Collection: Deaver, Michael: Files
Folder Title: Miscellaneous Correspondence and Memos April 1983- June 1983 (6)
Box: 28

Pat Jacobson
5113 Jennings Drive
Fort Worth, Texas 76118
(817) 281-0866

May 16th

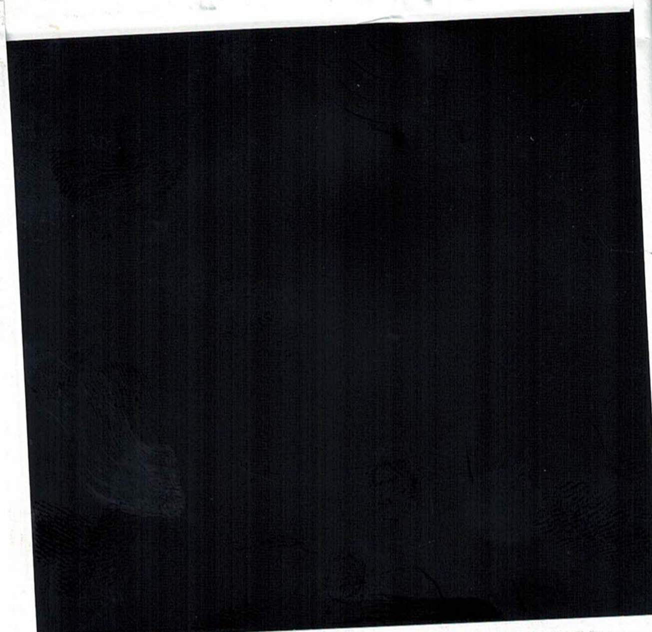
Mike Darling –
Enclosed is a
picture of my grandson
Christopher (one of many –
I have eight so far) – It
was so cute – he
wears his Reagan T-
Shirt for a night shirt –
& see he talks about
is Ronald Reagan –
I just wanted you
to show this to
the President – he
is all boy – loves

football + horses & I
thought Reagan would
get a kick out of it –
I hope all is well
with you! I really
need to have a long
talk with you – very
important but must have
a little time to explain –
Please call me –

Much love –
Pat

Shirley


Ronald
Reagan



02322317111 POLAROID®

Christopher Michael
Wilson (Pat Jacobson)

SHAFER & MILLER INDUSTRIES, INC.

5900 SOUTH WEST 73RD STREET
SOUTH MIAMI, FLORIDA 33143
(305) 665-1146

April 22, 1983

Mr. Mike Deaver
The White House
1600 Pennsylvania Avenue, N. W.
Washington, D. C. 20006

Like to see.

Dear Mike:

I have recently been honored to have been appointed as a member of the Small Business Administration, Region IV, Miami Advisory Council. I know that this appointment came directly by your involvement and recommendation. Thank you for working on my behalf in this way.

I will be visiting the Washington, D. C. area on May 18th and 19th and look forward to meeting with members of the SBA prior to my other business appointments for Shafer & Miller Industries, Inc. I will call you from Miami as we get closer to my visit. My best to Carolyn.

With warm regards,

SHAFER & MILLER INDUSTRIES, INC.

Angela Miller

Angela Miller
Assistant to the President

AM/lgg

Coast Counties Medical, Inc.
Santa Cruz Ambulance (408) 423-7272
Coast Medical Rentals (408) 425-7755/(408) 724-5010
Care A Van (408) 426-5520

425-7755
called 4-20-83-NA
408-423-7272
(916-587-4089)
tahoe

Shirley
[illegible] discussion

April 15, 1983

Mr. Michael K. Deaver
The White House
Washington, DC

Dear Mike:

Our plans to visit Washington are taking shape, so I thought I'd let you know.

We will arrive late on Friday, May 20th, and depart the afternoon of Wednesday, May 25th. Pat, Mike and Kim will be with me.

We'd love to see you while we're in town. Is there anything at Kennedy Center that we might take you to?

Shirley Moore very thoughtfully offered to make our hotel arrangements for us. She is always helpful.

Let us know what your schedule looks like.

May 23 - Interior tour?

Regards,

Paul

Paul T. Shirley

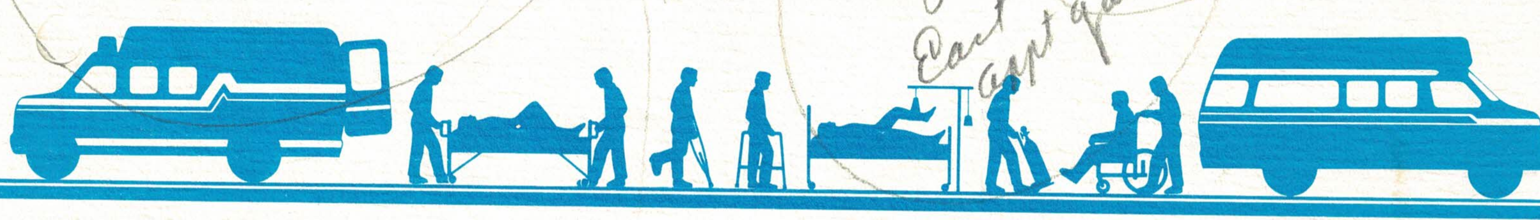
9:00
May 23
Interior tour

May 21
VIP

$65.00

8:45
East
appt gate

Sheraton-
Carleton



JA

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uz Ambulance (408) 423-7272
Medical Rentals (408) 425-7755/(408) 724-5010
A Van (408) 426-5520

April 15, 1983

Ms. Shirley Moore
The White House
Washington, DC

Dear Shirley:

Thank you for your offer to arrange accommodations for our family when we visit Washington next month. We do appreciate your willingness to help.

