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Congress of the United States
House of Representatives

Committee on Agriculture
Chairman, Subcommittee on Nutrition
and Horticulture
Committee on Transportation
and Infrastructure
Committee on Foreign
Affairs

September 22, 2011

The Honorable Leon E. Panetta
Secretary
U.S. Department of Defense
1400 Defense Pentagon
Washington, DC 20301-1400

Dear Mr. Secretary:

I write to bring a timely and vital national security issue to your attention.

For nearly three years, a loan guarantee for a critical uranium enrichment plant has been pending at the Department of Energy (DOE). The loan guarantee is authorized under Section 1703 of the Energy Policy Act. This project, referred to as the American Centrifuge Plant, is uniquely important to our nation's interests.

In addition to producing low enriched uranium for the nuclear power industry, American Centrifuge will be the only future source of uranium fuel for use in generating tritium to maintain the nation's nuclear arsenal. Due to peaceful use covenants, foreign enrichment technologies cannot be used in this process. Similarly, American Centrifuge will be the only source of fuel to meet naval propulsion requirements. Current enrichment capacity is supplied by a 60 year-old plant in Paducah, Kentucky that will be retired from operations in the very near future.

For strategic and legal reasons (section 123 of the Atomic Energy Act), the Department of Defense (DOD) can only use U.S.-developed and -owned enrichment technology to meet its needs. USEC's American Centrifuge, being U.S.-developed and -owned, is unique because it is the only entity that meets these policy and legal requirements.

Because of the serious consequences to our national security, energy security, and ability to negotiate nonproliferation agreements, I want to be sure that DOD is aware and involved before it is too late. DOE's review of the American Centrifuge loan guarantee is in its final stages and your input to DOE about the need to protect our national security equities could be an important factor in finalizing that loan guarantee.

I would appreciate hearing from you on this issue. Specifically, following the shutdown of the Paducah facility and should American Centrifuge not receive a loan guarantee, please let me know what plan exists, if any, to address the fuel needs for tritium and

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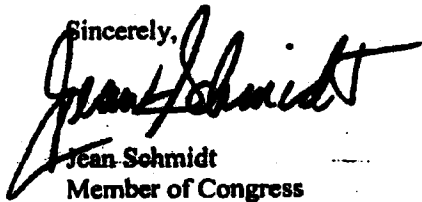
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naval propulsion? Moreover, if the U.S. has no enrichment capabilities, do you believe the ability to negotiate nonproliferation agreements is enhanced or diminished?

I deeply appreciate all that you and the brave men and women of our Armed Forces are doing to protect the security of our nation. I look forward to hearing your views on how American Centrifuge can be a part of those efforts. Thank you in advance for your attention to this urgent matter.

Sincerely,



Jean Schmidt
Member of Congress

JS/jl

Cc: The Honorable William M. Daley, Chief of Staff, The White House
The Honorable Steven Chu, Secretary, Department of Energy
The Honorable Daniel B. Poneman, Deputy Secretary, Department of Energy