development, depreciation of assets,  
4 decontamination and decommissioning, and repayment of the Initial  
5 Debt and other obligations of the Corporation; and (2) generate  
6 profits consistent with the maintenance of the Corporation as a  
7 continuing, commercial enterprise and other purposes of this  
8 title; Provided, That the Corporation in setting prices and  
9 charges for products, materials and services provided to the  
10 Department shall recover on a yearly basis its costs of providing  
11 such products, materials or services, without regard to  
12 prevailing business conditions and without generation of profit.  
13 Prices and other contractual terms for the provision of products,  
14 materials, or services by the Corporation shall be established  
15 without regard to the provisions of the Administrative Procedure  
16 Act, as amended.

17 "b. (1) In accordance with the cost responsibilities defined  
18 in paragraphs (3) and (4), the Corporation shall recover from its  
19 current customers in the prices and charges established in  
20 accordance with subsection (a), amounts that will be sufficient  
21 to pay for the costs of decommissioning and decontamination of  
22 the various property of the Corporation, including property  
23 transferred under section 1505(a). Such costs shall be based on  
24 the point in time that such decommissioning and decontamination  
25 is to be undertaken and accomplished.

26 "(2) In order to meet the objective defined in paragraph

1 (1), the Corporation shall periodically estimate the anticipat  
2 or actual costs of decommissioning and decontamination. Such  
3 estimates shall reflect any changes in assumptions or  
4 expectations relevant to meeting such objective, including, bu  
5 not limited to, any changes in applicable environmental  
6 requirements. Such estimates shall be reviewed at least every  
7 two years.

8 "(3) With respect to property that has been used in the  
9 production of low-assay separative work,

10 "(A) The cost of decommissioning and decontamination  
11 that shall be recoverable from commercial customers in pr  
12 and charges shall be in the same ratio to the total costs  
13 decommissioning and decontaminating the property in quest  
14 as the production of separative work over the life of such  
15 property for commercial customers bears to the total  
16 production of separative work over the life of such proper

17 "(B) All other costs of decommissioning and  
18 decontaminating such property shall be recovered in prices  
19 and charges to the Department.

20 "(4) With respect to property that has been used solely i  
21 the production of high-assay separative work, all costs of  
22 decommissioning and decontaminating of such property shall be  
23 recovered in prices and charges to the Department.

24 "SEC. 1509. AUDITS -- In fiscal years during which an audit i  
25 not performed by the Comptroller General in accordance with the  
26 provisions of 31 U.S.C. 9105, the financial transactions of the

1 Corporation shall be audited by an independent firm or firms of  
2 nationally recognized certified public accountants who shall  
3 prepare such audits using standards appropriate for commercial  
4 corporate transactions. The fiscal year of the Corporation shall  
5 conform to the fiscal year of the United States. The General  
6 Accounting Office shall review such audits annually, and to the  
7 extent necessary, cause there to be a further examination of the  
8 Corporation using standards for commercial corporate  
9 transactions. Such audits shall be conducted at the place or  
10 places where the accounts of the Corporation are established and  
11 maintained. All books, financial records, reports, files,  
12 papers, memoranda, and other property of, or in use by, the  
13 Corporation shall be made available to the person or persons  
14 authorized to conduct audits in accordance with the provisions of  
15 this section.

16 "SEC. 1510. REPORTS --

17 "a. The Corporation shall prepare an annual report of its  
18 activities. This report shall contain:

19 "(1) A general description of the Corporation's  
20 operations;

21 "(2) A summary of the Corporation's operating and  
22 financial performance, including an explanation of the  
23 decision to pay or not pay dividends; and

24 "(3) Copies of audit reports prepared in conformance  
25 with section 1509 of this title and the provisions of the  
26 Government Corporation Control Act, as amended.



1        "b. A copy of the annual report shall be provided to the  
2 President, the Committee on Energy and Natural Resources of the  
3 Senate, and the appropriate committees of the House of  
4 Representatives. Such reports shall be completed not later than  
5 90 days following the close of each fiscal year and shall  
6 accurately reflect the financial position of the Corporation at  
7 fiscal year end, inclusive of any impairment of capital or  
8 ability of the Corporation to comply with the provisions of this  
9 title.

10    "SEC. 1511. CONTROL OF INFORMATION --

11        "a. The term "Commission" shall be deemed to include the  
12 Corporation wherever such terms appears in section 141 and  
13 subsections a. and b. of section 142 of title I.

14        "b. No contracts or arrangements shall be made, nor any  
15 contract continued in effect, under Section 1401, 1402, 1403, or  
16 1404, unless the person with whom such contract or arrangement is  
17 made, or the contractor or prospective contractor, agrees in  
18 writing not to permit any individual to have access to Restricted  
19 Data, as defined in section 11 y. of title I, until the Office of  
20 Personnel Management shall have made an investigation and report  
21 to the Corporation on the character, associations, and loyalty of  
22 such individual, and the Corporation shall have determined that  
23 permitting such person to have access to Restricted Data will not  
24 endanger the common defense and security.

