

APPENDIX 2

U.S. ATOMIC ENERGY COMMISSION,
Washington, D.C., January 15, 1968.

Hon. L. MENDEL RIVERS,
Chairman, Committee on Armed Services,
House of Representatives.

DEAR MR. RIVERS: Your letter of November 28, 1967 requested the AEC's assessment of the industrial capability in the United States for manufacturing sufficient naval nuclear propulsion plant equipment to provide nuclear propulsion for the major surface warships and submarines currently being considered by the Navy for shipbuilding programs over the next several years.

In May 1967, the Office of the Chief of Naval Operations requested the Naval Ship Systems Command to advise regarding feasibility of a postulated future nuclear shipbuilding program in light of industrial and shipyard capacity. The nuclear warship building program postulated by the Office of the Chief of Naval Operations for the feasibility assessment was [deleted] nuclear powered major fleet escorts (DLGNs/DXGNs) to be authorized in the period FY 67-75, in addition to authorization of [deleted] nuclear aircraft carrier (CVAN) [deleted] and [deleted] nuclear attack submarines each year. If [deleted] nuclear escorts were built, this would provide nuclear propulsion for all [deleted] DXGs well as the [deleted] nuclear escorts for nuclear carriers recommended by the Navy as a result of their Major Fleet Escort Study. The Naval Reactors Division of the AEC under Admiral Rickover participated with the Naval Ship Systems Command in preparation of the feasibility assessment, and concurred in the results.

The conclusions of the Naval Ship Systems Command and the Naval Reactors Division were that with adequate long lead time procurement authorization, authority to make long range commitments to vendors, and necessary priorities, the nuclear powered surface escort, aircraft carrier, and submarine building program postulated by the Office of the Chief of Naval Operations is feasible. These conclusions were forwarded to the Secretary of the Navy and the Deputy Secretary of Defense by the Chief of Naval Operations on September 15, 1967.

Therefore, as long as program decisions are made in time to provide for orderly planning, the Atomic Energy Commission concludes that United States industry has the capability to manufacture sufficient naval nuclear propulsion plant equipment to provide nuclear propulsion for the major surface warships and submarines currently being considered by the Navy for shipbuilding programs over the next several years.

In this regard, it should be noted that the naval nuclear propulsion program pioneered the development of nuclear power in the United States. During the period 1955 through 1963 when the Navy was ordering as many as 15 naval reactors in a single year, and there was reason to expect a continuing naval nuclear shipbuilding program, a competitive market was established with at least three vendors—in most cases more than three—for each component used in naval nuclear reactor plants. It took an extremely arduous effort and many years to build up this industrial capability for naval nuclear propulsion plant components.

However, because of the rapidly increasing market for central station nuclear plants; because of the decline in naval reactor plant orders since 1963; because the Department of Defense has made public statements that it plans to build no more nuclear submarines after fiscal year 1969, no new nuclear powered major fleet escorts after DLGN36, and only two additional nuclear aircraft carriers after the *Nimitz*; the naval nuclear industry capability has been rapidly disappearing.

Many of the industrial concerns which in the past manufactured components for the naval nuclear propulsion programs have turned from naval work to supply the civilian electric utility industry. In the past two years civilian electric utility orders for nuclear reactors have far surpassed orders for naval reactors. It should be noted that more than half the central station electric plants currently being procured in the United States are nuclear powered and this trend