

**Internal Revenue Service**

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PRESP-142378-06

Date: November 13, 2006

Dear

This letter is in response to your application for an allocation of authority to issue in Clean Renewable Energy Bonds (CREBs) under section 54 of the Internal Revenue Code (the "Code").

Section 54(f)(1) of the Code imposes a Limitation of \$800,000,000 on the amount of CREBs which may be issued to finance qualified projects (the "Limitation"). Section 54(f)(2) provides that the Limitation is to be allocated by the Secretary of Treasury in such manner as the Secretary deems appropriate except that no more than \$500,000,000 of the Limitation may be allocated to finance qualified projects of qualified borrowers which are governmental bodies.

Section 6 of Notice 2005-98, 2005-52 I.R.B. 1211, provides that the Limitation will be allocated among qualified projects for which a share of such Limitation has been requested beginning with the project(s) requesting the smallest share (in dollar amount) and continuing with the project(s) requesting the next-smallest share until the total Limitation has been exhausted. However, in the event that \$500,000,000 has been allocated to qualified projects of qualified borrowers that are governmental bodies, the remaining shares of the Limitation will be allocated, under the methodology described in the previous sentence, only to qualified projects of qualified borrowers that are not governmental bodies. For purposes of allocating the Limitation among projects, all qualified projects located at the same site and owned by the same qualified borrower

are treated as a single project and each project is treated as requesting a single allocation.

An allocation of shares of the Limitation cannot be made with respect to the project owned by the borrower listed in Appendix A because such borrower is a governmental body and \$500,000,000 has already been allocated to applications requesting a smaller share of the Limitation to finance qualified projects owned by qualified borrowers that are governmental bodies.

We appreciate your submission of the application for our consideration and encourage you to continue to pursue your plans for constructing a clean renewable energy project.

Sincerely,  
Assistant Chief Counsel, (Exempt  
Organizations/Employment Tax/Government  
Entities)  
(Tax Exempt & Government Entities)

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By: Timothy L. Jones  
Senior Counsel  
Tax-Exempt Bonds Branch

**APPENDIX A**

	<b>Borrower Name</b>	<b>Project Type</b>	<b>Project Location</b>	<b>Amount Requested</b>
1		Open-loop biomass facility		