25        "c. The restrictions detailed in subsections b., c., d.,  
26 e., f., g., and h., of section 145 of title I shall be deemed

1 to apply to the Corporation where they refer to the Commission  
2 a majority of the members of the Commission, and to the  
3 Administrator where they refer to the General Manager.

4 "d. The Administrator shall keep the appropriate  
5 congressional committees fully and currently informed with  
6 respect to all of the Corporation's activities. To the extent  
7 consistent with the other provisions of this section, the  
8 Corporation shall make available to any of such committees all  
9 books, financial records, reports, files, papers, memoranda, or  
10 other information possessed by the Corporation upon receiving a  
11 request for such information from the chairman of such committee

12 "e. Whenever the Corporation submits to the President, or  
13 the Office of Management and Budget, any budget, legislative  
14 recommendation, testimony, or comments on legislation, prepared  
15 for submission to the Congress, the Corporation shall  
16 concurrently transmit a copy thereof to the appropriate  
17 committees of Congress.

18 "f. The Corporation shall have no power to control or  
19 restrict the dissemination of information other than as granted  
20 by this or any other law.

21 "SEC. 1512. PATENTS AND INVENTIONS --

22 "a. The term "Commission" shall be deemed to include the  
23 Corporation wherever such term appears in section 152, 153 b.  
24 (1), and 158 of title I. The Corporation shall pay such royalty  
25 fees for patents licensed to it under section 153 b. (1) of title  
26 I as are paid by the Department under that provision. Nothing in

1 title I or this title shall affect the right of the Corporation  
2 to require that patents granted on inventions, that have been  
3 conceived or first reduced to practice during the course of  
4 research or operations of, or financed by the Corporation, be  
5 assigned to the Corporation.

6       "b. The Department shall notify the Corporation of all  
7 reports heretofore or hereafter filed with it under subsection  
8 151 c. of title I and all applications for patents heretofore or  
9 hereafter filed with the Commissioner of Patents of which the  
10 Department has notice under subsection 151 d. of title I or  
11 otherwise, whenever such reports or applications involve matters  
12 pertaining to the functions or responsibilities of the  
13 Corporation in accordance with this title. The Department shall  
14 make all such reports available to the Corporation, and the  
15 Commissioner of Patents shall provide the Corporation access to  
16 all such applications. All reports and applications to which  
17 access is so provided shall be kept in confidence by the  
18 Corporation, and no information concerning the same given without  
19 authority of the inventor or owner unless necessary to carry out  
20 the provisions of any Act of Congress.

21       "c. The Corporation, without regard for any of the  
22 conditions specified in paragraph 153 c. (1), (2), (3), or (4) of  
23 title I, may at any time make application to the Department for  
24 patent license for the use of an invention or discovery useful in  
25 the production or utilization of special nuclear material or  
26 atomic energy covered by a patent when such patent has not been



1 declared to be affected with the public interest under subsec-  
2 153 b. (1) of title I and when use of such patent is within the  
3 Corporation's authority. Any such application shall constitute  
4 an application under subsection 153 c. of title I subject, exce-  
5 as specified above, to all the provisions of subsections 153 c.  
6 d., e., f., g., and h., of title I.

7 "d. With respect to the Corporation's functions under thi  
8 title, section 158 of title I shall be deemed to include the  
9 Corporation within the phrase, "any other licensee" in the  
10 first sentence thereof and within the phrase "such licensee"  
11 the second sentence thereof.

12 "e. The Corporation shall not be liable directly or  
13 indirectly for any damages or financial responsibility with  
14 respect to secrecy orders imposed under 35 U.S.C. 181 through  
15 187.

16 "f. The Corporation shall not be liable or responsible for  
17 any payments made or awards under subsection 157 b.(3) of title  
18 I, or any settlements or judgments involving claims for alleged  
19 patent infringement except to the extent that any such awards,  
20 settlements or judgments are attributable to activities of the  
21 Corporation after the effective date of this title.

22 "g. The Corporation shall keep currently informed as to  
23 matters affecting its rights and responsibilities under chapter  
24 13 of title I as modified by this section and shall take all  
25 appropriate action to avail itself of such rights and satisfy  
26 such responsibilities. The Department in discharging its

1 responsibilities under chapter 13 of title I shall exercise  
2 diligence in informing the Corporation of matters affecting the  
3 responsibilities and jurisdiction of the Corporation and seekin  
4 and following as appropriate the advice and recommendation of t  
5 Corporation in such matters.

