



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

June 5, 2012

Dear Representative,

On behalf of our members and activists, we urge you to support the amendment offered by Reps. Burgess (R-TX) and Markey (D-MA) to eliminate the \$100 million in the fiscal year 2013 Energy and Water Development Appropriations Bill that is intended for the United States Uranium Enrichment Corporation (USEC). Further we urge you to support other amendments that may be offered to limit transfers of free uranium to this troubled company. 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 \$100 million in funds directed toward it in the bill and was recently given notice 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 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.

U.S. financial support for USEC might not end with the \$100 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 amendment offered by Reps. Burgess and Markey to reject funding for USEC in the FY13 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,

Taxpayers for Common Sense Action

Competitive Enterprise Institute

Friends of the Earth

Nonproliferation Policy Education Center

Union of Concerned Scientists

National Taxpayers Union

Freedom Action

Natural Resources Defense Council