We plan to arrive on Friday, May 20, very late at night, and are scheduled to depart the afternoon of Wednesday, May 25th. The hotel reservation can be guaranteed on my American Express card (3731 469975 61006, expires 7/84).

The children are most anxious to visit the White House. I have a Board of Directors meeting Tuesday morning, but we are flexible the remainder of the time. Please let me know what time is best.

Thanks again for your assistance. I look forward to seeing you again next month.

Regards,

Paul T. Shirley

Paul T. Shirley

Wants
K[illegible]

Mzuri Safari Foundation

— A Tax-Exempt Foundation —

DEDICATED TO WILDLIFE SURVIVAL

call Ted Stevens

dictate

May 4, 1983

Mailing Address
41 E. TAYLOR
RENO, NV 89501
702/323-0846

Michael K. Deaver
Deputy Chief of Staff
The White House
Washington, D.C.

Dear Mike:

As you may or may not know Vice President Bush has declined our (your) invitation to appear at our 1984 conference as our featured speaker. If this is the final word could we impose upon you to intercede on our behalf to obtain the services of Senator Ted Stevens as a replacement. Once again the dates of the conference are February 16, 17 and 18 and we would want Senator Stevens to speak the evening of February 16. If the vice president could still be persuaded to join us that would be our first choice.

Is there anything we could do from this end regarding Bob Stack's appearance? He dropped us a note after you contacted him indicating he had heard of Mzuri and the work we do, but to date we have heard nothing more. To a great extent the success of the conference depends on how soon we can start publicizing names such as these in order to generate interest to attend, and if we should be making a contact from this end, please let me know.

Sorry to be a pain in the ass, but the cause is just.

All the best,

Berg

Berger C. Benson

cc: Don Butts
Bob Dill

file

RICHARD L. LESHER

Mike: May 18,

I sent the attached letter to Paul along with a copy of the draft I sent to you as a result of a conversation I had with him.

Just wanted to keep you posted.

Best regards

Dad

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

May 17, 1983

1615 H STREET, N.W.
WASHINGTON, D.C. 20062
202/463-5300

RICHARD L. LESHER
PRESIDENT

The Honorable Paul Laxalt
United States Senate
Washington, D. C. 20510

Dear Paul:

Enclosed is the rough draft of a speech that we had done for the President and suggested that he might care to give it at our Annual Meeting (recently concluded). As you know, he did not speak to our group this year and this speech has not yet been used. The basic thrust is that the Administration is committed to bringing unemployment down and equally committed to increasing the very high level of employment.

I believe it is essential that the Administration take this offensive rather than be battered about on the defensive side of this issue.

As I said, it is only a first draft, but yours for whatever purpose you might have.

Best regards.

Sincerely,

Richard L. Lesher

THE WHITE HOUSE
WASHINGTON

Mike:

Mrs. Reagan wanted you
to see this.

Elaine

Vill

ou
k -
$5000."
or
good.
g from
friends
d
ucy X

You a welcome.!

Hastily, X
Sincerely
Preston

5/18/83

, Inc.

NEW YORK OFFICE
444 MADISON AVENUE
NEW YORK, N. Y. 10022
PHONE (212) 751-1870
TELEX: GUERLAIN NYK 12-6769

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always.

MV/ru
enclosure

Michel Vincent
President

PRESTON LONG

Dear Elaine:
a Hasty note!
Nancy Stained on
the attached letter -
The check was for $5000.=
in Feb., I got one for
$2000.= for Rep Osgood.
and, more coming from
many many of my friends.
My Best to Nancy &
You & Malcolm!

Hastily, &
Sincerely
Preston

2/18/83

, Inc.

NEW YORK OFFICE
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u can count on me
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mittee and our

Kindest regards as always.

MV/ru
enclosure

Michel Vincent
President

Guerlain, Inc.

ROUTE 138
SOMERS, NEW YORK 10589
PHONE (914) 232-5015

NEW YORK OFFICE
444 MADISON AVENUE
NEW YORK, N. Y. 10022
PHONE (212) 751-1870
TELEX: GUERLAIN NYK 12-6769

May 18, 1983

Mr. Preston H. Long
860 Fifth Avenue
New York, New York 10021

Dear Preston,

Your letter of April 14 is wonderful. Just like you and our beloved President.

Not only does Ronald Reagan deserve the chance to build upon the good start he has made, but he is the only one capable of doing it.

Prior to Ronald Reagan the free world was like an orphan. It had no father and mother, no one to look up to. With Ronald and Nancy there is a new hope, a renewed confidence in this great country which was badly needed.

Preston, you have all my support in your great endeavor. You know that you can count on me and the attached check is a token of my enthusiasm for what you, the Republican National Committee and our President stand for.

Kindest regards as always.

