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UPA Statement Regarding New GAO Report on DOE's Management of the Federal Uranium Inventory

FOR IMMEDIATE RELEASE

Denver, CO: Scott Melbye, Executive Vice President of Uranium One and President of Uranium Producers of America, issued the following statement on the release of a new Government Accountability Office (GAO) report (*Enhanced Transparency Could Clarify Costs, Market Impact, Risk, and Legal Authority to Conduct Future Uranium Transactions, May 2014*) regarding the Department of Energy's management of the federal uranium inventory.

“This new GAO report should be a wakeup call for the Department of Energy (DOE). The DOE is required to ensure transfers from the federal uranium inventory will not have an adverse material impact on the domestic uranium mining and conversion industries. Although DOE hires a contractor to do a market analysis, DOE has never reviewed the methodology or taken any steps to verify the findings. The GAO also notes DOE abandoned a consensus-based cap on transfers – set at 10 percent of domestic utility requirements – without any input from the domestic uranium industry.

“The DOE's commissioned 2014 market analysis supporting its most recent Determination found DOE's planned transfers will result in additional job loss and drive down the price of uranium, which is already well below our production costs. It is interesting to note that even DOE's own contractor is no longer willing to claim these are not adverse impacts. That begs the question of how DOE's determination of no material adverse impact is made in the absence of supporting data. In the GAO report, DOE acknowledges the Department lacks the in-house expertise. Given the significant effect these transfers have on our industry, any market analysis should be thoroughly reviewed and submitted for public comment before being finalized.

“More transparency will greatly improve the process. As GAO noted, the methodology used by DOE's contractor is not public, the conclusions are based on imprecise market data, and the analysis fails to consider the cumulative market effects of the transfers.”

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