

# Congress of the United States

Washington, DC 20515

## The Climate Stewardship Act (HR 4067) "Manageable"

October 1, 2004

Dear Colleague:

We are writing to bring to your attention, a recent report on global warming issued by American Electric Power (AEP). The report, requested by shareholders, discusses the financial risks posed by regulatory uncertainty in climate-related emissions policy and the practicality of a legislative solution such as the Climate Stewardship Act (H.R. 4067). The entire report can be viewed at:

<http://www.aep.com/environmental/performance/emissionsassessment/docs/FullReport.pdf>

AEP is the country's largest electric power generator and also the largest emitter of carbon dioxide of all electric generation owners. An AEP spokeswoman summed up the reports conclusion by saying the costs of the Climate Stewardship Act would be "manageable." Examples of the report's treatment of the climate change issue and regulatory uncertainty include:

### Global Warming Science:

- "Enough is known about the science and environmental impacts of climate change for us to take actions to address its consequences." (p. 4)

### Regulatory uncertainty increases financial risk:

- "An important element of AEP's ability to make sound investment decisions on behalf of its shareholders and customers is its ability to evaluate and analyze possible environmental regulations and uncertainties it faces in the future." (p. 52, Annex E)

### Advantages of the Climate Stewardship Act's Cap and Trade Mechanism:

- "The design of environmental regulatory programs profoundly affects the cost of meeting the emission reduction requirements. For example, cap and trade programs...provide opportunities to seek out the most efficient controls. Similar program designs are economically efficient for all regulated emissions, but are even more crucial for greenhouse gas control programs." (p.13)

Although AEP does not endorse the Climate Stewardship Act, its report finds that it could meet the Act's requirements at only a fraction (15-28%) of the cost it is already paying for other air pollution controls.

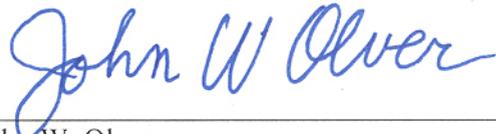
We urge you to join us in support of the Climate Stewardship Act, which provides the planning certainty that industry needs. This bipartisan legislation represents a balanced, market-based strategy that combines reasonable limits on global warming with a business-friendly emissions trading mechanism that has proven highly successful.

For additional information on the Climate Stewardship Act, please contact us or Edith Thompson in Rep. Gilchrest's office (5-5311) or Abbie Meador in Rep. Olver's office (5-5335).

Sincerely,



Wayne T. Gilchrest  
Congressional Climate Caucus Cochair



John W. Olver  
Congressional Climate Caucus Cochair