



Testimony of

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Before the

**House Committee on Energy and Commerce
Subcommittee on Energy and Power**

on

**H.R. 2054
“Energy and Revenue Enrichment Act of 2011”**

June 13th, 2011

I would like to thank the chairman and the committee members for the opportunity to come before you to testify on behalf of my constituency and to support my colleagues from Paducah Kentucky. I also, would like to acknowledge our Ohio delegation, which has always proven to be helpful with the issues of Southern Ohio and specifically the Piketon enrichment site. We encourage them to respond positively to this proposed legislation.

Mr. Chairman and distinguished committee members, my name is Herman Potter. I am the President of United Steelworkers (USW) Union Local 689 at the Department of Energy (DOE) Uranium Enrichment Site located in Piketon Ohio. Our local is part of the United Steelworkers International Union (USWIU) which has approximately 850,000 active members. The USWIU is North America's largest industrial union. I represent approximately 850 members that are involved in the environmental remediation; surveillance and maintenance; infrastructure and depleted uranium conversion activities at the site. We also intend eventually to be the workforce at the American Centrifuge Project (ACP) now operated by USEC Inc., since our members were the original builders and operators of the initial Centrifuge Project at the site prior to the shut-down in the early 1980's. The multiple contractors at the site provide approximately 2000 jobs in a region that not only includes Southern Ohio, but also Northeastern Kentucky and West Virginia.

There are over 60,000 depleted uranium "tails" cylinders stored at the Paducah and the Piketon site. These cylinders were considered as a waste product of the enrichment process, with an environmental liability to the government and the local community. Congress enacted Public

Laws 105-204 and 107-206, which required the Department of Energy (DOE) to build two (2) facilities, one in Paducah Kentucky, and one in Piketon Ohio, to de-fluorinate the depleted Uranium Hexafluoride (DUF6) material; thereby, substantially reducing the waste and liability of the disposal of said waste.

Members of congress have debated the possibility of enacting legislation to direct the re-enrichment of the "tails" material, since the uranium market had determined there is value that at one time did not exist. The value of the material, due to the rise in price of natural uranium, has provided an opportunity for re-enrichment to take place, eventually returning a monetary value back to the Department of Energy allowing it to easily meet its obligations to the workforce and the communities where these DOE sites exist.

We believe that legislation is now warranted. The DOE has demonstrated inactivity as an agency in the implementation of a re-enrichment program due in part to fear of foreign influences in the Uranium Producers Association. I respectfully request that you fully endorse House Bill 2054, authored and introduced by Congressman Ed Whitfield for its successful passage in the House and concurrent support by your colleagues in the U.S. Senate.

We are concerned that the Department of Energy is compromised by allowing an entity with foreign interest influence to deter it from initiating programs and policies that would ultimately benefit our communities and national security. More importantly, the enactment of

this legislation provides the DOE with the opportunity to fulfill commitments and obligations it has to the workforce and the surrounding communities.

We are concerned that the timing of the Russian 123 Agreement with USEC would eventually allow USEC to change their mission from being a uranium enricher to a uranium broker, which would negatively impact the intended operation of the Gaseous Centrifuge Plant located in Piketon Ohio. The agreement would also eliminate any re-enrichment program, negatively impact the enrichment at the Paducah site, and eliminate the return of millions of dollars back to DOE to fulfill its obligations.

The DOE currently has a self-imposed policy which only allows it to introduce enriched uranium into the market at 10% of the domestic uranium market volume. We ask that any introduced legislation permit the quota limit to be raised to allow up to 20% global market volume. The criterion would allow the DOE to use its operations, enrichment reserves and value to generate funding to fulfill its commitments and obligation to its stakeholders.

Currently, \$100 million dollars per year can be realized with the introduction and implementation of the pilot tails re-enrichment program. I would submit that the returns from this program be clearly identified and monitored to be used to fulfill the DOE'S commitments and obligations. This should include the full and complete funding of the retirement and benefits programs provided for those working at the Paducah and Piketon sites. Currently at the Piketon site, the DOE is deviating from the intent of Congress by eliminating its obligations through

manipulation and abuse of the federal procurement process and reinterpretation of the law. The intent clearly is to carry-out a policy of reduced post-retirement health care and pension obligation. The legislation would provide funding that would eliminate the financial justification for this.