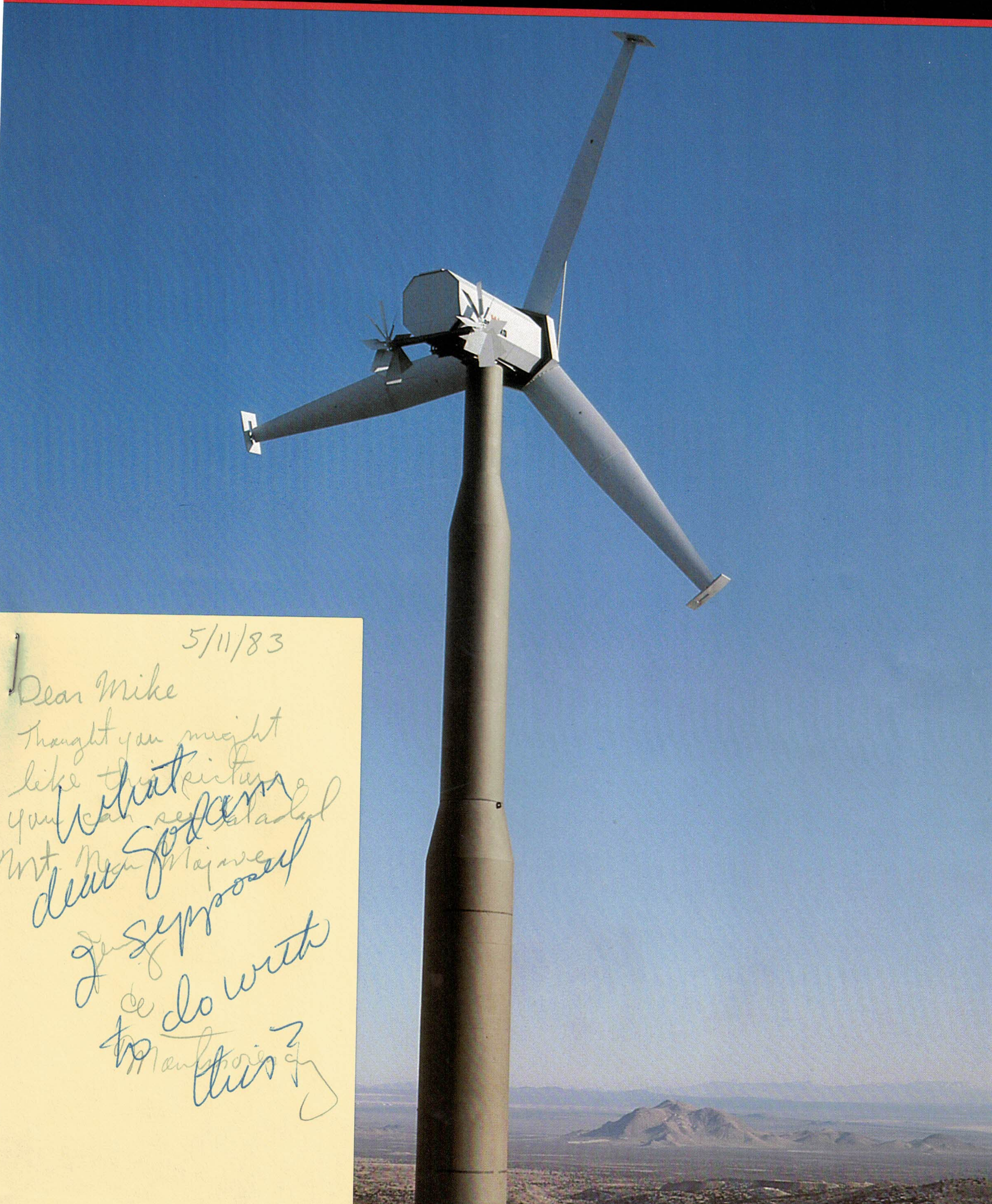
Michel

Michel Vincent
President

MV/ru
enclosure




ZOND SYSTEMS INC.



5/11/83

Dear Mike
Thought you might
like this picture
you can see [illegible]
Mt. near Mojave
[illegible]
Many [illegible]

What dear God am I
supposed
to do with
this?

s (center) toured
t week. See story at

Representatives fight for wind energy tax incentives

Wind energy tax incentives were high on the list of report items here last week by both State Assemblyman Phil Wyman and U.S. Congressman Bill Thomas. Both lawmakers spoke to Tehachapi groups during Spring session breaks from Sacramento and Washington.

At a Tuesday luncheon, Wyman asked the Chamber of Commerce to help him sell senior state administration officials on the need for tax incentives for wind ener projects.

Meanwhile, before touring a wind farm here W nesday morning, Thomas told his breakfast audier that the threat to federal wind energy tax incentives a pears to have been stopped until 1985 when the tax bre is scheduled for phase-out.

Assemblyman Wyman

Wyman's proposal to the Chamber of Commerce keyed on their invitation of senior state administration officials to come to Tehachapi for a "show and tell" on wind energy in May.

The Assemblyman is looking for ways to fight off a wind energy tax credit cut that would be retroactive to January 1, 1983. At the same time, he and other legislators are attempting to extend those tax credits through 1985.

