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**Committee on Energy and Commerce**  
**Washington, DC 20515-6115**

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February 14, 2008

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C.H. "Bud" Albright, Jr.  
Under Secretary  
U.S. Department of Energy  
1000 Independence Avenue, SW  
Washington, D.C. 20585

Dear Under Secretary Albright:

We understand that the Department of Energy (DOE) is assessing various approaches to the disposition of DOE's high-assay depleted uranium tails (tails). Given the nearly 10-fold increase in uranium prices, a portion of the 560,000 metric tons of depleted uranium inventory can be economically re-enriched and sold for at least \$2 billion. How DOE decides to manage this asset will determine whether the benefits flow to American taxpayers or private interests.

The Committee on Energy and Commerce and its Subcommittee on Oversight and Investigations asked the Government Accountability Office (GAO) to evaluate various models to re-enrich the economically valuable tails and return the proceeds to the U.S. Treasury.

One legislative proposal calls for DOE to enter into a contract with United States Enrichment Corporation on a sole source basis to re-enrich these tails, but this arrangement presents numerous business risks; moreover, sole source contracting will diminish the Government's bargaining power to maximize returns on behalf of taxpayers.

One alternative to a sole source contracting arrangement is to sell the tails outright in an auction to qualified buyers. This could be a very simple transaction. Using a competitive auction, the buyers would pay DOE cash for the tails, enrich the tails at their own cost, and return the remaining low-assay tails to DOE for disposition. We believe market-based business models should be explored and market interest tested as an option to assess the best outcome for taxpayers.

C.H. "Bud" Albright, Jr.  
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To test whether there might be market interest, we recommend that the Department issue a request for expressions of interest (RFI). The RFI should test market interest on matters such as duration of sales contracts, preferred lot size, overall quantity that might be acquired relative to constraints on available uranium enrichment capacity, and legal and policy issues that need to be considered. To calibrate market interest, DOE will need to inform the public on the specific quantities of available tails for each assay.

We welcome your response to our recommendation and look forward to working with you. For further information, please contact John Sopko, Chief Counsel for Oversight, or Richard Miller, Investigator, with the Committee on Energy and Commerce staff at (202) 226-2424.

Sincerely,



John D. Dingell  
Chairman



Bart Stupak  
Chairman  
Subcommittee on Oversight and Investigations

cc: The Honorable Joe Barton, Ranking Member  
Committee on Energy and Commerce

The Honorable John Shimkus, Ranking Member  
Subcommittee on Oversight and Investigations

The Honorable Samuel W. Bodman, Secretary  
United States Department of Energy