

December 12, 2011

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

Dear Majority Leader Reid and Minority Leader McConnell:

We are 32 investors writing to urge you and your colleagues to support timely implementation of Clean Air Act rules proposed by the U.S. Environmental Protection Agency (EPA), most notably the Cross State Air Pollution rule (CSAPR) and Mercury and Air Toxics rule (Utility MACT). Issuing these regulations will provide investors and companies the certainty they need to make long-term capital allocation decisions. These rules will drive improved public health and create high-paying construction, installation, engineering, and manufacturing jobs – while retrofitting outdated, high-polluting power plants. We believe the electric power industry is well-positioned to comply with these proposed rules without threatening electric system reliability.

Most power companies have been assuring financial analysts they are well on their way to cleaning up their coal generating fleets. As investors, we frequently participate in quarterly earnings calls, and continue to hear from utility executives that they are prepared to comply with EPA Clean Air Act rules because of earlier investments in their generating fleets. For example, during his company's third quarter earnings call, Ralph Izzo, CEO of New Jersey-based Public Service Enterprise Group (PSEG) noted, "Our experience shows that it is possible to clean the air, create jobs and power the economy, all at the same time".¹ In a letter to the House Energy and Commerce Committee, Robert Flexon, CEO of Texas-based Dynegy wrote, "We fully understand the perception that the [CSAPR] rule works some unfairness on certain business interests. However, we want you to know that this is not a uniformly-held position in the power sector; rather, it is a reflection of particular investment decisions...Any efforts to delay or derail CSAPR would undermine the reasonable, investment-based expectations of Dynegy."²

Capital investments to comply with these Clean Air Act rules (CSAPR and Utility MACT) are estimated to create nearly 1.5 million jobs, or nearly 300,000 jobs per year on average over the next five years. By investing in the air pollution control projects, it will create construction and manufacturing jobs with an impact across an industry supply chain with over 175 companies in 37 states. We believe investing in clean air creates American jobs.

Utilities can comply with these rules without impacting electric reliability. In fact, for 40 years, impressive reductions in air pollution under the Clean Air Act have occurred in conjunction with substantial technological innovation, job creation, exports, and economic growth. Industrial pollution sources have long asserted that EPA rules will be cost prohibitive; however, they have been proven wrong time and again. When Congress passed the Clean Air Act amendments in 1990, industrial and utility sources of air pollution warned that the acid rain program would lead to massive increases in the cost of electricity, stunting economic growth. The

¹ "Public Service Enterprise Group's CEO Discusses Q3 2011 Results – Earnings Call Transcript", Seeking Alpha, November 1, 2011. Available at: <http://seekingalpha.com/article/304141-public-service-enterprise-group-s-ceo-discusses-q3-2011-results-earnings-call-transcript>

² Flexon, Robert C. (President and CEO, Dynegy Inc., Houston, TX). Letter to: (Hon. Bobby Rush, Ranking Member, Energy and Power Subcommittee, House Committee on Energy and Commerce, Washington, DC). September 12, 2011. Available at: http://insideepa.com/iwpfile.html?file=sep2011%2Fepa2011_1740b.pdf

regulations, though, led not to skyrocketing energy prices or economic collapse, but to cleaner air and economic growth.

We thank the Senate for voting against S.J. Res. 27, introduced by Senator Rand Paul (R-KY), which would have blocked the Cross State Air Pollution Rule (CSAPR). We were encouraged by the bipartisan response to this proposal, particularly by the six Senate Republicans who voted in support of this important Clean Air Act rule. The Senate should continue to demonstrate its support for clean air by supporting EPA in the upcoming continuing resolution.

In our view, Congress should not reward a handful of companies that are seeking to delay these rules. A majority of the nation's electric generating fleet is either unaffected by these rules or ready to comply so we ask that you support timely implementation of CSAPR and Utility MACT rules.

Please do not hesitate to contact me at Stu.Dalheim@Calvert.com or (301) 961-4762 with any questions on this matter.

Yours sincerely on behalf of the 32 undersigned investors,

Stu Dalheim
Vice President, Shareholder Advocacy
Calvert Investments

As You Sow
Calvert Investments
Catholic Health East
Christopher Reynolds Foundation
Clean Yield Asset Management
Congregation of Sisters of St. Agnes General Council
Fond Du Lac, WI
Domini Social Investments LLC
First Affirmative Financial Network, LLC
Friends Fiduciary Corporation
Green Century Capital Management
Joyce Moore Financial Services
Mercy Investment Services, Inc.
Miller/Howard Investments, Inc
Missionary Oblates of Mary Immaculate
Natural Investments LLC
NorthStar Asset Management, Inc.
Pax World Management LLC

Portfolio 21 Investments
Sisters of Charity of Saint Elizabeth
Sisters of St. Dominic of Caldwell, NJ
Sisters of St. Francis of Assisi
Sisters of St. Francis of Philadelphia
Spring Water Asset Management
TerraVerde Capital Management
The Sustainability Group of Loring, Wolcott & Coolidge
Tri-State Coalition for Responsible Investment
Trillium Asset Management, LLC
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