Wyman asked the Tehachapi Chamber to bring in administration people for a tour of wind energy facilities, then "wine and dine

(See page 7)

Congressman Thomas

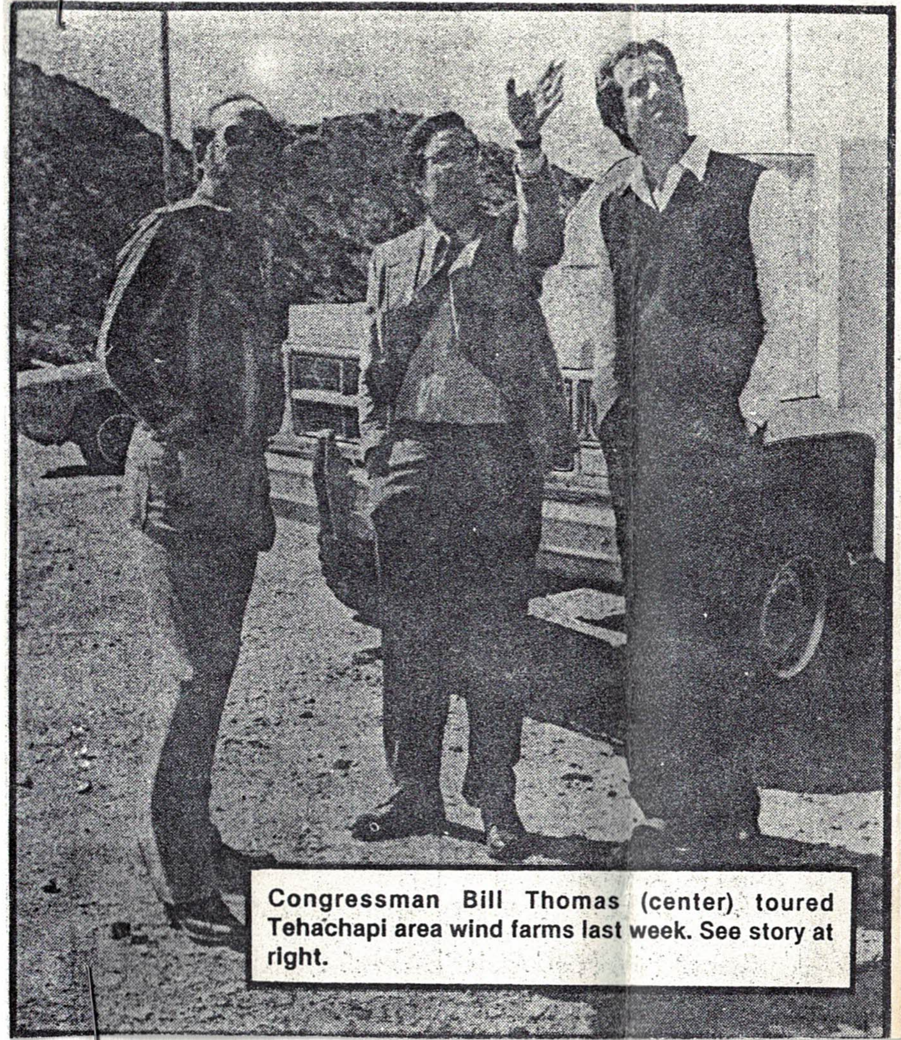
Thomas' remarks on the wind energy tax incentive question were part of a wide-ranging discussion of current tax debate on Capitol Hill.

Continuing his statement on the safety of those incentives until 1985, Congressman Thomas said he is unsure what will happen after that.

"Depending on what you folks do in terms of making an impact a creating a viable industry, th may not be any need for it," Thon said.

He added, however, "To t degree that we are still in a tentat stage, I think we're going to contir to need it.

(See page 7)



Congressman Bill Thomas (center) toured Tehachapi area wind farms last week. See story at right.

Representativ

wind energy ta

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Assemblyman Wyman

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(See page 7)

Congressman Thomas

(From page 1)

"This is a dynamic and experimental area. It would be a real shame if, for want of a little incentive, we don't get over the hump and move into a proven, viable alternative energy source," Thomas emphasized.

"We'll regroup and determine what we can do," he said, "because we are going to have a tax bill every year."

Still on the tax theme, Thomas said he expects "modifications (and) tremendous battles...(including) an assault on the phase-out of estate taxes on the federal level."

He said part of the House Democrat majority program will include attempts to "strike on in- major phase of the flood control program, should be ready by Fall, 1984. Construction, they say, is to begin in the Spring of 1985.

Congressman Thomas continued with the flood issue, saying the visit of Great Britain's Queen Elizabeth to California during the early March storms helped focus world attention on the state's flood control needs.

"That (visit) helped us a lot in shaping the direction that we need to move Congress to make sure that we get these projects—not just planning stage money—like the Tehachapi Watershed project completed," Thomas observed.

Earlier in his talk, the congressman called the beginning of the 98th Congress both historic and the opening salvo of "a classic confrontation on the direction the government is supposed to go" in 1984.

Passage of the social security bill, "the biggest entitlement program under the federal government," should make the current session of Congress historic, Thomas said.

"It's also important," he continued, "because the budget that was passed by the House, pushed by the Democratic chairman of the Budget Committee, Jim Jones, and (under) Tip O'Neil's leadership, is diametrically opposed to the position the president has taken," Thomas said.

"When the dust settles, we're going to have a classic confrontation on the direction the government is supposed to go. It will be the groundwork for the 1984 election."

Thomas predicted the 1984 race will be more important than the 1980 election.

