



The Honorable Charles Rangel
Chairman, Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Dave Camp
Ranking Member, Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Re: Stimulus for Advanced Nuclear Energy

Dear Chairman Rangel and Ranking Member Camp,

As Congress considers legislation to stimulate investment in new infrastructure and create jobs, we urge you to include three tax proposals that will support construction of new nuclear power plants. These proposals include: (1) adapting the existing nuclear production tax credit (PTC) for projects being developed by partnerships that include investor-owned companies, electric cooperatives and public power systems; (2) providing an investment tax credit to companies that expand nuclear manufacturing capabilities; and (3) establishing a tax credit for companies that train workers in nuclear-grade disciplines.

The North American Electric Reliability Corporation, which oversees the reliability of the U.S. electric power grid, projects electric capacity shortfalls for some electricity consumers as early as 2010. These shortfalls are projected to spread to most consumers by 2017, even with the addition of potential resources. To meet this demand, the U.S. electric power industry is developing the first new nuclear projects in the United States since the late 1970s. Nuclear energy is one of the few bright spots in the U.S. economy – expanding rather than contracting. The new nuclear plants now being developed serve multiple national imperatives: they will provide needed baseload (24-by-7) electricity; create tens of thousands of new jobs during construction and operation; and reduce the electric power industry's carbon emissions. The prospect of new nuclear

plant construction has already produced 15,000 jobs, by conservative estimate. The number of jobs created will expand exponentially as these projects move from the planning to the construction phase.

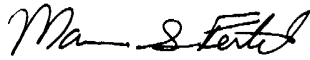
Congress can ensure that this job creation continues and accelerates by providing targeted tax stimulus in the following three areas:

1. Addressing an oversight associated with the nuclear production tax credit provided by the 2005 Energy Policy Act. Many of the “first movers” in the next generation of nuclear plants are joint ventures that include not-for-profit rural electric cooperatives and public power systems. Under current law, the nuclear PTC is allocated to facilities on a pro-rata basis, then shared among the joint venture parties in those facilities. Tax credits allocated to the not-for-profit utility, however, are not able to be utilized because these utilities do not have federal income tax liability. The solution is for the not-for-profit utility to assign its allocated amount to the tax-paying partner, in exchange for a partial benefit that can assist all of the owners of the facility. The Joint Committee on Taxation has assigned a cost estimate of *zero* for this modification.
2. Providing an investment tax credit (ITC) for companies that expand their capacity to manufacture the equipment and components used in new nuclear power plants. U.S. nuclear manufacturing capability has eroded over the last 20-30 years, and companies overseas now represent the major source of supply. An ITC for companies in the nuclear supply chain would restore U.S. manufacturing capability and create jobs in the United States rather than overseas.
3. Providing a tax credit to encourage workforce development in the nuclear energy sector. The nuclear industry requires a highly skilled and educated workforce. This tax credit would support training of skilled craft labor and the technical personnel required for nuclear plant operation and maintenance.

Finally, we urge you to support expansion of the Department of Energy’s clean energy loan guarantee program in the economic stimulus legislation. Although this program falls outside the jurisdiction of the tax committees, it is essential to support the financing of new nuclear power plants. The loan guarantee volume currently authorized for new nuclear power projects might support three projects, at best. It is not sufficient to support the 6-8 new nuclear power projects that will be ready to start construction over the next several years. The program requires additional loan guarantee volume, and that additional volume must support all carbon-free technologies, including new nuclear plants and renewable projects.

As the trade associations representing the companies that are working to meet the nation's environmental goals and its electric generating capacity needs affordably and reliably, we urge Congress to join our effort to stimulate progress in advanced nuclear generation. Thank you for your consideration of these proposals.

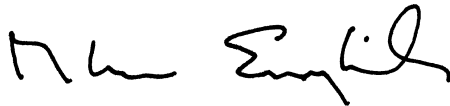
Sincerely,



Marvin S. Fertel
Acting President and CEO,
and Chief Nuclear Officer,
Nuclear Energy Institute



Mark Crisson
CEO, American Public Power Association



Glenn English
CEO, National Rural Electric
Cooperative Association



Robert P. Johnston
Chair, The Large Public Power Council

cc: Members of the House Committee on Ways and Means