



Letters

Summer 2026

Is It Time For The Nuclear Option In The AI Race?

by Steve Milloy, Senior Policy Fellow
As appearing on the *Daily Caller*



AI needs vast amounts of electricity, more than America can reliably deliver. That is becoming hard to miss as data centers spread across the country to feed the AI boom. The trouble is that America has not built enough dependable power for them, much less for the factories, defense production and mineral-processing projects politicians keep promising to bring home.

Nuclear power should be an obvious part of the answer. It generates enormous quantities of electricity on a compact footprint, around the clock. It can power data centers, factories and defense production without blanketing the countryside with windmills, solar farms, batteries and miles of transmission lines.

China is building while America dithers.

Nine of the 10 nuclear reactors whose construction began in 2025 were in China. Chinese and Russian designs accounted for 94 percent of global reactor construction starts over the

past decade. While China is building nuclear reactors, America is still buried in paperwork.

The first U.S. nuclear plant took four years to build and ran 25 years. Now the regulatory process is the project. Plant Vogtle's two newest reactors were supposed to cost about \$14 billion and open in 2016 and 2017. They came years late and cost more than \$30 billion. Vogtle's cost overruns and delays do not indict nuclear power. They indict the system that has made building it a costly slog.

America is also sitting on an energy asset it treats as a burden: used nuclear fuel. Near 100,000 metric tons of used nuclear fuel are stored around the country. That fuel contains the energy equivalent of roughly 1.2 trillion barrels of oil. Rather than leave it in place indefinitely, America should put it to work.

Used fuel deserves intelligent management. Recycling can recover valuable material for new fuel, while the remaining fraction can be permanently managed. Recycling can also reduce the waste-management timeframe from more than 100,000 years to less than 300 years. America has already paid for this fuel, already stored it and already knows how to use more of its energy. It is time

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Why Gas Prices Are So High in CA



Katy Grimes breaks down the reason why gas prices in are California consistently the highest in the nation. As she points out the national crude prices set the floor, and then "California's taxes, climate rules, unique fuel special blend, and diminished refining system." She also provides seven specific reasons for the high gas prices.

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Greg Walcher writes about a number of states are introducing moratoriums on A.I. data centers.

He uncovers efforts to release the harness of off-grid generators, which may be the solution to the growing energy demand of these centers.

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Steve Milloy points out that with the "American economy is dangerously reliant on Communist China," which creates serious national security concerns. Transparency is the only solution, he adds.

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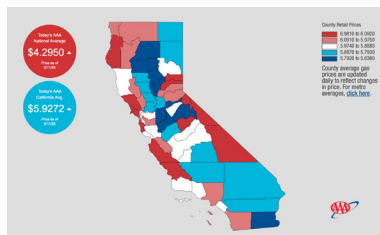


Greg Walcher says that there's been more articles written in the last 2 years than the previous twenty "because of the seven Basin states' failure to reach agreement on future management" on the dwindling water supply.

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Why Gas Prices Are So High in California

by Katie Grimes, Senior Media Fellow
As appearing in the *California Globe*



‘When tensions flare in the Middle East, Californians feel it first and worst’

While national crude prices set the floor, California’s taxes, climate rules, unique fuel special blend, and diminished refining system raise the price per gallon.

California gas is expensive for two overlapping reasons: it is structurally more costly than in most other states even in normal times, and the 2026 global oil shock has hit the state harder than the rest of the country.

As of mid-September 2026, regular gasoline in California averages about \$5.89 to \$5.97 a gallon versus a U.S. average around \$4.27 to \$4.31.

Diesel costs are even more extreme, with statewide averages over \$8.00 per gallon, even topping \$9.00 per gallon in some counties...

Oil is priced globally, and while the U.S. is “energy independent,” it does not mean the U.S. sets its own gasoline price or that domestic crude automatically stays cheap at the pump.

Oil trades as a global commodity, so U.S. gasoline prices follow international crude benchmarks, even when the country produces more oil than anyone else and is a net exporter of petroleum products.

The U.S. is the world’s largest oil producer and a net exporter of petroleum products.

Crude oil trades as one interconnected commodity.

A barrel of similar quality from Texas, the North Sea, or the Middle East is valued against the same worldwide supply-demand balance and the same set of risks. Refiners then pay that price or lose supply to exports.

U.S. consumption of petroleum

products is still far larger than domestic crude output – approximately 20 million barrels per day of products vs. roughly 13.5–13.8 million bpd of crude in 2026. The country remains a net importer of crude oil even while exporting refined products.

Forbes explains the two extra facts that sharpen the picture:

* U.S. production is mostly light, sweet crude. Many U.S. refineries were built for heavier, sour grades, so the country simultaneously exports light barrels and imports heavier ones. That two-way trade further locks domestic prices to the global market.

* Quality, location, and transport still create modest differentials (a few dollars a barrel, occasionally more). They do not break the overall linkage.

