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UPA SUMMARY OF COMMENTS TO ANALYSIS SUPPORTING SECRETARIAL DETERMINATIONS

- Current uranium and conversion market conditions are extremely difficult, with a thinly traded spot market where minor quantities entering the market can result in large price movements.
- Impacts in the domestic uranium and conversion operations could be reduced if these industries were more involved in the analysis to support Secretarial Determinations.
- Analysis to support Secretarial Determinations must consider the actual state of the uranium industry and look back changes to the state of the industry with respect to prior Determinations. Also, consideration must include producer's cost of production, employment and whether continued transfers by the Department are acting to displace current and future production by the domestic uranium industry. .
- The Analysis must take into account the continuing implications of market impacts resulting from the Fukushima incident. This incident has clearly been game changer in the world uranium market and DOE's failure consider the changes to the uranium market in prior Secretarial Determinations has exacerbated the decline in the price of uranium and lessened the value of the government's uranium assets, and further impacted the uranium industry in an adverse manner.
- Fukushima lowered the demand for uranium and conversion and has created excess SWU capacity. This allows enrichers to underfeed uranium creating an additional secondary supply that existing secondary market suppliers, including the entities receiving DOE transfers, that create additional downward pressure on uranium prices. This is a situation that the analysis used to support the prior Secretarial Determinations failed to consider.
- DOE transfers resulting from Secretarial Determinations must be flexible to address unexpected events like Fukushima that render the analysis supporting such Determinations meaningless and incorrect. In future Secretarial Determinations, the market models used as part of the supporting analysis must be

calibrated to actual conditions. Calibration of predictive models is considered a best practices, and is considered a key input for most Federal agencies.

Analyses to support Secretarial Determinations should consider the ability of producers to access capital for construction and sustaining new and existing projects. That ability is measured typically by looking at the market cap of those producers that are publicly traded. Since the Fukushima incident and the May 2012 Secretarial Determination that increased the rate of material transfers, the average market cap of domestic publicly traded uranium mining companies have fallen to less than half the levels prior to March 2, 2011.

- The ERI model is limited, has not been made available for public or peer review. It's predictions have been flawed in the past and have ignored actual conditions faced by the entities Section 3112 was designed to protect. Future Secretarial Determinations should review past analyses to determine the validity of ERI's projected impacts and assure that the model is properly calibrated.