6 "'CHAPTER 26. LICENSING, TAXATION, AND MISCELLANEOUS PROVISION

7 "'SEC. 1601. LICENSING--

8 "'a. Notwithstanding any other provision of law, with resp  
9 solely to facilities, equipment and materials for activities  
10 related to the isotopic separation of uranium by the gaseous  
11 diffusion technology at facilities in existence as of the date  
12 enactment of this title, the Corporation and its contractors ar  
13 hereby exempted from the licensing requirements and prohibition  
14 of sections 57, 62, 81 and other provisions of title I, to the  
15 same extent as the Department and its contractors are exempt in  
16 regard to the Department's own functions and activities. Such  
17 exemption shall remain in effect unless and until the Corporati  
18 and its contractors receive all necessary licenses for such  
19 facilities, equipment and materials as are required under title  
20 I.

21 "'b. Within four years of the enactment of this title, the  
22 Commission shall promulgate regulations under title I for the  
23 licensing of facilities described in subsection (a) that employ  
24 the gaseous diffusion technology. The Commission shall not  
25 consider the need for such facilities, alternatives to such

1 facilities, or the costs compared to the benefits of such  
2 facilities.

3 "c. As soon as practicable after the promulgation of  
4 regulations under subsection (b), the Corporation and its  
5 contractors shall make necessary applications for and otherwise  
6 seek to obtain such licenses as will remove the exemption  
7 provided under subsection (a).

8 "d. The Corporation shall not transfer or deliver any  
9 source, special nuclear or by-product materials or production or  
10 utilization facilities, as defined in Title I, to any person who  
11 is not properly qualified or licensed under the provisions of  
12 Title I.

13 "e. The Corporation shall be subject to the regulatory  
14 jurisdiction of the Commission and the Department of  
15 Transportation with respect to the packaging and transportation  
16 source, special nuclear and by-product materials.

17 "SEC. 1602. EXEMPTION FROM TAXATION AND PAYMENTS IN LIEU OF  
18 TAXES --

19 "a. In order to render financial assistance to those states  
20 and localities in which the facilities of the Corporation are  
21 located, the Corporation is authorized and directed to make  
22 payments to state and local governments as provided in this  
23 section. Such payments shall be in lieu of any and all state and  
24 local taxes on the real and personal property, activities and  
25 income of the Corporation. All property of the Corporation its  
26 activities, and income are expressly exempted from taxation in



1 any manner or form by any state, county, or other local  
2 government entity. The activities of the Corporation for this  
3 purpose shall include the activities of organizations pursuant to  
4 cost-type contracts with the Corporation to manage, operate and  
5 maintain its facilities. The income of the Corporation shall  
6 include income received by such organizations for the account of  
7 the Corporation. The income of the Corporation shall not include  
8 income received by such organizations for their own accounts, and  
9 such income shall not be exempt from taxation.

10 "b. The Corporation shall make annual payments, in amount  
11 determined by the Corporation to be fair and reasonable, to the  
12 state and local governmental agencies having tax jurisdiction in  
13 any area where facilities of the Corporation are located. In  
14 making such determinations, the Corporation shall be guided by  
15 the following criteria:

16 "(1) Amounts paid shall not exceed the tax payments  
17 that would be made by a private industrial corporation owning  
18 similar facilities and engaged in similar activities at the  
19 same location; Provided, however, That there shall be  
20 excluded any amount that would be payable as a tax on net  
21 income.

22 "(2) The Corporation shall take into account the  
23 customs and practices prevailing in the area with respect to  
24 appraisal, assessment, and classification of industrial  
25 property and any special considerations extended to large-  
26 scale industrial operations.

1           "(3) No amount shall be included to the extent that  
2           any tax unfairly discriminates against the class of taxpayer  
3           of which the Corporation would be a member if it were a  
4           private industrial corporation, compared with other taxpayer  
5           or classes of taxpayers.

6           "(4) In no event shall the payment made to any taxing  
7           authority for any period be less than the payments which  
8           would have been made to such taxing authority for the same  
9           period by the Department and its cost-type contractors on  
10          behalf of the Department with respect to property that has  
11          been transferred to the Corporation under section 1505 and  
12          which would have been attributable to the ownership,  
13          management operation, and maintenance of the Department's  
14          uranium enrichment facilities, applying the laws and policies  
15          prevailing immediately to the enactment of this title.

16          "'c. Payments shall be made by the Corporation at the time  
17          when payments of taxes by taxpayers to each taxing authority are  
18          due and payable; Provided, that no payment shall be made to the  
19          extent that the tax would apply to a period prior to the  
20          enactment of this title.

21          "'d. The determination by the Corporation of the amounts due  
22          hereunder shall be final and conclusive.

23          "'SEC. 1603. MISCELLANEOUS APPLICABILITY OF TITLE I --

24          "'a. Any references to the term "'Commission'" or to the  
25          Department in sections 105 b., 110 a., 161 c., 161 k., 161 q.,

1 165 a., 221 a., 229, 230 and 232 of title I shall be deemed to  
2 include the Corporation.