The result is a structural swap: the U.S. exports most of its light crude and imports heavy crude mostly from Canada, so refineries can run efficiently. Those imported barrels are bought at world prices. Retrofitting plants is expensive and slow.

The U.S. Energy Information Administration standard four-part breakdown of U.S. retail regular gasoline prices treats crude oil as the largest component, and longer-run averages sit right in the 50–52% range.

The EIA explains:

Gasoline types

Gasoline is sold based on octane levels in three primary grades of gasoline: Regular; Midgrade; and Premium.

“The octane level indicates gasoline’s resistance to combustion. Gasoline with a higher octane is less prone to pre-ignition and detonation, also known as engine knocking. Refiners charge more for higher-octane fuel, and premium-grade gasoline is the most expensive. From 1995 through 2006, the price difference among grades of gasoline was typically about 10 cents per gallon. Since 2006, the price difference among gasoline grades has generally increased. In 2025, the national annual average price of midgrade gasoline was about 57 cents per gallon more than regular-grade gasoline, and the average

price for premium-grade gasoline was about 93 cents per gallon more than regular-grade gasoline.”

From an average low of \$1.25 per gallon in 1990 under President George H.W. Bush, to an average high of \$4.93 per gallon of gas in 2022 under President Joe Biden, the upward trajectory is interesting.

The retail price of gasoline includes: The cost of crude oil; Taxes; Refining costs and profits; and Distribution and marketing.

Those shares move inversely with crude: when oil prices rise, crude’s percentage of the pump price grows; when oil falls, taxes and logistics become larger shares of a cheaper gallon.

Limited spare refining capacity and regional rules, CA’s special blends and high taxes, add extra volatility.

Even before the Iran war, California’s highest-in-the-nation gas prices were already up 80 cents per gallon prior to the war with Iran, while the rest of the country was enjoying some of the lowest priced gas in years, the *Globe* reported in March.

The EIA reports annual averages were about \$2.14 in 2016, \$2.17 in 2020, \$3.95 in 2022, \$3.30 in 2024, and \$3.10 in 2025; the latest months of 2026 are back above \$4.00.

Robert Rapier of Shale Magazine, a chemical engineer in the energy industry, the Chief Energy Analyst for Energy Network Media Group and Editor-in-Chief of Shale Magazine, published USC Professor Michael Mische’s 2025 report, *A Study of California Gasoline Prices*, which clearly explains why California’s fuel costs are so high—and why they’re likely to remain that way:

Seven Reasons Your California Gas Tank Costs More to Fill:

1. Special Blends, Special Costs

California’s mandated CARBOB gasoline blend might be cleaner, but it comes with a hefty price tag. Between this specialty formula, seasonal reformulations, and Cap-and-Trade compliance, we’re talking an extra \$0.47 to \$1.15 tacked onto every gallon before it even leaves the refinery.

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For A.I., off-grid may be the elegant

by Greg Walcher, Senior Policy Fellow
As appearing in *The Daily Sentinel*



More than 100 cities and counties have imposed moratoriums on AI data centers, and the state of New York has banned new ones altogether. Fourteen other states considered bans this year and while 13 of those failed, they will be back — because Gallup polls show 71% of Americans now oppose data centers in their neighborhoods.

There are already 1,915 data centers in 29 states (including 31 in Colorado) and another 654 under construction. Part of the growing opposition results from an awareness of the massive need for electric power. The green agenda has driven electricity prices up more than half in much of the country and Americans struggling to pay their utility bills don't want anything that might drive costs up even more. It is completely understandable, but that equation may soon change.

Political leaders have been saying data center companies will have to either locate them near major power plants or build new major power plants near them. But there is also widespread opposition to new power plants, so that is problematic, too. Meanwhile, we are told it is vital for the U.S. to dominate the AI future.

An old adage says "necessity is the mother of invention." King Gillette wanted to stop sharpening razors and buy a disposable blade. There was no such thing, so he in-

vented one. James Dyson got frustrated with vacuum cleaners that lost suction when the bag was full, so he invented the bagless cyclone vacuum. Since companies planning new AI data centers realize the nation's power grid cannot handle much more electric demand, they are looking more creatively at how to build power sources that are not part of the grid at all. The concept is much like installing a home generator to supply independent power when the grid fails. Or in this case, before the power ever arrives.

This new approach became evident when Elon Musk's SpaceX made its Initial Public Offering, and the summary revealed a three-year \$2.8 billion investment in natural gas turbines. That makes SpaceX one of the world's largest buyers of gas turbines. These are generators the size of a jet engine that burn natural gas instead of jet fuel, creating electricity "behind the meter." Otherwise known as "off grid" or independent of the grid, they enable the company to generate power without having to pay any utility. That also means no impact on power demand elsewhere and no impact on utility prices.

