



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

September 18, 1985

The Honorable Alan Simpson, Chairman
Subcommittee on Nuclear Regulation
Committee on Environment and Public Works
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

Currently, the Commission is considering a final rule to require non-power reactors, licensed by the NRC, to convert from using highly enriched uranium (HEU) fuel to using low enriched uranium (LEU) fuel.

A major concern of the Commission is the relatively large cost of conversion to the reactor owner. For several reasons, we believe that these costs should be borne by the Federal Government. The teaching and research programs using non-power reactors provide considerable value to the public and national interest. These reactors were built relying on Federal policy then in force with regard to the use of HEU. Several educational institutions invested in lifetime cores and did not, therefore, expect additional fuel expenses. Conversion to LEU is being done in the national interest rather than to benefit the owners. Accordingly, the Commission is planning to condition the conversion on the availability of Federal funds.

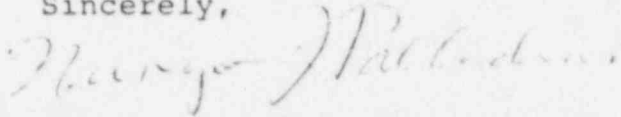
In keeping with the proposed rulemaking, we request that Congress provide additional Federal funds to finance the conversion of non-power reactors from HEU to LEU. We estimate that approximately \$15 million will be required to ensure completion of the conversion.

We are pleased to learn that Congress remains committed to funding the expenses of the conversion. We note the increase in University Research Support to \$3.9 million in FY 1986 as approved by the Senate for the 1986 Energy and Water Development Appropriation Bill. We would hope that the Conference Committee will agree to this support level. Additional Federal funding to support the conversion process will be required in those years during which appropriate fuel becomes available from DOE. The Commission wishes to emphasize its belief that HEU/LEU conversion should be carried out with additional funds for university research; to achieve such funding at the cost of

equivalent reductions in other university research programs would violate the spirit and intent of the Commission's rule.

We support your efforts in this matter and urge Congress to provide the necessary funds in order for the conversion from HEU to LEU at non-power reactors to be successful.

Sincerely,

A handwritten signature in cursive script, appearing to read "Nunzio J. Palladino".

Nunzio J. Palladino

cc: Sen. Gary Hart