3 "b. Section 188 of title I shall apply to licensed  
4 facilities of the Corporation. For purposes of applying such  
5 section to facilities of the Corporation:

6 "(1) The term 'Commission' shall be deemed to refer  
7 to the Secretary;

8 "(2) There shall be no requirement for payment of  
9 compensation to the Corporation, and receipts from operation  
10 of the facility in question shall continue to accrue to the  
11 benefit of the Corporation; and

12 "(3) The Secretary shall have the discretion to  
13 determine how and by whom the facility in question will be  
14 operated.

15 "SEC. 1604. COOPERATION WITH OTHER AGENCIES --

16 "The Corporation is empowered to use with their consent the  
17 available services, equipment, personnel, and facilities of other  
18 civilian or military agencies and instrumentalities of the  
19 Federal Government, on a reimbursable basis and on a similar  
20 basis to cooperate with such other agencies and instrumentalities  
21 in the establishment and use of services, equipment, and  
22 facilities of the Corporation. Further, the Corporation may  
23 confer with and avail itself of the cooperation, services,  
24 records, and facilities of state, territorial, municipal or other  
25 local agencies.

26 "SEC. 1605. APPLICABILITY OF ANTITRUST LAWS --



1        "a. The Corporation shall conduct its activities in a  
2 manner consistent with the policies expressed in the antitrust  
3 laws, except as required by the public interest.

4        "b. As used in this subsection, the term "antitrust laws  
5 means:

6                "(1) The Act entitled: "An Act to protect trade and  
7 commerce against unlawful restraints and monopolies,"  
8 approved July 2, 1890 (15 U.S.C. 1-7), as amended;

9                "(2) The Act entitled, "An Act to supplement existi  
10 laws against unlawful restraints and monopolies, and for  
11 other purposes," approved October 15, 1914 (15 U.S.C. 12-  
12 27), as amended;

13                "(3) Sections 73 and 74 of the Act entitled, "An Ac  
14 to reduce taxation, to provide revenue for the Government,  
15 and for other purposes," approved August 27 1894 (15 U.S.C  
16 8 and 9), as amended; and

17                "(4) The Act of June 19 1936, chapter 592 (15 U.S.C.  
18 13, 13a, 13b, and 21a).

19        "SEC. 1606. NUCLEAR HAZARD INDEMNIFICATION--

20                "The Administrator shall have the same authority to  
21 indemnify the contractors of the Corporation as the Secretary has  
22 to indemnify contractors under section 170 d. of title I.

23        "SEC. 1607. INTENT --

24                "It is hereby declared to be the intent of this title to ai  
25 the Corporation in discharging its responsibilities under this  
26 title by providing it with adequate authority and administrative

1 flexibility to obtain necessary funds with which to assure the  
2 maximum achievement of the purposes hereof as provided herein,  
3 and this title shall be construed liberally to effectuate such  
4 intent.

5 "SEC. 1608. REPORT --

6 "a. Five years after enactment of this title, the  
7 Administrator shall submit to the President and to Congress a  
8 report setting forth the views and recommendations of the  
9 Administrator regarding transfer of the functions, powers,  
10 duties, and assets of the Corporation to private ownership. If  
11 the Administrator recommends such transfers, the report shall  
12 include a plan for implementation of the transfers.

13 "b. Within 180 days after receipt of the report under  
14 subsection (a), the President shall transmit to Congress his  
15 recommendations regarding the report, including a plan for  
16 implementation of any transfers recommended by the President and  
17 any recommendations for legislation necessary to effectuate such  
18 transfers.

19 "CHAPTER 27. DECONTAMINATION AND DECOMMISSIONING

20 "SEC. 1701. ESTABLISHMENT --

21 "a. ESTABLISHMENT OF FUND

22 "(1) There is hereby established in the Treasury of the  
23 United States an account of the Corporation to be known as the  
24 Uranium Enrichment Decontamination and Decommissioning Fund  
25 (hereinafter referred to in this chapter as the "Fund"). In  
26 accordance with section 1402(j), such account and any funds

1 deposited therein, shall be available to the Corporation for t  
2 exclusive purpose of carrying out the purposes of this chapter

3       "(2) The Fund shall consist of:

4               "(A) Amounts paid into it by the Corporation  
5 accordance with section 1702; and

6               "(B) Any interest earned under subsection (b)

7       "b. ADMINISTRATION OF FUND

8               "(1) The Secretary of the Treasury shall hold the  
9 and, after consultation with the Corporation, annually re  
10 to the Congress on the financial condition and operations  
11 the Fund during the preceding fiscal year.