Esquire

The NEW AMERICA
ALTERNATIVES FOR LIFE AND THOUGHT IN THE EIGHTIES

Wind Farming in Southern California

Wind turbines making electricity at the Victory Garden in California's Tehachapi Mountains

Wind: The Next Multibillion-Dollar [Bu]siness

Wind: The Next Multibillion-Dollar Business

THE FIRST THING you notice is the wind, rushing as it always has off the Pacific Ocean into the Mojave Desert. The next thing you notice is the sound, hammering, like horses running, but hushed, like something breathing. It is a new sound, and if things go as planned, it will become the anthem of California's windy midlands, because this is the song of 103 wind turbines making electricity for the Victory Garden, one of the most successful wind farms in the country.

The Victory Garden is the vision of Jim Dehlsen, president of Zond Systems, a three-year-old corporation based in Tehachapi, California. A gifted stockbroker-turned-entrepreneur, Dehlsen founded Zond to research and develop renewable energy sources. He became interested in alternative energy via an earlier company of his, which produced a micronized-Teflon high-speed lubricant called Triflon. The product was so successful that it fairly revolutionized American tribology (the study of friction and wear on mating surfaces).

Dehlsen used money from the sale of Triflon to finance the early stages of a renewable-energy company. He and his management team spent most of 1981 exploring possibilities. "Solar? Geothermal? Photovoltaic? Wind? We researched them all carefully, then we attended the first International Wind Energy Conference in Palm Springs, and by the second day I was convinced wind was the way to go. All its advantages were confirmed: it's clean and abundant; wind turbines can be installed in a fraction of the time it takes to build conventional power plants; the investment community supports it, especially after the Three Mile Island fiasco; and the government offers great tax advantages to wind investors. Arthur D. Little [one of the largest consulting firms in the United States] predicted that wind energy would become a multibillion-dollar business, and we decided right then and there to be the leaders in the field."

Dehlsen gave himself a year to achieve that goal. He and his team purchased a 750-acre windy ridge in the Tehachapi Mountains near Mojave and won "permanent approval" from the county to develop wind energy there. Then they landed the first wind-energy sales contract ever issued to a private company by Southern California Edison, which, with the blessing of the environmentally minded California Energy Commission, has made alternative and renewable energy its number-one priority. (Because of this, Southern California Edison is one of the few utilities left with a double-A bond rating and a steadily rising stock price.) And on Christmas Eve 1981, in a howling blizzard, the first wind turbines went on-line and the first wind-generated electricity surged into Edison's meters.

IN 1981, IN A HOWLING BLIZZARD, ZOND'S WIND TURBINES WENT ON-LINE AND THE FIRST WIND-GENERATED ELECTRICITY SURGED INTO EDISON'S METERS.

Harnessing wind energy is, of course, an ancient idea. Windmills can be traced back to seventh-century Persia, and American farmers relied on them until the federal government's Rural Electrification Administration offered them coal-generated electricity back in the Thirties. When oil prices jumped, everyone got interested in alternative energy again, but by then our national electric utilities were too heavily into nuclear and other "hard" energy solutions to do much about it.

Then, after Three Mile Island, Wall Street began turning a cold shoulder to nuclear projects. Since electric utilities are by far the country's most capital-intensive industry—which also makes them the biggest money borrowers—the investment sector's ebbing enthusiasm for nuclear energy was crippling. So utility executives are blowing fuses these days—unless they happen to have gotten into alternative energy early, as Southern California Edison did. Their timing was perfect, and so was Dehlsen's. He also had what most alternative-energy projects lack: financial professionalism.

Still, it wasn't exactly easy. "Oh, there were obstacles," says Zond's marketing director, Bob Gates. "We had to make millions of dollars move in our direction. When I approached the money guys in Century City, they looked at me with blank faces and said, 'A wind what?'"

Now, however, Zond is about to close a $13 million deal with one of the biggest investment firms on Wall Street. And there's more to come. Zond is presently dealing with a number of investment bankers to finance a thirty-megawatt development with Southern California Edison—a project valued at more than $60 million. In 1984 the output will rise to eighty megawatts—enough to power more than twenty-six thousand homes. —***Jessica Maxwell***

Southern California Edison Company

A Decade of Technological Transition

Excerpted from 1981 Southern California Edison Annual Report

Wind

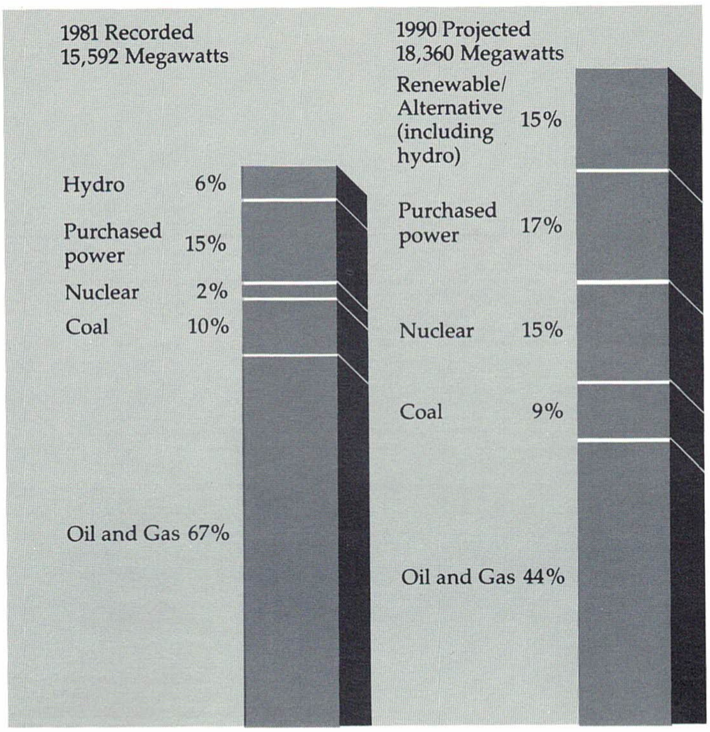
Wind power, like hydro power, can come in both small and large forms. Small wind turbines at privately-owned wind parks in the Tehachapi Mountains and in Riverside County with total outputs of 2 MW and 5.5 MW, respectively, were contracted for the Edison generating system in 1981 following the Company's third-party wind park opportunity announcement in late 1980. Principles of agreement were also reached during the year for an additional 74 MW of both small and large wind turbine energy from other developer-entrepreneurs.

