

# GAO Highlights

Highlights of [GAO-17-472T](#), a testimony before the Committee on Environment and Public Works, U.S. Senate

## Why GAO Did This Study

DOE maintains an inventory of uranium, including depleted uranium “tails” resulting from the uranium enrichment process, and periodically sells or transfers 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, DOE must determine that sales or transfers of uranium will not have an adverse material impact on the domestic uranium market, among other things.

This testimony highlights issues found in nine GAO products from July 2006 through September 2015 related to DOE’s transfers of excess uranium. It focuses on (1) steps DOE has taken to assess the technical quality of contracted market impact studies, (2) whether DOE has developed guidance for valuing its uranium resources, and (3) whether DOE’s uranium transfers have violated federal law. GAO reviewed relevant laws; documents, including transaction documents and contracts; and interviewed DOE, contractor, uranium industry representatives, and uranium market analysts.

Over nearly a decade, GAO has made numerous recommendations to improve DOE’s transfers of excess uranium. DOE has neither agreed nor disagreed on some recommendations and has disagreed with others. GAO will continue to monitor DOE’s implementation of these recommendations.

View [GAO-17-472T](#). For more information, contact Allison Bawden at (202) 512-3841 or [bawdena@gao.gov](mailto:bawdena@gao.gov).

March 8, 2017

## DEPARTMENT OF ENERGY

### Excess Uranium Transfers

## What GAO Found

GAO has raised several issues related to the Department of Energy’s (DOE) excess uranium transfers in five reports, three testimonies, and a legal opinion issued from 2006 to 2015 as follows:

- DOE did not take steps to assess the technical quality of market impact studies conducted in April 2012 and January 2013. In part to ensure that its uranium transfers would 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. These studies concluded that these transfers would not result in adverse market impacts. In its May 2014 report, GAO reviewed these studies and found issues with their analyses. For example, 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. GAO also found 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. DOE officials stated that they did not examine the studies’ methodology or assess the studies’ technical quality because they wanted the studies to be independent, and they trusted the contractor to provide subject matter expertise that did not exist within DOE. GAO recommended that DOE take steps to evaluate the technical quality of the market studies for which it contracts. DOE neither agreed nor disagreed with this recommendation.
- DOE has not developed guidance for valuing its depleted uranium tails—which historically have been considered waste and treated as an environmental liability; however, under certain conditions, some tails may have economic value and therefore be considered an asset. In May 2014, GAO recommended that DOE develop guidance for consistently determining the value of depleted uranium tails when transferring them as an asset. DOE disagreed with this recommendation and stated that it is not required to establish guidance for depleted uranium, and reiterated this position in August 2016. However, since that time, DOE has continued to receive commercial interest in its tails, underscoring that tails can be viewed as an asset. GAO continues to believe that having guidance that provides a consistent and transparent method for determining the value of tails is necessary to ensure that DOE is reasonably compensated for its material.
- DOE’s uranium transfers have, in some cases, violated federal law. In May 2014, GAO concluded that DOE likely did not have authority to transfer tails because of prohibitions imposed by the USEC Privatization Act. That law prohibits DOE from selling or transferring “any uranium” to “any person” except in a manner consistent with the act. DOE disagreed with this conclusion, citing its general authority under the Atomic Energy Act to distribute source material. GAO suggested that Congress consider clarifying DOE’s authority to manage depleted uranium and provide explicit direction about whether and how DOE may sell or transfer it. Legislation introduced in the 114th Congress would have authorized DOE to transfer tails but it was not passed.