



**David J. McMillan**  
Senior Vice President  
External Affairs

April 8, 2013

Via Email: [tax.reform@mail.house.gov](mailto:tax.reform@mail.house.gov)

The Honorable Kevin Brady - Chair  
The Honorable Mike Thompson – Vice Chair  
Energy Tax Reform Working Group  
House Ways and Means Committee

Subject: ALLETE Inc. Comments to Energy Tax Reform Working Group on Renewable  
Energy Production Tax Credit

Dear Congressmen Brady and Thompson:

ALLETE commends you and the full Committee for taking a comprehensive look at improving our nation's tax code. ALLETE understands the need to simplify the tax code, broaden its base, and take a critical look at the numerous tax subsidies, credits, and deductions that now clutter the code.

ALLETE believes that the renewable energy production tax credit (PTC) has successfully spurred the development of renewable energy across the country. We have significantly expanded our use of wind, hydropower and biomass in recent years and use the credit to help lower costs to our electric consumers. Absent any other federal incentives or mandates to spur the development of renewable energy, ALLETE would support the PTC continuing in some form in the coming years.

The PTC has been used to expand many types of renewable resources, with wind energy benefiting perhaps the most of any type of renewable resource. This is partially a measure of the PTC's success, and partly a failure in its design. As I'm sure you know there are several types of renewable energy resources that only receive half the credit that is available to wind power. This needs to be changed.

ALLETE would strongly encourage your working group to suggest treating all eligible renewable resources, such as hydropower and biomass, in an equitable fashion. Additionally, for all renewables to be able to fully utilize the PTC, it needs to be extended for a sufficiently long period of time so that renewable resources that have long lead-times for siting and permitting can plan for and utilize the credit.



We believe that providing PTC parity and extending it for a sufficiently long period of time will spur the development of these long-lead time renewables and the manufacturing and support service jobs associated with them. Wind energy provides a good example: today there are over 500 facilities across 44 states that provide some type of support to the wind power industry. Economies of scale and technology improvements have also seen the cost of wind power decrease by approximately 90% since 1980.

As you look at ways to make the tax code work better for all Americans, ALLETE urges you to revise and extend the PTC so that companies investing in renewable energy resources can make sound business decisions.

Sincerely,

A handwritten signature in black ink, appearing to read "D. J. McMillan", with a long horizontal flourish extending to the right.

David J. McMillan