



February 4, 2019

The Honorable Rick Perry
Secretary of Energy
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585

The Honorable Mick Mulvaney
Director
Office of Management and Budget
725 17th Street, N.W.
Washington, D.C. 20503

Dear Secretary Perry and Director Mulvaney:

The National Association of Regulatory Utility Commissioners (NARUC), the Nuclear Energy Institute (NEI), and the Nuclear Waste Strategy Coalition (NWSC) would like to 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 2020 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 D&D 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.

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 2020 budget request.

Thank you for your consideration.

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Sincerely,



Greg White
Executive Director, National Association of Regulatory Utility Commissioners



Maria Korsnick
President and CEO, Nuclear Energy Institute



Sarah Hofmann
Chair, Nuclear Waste Strategy Coalition
Commissioner, Vermont Public Utility Commission

Attachment (NARUC Resolution)

cc: The Honorable Richard Shelby, Senate Appropriations Committee
The Honorable Patrick Leahy, Senate Appropriations Committee
The Honorable Lamar Alexander, Senate Appropriations Committee
The Honorable Dianne Feinstein, Senate Appropriations Committee

The Honorable Mike Enzi, Senate Budget Committee
The Honorable Bernard Sanders, Senate Budget Committee

The Honorable Nita Lowey, House Appropriations Committee
The Honorable Kay Granger, House Appropriations Committee
The Honorable Marcy Kaptur, House Appropriations Committee
The Honorable Mike Simpson, House Appropriations Committee

The Honorable John Yarmuth, House Budget Committee
The Honorable Steve Womack, House Budget Committee

EL-3 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.