12               "(2) At the direction of the Corporation, the  
13 Secretary of the Treasury shall invest amounts contained  
14 within such Fund in obligations of the United States:

15               "(A) Having maturities determined by the  
16 Secretary of the Treasury to be appropriate to the ne  
17 of the Fund, as determined by the Corporation; and

18               "(B) Bearing interest at rates determined to b  
19 appropriate by the Secretary of the Treasury, taking  
20 into consideration the current average market yield or  
21 outstanding marketable obligations of the United State  
22 with remaining periods to maturity comparable to such  
23 obligations.

24               "(3) At the request of the Corporation, the Secretar  
25 of the Treasury shall sell such obligations and credit the  
26 proceeds to the Fund.



1   "SEC. 1702. DEPOSITS --

2   "Within 60 days of the end of each fiscal year, the Corporati  
3 shall make a payment into the Fund in an amount equal to the  
4 costs of decontamination and decommissioning that have been  
5 recovered during such fiscal year by the Corporation in its  
6 prices and charges established in accordance with section 1508  
7 for products, materials, and services.

8   "SEC. 1703. PERFORMANCE AND DISBURSEMENTS --

9       "a. When the Corporation determines that particular  
10 property should be decommissioned or decontaminated, or both, i  
11 shall enter into a contract for the performance of such  
12 decommissioning and decontamination.

13       "b. The Corporation shall pay for the costs of such  
14 decommissioning and decontamination out of amounts contained  
15 within the Fund.'.

16       "SEC. 113. TREATMENT OF THE CORPORATION AS BEING  
17 PRIVATELY-OWNED FOR PURPOSES OF THE APPLICABILITY OF  
18 ENVIRONMENTAL AND OCCUPATIONAL SAFETY LAWS -- The United States  
19 Enrichment Corporation shall be subject to Federal environmental  
20 laws and the Occupational Safety and Health Act (29 U.S.C. 651-  
21 678) to the same extent as is the Department of Energy as of the  
22 date of enactment. After four years from the date of enactment  
23 of this title, the United States Enrichment Corporation shall  
24 become subject to such laws to the same extent as a privately-  
25 owned corporation, unless the President determines that

1 additional time is necessary to achieve the purposes of title  
2 of the Atomic Energy Act of 1954, as amended.

3 "SEC. 114. MISCELLANEOUS PROVISIONS. --(a) Section 9101  
4 of title 31, United States Code (relating to the definition of  
5 'wholly-owned Government corporation') is amended by adding at  
6 the end of the following: '(N) United States Enrichment  
7 Corporation.'.

8 "(b) In subsection 41 a. of the Atomic Energy Act of 1954  
9 as amended, the word 'or' appearing before the numeral '(2)' is  
10 deleted, a semicolon is substituted for a period at the end of  
11 the subsection and the following new paragraph is added: 'or (3  
12 are owned by the United States Enrichment Corporation.'.

13 "(c) In subsection 53 c. (1) of the Atomic Energy Act of  
14 1954, as amended, the word 'or' is inserted before the word  
15 'grant' and the phrase 'or through the provision of production  
16 enrichment services' is deleted in both places where it appears  
17 in such subsection.

18 "(d) The Atomic Energy Act of 1954, as amended, is further  
19 amended:

20 "(1) By adding before the period at the end of the  
21 definition of the term 'production facility' in section 11  
22 a colon and the following: 'Provided, however, that as the  
23 term is used in Chapters 10 and 16 of this Act, other than  
24 with respect to export of a uranium enrichment production  
25 facility, it shall not include any equipment or device, or  
26 important component part especially designed therefor,

1 capable of separating the isotopes of uranium or enriching  
2 uranium in the isotope 235';

3 "(2) By striking the period at the end of section 1  
4 b. and adding the following: '; in addition, the Commission  
5 shall prescribe such regulations or orders as may be  
6 necessary or desirable to promote the Nation's common defense  
7 and security with regard to control, ownership or possession  
8 of any equipment or device, or important component part  
9 especially designed therefor, capable of separating the  
10 isotopes of uranium or enriching uranium in the isotope  
11 235;';

12 "(3) By striking the phrase 'section 103 or 104' in  
13 section 41 a. (2) and inserting in lieu thereof 'this title  
14 and

15 "(4) In section 236 by striking the word 'or' following  
16 paragraph (2) and adding after paragraph (3) 'or (4) any  
17 uranium enrichment facility licensed by the Commission;'.  
18

19 "(e) Subsection 905(g)(1) of Title II, United States Code,  
20 amended to include 'United States Enrichment Corporation' at the  
21 end thereof.

22 "(f) Section 306 of title III of the Energy and Water  
23 Development Appropriations Act, 1988, P.L. 100-202, is repealed.

24 "SEC. 115. LIMITATION ON EXPENDITURES--For fiscal year 199  
25 total expenditures of the United States Enrichment Corporation  
shall not exceed total receipts.



