

GAO Highlights

Highlights of [GAO-15-475T](#), a testimony before the Subcommittee on Interior, Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

DOE maintains inventories of natural, enriched, and depleted uranium and periodically sells or transfers its excess uranium from its inventory. Under the Atomic Energy Act of 1954, as amended by the USEC Privatization Act, DOE's sales and transfers of uranium are subject to certain conditions. For example, according to the USEC Privatization Act, DOE must determine that any sales or transfers of uranium will not have an adverse material impact on the domestic uranium market, among other things. In 2008, DOE issued a plan for managing its excess uranium and adopted a guideline—after consultation with the uranium industry—to generally restrict its uranium sales and transfers to 10 percent of annual U.S. requirements for nuclear fuel. DOE updated its uranium management plan in July 2013 and announced that it would discontinue using its guideline.

This testimony discusses issues related to DOE's management of excess uranium and is based on seven prior GAO products issued from July 2006 through May 2014.

Over nearly a decade, GAO has made numerous recommendations to improve DOE's management of excess uranium, including seeking industry input on the amount of DOE uranium transfers the market can absorb annually and developing a consistent method for valuing depleted uranium tails. DOE has concurred and taken action on some recommendations and has disagreed with others. GAO will continue to monitor DOE's implementation of these actions. GAO is not making new recommendations in this testimony.

View [GAO-15-475T](#). For more information, contact David C. Trimble at (202) 512-3841 or trimbled@gao.gov.

April 22, 2015

DEPARTMENT OF ENERGY

Management of Excess Uranium

What GAO Found

GAO has identified four key issues related to the Department of Energy's (DOE) management of excess uranium and uranium transfers in reports, testimonies, and a legal opinion issued since 2006 as follows:

- **Elimination of a guideline to limit DOE's annual uranium sales and transfers.** In May 2014, GAO found DOE's decision to discontinue its 10 percent guideline for limiting uranium sales and transfers might introduce uncertainty in the uranium market by providing less transparency for DOE's future sales and transfers. In interviews with GAO, industry representatives said that DOE officials did not consult with the uranium industry before deciding to discontinue using its 10 percent guideline. The representatives said DOE's introduction of material into the uranium market is causing a deteriorating demand for non-DOE uranium and driving down uranium prices.
- **DOE's steps to assess the quality of market impact studies.** In part to ensure that its uranium transfers will not have an adverse material impact on the domestic uranium industry, DOE contracted for studies on the potential market impact of most of its planned uranium transfers. In GAO's September 2011 and May 2014 reports, GAO examined these studies and identified concerns with their analyses. For example, in 2014, GAO found that DOE did not take steps outlined in its contracts or in departmental quality assurance guidance to assess the technical quality of these studies. In addition, GAO also found in 2014 that the studies provided only limited detail about their methodology, data sources, and assumptions, although DOE's quality assurance guidance states that DOE information disseminated to the public should contain such information.
- **Legal concerns related to DOE's transfers of uranium.** In May 2014, GAO found legal concerns with four uranium transactions DOE conducted from 2012 through 2013. For example, for a transaction in May 2012, GAO concluded that DOE likely lacked authority to transfer depleted uranium "tails"—a product of the enrichment process—because of prohibitions imposed by the USEC Privatization Act. In July 2006 and September 2011, GAO found that certain of DOE's uranium transfers involving USEC—a former government-owned corporation that was privatized in 1998—did not comply with the miscellaneous receipts statute, which requires an official or agent of the government receiving money from any source on the government's behalf to deposit the money into the Treasury.
- **DOE's stewardship of its uranium resources.** In its May 2014 report, GAO found that DOE did not have consistent methods or guidance for valuing depleted uranium tails and questioned whether DOE received reasonable compensation for a large transfer of tails in 2012. Specifically, GAO found that DOE estimated the tails it transferred in 2012 for re-enrichment had a potential value ranging from \$0 to \$300 million, but DOE ultimately decided that the tails had no value and that the transfer had no cost to DOE. GAO concluded that, without consistent guidance for valuing its tails, DOE cannot ensure the government is reasonably compensated for its uranium transfers.