

*February 28th 2012*

**Subcommittee Ranking Member Rep. Pete Visclosky**

"Good afternoon. Dr. Chu, welcome to what I believe is your fourth appearance before the Subcommittee.

"I am pleased that President Obama continues to recognize the energy challenges facing this nation with this budget request and I appreciate the budget's strong statement that America "will not cede leadership in clean energy." That being said, the nation does not yet have a comprehensive energy policy for the 21st century. And our current ad-hoc policy continues to imperil our economy, our national security, and our environment. The energy crisis is not just about insecure oil supplies from the Middle East, but about the cost it inflicts on hardworking Americans, the national security threat it poses, and the havoc it wreaks on the environment. We need to change the entire energy mix, introduce competition into the system, and ensure that we are not captive to any one source of energy. In addition, we need to be more conscientious about our energy consumption and further advance our conservation efforts.

"The Department of Energy features a broad portfolio of research and development efforts. Given the substantial short-, medium-, and long-term energy challenges facing the nation, we need a strong, yet balanced approach to energy research and development that effectively nurtures basic sciences, leading to significant technology demonstration, deployment and commercialization efforts with a strong bias toward improving American manufacturing. I cannot emphasize my last point strongly enough. I see very little merit to the Department fostering technological advances or breakthroughs for products that are not ultimately manufactured domestically.

"The government can drive the policies and incentives for a more robust energy mix and smarter energy consumption. However, as I've said before, no matter the policy set forth, if strong leadership and fundamental management reform are not forthcoming at the Department of Energy, it will significantly inhibit the chance of a successful energy policy as well as the Department's credibility.

"I know contract and project management seem tedious and dull, and I certainly am tired of having to bring it up year after year, Secretary after Secretary. I believe you are actually the seventh Secretary I have questioned on the topic. However, I continue to be appalled at the cost overruns and schedule slips of the Department of Energy's major construction projects. In 2009 this Subcommittee had a hearing on the Department's continued appearance on GAO's high risk list, a list I might add that DOE has remained on since 1990. Given the challenges in the last year on major construction projects at the Department, I fear that not much has changed since that time. I hope you can provide some assurance today that you are taking actions to improve the Department's standing in this regard.

The Chairman has noted some areas of concern regarding the Department's decision and actions on Yucca Mountain. I share his concerns in that regard. I would also add my serious reservations about the inclusion of \$150 million for USEC within the Nonproliferation budget request. In the last six months, both Moody's and Standard & Poor's issued reports that painted a pretty bleak picture of USEC's financial situation. For example, S&P states that USEC has a "highly leveraged' financial risk profile and 'vulnerable' business risk profile." Further, S&P gives USEC a "below average" Quality Ranking and on S&P's measure of investment desirability, USEC scores lower than 93 percent of all companies for which a report is available. So I hope to hear from you why – when coupled with a transfer authority request for FY 2012 – the Department believes providing USEC with \$300 million of the taxpayer's money is a good investment and not a bailout.

"Mr. Secretary, I look forward to hearing from you today about how the FY 2013 budget request will help address the energy and national security challenges we face and improve the nation's manufacturing base. As we move through this process, I don't expect that we will always agree on everything regarding the Department's budget, but I do sincerely believe that we can work through those differences in a cooperative, bipartisan manner.

"Thank you Mr. Chairman for the time and I look forward to our hearing today."

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