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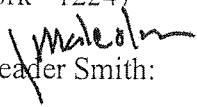
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Gavin J. Donohue, *President &  
Chief Executive Officer*

February 12, 2009

Senator Malcolm A. Smith  
Temporary President and Majority Leader  
New York State Senate  
Legislative Office Building, Room 907  
Albany, New York 12247

Dear Majority Leader  Smith:

IPPNY and its Members appreciate the New York State Senate's efforts to control costs faced by the state's businesses and residents, especially those related to energy prices here in New York. As you work on the Senate's budget resolution, I strongly urge you to reject the Executive Budget proposal (Part R of S.56-A / A.156-A) to increase a fee paid by owners of nuclear generating facilities, which provide nearly 30 percent of the state's energy supply. Indeed, increased costs on energy production translate into increased costs for energy consumers, which cannot be borne during these trying financial times.

The governor's budget proposal would increase an existing annual fee paid by the operators of the state's six nuclear reactors from \$550,000 to \$1 million for each facility. Existing law provides that monies from this fee are to be expended by the Disaster Preparedness Commission for purposes of supporting state and local government responsibilities under accepted radiological emergency preparedness plans.

Existing requirements also provide that funds from the fee are divided between the New York State Emergency Management Office (SEMO) and certain localities. The New York State Executive Law requires SEMO and the coalition of nuclear counties (Monroe, Wayne, Oswego, Orange, Putnam, Rockland and Westchester) to receive an equal one-half portion of the total amount of proceeds resulting from the total assessments and contributions made pursuant to that statute.

As a result of the changes proposed by the governor, an additional \$2.7 million in revenue would be generated, with 50 percent (\$1.35 million) to be divided amongst the coalition of nuclear counties. However, contrary to existing law, the other 50 percent (\$1.35 million) will be transferred to the General Fund, instead of being provided to SEMO.

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IPPNY urges that revenue raised for the state or for the coalition of nuclear counties continue to be dedicated specifically for emergency and radiological preparedness. Revenue generated for the coalition of nuclear counties must be committed to their respective county emergency planning departments. The state's share of the revenue should continue to be used explicitly for SEMO's emergency response measures, instead of transferred to the General Fund for open-ended purposes.

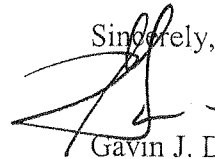
Interestingly, other substantial monies are available in the governor's proposed budget for the security of critical infrastructure (such as nuclear facilities) and for domestic incident and emergency preparedness. Also, the governor's budget proposal includes the re-appropriation of a large amount of funding for these purposes, indicating that existing monies have not been used up.

In addition, nuclear facility owners already contribute to the New York State budget through the taxes that they pay. For example, one company has paid over \$234 million in taxes to New York State, county and local governments. Unbelievably, since 1986, New York's nuclear energy companies have provided over \$81 million to the state for the Low Level Radioactive Waste Siting Commission – a commission that does not exist.

We urge you to reject this fee proposal, in order to avoid increasing costs for energy production and for energy consumers. If you have any questions or need additional information, please feel free to contact me.

Thank you!

Sincerely,



Gavin J. Donohue  
President & CEO

CC: Senator Carl Kruger, Chairman of Senate Finance Committee  
Senator Kevin Parker, Chairman of the Committee on Energy & Telecommunications  
Senator Eric Adams, Chairman of Veterans and Homeland Security Committee  
Senator Darrel J. Aubertine  
Senator Andrea Stewart-Cousins  
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