January 21, 2015

Mr. David Henderson
U.S. Department of Energy
Office of Nuclear Energy
Mailstop NE-52
19901 Germantown Rd.
Germantown, MD 20874-1290

RE: Signal Equities, LLC Response to DOE RFI; Excess Uranium Management: Effects of DOE Transfers of Excess Uranium on Domestic Uranium Mining, Conversion, and Enrichment Industries

Dear Mr. Henderson,

Signal Equities, LLC is pleased to have an opportunity to provide comments concerning the DOE's management of its excess uranium inventory. As a company that is directly impacted by the federal transfers, we would urge the Department to review its Secretarial Determination process to insure Departmental actions comply with Congress' mandate that the Secretary certify there will be no "*adverse material impact on the domestic uranium mining, conversion or enrichment industry.*"

Just looking at uranium industry impacts and specifically Signal during FY 2012, 2013 and 2014; it is clear the Department's uranium transfers have had an "*adverse material impact.*" Below are a few examples of specific impacts:

- At present, prices for uranium have reached nine-year lows in nominal value and are at all-time lows on an inflation-adjusted basis.
- With these depressed prices for uranium, the domestic producers have lost one half of their workforce since 2012. And in the South Texas Uranium District, which includes our area of operations, we have laid off more than ½ of our employees.
- The average cost of production in the US, according to the Energy Information Agency's 2013 Domestic Uranium Report, is more than \$67.00 per pound. The current spot price is approximately \$35.00 per pound.
- Total drilling, exploration and development were down 53% in 2013 compared to 2012 and 2014 was equally slow.
- In this context, DOE has preceded with the May 2014 Secretarial Determination which will transfer 15% of the total annual domestic fuel requirements, an increase of 50% from the original 2008 Plan.

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- Currently, DOE is transferring nearly 15% of the annual fuel requirements of **all** domestic reactors. This is **50% more** than DOE agreed to transfer in 2008. DOE planned transfers over the next four years are **GREATER** than the **ENTIRE US** utility **uncommitted** requirements and over the next two years DOE transfers encompass **MORE than 100%** of the **GLOBAL Uncommitted** utility demand.

It is incomprehensible to believe that such transfers would have no "adverse material impact." and in reading the 2014 Determination we cannot find where the Secretary has made such a finding as required by USEC Privatization Act (P.L. 104-134). We join other industry voices in support of an immediate suspension of all further transfers until such time as the Secretary can work with the uranium industry to develop an inventory reduction plan that can be implemented without "adverse material impacts" to the domestic uranium mining, conversion and enrichment industry.

Further, we request DOE join with the uranium industry to include in the plan actions that reform how the material enters the market by introducing it into long-term contracts. This action is likely to result in higher prices which would generate a better financial return for the American taxpayers.

Finally, in the DOE's efforts to clean up the environmental contamination at the Department's Gaseous Diffusion Plant in Portsmouth, OH (and we strongly support this clean-up effort) we believe it is a requirement that DOE request funding for these activities directly from Congress, as opposed to the current practice of bartering payment for these services with excess inventory.

We are ready to meet with you at a time and place of your choosing to discuss this important topic.

Sincerely,

Charles W. Salsman
Managing Member's Authorized Representative