The largest customer-owned wind turbine generator contributing to the Edison system, a 40-KW Mehrkam Induction Unit, was placed in service in 1981 near Lancaster, along with a second 18-KW system integrated into Federal Aviation Administration operations at the Fox Field Airport near Lancaster.

At SCE's Wind Energy Center near Palm Springs, developmental testing of large wind generators also continued during the year. The three-bladed, horizontal axis Bendix/Schachle unit is now undergoing a major modification. It was successfully operated while synchronized to the Edison system, producing 20,000 KWH with output levels of up to 1 MW. A vertical-axis wind turbine generator, which encountered a rotor failure during initial tests by Alcoa last year, is also undergoing redesign for planned operation in late 1982. Additionally, a vertical-axis wind turbine genertor, developed by DAF Indal Ltd., has been procured for testing in 1982.

Edison will continue to pursue wind generation as a viable resource in the current decade even though some early tests have reflected the developmental nature of this new technology, especially in hydraulics and rotor design and in scaling-up from small to large wind units. The goal is 560 MW of wind capacity by the end of the decade, equivalent to 140 MW of firm capacity, a reduction which reflects the resource's intermittent availability.

Generation Capacity Mix



During the decade of the 1980s, nearly all capacity additions are projected to be derived from nuclear, purchases and alternative and renewable resources. These sources, which represented 23% of the Company's generating capacity in 1981, are projected to comprise approximately 47% by 1990.

Wind turbine generators dot ridges of mile-high Tehachapi Mountains, 100-miles north of Los Angeles. Built by an entrepreneur-developer in response to Edison's 1980 third-party wind park opportunity announcement, units are the first of 40 to 50 small wind turbines, each scheduled to contribute 25- to 50-kilowatts to Edison's system over the next four years.

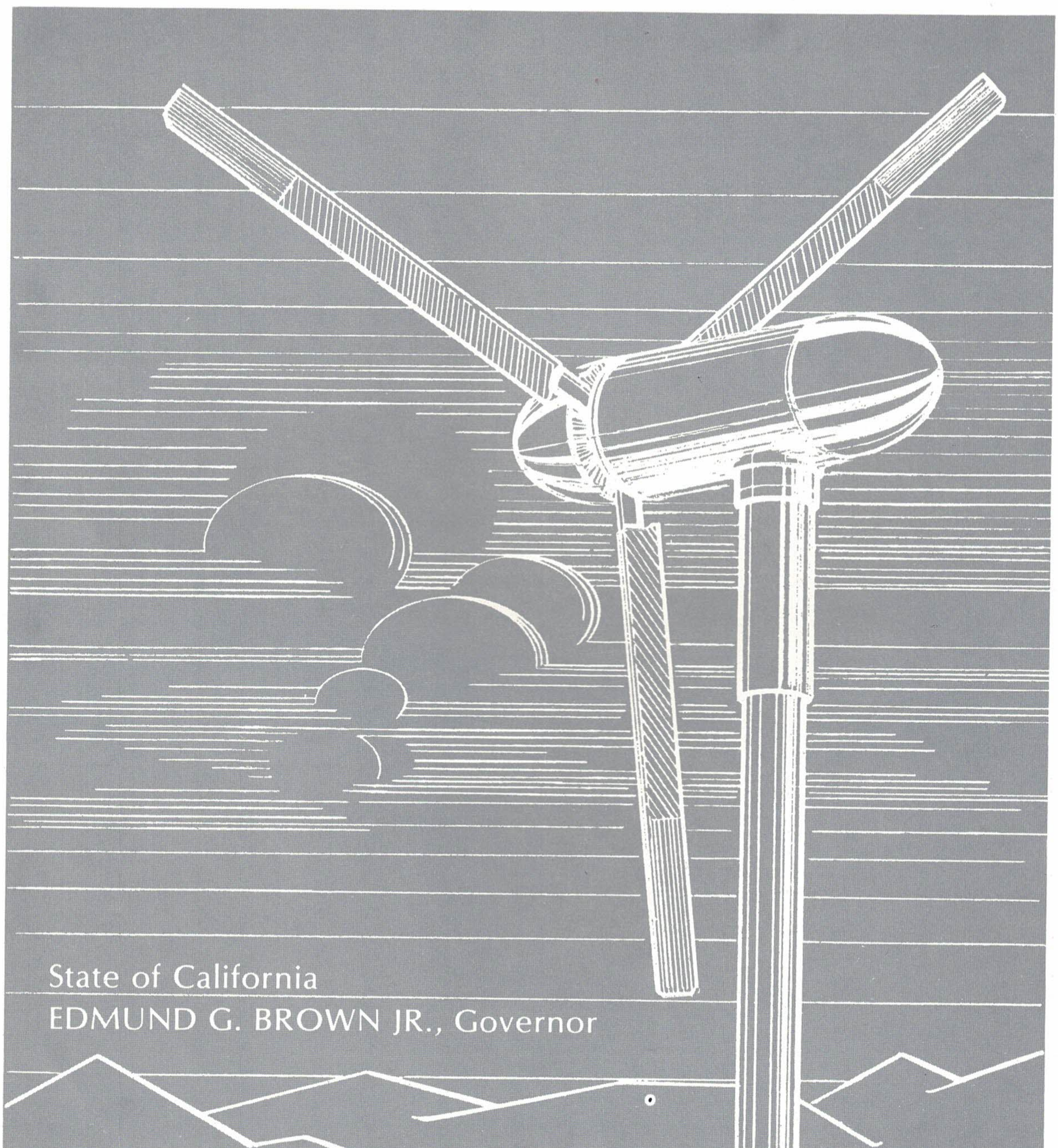
ZOND'S WINDPOWER GENERATING FACILITY "VICTORY GARDEN"

