



**Testimony of**

**Robert C. Ervin, Jr.  
President, Local 550  
United Steelworkers**

**before the**

**House Committee on Energy and Commerce  
Subcommittee on Oversight and Investigations**

**on**

**Selling the Department of Energy's  
Depleted Uranium Stockpile:  
Opportunities and Challenges**

**April 3, 2008**

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Before I begin this morning, I would like to take this opportunity to thank the Chairman and the Ranking Member for conducting this hearing and for inviting me to testify.

Mr. Chairman, distinguished committee members, my name is Rob Ervin, and I am President of United Steelworkers (USW) Local 550 at the Paducah Gaseous Diffusion Plant (PGDP) in Paducah, Kentucky. By way of background, there are 850,000 active members in the USW International Union, and we are North America's largest industrial union. I personally represent almost 800 members that are involved in uranium enrichment; environmental remediation; infrastructure; and depleted uranium conversion activities at the site of our nation's last operating uranium enrichment facility.

Briefly stated, there are approximately 40,000 depleted uranium or "tails" cylinders stored at the Paducah plant site. In addition, there are over 20,000 cylinders stored at the closed enrichment facility at Portsmouth, Ohio. Until recently, these cylinders were considered to be a waste product and an environmental liability to the local community. In fact, Public Laws 105-204 and 107-206 were championed by Senator Mitch McConnell and enacted by Congress. Those laws require the Department of Energy (DOE) to build two conversion facilities -- one at Paducah and one at Portsmouth -- to dispose of these cylinders and eliminate this liability.

However, due to market conditions and the renewed world-wide interest in nuclear power, the circumstances have now dramatically changed.

For well over a year now, I have been working with local plant management, community leaders, and our Congressional delegation in developing a strategy for the re-enrichment of tails at the Paducah plant. Let me be clear that my efforts in this matter are not exclusive to my responsibilities as a union official. They occur in a broader context as a plant worker, and as a long standing resident of my community. Whatever happens to the plant not only affects my USW constituency, it affects the entire plant workforce and the community as a whole. As such, I feel a sense of responsibility to also speak on behalf of the salaried workers at the plant who contribute to our success and who would otherwise have no voice.

When we strip away the extraneous matters from this issue, and examine it in its simplest terms, there are some elements that I believe all interested parties can agree on.

First, there are tails inventories at both the Paducah and Portsmouth sites that now have considerable worth. Their total value is dependent on market conditions and other variables, but these inventories now have tremendous value at today's market prices, which follows the rise in commodity prices.

Secondly, re-enrichment of the tails in these cylinders requires an enrichment plant. Until such time as the United States Enrichment Corporation (USEC) deploys its new American Centrifuge Plant (ACP) in Portsmouth, Ohio, or another domestic facility becomes operational,

the Paducah Gaseous Diffusion Plant is the only “near term” facility in this country where re-enrichment activities can take place.

Last, but certainly not least, failure to extract monetary value from these tails while the market conditions provide such an opportunity -- whether from indecisiveness within DOE, differences over process and contracting, concerns over past issues related to the USEC, or the quagmires of the bureaucratic process as a whole -- defies all logic and reason.

On March 13, 2008, DOE released their much anticipated Policy Statement on the management of the Department’s excess uranium inventory. This statement acknowledges that in light of the significant increases in uranium prices, the depleted uranium stockpiles have now become a very valuable commodity both in terms of their monetary value, and the role they can play in achieving DOE missions and maintaining a healthy domestic infrastructure. However, the statement provides no clear and concise determination as to how DOE plans to proceed with a tails re-enrichment program or any definitive time-frame in which this action would commence. Absent DOE direction, this much is known: Paducah has the only “near term” domestic capability to re-enrich these tails. Waiting for another domestic facility to come into existence incorporates an unnecessary risk of value reduction and the potential loss of revenue to the United States Government.

It is worthy to note that, even though Paducah operates at a relatively high cost of production because of first generation technology, this 50-plus year old facility is still performing very well. The USW workers have been instrumental in helping increase plant

efficiency and last year's productivity reached an all-time high. As such, our facility is still fully functional, and more than capable of re-enriching tails for our government.

The Paducah Gaseous Diffusion Plant has survived major challenges and is still facing new challenges. We survived the startup of privatization, and the Russian HEU Agreement that shifted almost half of the U.S. market for enriched uranium to the Russians and caused the shutdown of our sister plant at Portsmouth. We have survived increasing rates for electric power but we are still facing potential unfair trade, particularly from the Russian Government and as a result of a U.S. Court of Appeals decision that threatens to undermine the new antidumping suspension agreement between the U.S. and Russian governments.

The Paducah plant now plays a key role in maintaining critical U.S. national and energy security objectives, and the continued operation of this plant is critical to achieve an orderly transition to a more competitive and viable enrichment industry in the U.S. Performing the re-enrichment of the tails for DOE would help secure that future. Shifting this potential business to overseas enrichment plants could undermine all of those objectives. And from a strictly human point of view, this action would seem to be grossly unfair to the Paducah workers whose efforts were instrumental in helping this country win the "Cold War".

While the final determination of the policy direction resides with DOE and the Congress, the two most prominent options that are available today are two that the Paducah plant can readily perform without limitation:

(1) The tails can be re-enriched back to the level of natural uranium (0.711) weight percent and be introduced back into the market at a rate that does not have an adverse impact on the domestic uranium industry. The proceeds from these sales can be deposited into the appropriate accounts, and can then be used to offset the continuing costs of remediation activities at the Paducah plant, and decontamination and decommissioning at the Portsmouth, Ohio and the Oak Ridge, Tennessee facilities.

(2) The tails can be re-enriched up to the level of Low Enriched Uranium (LEU). This LEU could then be used to ensure an adequate supply of material is always available to meet various DOE programmatic needs and to support the energy security of this nation through the maintenance of a strong domestic enrichment industry. LEU could also be used to create a Strategic Uranium Reserve. We have a Strategic Petroleum Reserve that can be accessed when the need arises, and it seems to me that given our current levels of dependence on the Russians and other foreign suppliers, a Strategic Uranium Reserve makes good sense from an energy and national security standpoint.

If I were given the opportunity to present a "perfect world" operational scenario before this Committee, it would be this: I would advocate that the tails cylinders remain at the Paducah site in their present condition, and only be re-enriched after the conclusion of our present commercial enrichment operation (currently projected to be 2012). That plan would extend operations of the plant and assure jobs for our members beyond 2012. Unfortunately, I cannot make that argument in good faith. The price of uranium may decline by that time, and the current value of the tails to the government and the taxpayer would be lost. However, I would

anticipate that if we start now to re-enrich the tails at a realistic and carefully controlled rate, we would still be doing so by the year 2012.

In conclusion, let me say that we have a unique opportunity at our disposal and that I firmly believe a contract can be devised that meets DOE policy goals that is fair to the Paducah plant operator and that serves the best interests of the government and the taxpayers. House Resolution 4189, introduced by Representatives Whitfield and Schmidt, represents what I believe is a sound legislative effort to achieve a fiscally responsible and timely re-enrichment program. The USW strongly supports this legislation, and is very appreciative of their leadership efforts.

The USW strongly opposes an auction system that would result in work being outsourced to foreign enrichers. Not only would this action result in the outsourcing of highly-skilled, good paying U.S. jobs, but it would also undermine national policy objectives, and impact our energy and national security by furthering our dependence on foreign sources of energy.

Mr. Chairman, this concludes my testimony. And I am happy to answer any questions that you may have.