Congress of the United States

May 23, 2007

The Honorable David M. Walker
Comptroller General of the United States
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Walker:

The production of enriched uranium is a key step to producing the nuclear fuel used in commercial nuclear power plants in the United States and around the world. USEC, Inc. (USEC) currently leases the Department of Energy's (DOE) two uranium enrichment plants in Portsmouth, Ohio and Paducah, Kentucky. USEC currently operates the Paducah Plant which generates approximately 5 million separative work units (SWU) per year. Although it no longer operates the Portsmouth Plant, USEC is developing a new enrichment technology that it plans to construct at the Portsmouth site.

USEC has recently approached the Congress with proposals that DOE transfer to the corporation substantial quantities of depleted uranium inventories that, when enriched, would have an estimated market value of 1-2 billion dollars. USEC has requested the transfer of these uranium inventories to offset substantially higher operating costs at the Paducah Plant due to soaring electricity costs and to fund the construction of a new enrichment plant in Ohio. A viable domestic enrichment capacity is important for our energy security interests and provides fuel for a growing nuclear industry.

We request that the Government Accountability Office (GAO): review existing authorities and agreements between USEC and DOE that are related to USEC's request to transfer DOE's uranium or depleted uranium inventories; advise us whether DOE has the legal authority to transfer the requested quantities of depleted uranium inventories to USEC; and, if so, what impact the transfer may have on other DOE programs. We would like an answer to these questions by June 15, 2007.

We also ask that GAO review what options the government may have in response to an untimely decision by USEC to stop uranium enrichment operations at the Paducah Plant, or in the event USEC is unable to commercialize the centrifuge technology it has under development. In addition, we would request that GAO outline options to ensure that the government's interests are fully protected in connection with USEC's proposals to transfer depleted uranium. The GAO should be prepared to brief us on its preliminary findings by no later than August 1, 2007 with the completion of the full review to be determined at a later date.

If you have any questions regarding this proposal, please contact us, or Scott O'Malia (Senate Committee on Appropriations) at 202-224-2039, Jonathan Epstein at 202-224- 3357 (Senate Committee on Energy and Natural Resources), Richard Miller (Energy and Commerce Majority) at 202-226-2424 or Dwight Cates (Energy and Commerce Minority) at 202-225-3641.

John D. Dingell
Chair
Committee on Energy and Commerce
and Natural Resources

Jeff Bingaman
Chairman
Committee on Energy

Joe Barton
Ranking Member
Committee on Energy and Commerce
and Natural Resources

Pete V. Domenici
Ranking Member
Committee on Energy

Bart Stupak
Chair
Subcommittee on Oversight and Investigations