

United States Senate

WASHINGTON, DC 20510

June 26, 2012

The Honorable Steven Chu
Secretary of Energy
1000 Independence Avenue, SW
Washington, D.C. 20585

Dear Secretary Chu:

Earlier this year, the Department of Energy (DOE) decided against finalizing its announced conditional loan commitment to Severstal Dearborn, LLC for \$730 million under the Advanced Technology Vehicle Manufacturing (ATVM) program. DOE stated that its decision not to grant the loan was made based on the merits of the application after a “thorough review.” We now understand that Severstal has reapplied under the same loan program for a portion of the same project—albeit for a lesser loan amount. We again express our serious concern.

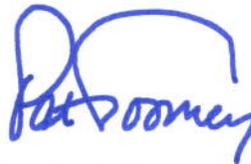
We strongly agree with your assertion that the government should not use taxpayer money to subsidize projects that companies can finance on their own. DOE’s stated purpose for the loan program is to “accelerate the domestic commercial deployment of innovative and advanced energy technologies.” In the case of Advanced High Strength Steel (AHSS), abundant evidence shows that several U.S. companies already manufacture comparable grades for which Severstal is seeking this loan award. These companies built their facilities using private funds. Thus, the market has demonstrated an ability to finance AHSS projects without taxpayer subsidies.

We applaud the Administration’s decision not to finalize the first Severstal loan application. And we ask that you conduct another “thorough review” of the company’s latest application. We are confident that the facts will lead you to the same conclusion this time around. Thank you for your prompt attention to this matter.

Sincerely,



Daniel R. Coats
United States Senator



Patrick J. Toomey
United States Senator

cc: David G. Frantz
Acting Executive Director
Loan Programs Office