

**Beyond Nuclear | Friends of the Earth | Nuclear Information and Resource Service
| Natural Resources Defense Council | Physicians for Social Responsibility
| Taxpayers for Common Sense | Union of Concerned Scientists | Public Citizen**

The Honorable Kent Conrad
Chairman
Senate Budget Committee
624 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Judd Gregg
Ranking Member
Senate Budget Committee
624 Dirksen Senate Office Building
Washington, DC 20510

April 14, 2009

Oppose Energy Loan Guarantee and Reprocessing Amendments in Budget Resolution Conference

Dear Chairman Conrad and Ranking Member Gregg:

We urge you to oppose the inclusion of Senate amendments 733 and 734 in the final conference version of the Budget Resolution. Offered by Sen. Crapo (R-ID), these amendments support \$50 billion for Title XVII loan guarantees that could be applied to the construction of new reactors (#733) and an increase in funding for nuclear waste reprocessing research and development (#734).

Additional loan guarantees for new nuclear reactors would create a significant liability to U.S. taxpayers. Even prior to the current credit freeze, Wall Street determined that the nuclear industry was such a poor financial risk that it would not loan the industry money absent guarantees from the federal government that those loans would be repaid. The Congressional Budget Office (CBO) estimates the likelihood of default for loans made to nuclear reactor developers to be “well above 50 percent.” These risks are intensified by nuclear power’s enormous capital costs and long lead times. Estimates of construction costs for nuclear reactors have more than tripled since 2000. According to an October 2008 report by the credit rating agency Standard & Poor’s, the costs continue to “soar” due to production bottlenecks, increasing costs of materials, and lack of trained workers and utility construction experience. The showcase reactor under construction in Finland is already three years behind schedule and more than 50 percent over budget. Given the industry’s track record, it should not be granted additional taxpayer loan guarantees above the \$18.5 billion in the current DOE loan guarantee program.

Reprocessing is an expensive and polluting process and poses a significant proliferation risk. DOE has already received \$145 million in reprocessing R&D funding in the FY2009 Omnibus package, which is more than double what the program received as recently as FY2004 (\$66 million). Amid growing criticism of the process, DOE has scaled back its reprocessing plans, including deciding not to site a new R&D facility. Therefore, Congress should not increase funding for reprocessing.

It is unacceptable to ask taxpayers to shoulder the costs and risks of these technologies when other faster, cleaner and cost-effective alternatives exist. Thank you for your support on this issue.

Sincerely,

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CC: The Honorable Harry Reid
The Honorable Mitch McConnell
The Honorable Richard Durbin
The Honorable Jon Kyl
Members, Senate Budget Committee