



N A R U C
National Association of Regulatory Utility Commissioners

January 26, 2009

The Honorable Daniel K. Inouye
Chairman
United States Senate
Committee on Appropriations
S-131 The U.S. Capitol
Washington, D.C. 20510

The Honorable Thad Cochran
Ranking Member
United States Senate
Committee on Appropriations
113 Dirksen Senate Office Building
Washington, D.C. 20510

RE: Senator Bennett Loan Guarantee Amendment

Dear Chairman Inouye and Ranking Member Cochran:

The National Association of Regulatory Utility Commissioners respectfully urges you to support Senator Bennett's Loan Guarantee Amendment that will be offered during the Appropriations Committee markup of the economic stimulus legislation.

Meeting the nation's increasing demand for electricity and maintaining reliability will require substantial capital investment in transmission and distribution, generating capacity, efficiency and demand-side management programs, and environmental control technology. Additionally, meeting future electricity demand and reducing greenhouse gas emissions will require a portfolio of advanced energy technologies, including renewable energy, energy efficiency, clean coal, and nuclear energy. New, zero-carbon or baseload nuclear and low-carbon coal-based generating technologies are large, capital-intensive projects and the costs of financing of even one project during the current economic conditions could strain the finances of both the utilities and their customers.

The Energy Policy Act of 2005 authorized the U.S. Department of Energy (DOE) to make loan guarantees for projects to encourage the commercialization and increased use of a variety of energy projects that avoid, reduce, or sequester air pollutants and anthropogenic greenhouse gas emissions. These projects include renewable energy, advanced nuclear energy, advanced fossil energy technology including coal gasification, efficient transmission and distribution technologies, carbon capture and sequestration projects, and other technologies.

We believe that the Bennett amendment will effectively double the loan guarantee authority available to the Department of Energy, thus reducing the cost to consumers by lowering the cost of capital to utilities and other entities that are contemplating zero- or low-carbon energy generation projects. Given the cost and size of advanced baseload technologies, it is appropriate for the federal government to assist in assuring the efficient and cost-effective financing and construction of new, cleaner generating technologies.

Thank you for your consideration and we urge support for the Bennett Loan Guarantee Amendment.

Sincerely

Frederick Butler
President, NARUC

Cc: All Members of the Senate Appropriations Committee