Excerpted from

CALIFORNIA ENERGY COMMISSION

WIND ENERGY

INVESTING IN OUR ENERGY FUTURE



State of California
EDMUND G. BROWN JR., Governor

EDMUND G. BROWN JR.
GOVERNOR

State of California

GOVERNOR'S OFFICE
SACRAMENTO 95814

916/322-2318

The people, businesses and industries of California are demonstrating that energy conservation and alternative energy development are opportunities, not sacrifices. Wind energy is one of those opportunities.

Wind is an old and proven energy source made new by our increasing awareness of the need to achieve energy self-sufficiency. Energy from the wind is nondepletable, nonpolluting, and abundant. Wind energy is a good investment, and will conserve our limited nonrenewable resources.

California has established a goal that 10 percent of the State's electricity come from wind generation by the year 2000, saving 40 million barrels of oil per year. I have committed myself to seeing California achieve this goal.

The information contained in this booklet will help you use wind energy to the best advantage. Please feel free to call the California Energy Commission for any additional assistance.

Sincerely,

Edmund G. Brown

EDMUND G. BROWN JR.
Governor

WIND ENERGY IN THE FUTURE

Wind is an old and proven energy source — renewable, clean, abundant. Electricity generated by wind-driven turbines does not pollute the air or water, and existing power distribution systems can be used to transmit electricity from wind generating stations to customers. The increasing monetary and environmental costs of non-renewable energy resources make production of electricity from wind energy one of the most attractive and cost effective generation technologies currently available. The average cost of electrical energy in California has more than doubled since 1977, and further increases in excess of inflation are expected in the future.

Why Wind?

An Abundant Source of Energy

Wind is an old and proven energy source which has been used for centuries.

A Good Investment

Wind energy projects will yield a quick return on investment.

Rapid Deployment Time

Wind turbines can be installed in a fraction of the time required to construct a conventional power plant.

Good for the Environment

Wind energy is renewable and nonpolluting.

Reduced National Dependence on Foreign Oil

Each megawatt of installed wind capacity will save at least 5,000 barrels of oil per year.

Alcoa, Bendix, Boeing, Hamilton Standard, Westinghouse and other major American corporations have recognized the potential for large-scale electricity production from wind energy and have large-scale wind turbines. Smaller wind turbines are also produced by many other manufacturers throughout the country. Other nations, including Sweden, Denmark, France, England, Holland and Germany, have active wind turbine development programs.

Recent changes in state and federal laws have created attractive investment opportunities in various alternative energy technologies, especially wind. A public utility is now required to purchase wind-generated electricity at the higher avoided cost rates. State and federal tax credits are available to return up to 50 percent of investments in wind energy systems after the first year, and other special provisions allow accelerated depreciation of those investments. Moreover, wind turbines can be installed in a fraction of the time required for construction of a large conventional power plant. Investing in wind makes sound economic sense, is good for our environment, and is essential in our efforts to reduce national dependence on foreign oil.

ECONOMICS OF WIND ENERGY

The purchase of wind generation equipment is a substantial capital investment, and economics will be the primary consideration of any company considering a venture in wind energy production. There are economic advantages and other incentives that should be considered in reaching a decision.

Guaranteed Market for Wind Generated Electricity

Utilities are seeking new, renewable and reliable sources of electricity. Even though a utility may develop and operate its own wind project, it must purchase wind-generated electricity from wind farm developers or other private sources as required by federal and state regulations. These regulations require the utility to pay the cost of generating the same amount of electricity or the cost of purchasing it from another utility. When generating electricity, a utility brings its cheapest source on line first, and its most expensive source last (often an older, oil-fired power plant). The cost of bringing the last, most expensive source on line is called the "marginal" cost by economists and the "avoided" cost by utilities. A utility is required to pay its avoided cost

private wind developer will receive a relatively high price for wind-generated electricity. This price will rise with increases in the cost of oil.

California's major utilities currently pay as much as 8¢ per kilowatt-hour to produce electricity during periods of peak demand. In many cases, the strongest winds in California occur during summer afternoons when utilities are operating their most expensive peaking plants. Therefore, utilities must pay these peak load prices for wind-generated electricity which is purchased from private firms.

