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Mr. David Henderson  
U.S. Department of Energy  
Office of Nuclear Energy  
Mailstop NE-52  
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

Dear Mr. Henderson:

Nuclear Fuel Services, Inc. (NFS) is a long time contractor to the U.S. Department of Energy (DOE). Located in Erwin, Tennessee, NFS is the only domestic facility capable of the downblending of Highly Enriched Uranium (HEU) to Low Enriched Uranium (LEU). We have worked with DOE focused on its defense nuclear nonproliferation program for over ten years.

We are providing comments on the Notice originally published in the Federal Register on December 8, 2014 and for which the period for submission of comments was extended on December 24, 2014. Below are points which we feel should be considered by the Secretary in making his next determination as to continued transfers of uranium for downblending of highly-enriched uranium to low-enriched uranium (LEU) – the only active HEU downblending nonproliferation program in the United States today.

- DOE should consider separate determinations, or separate treatment of, the portions of natural UF<sub>6</sub> assigned to proliferation downblending as opposed to the DOE other programs.. We also 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).

- Regarding question 5 in the RFI, (Are there actions DOE could take other than altering the annual rate of transfers that would mitigate any negative effects on these industries?) were DOE to accept a term contract, where the delivery and price have a term for more than a year, as "fair market value" for the bartered uranium it would lead to more predictability in the market. This method of transferring uranium into the market would minimize downward price pressure created by those DOE uranium transfers. We believe that this mechanism would reduce the fluctuating price effect created by the current process. This would have positive impacts on both the DOE and the commercial market. Predictability in the transfers would have a stabilizing effect overall.

NFS appreciates the opportunity to comment on the Secretarial Determination. Should you wish any clarification or further discussion on these comments, please feel free to contact Andrew Davidson, NFS Downblending Program Manager, at (423) 735-5407.

Sincerely,



John Alan Jones

Counsel

Nuclear Fuel Services