Title XI of the Energy Policy Act of 1992 established the uranium enrichment Decontamination and Decommissioning (D&D) fund to support the cleanup of the federal enrichment facilities by the Department of Energy. Congress annually appropriates funds from the uranium enrichment D&D fund for the purpose of cleanup. The remaining fund does not appear to be sufficient to pay the estimated costs to complete the planned cleanup actions over the long term. The shortfall in the fund creates a situation that in order for the government and the DOE to meet their commitment, the cleanup would have to be financed entirely by the federal government. This proposed legislation provides an opportunity to make up some of the shortfall in the D&D fund. Specifically, the revenues should also provide full and complete funding for the D&D project at the Piketon Ohio site with the intent to facilitate efforts to accelerate the reduction of the onsite waste footprint, which would encourage re-industrialization and the eventual handover of the land for future development to organizations such as the Southern Ohio Diversification Initiative (SODI). This commitment and strict oversight of the DOE would create sustained work in the community and ensure economic prosperity to the region.

An additional concern needs to be addressed regarding the operation of the two (2) uranium enrichment plants at Paducah and Piketon. The impact that this proposed legislation may have on the projected time of operation has been expressed. It is our belief that the number of re-enrichable DUF6 cylinders is limited in number and clearly not the full inventory of depleted uranium cylinders. However, strict guidance and oversight over the DOE is needed to ensure that the re-enriched material is returned to its site of origination.

We have concerns that establishing this as a sole source contract is not in the proposed legislation. The fact that URENCO and AREVA are interested in the re-feed heightens our concerns that the additional cost of transportation of the depleted tails cylinders from Paducah and Piketon to either of the re-enrichment sites would not be considered. Furthermore, the URENCO site is not yet operating at full capacity and AREVA has not yet begun construction on its project. Although we have historically had concerns about USEC's reliability and DOE's adequate oversight, we are confident that strict guidelines and criteria can be put in place to ensure the intent of these commitments and obligations are honored.

The Department of Energy has a unique opportunity to convert a stockpile of depleted uranium tails from its former enrichment plant operations into a commercially valuable product that can be sold to generate new revenue for the federal government. At the same time, this program would extend operations at the sole remaining U.S. Gaseous Diffusion Plant providing time for the U.S. enrichment industry to transition to advanced gas centrifuge technology. The proposed program requires no additional appropriations. It is completely self-funded. In fact, it

would reduce pressure to eliminate the commitments that this government expects the Department of Energy to follow. The sale of re-enriched material, proposed in this legislation, would generate approximately 500 million dollars. The total net value of the tails has been calculated to be as much as \$4 billion dollars.

Summary of USW Local 689 Concerns:

- Revenues should be used to provide full and complete funding of the retirement and health benefits at the Paducah and Piketon site.
- Revenues should fund and support the continued Decommissioning and Decontamination activities at the Portsmouth site, which would include reducing the contaminated burial area footprint in preparation for reindustrialization of the site.
- Revenue should support reindustrialization of the Paducah and Portsmouth sites, which would include supplemental funding of the plant to recycle metal at the Piketon site, which would reduce the associated cost of waste removal and establish a specific source of materials to be used in the construction and development of future nuclear sites. (see attached letter)
- Revenues should support nuclear training and education for a rapidly depleting nuclear workforce. (see attached letter)
- Revenue should fund Advanced Energy Park Initiatives (see attached letter)
- The legislation should establish that the secondary tails be returned to the original site of origin (Paducah or Piketon) in order to ensure that there isn't any negative impact to the uranium enrichment plants at the respective sites.

Conclusion:

My constituency does not want these funds to be used for deficit reduction. The use of these funds should be for the commitments made by DOE and the expected intent of my government to honor these commitments and obligations to the aging workforce, while concurrently creating an environment conducive to encourage site and workforce redevelopment.