

**Beyond Nuclear ♦ Clean Water Action ♦ Environment America ♦
Friends Committee on National Legislation ♦ Friends of the Earth ♦
Just Foreign Policy ♦ Natural Resources Defense Council ♦
Peace Action & Peace Action Education Fund ♦ Physicians for Social Responsibility ♦
Public Citizen ♦ Sierra Club ♦ Southern Alliance for Clean Energy ♦
SUN DAY Campaign ♦ USAction/TrueMajority.org**

May 27, 2010

Dear Representative,

We are writing to oppose the addition of \$9 billion in nuclear loan guarantees to the war supplemental appropriations bill, HR 4899. It is highly inappropriate to slip these subsidies into a bill funding the wars in Afghanistan and Iraq. Combining these unrelated measures undermines the transparent and democratic consideration of each on their own merits – or lack thereof.

First, loan guarantees for nuclear energy projects are not an emergency. No single nuclear project in line for loan guarantees has a certified design or a construction and operating license – and this will be true for several more years. The project most likely to receive the \$9 billion in loan guarantees is the South Texas site. For a host of reasons, this is an unworthy target for public subsidies. Indeed, the estimated cost has skyrocketed from \$5.4 billion in 2006 to \$18.2 billion today and the City of San Antonio has wisely withdrawn 85% of its investment in the project.

Second, DOE has not used up its existing loan guarantee authority. More money is unnecessary. DOE has at least \$10 billion to offer in loan guarantees for new reactors. It is not clear that Southern Company is going to accept the \$8.3 billion in loan guarantees that DOE offered it in February 2010. DOE provided Southern Company a 1-month extension to mid-June to decide if it is going to accept the loan guarantee. If Southern Company does not accept the guarantee, DOE will have all of its original \$18.5 billion in authority.

Third, it hardly needs to be pointed out that nuclear loan guarantees have nothing to do with the supporting the wars in Afghanistan and Iraq. The war supplemental should not be used as ‘must pass’ legislation to sneak through risky investments in nuclear that could not pass on their own; nor should unrelated measures to subsidize otherwise uneconomic nuclear reactor projects be used to attract support for the war supplemental.

Finally, we are concerned about changes to the Title XVII loan guarantee program that are also proposed to be snuck into the war supplemental bill. For example, expanding the burden on

taxpayers by making them cost-share what are now industry-paid loan guarantee subsidy costs means that industry will have even less of a financial stake in a failed project.

We urge you to oppose the addition of nuclear loan guarantees into the war supplemental bill. Loan guarantees for domestic nuclear energy projects are inappropriate in a war spending bill, fail to meet any reasonable standard of urgency, and simply are not needed.

Sincerely,

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