



The Large Public Power Council

300 North Washington Street, Suite 405, Alexandria, VA 22314
703/740-1750 (phone) • 703/740-1770 (fax)
lppc@lppc.org (e-mail)

October 22, 2009

The Honorable Max Baucus
Chairman
Senate Committee on Finance
511 Hart Senate Office Building
Washington, DC 20510-2602

Dear Chairman Baucus:

I am writing to seek your support on an important matter to the Large Public Power Council (LPPC).

LPPC members include 23 of the largest public utilities in the country and are actively pursuing renewable and low carbon electricity alternatives in an effort to reduce their carbon footprint, and comply with policies designed to reduce greenhouse gas emissions. Over the past few years, Congress has enacted into law temporary tax incentives such as the renewable production tax credit (PTC) and the investment tax credit (ITC) designed to assist electric utilities' transition to a low carbon economy while, at the same time, limiting the financial impact of this transition on ratepayers.

Earlier this year, the Congress recognized that, as a result of the current economic difficulties, there was no longer a sufficient market for these tax credits. Accordingly, as part of the American Recovery and Reinvestment Act of 2009 (ARRA), Congress modified the PTC to allow it to be converted into an ITC and in turn be converted into federal grants equal to 30 percent of a project's costs. Public power's unique tax status makes it very unlikely that they will be eligible for the grant program unless:

- (1) Legislation is enacted into law that explicitly provides public power with an access to Treasury's 30% grant program. A one or two percentage point reduction in the benefit would be acceptable to LPPC to account for its tax-exempt status; or, at a minimum,
- (2) Congress directs Treasury to address impediments to public power's ability to use separate taxable corporations to access the grant program.

Ensuring public power can access this grant program is one of the top priorities of LPPC and will allow these systems to build more renewable projects and pass through greater savings to its ratepayers. LPPC members have identified billions of dollars in renewable projects that would be accelerated or expanded if public power were directly eligible for the grant program. Additionally, these projects would likely create thousands of good-paying jobs.

We ask you to act expeditiously to address this issue and thank you in advance for your attention.

Sincerely,

Robert P. Johnston
Chair, LPPC

cc: Members of the Senate Finance Committee

Austin Energy (TX) • Chelan County PUD (WA) • CPS Energy (TX) • Clark Public Utilities (WA) • Colorado Springs Utilities (CO)
IID (CA) • JEA (FL) • Long Island Power Authority (NY) • Los Angeles Department of Water and Power (CA) • Lower Colorado River Authority (TX)
MEAG Power (GA) • Nebraska Public Power District (NE) • New York Power Authority (NY) • Omaha Public Power District (NE) • OUC (FL)
Platte River Power Authority (CO) • Puerto Rico Electric Power Authority (PR) • Sacramento Municipal Utility District (CA) • Salt River Project (AZ)
Santee Cooper (SC) • Seattle City Light (WA) • Snohomish County PUD (WA) • Tacoma Public Utilities (WA)