

Why GAO Did This Study

Uranium is a key component in the production of nuclear energy and nuclear weapons. The Department of Energy (DOE) manages the nation's surplus uranium, which is derived in part from former nuclear weapons production. In 2008, DOE published a uranium management plan that set a target for DOE uranium sales and transfers to avert harm to the domestic uranium industry. In 2009, DOE began using natural uranium to pay for cleanup work at a former uranium enrichment facility in Ohio, without having identified such transactions in its 2008 plan.

As directed, GAO reviewed DOE's uranium management program. This report examines (1) DOE's uranium transactions and plans for future transactions, (2) the extent to which these transactions were consistent with DOE's uranium management plan, and (3) the extent to which these transactions were consistent with federal law. GAO reviewed transaction documents and contracts and interviewed knowledgeable DOE, contractor, and uranium industry officials and uranium market analysts.

What GAO Recommends

GAO recommends that DOE update its uranium management plan and suggests that Congress consider authorizing DOE to, among other things, retain the proceeds of future uranium transactions. DOE agreed to update its uranium management plan but disagreed that its actions did not comply with federal fiscal law. GAO maintains, however, that DOE's comments do not undermine the conclusion that the department violated the miscellaneous receipts statute.

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EXCESS URANIUM INVENTORIES

Clarifying DOE's Disposition Options Could Help Avoid Further Legal Violations

What GAO Found

In a series of seven transactions from December 2009 through June 2011, DOE used 1,873 metric tons of natural uranium to pay for \$256 million in cleanup services provided by two contractors at the Portsmouth, Ohio, enrichment facility, and additional transactions are planned. Six out of seven of these transactions involved the United States Enrichment Corporation (USEC), former operator of the Portsmouth facility. DOE released 1,473 metric tons of uranium, and USEC provided \$194 million in cleanup services at the Portsmouth facility. Among other activities, USEC's services included removing chemical and hazardous materials from the plant. The seventh transaction involved a second contractor. In June 2011, DOE released 400 metric tons of uranium, and the contractor agreed to provide \$62 million in decontamination and decommissioning services. DOE officials said the department expects to continue transferring natural uranium to this contractor for cleanup services through 2013.

DOE's uranium transactions have been consistent with parts of its uranium management plan but not with others. The plan states that DOE would adhere to a target for uranium sales and transfers of no more than 10 percent of annual domestic fuel requirements for uranium. DOE's releases of uranium into the commercial market did not exceed the annual target specified in the plan, ranging from 5 percent of demand in 2008 to 6 percent in 2010—well below the 2008 plan's designated target. With regard to other provisions, however, DOE has departed somewhat from the plan. For example, the department has deviated from the schedule of uranium transfers articulated by the plan, allowing more uranium to enter the market sooner than cited.

DOE's uranium transactions with USEC were sales authorized by the USEC Privatization Act, but they did not comply with federal fiscal law. The USEC Privatization Act requires that before a uranium sale, DOE must determine that the materials are surplus to national security needs; that the department is receiving fair market value; and that the sales will not adversely affect the domestic uranium mining, conversion, and enrichment industries. GAO found that DOE met these requirements. Nevertheless, by not depositing the value of the net proceeds from the sales of uranium into the Treasury, DOE violated the miscellaneous receipts statute. This statute requires an official or agent of the government receiving money from any source on the government's behalf to deposit the money in the Treasury. As GAO found when it reviewed a similar series of transactions in 2006, DOE provided the uranium to USEC for sale to a third party and allowed USEC to keep the proceeds of the sales. Even with no money changing hands, GAO concludes that an amount equivalent to the value that went to USEC should have gone to the Treasury. By not depositing an amount equal to the value of the uranium into the Treasury, DOE has inappropriately circumvented the power of the purse granted to Congress under the Constitution.