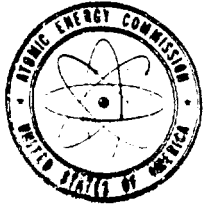


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UNITED STATES
ATOMIC ENERGY COMMISSION

WASHINGTON, D.C. 20545

COPY NO. 2

August 15, 1974

MINUTES OF

OPERATIONAL POLICY SESSION 75-6

9:00 a.m., Monday, August 12, 1974, Commissioners' Conference Room
Germantown, Maryland

Commissioners

Dixy Lee Ray, Chairman
William E. Kriegsman
William A. Anders

General Manager

John A. Erlewine

General Counsel

Marcus A. Rowden

Secretary of the Commission

Paul C. Bender

Staff

J. Abbadessa	E. Kinter
R. Anders	M. Klein -
N. Barr	R. Kneip
J. Behrend	R. Kohler
M. Biles	J. Maher
R. Boger	W. McCool
R. Broxton	T. McCraw
H. Bruner	R. McKinney
J. Catalan	B. Mercer
J. Connor	r. Moore
J. Deal	M. Nash
J. Denny	I. Neddow
J. Dewar	G. Quinn
A. Friedman	T. Rehm
D. Garbriel	A. Rothenberg
C. Gaffney	J. Ryan
C. Gilbert	J. Schwennesen
E. Giller	J. Smith
H. Glauberman	A. Snell
R. Goldenberg	J. Snyder
E. Graves	R. Thorne
M. Hawkins	C. Troell
W. Hill	J. Williams
M. Kari	J. Yevick
J. Kiefer	

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I. SECY-75-66 - Request for Proposals for Demonstration Centrifuge Enrichment Facilities (DCEF)

A. Mr. Schwennesen described and discussed the following similarities and differences between the requirements of 10 CFR 25 and those patents and data features proposed in the RFP for the DCEF:

COMPANY DEVELOPED PATENT AND TECHNICAL DATA

	<u>10 CFR 25</u>		<u>RFP - DCEF</u>	
	<u>Private Enriching Exists</u>	<u>Non Exists</u>	<u>Private Enriching Exists</u>	<u>Non Exists</u>
Gov't obtains non-exclusive license to use in production or enrichment of SNM	yes	yes	yes	yes
Gov't must pay a reasonable royalty for the non-exclusive license	no	<u>yes</u>	no	<u>no</u>

The Private Enrichment Coordination Board's majority position is that in view of the expected substantial Government contribution to a DCEF program, the Government should receive a royalty free license to use private developments resulting from the DCEF program in the production or enrichment of SNM.

B. The Commission noted:

1. Mr. LeGassie's statements that the AEC under 10 CFR 25 would receive a 3% royalty on revenues from the use of the AEC's technology if a private enricher provides an enriching service, but if a private enricher does not so commit and the government uses industry's patents and technical data in constructing additional capacity, then the government should pay a reasonable royalty for so doing -- in effect giving industry a reasonable return on its investment;
2. Mr. Rowden's statements that:
 - a. accepting the position that the AEC should not have to pay a royalty cannot be viewed as changing the terms and conditions of the 10 CFR 25 access

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program because the DCEF is different from access program.

- b. there should be quid pro quo in that the AEC should not have to pay a royalty and having this clause would make it easier to defend the DCEF in Congress; and
3. Mr. Abbadessa's observations that the issue may be more theoretical than real, that, in general, government contracting contains a clause stipulating that the government shall receive a non-exclusive royalty free license, that by not having this clause and by subsidizing the DCEF participants (via a line item in the budget), it will become highly visible and may make justifying the DCEF more difficult in Congress.
- C. The Commission approved authorizing the solicitation of proposals of the DCEF RFP from the firms listed in Enclosure 3 of SECY-75-66. (DC)
- D. The Commission approved, with Chairman Ray dissenting, the inclusion of provisions in the contracts with successful proposers identical to those on 10 CFR 25 concerning patents and technical data made or conceived by the contractor to the effect that the government must pay a reasonable royalty for the non-exclusive license to use privately developed patent and technical data if private enrichers do not commit. (DC)
- E. The Commission noted:
 1. the RFP and the evaluation procedure to be used will be essentially as set forth in the RFP and the Discussion section of SECY-75-66;
 2. it is proposed that costs of this program be recovered from all AEC enriching service customers by inclusion in the AEC charge for separative work;
 3. OMB will be advised prior to release of the RFP;
 4. the JCAE and the Appropriations Committees of the House and Senate will be advised at the time of release of the RFP by a letter similar to Enclosure 4 of SECY-75-66; and
 5. a public announcement similar to Enclosure 5 of SECY-75-66 will be issued when the RFP is released. (DC)

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II. SECY-75-81 - Radiological Criteria for Enewetak Atoll

- A. Dr. Biles described the proposed radiological criteria for the cleanup and rehabilitation of Enewetak, noting in particular:
1. the island of Evonne would be quarantined until the plutonium contamination is reduced to safe levels;
 2. the Enewetakese will be allowed to return to the southern islands and the growing of all food will be limited to the southern islands -- there are no restrictions on visits to the other islands or on the consumption of seafood from waters surrounding the other islands;
 3. the Enewetakese will not be allowed to return to the island Janet* because its radiological conditions exceed the guidelines and that cleaning up the island would involve a major expenditure in money and might not be successful because the soil from the island would have to be stripped and new soil added;
 4. the Enewetakese with the assistance of their U.S. attorneys may try to force the U.S. Government to clean up Janet;
 5. the various agencies of the U.S. Government involved with the Enewetak cleanup differ as to whether the Enewetakese can be persuaded to remain on the southern islands, but that the Department of the Interior believes they will; and
 6. that experience at Bikini suggests the radioactivity removal rate may be higher than that due to natural decay alone and that the activity on the northern islands will be monitored in order to permit the earliest possible return.
- B. General Graves noted that the proposed plan has not been presented to the Enewetakese and that after it is discussed with them, they may wish to have the Government change its plan.
- C. The Commission approved:
1. alternative 3 and the associated criteria in SECY-75-81; and (OS)
 2. consultation with the Enewetakese on the clean up and rehabilitation plan. (OS)

