November 2, 2015

The Honorable Ernest Moniz Secretary of Energy U.S. Department of Energy 1000 Independence Avenue, S.W. Washington, D.C. 20585	The Honorable Shaun Donovan Director Office of Management and Budget 725 17th Street, N.W. Washington, D.C. 20503

Dear Secretary Moniz and Director Donovan:

The National Association of Regulatory Commissioners (NARUC), the Nuclear Energy Institute (NEI), and the Nuclear Waste Strategy Coalition (NWSC) urge the Administration not to include the reinstatement of a fee on utility customers to provide income for the Uranium Enrichment Decontamination and Decommissioning (D&D) Fund in the Department of Energy's (DOE) fiscal year 2017 budget request.

Although our organizations support environmental cleanup of enrichment facility sites, the U.S. electric utilities and their customers should not be singled out yet again to pay for the decommissioning and decontamination of these DOE facilities developed for nuclear weapons and national defense programs.

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 important, 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, NWSC and NEI were disappointed to see this tax resurrected once again in the President's fiscal year 2016 budget request.

We are forwarding to you a copy of a resolution adopted at NARUC's meeting in Denver Colorado, on July 24, 2013, opposing the reinstatement of the tax. This resolution represents the current policy position of NARUC's members and also is supported by NEI and the NWSC.

We urge the Administration not to include this additional $2.2 billion, 10-year tax on electric utilities and their ratepayers in the Administration's FY 2017 budget request.

Sincerely,

Lisa Edgar
Chairman of the Board and President, National Association of Regulatory Utility Commissioners
Commissioner, Florida Public Service Commission

Marvin S. Fertel
President and CEO
Nuclear Energy Institute

Sarah Hofmann
Chair, Nuclear Waste Strategy Coalition
Board Member, Vermont Public Service Board

Attachment (NARUC Resolution)

cc: Donovan Robinson, Office of Management and Budget
Benton Arnett, Office of Management and Budget
Joseph Hezir, U.S. Department of Energy
Monica Regalbuto, U.S. Department of Energy

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, July24, 2013