State and Federal Regulations Encourage Private Wind Developers

Recent federal and state actions require California's investor-owned utilities (Pacific Gas and Electric Company, Southern California Edison, San Diego Gas and Electric Company and others) to:

Purchase electricity from wind generation facilities at a high rate— at the utility cost for generating its most expensive electricity.

All other utilities (primarily municipal utilities, such as the Los Angeles Department of Water and Power) must at least:

Purchase electricity from qualifying wind facilities at "just and reasonable" prices;

Allow their transmission lines to be used to send electricity from a wind facility to a different utility or to another facility in another part of the state; and

Make the interconnections necessary for wind facilities, to buy and sell electricity.

In addition, these state and federal actions:

Exempt "third-party" wind generation facilities up to 80 Mw from state and federal regulations as utilities; and

Exempt private wind generation facilities from filing utility reports with the Federal Securities and Exchange Commission.

The price paid for wind electricity varies with the utility so that it may be advantageous for a private wind developer to sell electricity to a distant utility at a higher price. The federal government utilities, such as the Western Area Power Administration and the Bonneville Power Administration, are eager to purchase wind-generated electricity and may compete with local utilities by offering a better price. However, a private developer may need to pay the cost of "wheeling" or transmitting the power through the transmission lines of intermediate utilities between buyer and seller for distant electricity sales.

The Financial Feasibility of Wind Energy

The high price that a utility will pay for wind-generated electricity is a powerful incentive to encourage private investment in wind energy. In addition, this price will continue to rise with the cost of oil burned in conventional oil-fired generation plants. Few investments give this assurance. Moreover, government experts, manufacturers, utilities, and private wind development firms foresee substantial reductions in the cost of wind hardware as manufacturers move into mass production. These anticipated cost reductions will make the future cost of producing electricity from wind far cheaper than producing it from oil. (See Figure 1).

State and federal financial incentives have been developed to help stimulate rapid development of the wind industry. Incentives are now available to offset today's higher pre-mass production equipment costs and *make wind energy an attractive investment opportunity that will yield a quick return on investment today.*

Tax Benefits

Many financial incentives are currently available to investors in wind energy. These incentives make a wind investment an especially good tax shelter.

An investor who installs wind equipment in a commercial project is eligible for a 10 percent Federal Investment Tax Credit. He is also eligible for an additional 15 percent Energy Property Investment Tax Credit provided by the Windfall Profits Tax Act of 1980. This new credit applies to all hardware except the transmission lines from a windfarm to the utilities' existing transmission lines.

If an investor has California state tax liability, the project will be eligible for a 25 percent Solar Tax Credit in addition to the federal tax credits. The tax savings produced by the state credit are reduced somewhat because the amount of any state credit is treated as federal taxable income. Even so, the state tax credit is a valuable incentive which may be carried forward to future years. The federal credits can be carried backwards and forward.

A utility investing in wind energy is not eligible for the 15 percent federal tax credit provided by the Windfall Profits Tax Act, but it may claim the 10 percent Business Investment Tax Credit and the 25 percent California Solar Tax Credit.

Depreciation Benefits

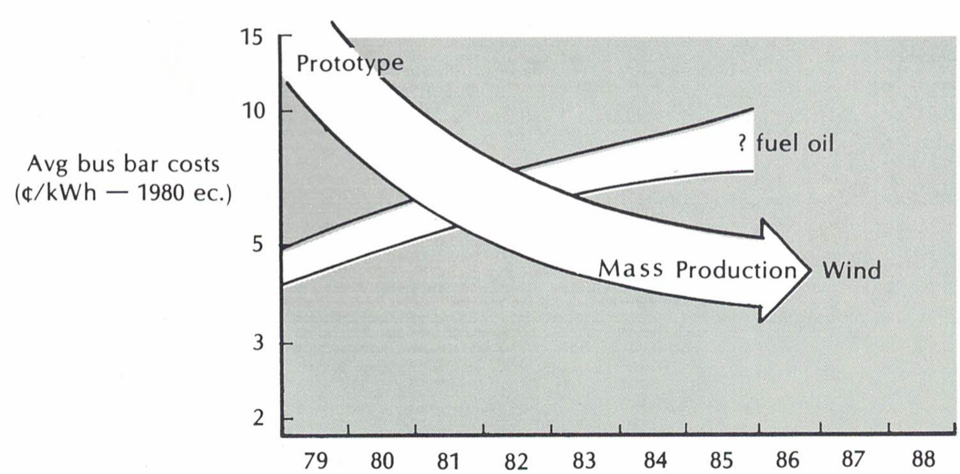
All businesses and utilities are allowed to depreciate wind investments. The IRS has not yet established a class life for a wind turbine as it has for other types of power plants. Many private wind developers believe, however, that they will be able to depreciate their investment over as little as seven years for federal tax purposes. If wind turbines are treated as new Section 1245 property, wind investments could be depreciated using the double declining balance method.

For California state tax purposes, a wind investment may be depreciated over even shorter periods. State law permits depreciation in 1, 3 or 5 years in lieu of the 25 percent state tax credit. It is also possible to claim the state credit and depreciate all costs above the amount of the credit within three years using the double declining balance method.

Depreciation of wind turbines installed for residential use is not premitted. However, state and federal tax credits are still available for home installations. Residential wind projects are eligible to

Figure 1

Comparison of Wind and Oil-Fired Energy Costs



SOURCE: California Energy Commission