



LOCAL 689

TESTIMONY OF

HERMAN R. POTTER, PRESIDENT

UNITED STEELWORKERS UNION

LOCAL 689

PIKETON, OHIO 45661

BEFORE THE

COMMITTEE ON ENERGY AND COMMERCE

SUBCOMMITTEE ON ENERGY POWER

ON

H.R. 2054

"ENERGY AND REVENUE ENRICHMENT ACT OF 2011"

JUNE 13TH, 2011

TESTIMONY OF HERMAN R. POTTER
President of United Steelworkers Local 689
Before the
House Committee on Energy and Commerce
Subcommittee on Energy
June 13th, 2011

I would like to thank the chairman and the committee members for the opportunity to come before you to testify on behalf of my constituency and to support my colleagues from Paducah Kentucky. I also, would like to acknowledge our Ohio delegation, which has always proven to be helpful with the issues of Southern Ohio and specifically the Piketon enrichment site. We encourage them to respond positively to this proposed legislation.

Mr. Chairman and distinguished committee members, my name is Herman Potter. I am the President of United Steelworkers (USW) Union Local 689 at the Department of Energy (DOE) Uranium Enrichment Site located in Piketon Ohio. Our local is part of the United Steelworkers International Union (USWIU) which has approximately 850,000 active members. The USWIU is North America's largest industrial union. I represent approximately 850 members that are involved in the environmental remediation; surveillance and maintenance; infrastructure and depleted uranium conversion activities at the site. We also intend eventually to be the workforce at the American Centrifuge Project (ACP) now operated by USEC Inc., since our members were the original builders and operators of the initial Centrifuge Project at the site prior to the shut-down in the early 1980's. The multiple contractors at the site provide approximately 2000 jobs in a region that not only includes Southern Ohio, but also Northeastern Kentucky and West Virginia.

There are over 60,000 depleted uranium "tails" cylinders stored at the Paducah and the Piketon site. These cylinders were considered as a waste product of the enrichment process, with an environmental liability to the government and the local community. Congress enacted Public Laws 105-204 and 107-206, which required the Department of Energy (DOE) to build two (2) facilities, one in Paducah Kentucky, and one in Piketon Ohio, to de-fluorinate the depleted Uranium Hexafluoride (DUF6) material; thereby, substantially reducing the waste and liability of the disposal of said waste.

Members of congress have debated the possibility of enacting legislation to direct the re-enrichment of the "tails" material, since the uranium market had determined there is value that at one time did not exist. The value of the material, due to the rise in price of natural uranium, has provided an opportunity for re-enrichment to take place, eventually returning a monetary value back to the Department of Energy allowing it to easily meet its obligations to the workforce and the communities where these DOE sites exist.

We believe that legislation is now warranted. The DOE has demonstrated inactivity as an agency in the implementation of a re-enrichment program due in part to fear of foreign influences in the

Uranium Producers Association. I respectfully request that you fully endorse House Bill 2054, authored and introduced by Congressman Ed Whitfield for its successful passage in the House and concurrent support by your colleagues in the U.S. Senate.

We are concerned that the Department of Energy is compromised by allowing an entity with foreign interest influence to deter it from initiating programs and policies that would ultimately benefit our communities and national security. More importantly, the enactment of this legislation provides the DOE with the opportunity to fulfill commitments and obligations it has to the workforce and the surrounding communities.

We are concerned that the timing of the Russian 123 Agreement with USEC would eventually allow USEC to change their mission from being a uranium enricher to a uranium broker, which would negatively impact the intended operation of the Gaseous Centrifuge Plant located in Piketon Ohio. The agreement would also eliminate any re-enrichment program, negatively impact the enrichment at the Paducah site, and eliminate the return of millions of dollars back to DOE to fulfill its obligations.

The DOE currently has a self-imposed policy which only allows it to introduce enriched uranium into the market at 10% of the domestic uranium market volume. We ask that any introduced legislation permit the quota limit to be raised to allow up to 20% global market volume. The criterion would allow the DOE to use its operations, enrichment reserves and value to generate funding to fulfill its commitments and obligation to its stakeholders.