1       "SEC. 116. SEVERABILITY --If any provision of this act,  
2 the application of any provision to any entity, person or  
3 circumstance, shall for any reason be adjudged by a court of  
4 component jurisdiction to be invalid, the remainder of this ac  
5 or the application of the same shall not be thereby affected.

6       "SEC. 117. EFFECTIVE DATE -- Except as otherwise provided  
7 all provisions of this act shall take effect on the day follow  
8 the end of the first full fiscal year quarter following the  
9 enactment of this act; Provided, however, that the Administrator  
10 or Acting Administrator of the United States Enrichment  
11 Corporation may immediately exercise the management  
12 responsibilities and powers of subsection 1501 (a) of the Atomic  
13 Energy Act of 1954, as amended by this Act and previous Acts."  
14



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

April 20, 1989

CHAIRMAN

The Honorable J. Bennett Johnston, Chairman  
Subcommittee on Energy and Water Development  
Committee on Appropriations  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman:

In House Conference Report 100-498, the Nuclear Regulatory Commission (NRC) was directed to evaluate alternatives for the disposal of contaminated water from the Three Mile Island Nuclear Station, Unit 2 (TMI-2). Upon completion of the evaluation, the NRC was to advise both Committees on Appropriations of its decision on whether to approve another method of disposal of contaminated water other than discharging the water into the Susquehanna River.

In July 1986, General Public Utilities Nuclear Corporation, the licensee for the TMI-2 facility, submitted a proposal for the disposal of the approximately 2.3 million gallons of contaminated water arising from the March 28, 1979 accident at TMI-2. This water is referred to as the accident-generated water (AGW). The licensee's proposal evaluated in detail three alternatives for disposing of the water: on-site solidification and burial, on-site forced evaporation to the atmosphere with off-site disposal of the evaporator bottoms, and discharge into the Susquehanna River. After evaluating each of these alternatives, the licensee concluded that the preferable alternative was on-site forced evaporation to the atmosphere with off-site disposal of the evaporator bottoms. Early in 1987, the licensee applied for an amendment of its operating license for TMI-2 to delete certain prohibitions on disposal of the AGW. The amendment will permit the licensee to use the forced evaporation alternative.

In June 1987, the NRC published a final Programmatic Environmental Impact Statement (PEIS) on the disposal of the AGW. A copy of this PEIS is enclosed. The NRC staff considered a total of 23 alternatives. Nine were quantitatively evaluated, including the three proposed by the licensee. (The other alternatives did not receive such evaluation because they were clearly less desirable.) The NRC staff concluded that any of the nine alternatives, including discharging the water into the Susquehanna River, could be implemented without a significant environmental impact. No one of the nine alternatives was found to be clearly preferable to any of the others.

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(SP)

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A15

In July 1987, the Commission decided to offer an opportunity for an administrative hearing before any staff action was taken on the licensee's proposal. A hearing was requested, and the Atomic Safety and Licensing Board (ASLB) conducted the hearing in November 1988. The primary issue heard at the hearing was whether a no-action alternative (proposed by intervenors in the proceeding) is obviously superior to the licensee's proposal to evaporate the AGW.

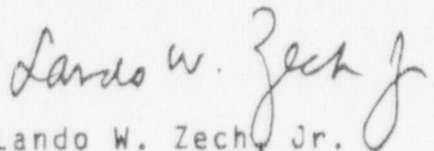
On February 2, 1989, the ASLB issued a final initial decision resolving all the issues heard at the hearing in favor of the licensee and granting the requested license amendment authorizing disposal of the AGW by forced evaporation. Subsequently, intervenors filed an appeal from this initial decision and an application for a stay of the effectiveness of the decision. On April 4, 1989, the Atomic Safety and Licensing Appeal Board issued a memorandum and order denying the intervenors' application for a stay. The appeal is currently pending before the Appeal Board.

The Commission has also reviewed the ASLB final initial decision as well as comments of the parties on whether the decision should be made immediately effective. On April 13, 1989, we issued the enclosed Order making the ASLB decision immediately effective. This is, of course, without prejudice to the appeal now pending before the Appeal Board.

The final design of the evaporator system is still under review by the NRC staff. If approved, the expectation is that startup of the evaporator system could occur in early summer 1989.

I believe this information fulfills the requirements of House Conference Report 100-498. If you have any additional questions, please contact me.

Sincerely,

  
Lando W. Zech, Jr.

Enclosures: As Stated

cc: Senator Mark O. Hatfield





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

April 20, 1989

The Honorable Tom Beville, Chairman  
Subcommittee on Energy and Water Development  
Committee on Appropriations  
United States House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

In House Conference Report 100-498, the Nuclear Regulatory Commission (NRC) was directed to evaluate alternatives for the disposal of contaminated water from the Three Mile Island Nuclear Station, Unit 2 (TMI-2). Upon completion of the evaluation, the NRC was to advise both Committees on Appropriations of its decision on whether to approve another method of disposal of contaminated water other than discharging the water into the Susquehanna River.

