

Why GAO Did This Study

DOE has had a long and complex relationship with USEC Inc. and its successor, Centrus Energy Corp. Until 2013, USEC, a government corporation that was privatized in 1998, was the only company enriching uranium that, according to DOE, could meet DOE's LEU needs for tritium production. However, USEC ceased enrichment operations in May 2013, and the future of its planned next-generation American Centrifuge enrichment facility is uncertain. GAO has previously reported on financial and other transactions involving DOE and USEC, including transactions that involved the transfer of uranium.

GAO was asked to report on the history of the financial relationship between DOE and USEC. This report (1) identifies transactions involving DOE and USEC since USEC was privatized and (2) describes the costs and benefits, if any, of these transactions to DOE, as identified by DOE. GAO defines a transaction as a contract or agreement providing for an exchange of monetary payments, uranium of any type, or services between or involving DOE and USEC occurring from USEC's privatization on July 28, 1998, through July 1, 2015. GAO analyzed key DOE and USEC documents and interviewed DOE and Centrus Energy Corp. officials.

What GAO Recommends

GAO is not making recommendations in this report. DOE reviewed a draft of this report and provided technical comments that GAO incorporated as appropriate.

View [GAO-15-730](#). For more information, contact David C. Trimble at (202) 512-3841 or trimbled@gao.gov.

DEPARTMENT OF ENERGY

Transactions Involving USEC Inc. Since 1998

What GAO Found

The Department of Energy (DOE) has engaged with USEC Inc. (USEC) in 23 transactions since USEC was privatized in 1998 through July 1, 2015. The 23 transactions fall into the following six categories:

- **Establishment of USEC.** DOE engaged with USEC in 3 transactions to help establish the company as a private company. For example, from 1998 to 2003, DOE transferred enriched uranium, as required by the USEC Privatization Act, to USEC to establish commercial value for USEC.
- **National security.** DOE engaged with USEC in 6 transactions for national security purposes. For example, DOE engaged in several transactions to secure domestic low-enriched uranium (LEU), used in nuclear reactors, for the production of tritium—a radioactive isotope of hydrogen used to enhance the power of nuclear weapons—and support the development of USEC's next-generation American Centrifuge uranium enrichment technology.
- **Facilities management.** DOE engaged with USEC in 5 transactions regarding the operation and management of various facilities. For example, after USEC ceased enrichment operations at the Portsmouth Gaseous Diffusion Plant (GDP)—which it leased from DOE—DOE contracted with USEC from 2001 to 2011 to maintain the facility in a dormant condition and prepare it for future decontamination and decommissioning.
- **Nuclear materials management and security.** DOE engaged with USEC in 3 transactions to support nuclear materials management. For instance, in a transaction beginning in 1999, DOE agreed to pay USEC to provide safeguards and security services for highly enriched uranium (HEU), which is used in nuclear weapons, that DOE stored at the Portsmouth GDP.
- **Issues from prior transactions.** DOE engaged with USEC in 3 transactions to address issues with previous transfers of uranium. For example, in 2003, DOE transferred HEU to USEC to replace previously transferred material that turned out to be contaminated and that did not conform to industry standards.
- **Other.** In 2 other transactions, USEC and its subsidiaries paid a fee for access to DOE restricted data related to the centrifuge technology. A third transaction involved a pilot project to determine the usability of certain uranium as nuclear fuel.

DOE identified various monetary and nonmonetary costs and benefits of the 23 transactions. DOE was able to identify the costs and benefits for most transactions that have occurred since 2005. For these transactions, DOE incurred costs through the transfer of appropriated funds and various types of uranium, as well as acceptance of responsibility for the future disposition of certain uranium. The benefits DOE received include monetary payments, LEU, and nonmonetary national security benefits. For transactions that occurred or began occurring prior to 2005, DOE was not always able to provide definitive information on its costs and benefits, in part because the agency's accounting system changed in 2004, and agency officials were not able to access information on certain transactions occurring prior to that time.