

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

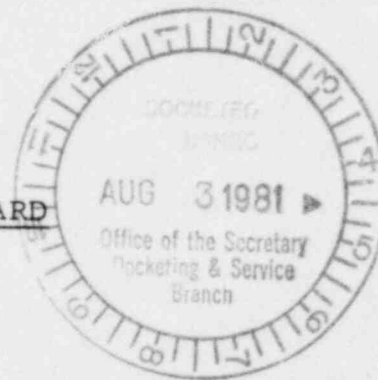
In the Matter of )  
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PENNSYLVANIA POWER & LIGHT COMPANY )  
 )  
and )  
 )  
ALLEGHENY ELECTRIC COOPERATIVE, INC. )  
 )  
(Susquehanna Steam Electric Station, )  
Units 1 and 2) )

Docket Nos. 50-387  
50-388

APPLICANTS' MEMORANDUM IN SUPPORT  
OF MOTION FOR SUMMARY DISPOSITION  
OF CONTENTION 3

This memorandum is submitted in support of Applicants' Motion For Summary Disposition of Contention 3 in the proceeding, filed simultaneously herewith. Contention 3 alleges that "known and assured" supplies of uranium are insufficient to supply the lifetime fuel needs of Susquehanna Units 1 and 2 "in a growing economy"; that all uranium reserves will have been consumed prior to the end of the thirty year lifetime of the units; and that the higher fuel prices will result from the depletion of uranium reserves. While all of these assertions are refuted in the Affidavit of John M. Vallance in support of summary disposition of Contention 3 ("Vallance Aff."), some of the assumptions in the Contention are also contrary to the rulings of the Appeal Board and therefore must be rejected.

Contention 3 assumes, for example, that only "known and assured" uranium reserves can be counted towards satisfying the needs of the nuclear power plants seeking to buy uranium during the



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operating lifetime of the Susquehanna units. This assumption is inappropriate, however, because the Appeal Board has ruled that U.S. Department of Energy ("DOE") estimates of probable potential resources can be added to known reserves to establish the uranium supply that would be available during the lifetime of a reactor. Kansas Gas and Electric Company (Wolf Creek Generating Station, Unit 1), ALAB-462, 7 NRC 320, 323-26 (1978); Gulf States Utilities Company (River Bend Station, Units 1 and 2), ALAB-317, 3 NRC 175, 180-181 (1976). At the present time, DOE estimates that the combined known reserves and probable potential resources of uranium at a forward cost of \$30/lb or less are 1,355,000 tons (2,213,000 tons at \$50/lb or less). Vallance Aff. at Table 1. These combined resources far exceed the estimated demand in 2013 on a bounding "high demand" case that assumes all reactors currently on order come into service on time and new reactors not presently planned come into service in the late 1990's. Vallance Aff., paras. 32, 36.

Moreover, the appropriate standard for determining the adequacy of uranium fuel supply for a reactor is whether known reserves and probable resources suffice to meet the needs of the total number of reactors currently in operation, under construction and on order. See, ALAB-462, supra, 7 NRC at 325 (1978); Gulf States Utility Company (River Bend Station, Units 1 and 2), ALAB-444, 6 NRC 760, 788 n. 53 (1976). Thus, determination of the adequacy of the uranium fuel supply does not require consideration of a "growing economy" with the underlying assumption that additional reactors, not now on order, will compete for fuel with the Susquehanna units. Under the correct standard -- known reserves plus probable potential resources versus uranium needs of all reactors in operation, under construction, or on


order -- the comparison is: a domestic supply of 1,355,000 tons of  $U_3O_8$  at \$30/lb or less forward cost (2,213,000 tons at \$50/lb or less forward cost) (Vallance Aff., Table 1) against a cumulative demand of 760,000 tons (935,000 tons minus 175,000 tons already delivered) (Vallance Aff., para. 30). The supply will exceed the demand by at least a factor of two, without even taking into account the availability of uranium from foreign sources, which will be plentiful. (Vallance Aff., paras. 40-41, 63-64).

Contention 3 is therefore without basis and summary disposition on it should be granted.

Dated:

Respectfully submitted,

SHAW, PITTMAN, POTTS & TROWBRIDGE

  
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