Currently, \$100 million dollars per year can be realized with the introduction and implementation of the pilot tails re-enrichment program. I would submit that the returns from this program be clearly identified and monitored to be used to fulfill the DOE'S commitments and obligations. This should include the full and complete funding of the retirement and benefits programs provided for those working at the Paducah and Piketon sites. Currently at the Piketon site, the DOE is deviating from the intent of Congress by eliminating its obligations through manipulation and abuse of the federal procurement process and reinterpretation of the law. The intent clearly is to carry-out a policy of reduced post-retirement health care and pension obligation. The legislation would provide funding that would eliminate the financial justification for this.

Title XI of the Energy Policy Act of 1992 established the uranium enrichment Decontamination and Decommissioning (D&D) fund to support the cleanup of the federal enrichment facilities by the Department of Energy. Congress annually appropriates funds from the uranium enrichment D&D fund for the purpose of cleanup. The remaining fund does not appear to be sufficient to pay the estimated costs to complete the planned cleanup actions over the long term. The shortfall in the fund creates a situation that in order for the government and the DOE to meet their commitment, the cleanup would have to be financed entirely by the federal government. This proposed legislation provides an opportunity to make up some of the shortfall in the D&D fund. Specifically, the revenues should also provide full and complete funding for the D&D project at

the Piketon Ohio site with the intent to facilitate efforts to accelerate the reduction of the onsite waste footprint, which would encourage re-industrialization and the eventual handover of the land for future development to organizations such as the Southern Ohio Diversification Initiative (SODI). This commitment and strict oversight of the DOE would create sustained work in the community and ensure economic prosperity to the region.

An additional concern needs to be addressed regarding the operation of the two (2) uranium enrichment plants at Paducah and Piketon. The impact that this proposed legislation may have on the projected time of operation has been expressed. It is our belief that the number of re-enrichable DUF6 cylinders is limited in number and clearly not the full inventory of depleted uranium cylinders. However, strict guidance and oversight over the DOE is needed to ensure that the re-enriched material is returned to its site of origination.

We have concerns that establishing this as a sole source contract is not in the proposed legislation. The fact that URENCO and AREVA are interested in the re-feed heightens our concerns that the additional cost of transportation of the depleted tails cylinders from Paducah and Piketon to either of the re-enrichment sites would not be considered. Furthermore, the URENCO site is not yet operating at full capacity and AREVA has not yet begun construction on its project. Although we have historically had concerns about USEC's reliability and DOE's adequate oversight, we are confident that strict guidelines and criteria can be put in place to ensure the intent of these commitments and obligations are honored.

The Department of Energy has a unique opportunity to convert a stockpile of depleted uranium tails from its former enrichment plant operations into a commercially valuable product that can be sold to generate new revenue for the federal government. At the same time, this program would extend operations at the sole remaining U.S. Gaseous Diffusion Plant providing time for the U.S. enrichment industry to transition to advanced gas centrifuge technology. The proposed program requires no additional appropriations. It is completely self-funded. In fact, it would reduce pressure to eliminate the commitments that this government expects the Department of Energy to follow. The sale of re-enriched material, proposed in this legislation, would generate approximately 500 million dollars. The total net value of the tails has been calculated to be as much as \$4 billion dollars.

Summary of USW Local 689 Concerns:

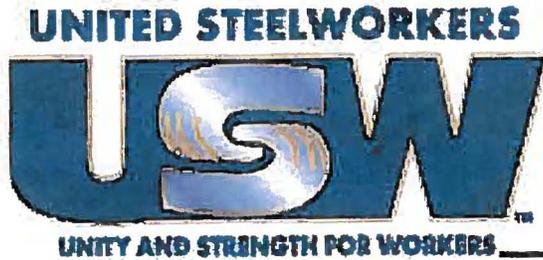
- Revenues should be used to provide full and complete funding of the retirement and health benefits at the Paducah and Piketon site.
- Revenues should fund and support the continued Decommissioning and Decontamination activities at the Portsmouth site, which would include reducing the contaminated burial area footprint in preparation for reindustrialization of the site.
- Revenue should support reindustrialization of the Paducah and Portsmouth sites, which would include supplemental funding of the plant to recycle metal at the Piketon site, which would reduce the associated cost of waste removal and establish a specific source

of materials to be used in the construction and development of future nuclear sites. (see attached letter)