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In July 1987, the Commission decided to offer an opportunity for an administrative hearing before any staff action was taken on the licensee's proposal. A hearing was requested, and the Atomic Safety and Licensing Board (ASLB) conducted the hearing in November 1988. The primary issue heard at the hearing was whether a no-action alternative (proposed by intervenors in the proceeding) is obviously superior to the licensee's proposal to evaporate the AGW.

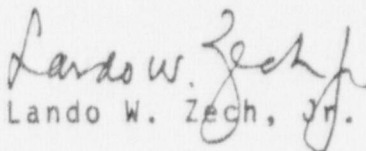
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The Commission has also reviewed the ASLB final initial decision as well as comments of the parties on whether the decision should be made immediately effective. On April 13, 1989, we issued the enclosed Order making the ASLB decision immediately effective. This is, of course, without prejudice to the appeal now pending before the Appeal Board.

The final design of the evaporator system is still under review by the NRC staff. If approved, the expectation is that startup of the evaporator system could occur in early summer 1989.

I believe this information fulfills the requirements of House Conference Report 100-498. If you have any additional questions, please contact me.

Sincerely,

  
Lando W. Zech, Jr.

Enclosures: As stated

cc: Rep. John T. Myers

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# **Programmatic Environmental Impact Statement**

related to decontamination and disposal  
of radioactive wastes resulting from  
March 28, 1979 accident at  
Three Mile Island Nuclear Station, Unit 2  
Docket No. 50-320

Final Supplement Dealing with  
Disposal of Accident-Generated Water

GPU Nuclear, Inc.

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**U.S. Nuclear Regulatory  
Commission**

**TMI Cleanup Project Directorate**

June 1987





UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

'89 APR 13 P3:56

COMMISSIONERS:

Lando W. Zech, Jr., Chairman  
Thomas M. Robert  
Kenneth M. Carr  
Kenneth C. Rogers  
James R. Curtiss

SERVED APR 13 1989

In the Matter of

GENERAL PUBLIC UTILITIES NUCLEAR  
CORPORATION, ET AL.

(Three Mile Island Nuclear  
Station, Unit 2)

Docket No. 50-320-OLA

ORDER

CLI-89-05

The Atomic Safety and Licensing Board has issued an initial decision <sup>1/</sup> relating to the disposal of accident-generated water at Unit 2 of the Three Mile Island Nuclear Station. The decision resolved all relevant matters in favor of the applicant-licensee, General Public Utilities Nuclear Corporation (GPUN), and granted the licensee's application for an operating license amendment that would delete prohibitions on disposal of the accident-generated water. This

<sup>1</sup> LPE No. 89-07, 29 NRC \_\_\_\_, February 2, 1987.

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and that the no-action alternative would cost \$200,000 more to implement than the evaporation proposal. Based on these findings, the Board determined that the intervenors' no-action alternative is not obviously superior to the evaporation proposal, and granted the licensee's request for an amendment to its license.

Subsequently, the intervenors filed an application for a stay of the license amendment authorization with the Atomic Safety and Licensing Appeal Board. On April 4, 1989, the Appeal Board issued a memorandum and order denying the intervenors' application for a stay.

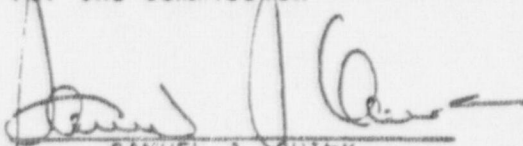
As a result of our review of the final initial decision and the comments submitted by the parties regarding whether the decision should be made effective immediately, we also find no reason to stay the effectiveness of the Licensing Board's decision pending completion of the appellate process.

Accordingly, the Commission finds that the Licensing Board's decision resolving all relevant matters in favor of the licensee, and granting the licensee's application for an operating license amendment, should become effective immediately. This is, of course, without prejudice to the appeal now pending before the Appeal Board.

It is so ORDERED.



For the Commission \*

  
SAMUEL J. CHALK  
Secretary of the Commission

Dated at Rockville, Maryland  
this 13<sup>th</sup> day of April, 1989.

\* Commissioner Carr was not present for the Affirmation of this Order, if he had been present he would have approved it.



