

QUESTIONS FOR THE RECORD

05.13.14 Senate Committee on Energy & Natural Resources Hearing on the nomination of Dr. Monica Regalbuto to be Assistant Secretary of Environmental Management

QUESTIONS FROM SENATOR JOHN BARRASSO

1. *In September 2011, the Government Accountability Office (GAO) issued a report finding that the Department of Energy (DOE) violated Federal law in seven transactions in which DOE transferred uranium to two contractors in exchange for clean-up services. Specifically, GAO found that DOE violated the miscellaneous receipts statute (31 U.S.C. 3302(b)) when transferring 1,873 metric tons of natural uranium to pay for \$256 million in clean-up services.*

- *During your tenure at the Office of Environmental Management, did you have any role in the transactions that were the subject of GAO's September 2011 report? If so, please fully describe your role.*

On May 15, 2012, Secretary Chu issued a Secretarial Determination authorizing uranium transfers from DOE.

- *During your tenure at the Office of Nuclear Energy, did you have any role in the May 15, 2012 Secretarial Determination or any work that served as a basis for that determination? If so, please fully describe your role.*

Secretary Chu's May 15, 2012 Secretarial Determination states that the authorized sales and transfers of uranium "will not have an adverse material impact on the domestic uranium mining, conversion, or enrichment industries." Since May 15, 2012, the U.S. spot price of U3O8 has fallen over 44 percent, from an estimated \$52/lb. on May 15, 2012 to \$29/lb. on May 9, 2014. I understand that is the lowest price for U3O8 since July 2005. It is also less than the \$36.57 that the Energy Information Administration (EIA) says it costs to produce a pound of U3O8 in the U.S and far less than the \$62.41 that EIA says it costs to produce a pound of U3O8 in the U.S. when total expenditures (excluding exploration costs) are considered. On May 1, 2014, EIA released its 2013 Domestic Uranium Production Report. That report explains that there has been over a 19 percent drop in employment in uranium exploration and mining between 2011 and 2013.

- *Do you believe Secretary Chu's Secretarial Determination has proven correct and that the sales and transfers of uranium authorized on May 15, 2012 have not had an adverse material impact on the uranium mining industry in the U.S.? If so, why?*

RESPONSE: During my time with EM, I worked in the Office of Engineering and Technology which was charged to reduce the technical risk and uncertainty in the Department's multi-billion dollar cleanup program; provide technical solutions where none existed and provide innovative solutions that enhanced safety and operating efficiency. I did not have a role in the transactions that were the subject of GAO's September 2011 report. However, I am aware that this issue is very complicated and that the Department issued a lengthy response to the GAO that reflects their position that the transfers were compliant with applicable statutory obligations.

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The domestic uranium industry plays an important role in our nuclear fuel supply. Robust uranium supplies provide competition in the fuel market to help ensure reliable and affordable nuclear power generation. The health of the domestic uranium industry has long been a factor in DOE's overall uranium strategy. If confirmed, I will ensure that any uranium transfers continue to comply with applicable statutory obligations. As part of that process, I will look at implications for the uranium mining industry of covered sales or transfers. I will work to ensure that the Secretary has sufficient information to make a determination on this important issue.

- 2. In your testimony, you state that: "The Environmental Management program has before it some of the most complex, challenging cleanup work, and accomplishing our goals will mean applying innovative strategies to one-of-a-kind challenges." If confirmed, would you apply "innovative strategies" that include transferring, bartering, or selling DOE's excess uranium inventory?*

RESPONSE: If confirmed, I will promote scientific and technological innovation in all manners of the Office of Environmental Management mission including the uranium transfer program. If confirmed, I will work to ensure that any future transfers of uranium continue to comply with the law and are transparent, and I would also look forward to working with you further on this important issue.

- 3. If your answer to Question 4 is yes, what, if any, steps would you take to: (A) ensure that any future transfers, barter, or sales of uranium comply with section 3112(d)(2)(B) of the USEC Privatization Act (42 U.S.C. 2297h-10(d)(2)(B)); and (B) increase the transparency of future transfers, barter, or sales of uranium?*

RESPONSE: If confirmed, I will work to ensure that any future transfers of uranium continue to comply with the law and are transparent, and I would look forward to working with you further on this important issue.

- 4. Please provide the Committee with an estimate of what the Office of Environmental Management intends to spend on the decommissioning and clean-up work for the current fiscal year as well as each of the next two fiscal years.*

RESPONSE: My understanding is that the Office of Environmental Management will spend on the order of \$598M in FY2014 and is requesting some \$530M in FY2015 for the continued D&D of the gaseous diffusion plants located in Oak Ridge, Tennessee; Portsmouth, Ohio; and Paducah, Kentucky.