- Revenues should support nuclear training and education for a rapidly depleting nuclear workforce. (see attached letter)
- Revenue should fund Advanced Energy Park Initiatives (see attached letter)
- The legislation should establish that the secondary tails be returned to the original site of origin (Paducah or Piketon) in order to ensure that there isn't any negative impact to the uranium enrichment plants at the respective sites.

Conclusion:

My constituency does not want these funds to be used for deficit reduction. The use of these funds should be for the commitments made by DOE and the expected intent of my government to honor these commitments and obligations to the aging workforce, while concurrently creating an environment conducive to encourage site and workforce redevelopment.



Bobby Graff, President
Herman Potter, Vice President

LOCAL 689

May 21, 2009

Mr. Bill Murphie
U.S. Department of Energy
P.O. Box 700
Piketon, Ohio 45661

**RE: COMMUNITY SUPPORT FOR THE ADVANCED TECHNOLOGY, OPERATIONS, AND
MANUFACTURING INDUSTRY CENTER (ATOMIC) FOR SCIENCE AND ENERGY
EDUCATION DEVELOPMENT IN SOUTHERN OHIO**

Dear Mr. Murphie:

Thank you so much for providing the southern Ohio community the opportunity to participate in meaningful and informed discussions related to environmental remediation and decontamination and decommissioning (D&D) decision making. We are excited to be moving forward with the D&D project and developing a vision beyond the clean up for the southern Ohio workforce and community.

The purpose of this correspondence is to express our support for developing the Advanced Technology, Operations, and Manufacturing Industry Center (ATOMIC) for Science and Energy Education Development in southern Ohio. It is imperative that we work together to develop a highly trained workforce in sufficient numbers to support the Energy Park Initiative and to build the capacity of the local community to become informed participants in US DOE's environmental decision making.

The ATOMIC program is designed to provide universal, site-wide training for the existing workforce, ensuring safe, secure, and efficient operations and continuity throughout the US DOE PORTS Site to protect human health and the environment, *and* to prepare the next generation for careers in advanced energy and environmental technologies, guaranteeing the success of the Energy Park Initiative at the Portsmouth Site.

The ATOMIC training program and facility will provide a competitive edge to the southern Ohio workforce because, regardless of the discipline or area of interest, these stackable and transportable training modules can be combined with other training, vocational education, or college degree programs, or they can be used as a stand-alone credential. The Ohio Skills Bank has been working hard to develop the Advanced Energy Curriculum, and the proposed ATOMIC brings it all together by establishing a formal partnership with the various educational institutions, the Ohio Skills Bank, United Steel Workers, and the US DOE PORTS Site contractors. Our region's ability to provide a well trained and highly skilled workforce is a key ingredient to implementing a successful reindustrialization program focused on new and emerging technologies in advanced energy, environmental technologies, and alternative energy research and development.

Support for this initiative is demonstrated by the signatures presented with this letter.

Sincerely,

Bobby Graff
President, USW Local 689

Jennifer Chandler
Executive Director, SODI

United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union

Shipping Address: 2288 Wakefield Mound Road - P. O. Box 467, Piketon, OH 45661 - Telephone: 740-289-2405 - Fax: 740-289-2126 - Email: paceport@intelliwave.com



*Bobby Graff, President
Herman Potter, Vice President*

LOCAL 689

May 21, 2009

Mr. Bill Murphie
U.S. Department of Energy
P.O. Box 700
Piketon, Ohio 45661

RE: COMMUNITY SUPPORT FOR REUSE AND RECYCLING OF MATERIALS GENERATED BY FACILITY DECONTAMINATION AND DECOMMISSIONING AND FUTURE REMEDIATION ACTIONS AT THE PORTSMOUTH SITE

Dear Mr. Murphie:

Thank you so much for providing the southern Ohio community the opportunity to participate in meaningful and informed discussions related to the disposition of materials generated by facility decontamination and decommissioning and future remediation actions at the Portsmouth Site. We are excited to be moving forward with the D&D Project and developing a vision beyond the clean-up for the southern Ohio workforce and community.