MAKING FURTHER CONTINUING APPROPRIATIONS FOR THE FISCAL YEAR  
ENDING SEPTEMBER 30, 1988

CONFERENCE REPORT

TO ACCOMPANY

H.J. Res. 395



DECEMBER 22 (legislative day, DECEMBER 21), 1987.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1987

80-400



## TITLE IV—INDEPENDENT AGENCIES

## APPALACHIAN REGIONAL COMMISSION

conferees agree to appropriate \$107,000,000 to the Appalachian Regional Commission.

conferees agree to insert bill language providing that appropriations for regional programs may be used for the purposes of the Appalachian Regional Development Act, without regard to Section (2), (3), and (4) of that Act and funds in energy enterprise funds may be reapproved by the Commission for similar use.

## INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN

## CONTRIBUTION TO INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN

appropriates \$379,000 for the contribution to the Interstate Commission on the Potomac River Basin as proposed by the Senate in lieu of \$79,000 as proposed by the House.

## NUCLEAR REGULATORY COMMISSION

appropriates \$392,800,000 for Commission activities instead of \$400,000 as proposed by the House and Senate, in light of budget constraints and deficit reduction allocations. This appropriation is offset by the application of revenues from fees and other collections equal to 50% of the Commission's budget.

conferees have expressed their concern in several reports accompanying recent appropriation Acts over the existence of duplicate and redundant staffs within the Commission. Specifically, conferees have urged that the Office of Investigations be merged with other inspection and examination organizations under the Executive Director. Yet, the Commission's recent reorganization continues the separation of these offices. The conferees therefore direct the Commission to consolidate its inspection and examination organizations under the Executive Director in order to achieve more efficient and cost-effective utilization of staff resources.

conferees direct the Nuclear Regulatory Commission to evaluate other alternatives to releasing contaminated water from Three Mile Island Nuclear Plant into the Susquehanna River. Upon completion of this evaluation, the Commission should advise the Committees on Appropriations of its decision on whether to approve one of the other methods of disposal of the contaminated water.

## TENNESSEE VALLEY AUTHORITY

the conferees agree to appropriate \$103,000,000 for the Tennessee Valley Authority. The conferees agree with the general distribution of funds contained in the Senate report; however, an overall general reduction of \$2,000,000 should be applied against all of the activities on a pro rata basis.

within the funds appropriated to the Tennessee Valley Authority, the conferees direct TVA to prepare a plan for the water

	allowance
FEDERAL ENERGY REGULATORY COMMISSION	
I. Federal Energy Regulatory Commission	100,000,000
II. Offsetting Revenues	-100,000,000
TOTAL, FERC AFTER REVENUES	-----
NUCLEAR WASTE DISPOSAL FUND	
I. Nuclear waste disposal fund	350,000,000
TOTAL NUCLEAR WASTE DISPOSAL FUND	350,000,000
GEOTHERMAL RESOURCES DEVELOPMENT FUND	
I. Program direction	72,000
TOTAL GEOTHERMAL RESOURCES DEVELOPMENT FUND	72,000



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

April 20, 1989

Mr. Zhou Ping  
Director General  
National Nuclear Safety Administration  
54 Sanlihe Road  
Beijing  
People's Republic of China

Dear Mr. Zhou:

I would like to congratulate you on your appointment as Director General of the National Nuclear Safety Administration (NNSA) and to wish you success with the many interesting challenges ahead of you as China expands its nuclear power program to meet its rapidly growing energy demands.

Since the signing of our Protocol in 1981, an active program of cooperation has developed between our nuclear safety organizations. In 1987, I traveled to your country to meet with the NNSA and tour the Qinshan nuclear power plant construction site. It was an enjoyable and rewarding experience and provided an excellent opportunity to exchange views on a variety of nuclear safety and regulatory licensing issues that we both face.

I believe that it is important to continue this exchange. In that connection, I would note that last year, Deputy Director General Shi Guangchang had to cancel his trip to the U. S. Nuclear Regulatory Commission (NRC) and several nuclear facilities in this country when he left the NNSA for a position at the State Science and Technological Commission. I hope that both you and your current Deputy Director General, Mr. Dong Bianian, will be able to visit the NRC in the near future.

Sincerely,

*Lando W. Zech Jr.*  
Lando W. Zech, Jr.

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P/L





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

April 27, 1989

PUBLISHED

'89 APR -5 01:29

Mr. S. S. Hecker, Director  
Los Alamos National Laboratory  
of the University of California  
Los Alamos, New Mexico 87545

Dear Mr. Hecker:

Thank you for your letter of April 7, 1989, in which you invited me to participate in the conference on "Nuclear Supply and Nonproliferation Issues for the 1990s" to be held June 14-16, 1989. I regret that, due to previous commitments, I am unable to accept your invitation. However, I have asked Harold Denton, Director of the Nuclear Regulatory Commission's (NRC) Office of Governmental and Public Affairs, to represent the NRC at the conference, and I understand he has already confirmed his attendance. I wish you much success in what promises to be a most interesting conference.

Sincerely,

*Lando W. Zech, Jr.*  
Lando W. Zech, Jr.

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