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D. The Commission noted:

1. the responsibility for disposal of contaminated material, including plutonium, rests with DNA;
2. action on reducing the quantity of plutonium contaminated material requiring disposal has been deferred for further study and that the AEC should be prepared to take the lead in conducting a study to see if such reduction is feasible and practical; and
3. the follow-on radiological surveys and monitoring of the Atoll and people will be conducted by AEC to insure exposure criteria are not exceeded and to determine when Janet and other northern islands become habitable.

III. SECY-75-67 - Naval Reactors Core Procurement Plan for FY 1975

- A. Mr. Erlewine, the General Manager, stated that this paper discusses the reason for a plan for major Division of Naval Reactors core procurements for fiscal year 1975. In addition to the Commission's approval for this plan, the paper requests the granting of authority to the General Manager to approve individual reactor core contracting actions that normally would come to the Commission, as a means of streamlining the approval procedures for Naval Reactor core contract actions.
- B. Commissioner Kriegsman stated that he approved the granting of this authority to the General Manager, but noted that the prospect of Commission review usually caused the staff to more effectively review contracts, and hoped that this new policy would not degrade the quality of contract reviews in the future.
- C. Commissioner Anders stated that this paper was one of the best prepared policy papers he had reviewed since coming to the Commission.
- D. The Commission noted that it would have the opportunity to review core procurements annually.
- E. The Commission approved the recommendations in SECY-75-67.
(DC)

IV. SECY-75-86 - Competition Versus Extension Without Competition of the Contract with the Computer Sciences Corporation (CSC) for Providing Computer Services at Richland

- A. Messers Erlewine, the General Manager, and Smith, Director,

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Division of Contracts, stated that:

1. the basic issue is one of competition -- whether to renew the present contract with the incumbent contractor or to conduct a new competition for the contract prior to its expiration on June 30, 1975;
2. on the one hand, such on-site contracts as computer services do not involve the unique programmatic qualifications of laboratory and production operating contractors, and there are an ample number of interested and qualified firms which would compete for these services; other government agencies open these types of contracts to competition much more frequently than has AEC, thus making the Commission vulnerable to criticism from GAO, Congress and others if we pursue the practice of long-term service contract extensions;
3. on the other hand, a change in contractors at the present time would inevitably result in a certain amount of disruption.

B. Mr. Abbadessa, the AGM/C, stated that an extension of this on-site service contract could possibly subject the Commission to the type of criticism it has received in the past for not opening up contracts to competition; if the Commission does desire some rotation of contracts and a more competitive situation, this type of service contract would provide a good opportunity to do so without much, if any, resultant disruption and dislocation.

C. The Commission approved conducting a new competition for the contract, with serious consideration given to incentives, prior to its expiration on June 30, 1975; CSC would be invited to bid. (DC)

V. SECY-75-96 - U.S.-USSR Protocol on Collaboration in Fast Breeder Reactors

A. Dr. Friedman stated that:

1. the proposed draft protocol would help to implement one portion of the Agreement on Scientific and Technical Cooperation for the Peaceful Uses of Atomic Energy signed in Washington by President Nixon and Secretary Brezhnev; and
2. the draft protocol, if approved by the Commission, will serve as the basis for negotiations with the Soviet Union during the September and October meetings

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and will be brought back to the Commission if any substantive changes result from the negotiations.

- B. The Commission noted that two groups will be meeting with the Soviets:
1. the Fast Breeder Reactor Coordinating Group including the Assistant Director for Nuclear Safety, RRD; Assistant Director of Reactor Technology, RRD; Senior Technical Assistant, RRD; Deputy Director, Operations, Argonne National Laboratory; President of Atomic International; General Manager of the Advanced Technology Department, GE; General Manager of the Advanced Reactor Division, Atomic Power Division, Westinghouse; and Mr. Edwin Kinter, Deputy Director, RRD, as Chairman; and
 2. the Senior U.S. Policy Group including Commissioner Anders, Ambassador Tape and Messrs. Klein, Friedman, Hirsch, Nemzek and Teem.
- C. The Commission:
1. approved the draft protocol as the basis for negotiation with the Soviet Union; and
 2. agreed that Mr. Klein will be a member of the Senior U.S. Policy Group, and that Mr. Abbadessa will accompany the Group to the Soviet Union. (DIP)

VI. SECY-75-94 - Declassification of Certain Information Related to Early Nuclear Tests

- A. Mr. Erlewine, the General Manager, stated that this paper concerns the declassification of certain information concerning occurrences in the early 1950's.
- B. Commissioner Kriegsman stated that the only basis for classification and declassification should be the material's relevance to the national security, and that this consideration should be fully and clearly set out in future staff papers.
- C. Staff indicated the material described no longer, from a national security view, merited classification.
- D. The Commission noted that:
1. it had received a request from Dr. Herbert F. York, of the University of California, to declassify this information;
 2. the information no longer concerns the national security.

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E. The Commission approved the recommendations in SECY-75-96.
(C)

VII. SECY-75-113 - Request for Salary Increase for Dr. Robert R. Wilson, Director, Fermilab

A. The Commission approved the proposed letter to Dr. Bacher denying his request for additional AEC reimbursement. (LABR)



Paul C. Bender
Secretary of the Commission

(10:30 a.m.)

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