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August 18, 2016

Ms. Cheryl Moss Herman  
U.S. Department of Energy  
Office of Nuclear Energy  
Mailstop B-409  
19901 Germantown Rd.  
Germantown, MD 20874-1290

Reference: Excess Uranium Management: Effects of DOE Transfers of Excess Uranium on Domestic Uranium Mining, Conversion, and Enrichment Industries; Request for Information.

**Subject: Comments from Nuclear Fuel Services, Inc.**

Dear Ms. Moss Herman:

Nuclear Fuel Services (NFS) pioneered the technology of downblending highly-enriched uranium (HEU) salvage material to low enriched uranium (LEU) suitable for commercial use. NFS has been using that technology for over ten years to help the U.S. Government meet the Nation's non-proliferation objectives through the National Nuclear Security Administration's (NNSA) Office of Material Disposition. Downblending work at NFS enables the government to reduce material-at-risk (MAR) in some of the aging Y-12 National Security Complex facilities. Reduction of MAR supports an improved safety posture at the National Nuclear Security Administration (NNSA) facilities. Additionally, recovering the value in these materials helps NNSA to better manage their uranium assets.

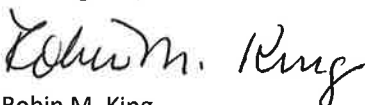
We are providing comments on the Notice originally published in the Federal Register on July 19, 2016. Below are points we feel should be considered by the Secretary in making his next determination regarding continued transfers of uranium to support downblending of HEU to LEU.

The natural uranium transfers for downblending authorized by the 2015 Secretarial Determination constitute less than one-quarter of the total uranium transfers into the market by DOE authorized by the determination. At this level the transfers support the minimum throughput of the NFS downblending facility. Further, at a maximum of 500 MTU (1.1 million pounds) of natural uranium, the quantity transferred for downblending is less than 2% of the 57 million pounds of U3O8 equivalent purchased in 2015 by owners and operators of U.S. civilian nuclear power reactors<sup>1</sup>.

DOE should consider separate treatment of the portions of natural uranium assigned to downblending as opposed to portions assigned to other programs. We believe that the DOE is authorized to provide an outright exemption to nonproliferation downblending as a National Security purpose based upon our reading of the USEC Privatization Act. 42 USC § 2297(h)-10(e)(2).

NFS is committed to continue helping the country achieve its non-proliferation goals. The transfer of uranium authorized by prior Secretarial Determinations has been critical to the continuation and success of downblending HEU to LEU. If you would like to further discuss the impact of these transfers on the downblending work performed at NFS, please contact me.

Best regards,



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Legal Manager

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<sup>1</sup> U.S. Energy Information Administration Uranium Marketing Annual Report, 2015. May 24, 2016  
<http://www.eia.gov/uranium/marketing/#1>