



**Support Amendment to Stop USEC Giveaways
in Energy and Water Development Appropriations Bill**

July 9, 2013

Dear Representative,

On behalf of our members and activists, we urge you to support the amendment offered by Representative Burgess (R-TX) to eliminate the \$48 million in the fiscal year 2014 Energy and Water Development Appropriations Bill that is intended for the United States Enrichment Corporation (USEC). USEC's market capitalization is currently LESS than this \$48 million subsidy and USEC has already received millions of dollars of federal support. Taxpayers should not be asked to provide any additional dollars to this troubled project.

Because of low stock prices and deteriorating market capitalization, USEC has faced delisting notices from the New York Stock Exchange and the company received a junk-bond credit rating from Moody's Credit Rating Service in 2009 and Standard and Poor's in 2012. USEC's financials are so bleak the company's market value is below \$17 million—nearly \$31 million less than the \$48 million in funds directed toward it in the bill. In an attempt to save its place on the New York Stock Exchange, USEC recently reverse split their stocks (1 for 25) but even that may not be enough. Its stock price has continued to plummet more than 50 percent since the reverse split took effect on July 1st. 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 is not the solution to put them back in the black.

In addition to fiscal troubles, USEC 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 more than \$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 interpretation 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.

Federal taxpayer financial support for USEC might not end with the \$48 million requested for Research, Development & Demonstration funding. Although its application is currently deemed inactive, USEC has said it will continue to seek a \$2 billion loan guarantee from the Department of Energy and intends to update its application this year. In July 2009, DOE requested USEC to withdraw its loan application for the demonstration 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 project 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 amendment offered by Representative Burgess to reject funding for USEC in the fiscal year 2014 Energy and Water Development Appropriations Bill and also to support other amendments to limit the uranium giveaways to USEC. Taxpayers can ill-afford to be pouring any more money into a fiscally unstable company and questionable project.

Sincerely,

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