



**Support Pearce-Markey Amendment
to stop USEC Funding in DOD Authorization Bill**

May 16, 2012

Dear Representative,

On behalf of our members and activists, we urge you to support the amendment offered by Reps. Pearce (R-NM) and Markey (D-MA) to eliminate the \$150 million in the fiscal year 2013 National Defense Authorization Act (NDAA) that is intended for the United States Uranium Enrichment Corporation (USEC) for its American Centrifuge Project in Piketon, Ohio. While the provision is written generically, calling for a merit-based award, the beneficiary is clear. USEC has already received millions of dollars of federal support, yet continues to face enormous financial and technical hurdles. Taxpayers should not be asked to provide any additional dollars to this troubled project.

USEC's stock prices are trading at less than \$1 per share and the company received a junk-bond credit rating from Moody's Credit Rating Service in 2009. USEC's financials are so bleak the company's market value is far less than even the \$150 million in funds directed toward it in the NDAA and was given notice this week that it may lose its place on the New York Stock Exchange. USEC has continually asked for lifelines from the Department of Energy (DOE), but its financial stability has not improved. USEC is in dire financial straits, and continuing federal handouts are not the solution to put them back in the black.

In addition to USEC's fiscal troubles, it continues to experience technological obstacles. The massive uranium-enrichment machines that USEC is trying to deploy have failed in demonstration tests. Recently, the Nuclear Regulatory Commission reported that six of these machines, based on an exotic DOE design, "crashed" in what was supposed to be a validation run. USEC has already spent nearly ten years and \$2 billion to develop these machines but says it needs another \$3 billion to complete the project.

Some, of course, are now trying to argue that Congress must fund USEC's centrifuge enrichment program because the U.S. cannot legally make tritium needed for its nuclear weapons with uranium fuel made in plants that are not entirely domestic in design and content. According to internal Department of Energy analysis, though, this is an unsound, misinterpretation of our treaty obligations. More important, it's irrelevant: DOE itself has determined that simply using the current uranium supplier to the U.S. Navy's nuclear powered fleet of aircraft carriers and submarines would save taxpayers hundreds of millions of dollars over buying these services from USEC.

U.S. financial support for USEC might not end with the \$150 million requested Research, Development & Demonstration funding either. USEC is also actively seeking a \$2 billion loan guarantee from the Department of Energy. In July 2009, DOE requested USEC to withdraw its loan application for the Piketon plant on grounds that "the project runs the risk of either major cost overruns or reliability problems or both." But political pressure has kept the application alive, despite the plant's even bleaker

prospects for success. It is time the DOE and Congress finally fully cut our financial ties to the failed project.

We urge you to support the Pearce-Markey amendment and reject funding for USEC in the FY13 National Defense Authorization Act. Taxpayers can ill-afford to be pouring any more money into a fiscally unstable company and questionable project.

Sincerely,

Taxpayers for Common Sense Action

Competitive Enterprise Institute

Friends of the Earth

Nonproliferation Policy Education Center

Union of Concerned Scientists

National Taxpayers Union

Natural Resource Defense Council