As a matter of good stewardship, we firmly believe that the best way to disposition the materials generated by facility decontamination and decommissioning and future remediation actions at the Portsmouth Site is to establish an on-site recycling program for metals and other materials suitable for reuse. The southern Ohio community and the Ohio Delegation responded to the Draft Request for Proposals (RFP) for the Decontamination & Decommissioning of the Portsmouth Plant issued by the U.S. DOE on January 15, 2009, in total opposition of the construction of an onsite disposal cell. The community's position is that the construction of an onsite disposal cell can have negative effects on redevelopment, and therefore, an onsite disposal cell is not in the best interest of our community. However, the cost to ship wastes off site is significantly higher than utilizing an on-site disposal cell and most of the project funding would go to the off-site disposal facility. Our collective objective is to keep as much of the project funding as possible in our community, to employ as many local people as possible to do the work, and to maximize the opportunity to redevelop the site. Establishing an onsite recycling program for metals and other materials keeps the project funding in our community by reducing the number of units shipped off site and does not result in an on-site disposal cell.

We recommend that 100% of the metals removed by the D&D Project be recycled utilizing a metals smelting/recycling facility and a dedicated steel mill constructed and operated on the U.S. DOE PORTS site. The recycled products that fall under the restrictions of the moratorium will be used solely for the U.S. Department of Energy Programs and the Nuclear Energy Industry, such as Defense Programs, Environmental Management, Non-Proliferation and National Security, Nuclear Energy, Science and Technology, Office of Science and Office of Civilian Radioactive Waste Management, as well as manufacturing parts and components dedicated for use in nuclear reactors, waste storage, fuel fabrication and storage, and uranium enrichment. Materials that can be free-released can be sold on the open market.

We also recommend establishing a research and development project/program physically located on the U.S. DOE PORTS site dedicated to developing creative and innovative methods using the best available technology to recycling and reuse all non-metal material types generated by the facility decontamination and decommissioning and future remediation actions at the Portsmouth Site.

Support for this initiative is demonstrated by the signatures presented with this letter.


Bobby Graff
President, USW Local 689

Sincerely,


Jennifer Chandler
Executive Director, SODI

United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union

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LOCAL 689

May 21, 2009

Mr. Bill Murphie
U.S. Department of Energy
P.O. Box 700
Piketon, Ohio 45661

RE: COMMUNITY SUPPORT FOR THE ENERGY PARK INITIATIVE AT THE PORTSMOUTH SITE

Dear Mr. Murphie:

Thank you so much for providing the southern Ohio community the opportunity to participate in meaningful and informed discussions related to environmental remediation and decontamination and decommissioning (D&D) activities. We are excited to be moving forward with the D&D project and developing a vision beyond the clean up for the southern Ohio workforce and community.

The purpose of this correspondence is to express the community's support for implementing the Office of Environmental Management's Energy Park Initiative at the Portsmouth Site. The D&D project is the ideal mechanism through which U.S. DOE can establish an Energy Park at the Portsmouth Site. It is our expectation that the D&D project objectives will accomplish this end use by creating reusable properties, preserving all site infrastructure, and preparing the Portsmouth Site for advanced energy and environmental technology projects, including but not limited to materials reuse and recycling, waste minimization and pollution prevention technologies, wind, solar, biomass, nuclear power, desalinization, geothermal, liquefied natural gas transfer stations, hydrogen generation, advanced energy research and development; and specialty component manufacturing capabilities for the advanced energy industry.

Support for this initiative is demonstrated by the signatures presented with this letter.

Sincerely,

Bobby Graff
President, USW Local 689

Jennifer Chandler
Executive Director, SODI