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SELECT COMMITTEE ON ETHICS

# United States Senate

WASHINGTON, DC 20510

May 18, 2011

The Honorable William Daley  
Chief of Staff  
The White House  
Washington, DC 20501

Dear Mr. Daley:

Earlier this month, the Department of Energy (DOE) submitted to the Office of Management and Budget (OMB) the loan guarantee application for the American Centrifuge Project (ACP) by USEC, Inc. of Bethesda, Maryland.

If successful, the ACP would create 8,000 jobs across the nation, including 4,000 in the state of Ohio. USEC intends to complete the construction and operation of the ACP at the former DOE Portsmouth Gaseous Diffusion Plant. The ACP would ensure domestic uranium enrichment for the United States for decades to come. USEC is currently operating the Portsmouth sister plant in Paducah, KY, using mid 20<sup>th</sup> century technology which is unsustainable due to high costs and natural inefficiencies.

The ACP technology, first developed by DOE in the 1980s, has proven worthy of the loan guarantee – as is evidenced by the Department submitting the credit package to OMB. While the ACP will provide domestic enriched uranium needs to our commercial nuclear fleet, it also serves several important national security roles that cannot be provided, nor should be, by non-American assets or technology.

USEC and DOE have been working on this project since the early 1990s. Developing this state-of-the-art technology has not been easy or smooth. But it is too important for it to fail. That is why it is critical that OMB take into consideration the national security component of the ACP and act as quickly as possible. I appreciate and commend the Administration's due diligence in protecting taxpayer dollars regarding loan guarantees. The ACP is unlike other loan guarantee application because of the critical role it plays in our national security and this must be part of the metrics used to determine the credit subsidy.

The DOE loan guarantee program was designed to support industries that are critical to our nation's energy needs, yet because of the size, scope, and advanced technical capabilities, could not obtain credit through the open market. USEC's ACP is precisely the type of project for which the loan guarantee program was designed. It would be a disservice to our nation and our national security to treat the company's loan application, including the determination of an adequate credit subsidy, the same way as any ordinary commercial front end nuclear or renewable energy project. A narrow application of a cookie cutter approach could set back our efforts to provide alternatives to foreign energy sources and disrupt the supply chain of vital materials to our military.

The unemployment rate in Southern Ohio is more than 14 percent. With DOE's ongoing expedited cleanup, and the ACP, the former DOE site will once again be an economic engine in service to our nation. The Administration has made unprecedented commitments to the ACP in both financial and technical support. We cannot let those investments fall victim to an accounting system that ignores the national security and economic importance of this project.

I ask that you work closely with OMB Director Lew and Energy Secretary Chu in developing a path forward that works for taxpayers, USEC, our national security, and our domestic fuel needs.

Thank you for your attention to this important matter.

Sincerely,

A handwritten signature in blue ink that reads "Sherrod Brown". The signature is written in a cursive, slightly stylized font.

Sherrod Brown  
United States Senator