



**EDISON ELECTRIC
INSTITUTE**

THOMAS R. KUHN
President

February 1, 2008

The Honorable Max Baucus
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Charles Grassley
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Senators Baucus and Grassley:

As you know, the Edison Electric Institute strongly supports the electricity-related tax provisions that ultimately were not included in the final version of the 2007 energy bill. We support your efforts to add a number of these provisions to the stimulus bill. We also support the bonus depreciation provisions that are included in the both the House-passed economic stimulus bill and the Senate Finance Committee-reported bill.

We remain committed to working with you to achieve long-term extensions of the renewable energy production tax credits and investment tax credits, as well as removing the utility exclusion from the solar and geothermal investment tax credit. These provisions are essential to the electric utility industry's efforts to reduce its greenhouse gas emissions. In addition, other priorities from the 2007 energy bill tax package are critically important to our long-term environmental and electric reliability goals. These include a five-year depreciable life for "smart meters" that will spur investment in energy efficiency and smart grid technology.

The electric utility industry is capital intensive, and studies have shown that the industry is responsive to tax incentives that decrease the cost of capital. Specifically, a Treasury study demonstrates that the electric utility industry has a high utilization rate with respect to the bonus depreciation provisions enacted as part of the 2002 and 2003 economic stimulus bills. Inclusion of the extended placed-in-service dates for long production period property takes into account the planning, siting and regulatory approval concerns inherent to larger construction projects and would help to ensure that economic growth brought about by the stimulus package will be long lasting.

Thank you again for your continued leadership on these critically important tax provisions, and we look forward to working with you to assure their enactment this year.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Kuhn", written in a cursive style.

Thomas R. Kuhn
TRK:jb