



N A R U C
National Association of Regulatory Utility Commissioners

April 18, 2014

The Honorable Dianne Feinstein
Chairwoman
Subcommittee on Energy and Water Development
Committee on Appropriations
U.S. Senate
184 Dirksen Senate Building
Washington, D.C. 20510

The Honorable Lamar Alexander
Ranking Member
Subcommittee on Energy and Water Development
Committee on Appropriations
U.S. Senate
184 Dirksen Senate Building
Washington, D.C. 20510

The Honorable Mike Simpson
Chairman
Subcommittee on Energy and Water Development,
and Related Agencies
U.S. House of Representatives
2362-B Rayburn House Office Building
Washington, D.C. 20515

The Honorable Marcy Kaptur
Ranking Member
Subcommittee on Energy and Water Development,
and Related Agencies
U.S. House of Representatives
2362-B Rayburn House Office Building
Washington, D.C. 20515

Dear Chairwoman Feinstein, Ranking Member Alexander, Chairman Simpson, and Ranking Member Kaptur:

On behalf of the National Association of Regulatory Commissioners (NARUC), I am respectfully requesting that you oppose the reinstatement of a fee on utility customers to provide income for the Uranium Enrichment Decontamination and Decommissioning (D&D) Fund. Although NARUC supports environmental cleanup of enrichment facility sites, the U.S. electric utilities and their customers should not be singled out yet again to pay for D&D of these Department of Energy (DOE) facilities developed for nuclear weapons and national defense programs. At our Summer Committee Meetings in Denver Colorado in July of 2013, NARUC adopted a resolution establishing our policy on this important issue. I have attached a copy for your information and review.

Under contracts signed by utilities from 1969-1992, the enrichment services were priced based on full-cost recovery – including enrichment plant decommissioning and decontamination. After the enrichment enterprise was privatized, utilities and, more importantly, their customers were forced to pay for cleanup a second time when the Energy Policy Act of 1992 established the D&D Fund to finance the future costs of cleanup at these sites. Consumers of electricity generated by nuclear energy met their obligation to the D&D Fund with a total contribution of

\$2.6 billion. Despite having met this obligation, NARUC was disappointed to see this tax resurrected once again in the President's fiscal year 2015 budget request.

We respectfully urge Congress not to include this additional \$2.2 billion, 10-year tax on electric utilities and their ratepayers in appropriations legislation in 2014.

Sincerely,

A handwritten signature in cursive script, appearing to read "Colette D. Honorable".

Colette D. Honorable
NARUC President

Attachment (NARUC Resolution)

cc: Secretary Ernest Moniz, U.S. Department of Energy
David Huizenga, U.S. Department of Energy, Office of Environmental Programs
Elizabeth Connell, U.S. Department of Energy
Sylvia Mathews Burwell, Office of Management and Budget
Kevin Carroll, Office of Management and Budget
Donovan Robinson, Office of Management and Budget

Resolution Opposing a New Tax for the Decommissioning and Decontamination Fund

WHEREAS, The National Association of Regulatory Utility Commissioners (NARUC) is a national, non-profit organization of the State Commissions responsible for economic regulation of electric utilities, including utilities that generate or purchase electric power from nuclear powered electric generating plants; *and*

WHEREAS, In the 1940s and 1950s, the federal government built three uranium enrichment plants for its nuclear weapons and national defense programs: The Oak Ridge plant in Tennessee was built in 1945 as part of the Manhattan Project; the Paducah, Kentucky, plant in 1952, and the Portsmouth, Ohio, plant in 1954. These plants operated for approximately 25 years as national defense installations, accumulating 25 years worth of contamination from their operation; *and*

WHEREAS, In 1969, the Atomic Energy Commission (AEC) determined that some of their capacity could be dedicated to production of low enriched uranium for commercial use. From 1969 through 1992, the Department of Energy (DOE) and predecessor agencies sold enrichment services to commercial customers including electric utilities under contracts that required utility customers to pay for the future cost of Decommissioning and Decontamination (D&D); *and*

WHEREAS, Electric utilities and their customers paid for future D&D costs as required by the contracts with AEC and DOE for commercial use of uranium, the federal government did not set those or any other funds aside for this work; *and*

WHEREAS, In 1992, the Energy Policy Act (1992 Act) created the D&D fund to finance cleanup at the same three government-owned enrichment plants. The legislation privatized the uranium enrichment enterprise, but the DOE retained ownership of the three enrichment plants and the obligation to clean them up. Pursuant to the 1992 Act, U.S. electric utilities were assessed up to \$150 million per year (adjusted for inflation) for 15 years, based on each company's past purchases of federal uranium enrichment services, to help finance cleanup of the facilities. The 1992 Act provided for termination of the assessment against electric utilities within 15 years after October 24, 1992, or alternatively upon the collection of \$2.25 billion, adjusted for inflation; *and*

WHEREAS, DOE collected \$2.6 billion of these D&D assessments as authorized by the 1992 Act. However, an independent audit found that the federal government used a portion of the funds for other purposes; *and*

WHEREAS, The President's fiscal year 2014 budget would again reinstate the D&D fund assessment for a third time, levying an additional \$2.4 billion 10-year tax on electric utilities and their customers for the very same program; *and*

WHEREAS, Electric utilities and their customers already have paid twice for Decommissioning and Decontamination, all as specified by the law; *now, therefore be it*

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners, convened at its 2013 Summer Committee Meetings in Denver, Colorado,

supports environmental cleanup of these sites, but U.S. electric utilities and their customers should not be singled out yet again to pay for D&D of DOE facilities developed for nuclear weapons and national defense programs.

Sponsored by the Committee on Electricity

Adopted by the NARUC Board of Directors, July 24, 2013