

THE WHITE HOUSE

WASHINGTON

February 23, 1982

MEMORANDUM FOR ED MEESE

FROM: JAY KEYWORTH  
SUBJECT: DOE Reorganization

As we discussed this morning, I feel strongly that your meeting tomorrow with Senator McClure should be one-on-one to avoid unnecessary concessions in gaining his sponsorship of the DOE reorganization legislation. I have discussed this with Commerce and with Legislative Affairs and they agree with this approach. Consequently, we have scheduled a one-half hour briefing for you with Jim Edwards, Joe Wright, Ken Duberstein and myself at 11:00 a.m. tomorrow, followed by a separate one-on-one meeting between you and Jim McClure at 11:30 a.m.

In my meeting with McClure just prior to the recess, I made some progress on this issue by discussing our support for his nuclear waste legislation initiative, our plans for construction of the replacement production reactor (RPR) in Idaho, and our need for his support on the DOE reorganization. Since then Joe Wright and Dave Swanson met with McClure's staff several times and made a number of changes, as reflected in the attached Commerce organizational chart, to meet McClure's concerns.

During this period, McClure has remained strongly interested in the RPR and, at his request, we have met twice with his staff to discuss this issue. The RPR would be a large, new reactor to produce plutonium and tritium for our nuclear weapons program. Although clearly needed, it was deferred in DOE's FY 82 & 83 budget requests because of the higher priority Secretary Edwards accorded to other projects such as the South Carolina DWPF. The DOD, OMB, and the DOE staff agree that the RPR is even more clearly needed now in light of the DOD test requirements analysis and should be pursued as a matter of priority. At the same time, the RPR would be very important since it would bring a \$5B facility and a new technology base to Idaho. It is clear that this facility, and not myriad organizational detail, is the key to McClure's support on DOE reorganization.

I feel that the changes made thus far in the proposed Commerce organizational structure, though somewhat excessive, preserve the basic elements of the President's objective of subordinating energy to economic and business interests. However, there are two further changes proposed by McClure that I feel would undermine these goals. The first is to change the name of "Commerce" to "Commerce and Energy", thus giving very high visibility to energy, in contrast to our fundamental objective. The second is to establish an Assistant Secretary for International Energy Affairs which I am concerned would have a similar impact. I suspect that additional proposals will also surface if we continue our open-ended process of letting McClure and his staff bargain with DOE, DOC, Legislative Liaison and ourselves. It is also important that we move quickly to avoid loss of opportunity. Consequently, I think it essential for you to gain McClure's sponsorship, primarily on the basis of the RPR, at your meeting tomorrow.

To do this, I recommend that you initiate the discussion with McClure by supporting his nuclear waste legislation, the RPR, and the current DOC organizational structure, along the lines of the attached talking points.

- Assure McClure of our support and willingness to send a Presidential letter for his pending waste legislation as agreed in our budget review process. This legislation would tax the utilities to pay for nuclear waste disposal and with some minor modifications will be supportive as well of our effort to initiate private sector reprocessing at Barnwell.
- Convey to McClure our determination to proceed with construction of the RPR to provide the plutonium and tritium needed to accomplish the President's objective of strengthening our defense program. The facility would cost about \$5B and Idaho would be the best location in view of the compatibility of the RPR technology with existing Idaho facilities, and the over-concentration of defense production facilities at Savannah River and Hanford. We would want McClure's advice on the sensitive question of whether to introduce the RPR as an FY 83 amendment or an FY 84 initiative.
- Express your agreement with the accommodations to McClure's concerns as reflected in the proposed Commerce organization but caution him that further changes such as the name change and Assistant Secretary for International Energy Affairs could seriously undermine the President's objective. Express the President's strong commitment to DOE reorganization, the political importance of its successful accomplishment to the Administration, and urge him to support the President by agreeing to sponsor the reorganization legislation.