Professor Joel Litman calls it "dark energy," a source of clean reliable power generated by a class of natural-gas jet engines adapted into electric generators. "They start in minutes, run on natural gas instead of jet fuel, and can produce tens of megawatts of power per unit. Stack enough of them together, and you have a private power plant." Litman is a senior advisor to Fermi America, the developer working on its dark energy project and building what it calls the world's largest private "HyperGrid

campus" in Texas. It is designed to deliver as much as 17 gigawatts of power directly to AI companies Fermi calls "hyperscalers."

Fermi may be in on the ground floor, but it is destined to be just one of many such suppliers in the near future. Part of the problem is that the gas-fired turbines are back-ordered for years and manufacturers cannot build them fast enough to keep up with quickly growing demand. They are not new; they have powered ships for years. But that is a limited market, and Musk's huge SpaceX plan will change that dynamic, virtually guaranteeing that manufacturing will take off like one of its rockets.

Musk is not waiting. Earlier this year SpaceX already contracted to buy \$800 million worth of turbines, to be delivered by 2029, and a separate deal will add \$2 billion worth. These "behind the meter" generators may seem like the perfect solution in many ways, so predictably the company is being sued and its permits challenged by the environmental industry and its allies. One lawsuit claims the turbines violate emission standards because they are mobile (mounted on trailers). That isn't illegal, but they may be required to meet federal air emission standards. Some of the turbines already in use are permitted, but some are not — because their use is growing much faster than government's ability to lumber through its permitting process.

That problem needs a solution as elegant as the power solution provided by off-grid generators. Perhaps that necessity will lead to the invention of a new permitting procedure that can keep up. □

Corporate America's China addiction has become a national security threat

by Steve Milloy, Senior Policy Fellow
As appearing on the *FoxNews.com*



The American economy is dangerously reliant on Communist China. Many in government and business know this, but hardly anyone has done anything about it.

One important step toward addressing this vulnerability is greater transparency. A petition recently filed with the Securities and Exchange Commission urges the agency to require publicly traded companies to disclose to shareholders the material risks created by deep supply chain dependence on China. Investors deserve a clear accounting of just how exposed corporate America has become.

This is no hypothetical exercise or war game. U.S. corporations have outsourced vital consumer production to a geopolitical rival that is openly committed to displacing America as the world's leading power. China's appetite for Taiwan may very well become a near-term flashpoint. Corporate reliance on China has resulted in a supply chain so brittle that an abrupt break in relations — whether from war, embargo or economic coercion — could cripple our defense, healthcare, technology and consumer economy overnight.

This would not be merely an economic inconvenience — it

would be a national health emergency.

U.S. companies chased low prices and handed Beijing practical know-how, machinery, processes and market share. The result, as *The New York Times* has noted, is a rival that now dominates production across rare-earth magnets, solar wafers, steel, pharmaceuticals and electric vehicles. Profit was never Beijing's sole objective; strategic dominance was.

Recent history proves the point. China embargoed rare earth exports to Japan in 2010 over a territorial dispute, forcing concessions without firing a shot. It has restricted gallium, germanium and other materials in response to U.S. actions. Beijing is mapping foreign supply chains through licensing requirements precisely to identify pressure points for future coercion.

Current corporate disclosures on these risks are vague, inconsistent and inadequate. If companies know the dangers, they are hesitant to alarm investors or invite regulatory scrutiny. That reluctance does not satisfy fiduciary duties or legal requirements for disclosure of material information. Investors cannot accurately price portfolio risk when required SEC filings gloss over the possibility of sudden loss of access to 70% to 90% of critical inputs. Policymakers similarly fly blind when assessing sanctions, tariffs, or defense strategies.

The commission has existing authority to demand clearer, more specific disclosures about geographic concentration risks, single-source dependencies and

scenario analyses for major supply disruptions. Companies should quantify potential revenue, cost and operational impacts from China-specific shocks. Vague boilerplate about "geopolitical tensions" is no longer acceptable.

Critics will claim such guidance burdens business or politicizes markets. The opposite is true. Markets function best with accurate information. Concealing existential supply chain vulnerabilities distorts capital allocation and leaves shareholders exposed.

Free enterprise does not require pretending that doing business with a totalitarian rival bent on supremacy carries no unique downside. National security and economic resilience are not optional externalities; they are material facts.

As war is costly and risky, China has implemented a strategy of "fighting without fighting" — weaponizing trade dependencies intentionally developed over decades. Recent commentary from Treasury Secretary Scott Bessent underscores the linkage: Trade policy, industrial capacity and national security are inseparable. Allowing foreign dependencies to degrade any one domain risks defining America's future on Beijing's terms, which is China's goal.

The SEC should act promptly. Investors deserve transparency. Companies owe their shareholders an honest assessment of risks, not happy-talk optimism. America's economy and security cannot afford willful blindness about the most consequential supply chain vulnerability of our time. The time to disclose or, preferably, end the reliance is now. ▣

I've talked with refinery operators who describe the compliance process as "jumping through flaming hoops while carrying water buckets." The engineering challenges alone are massive.

2. The Tax Man Cometh... and Cometh Again

While politicians point fingers at oil companies, Sacramento quietly collects about \$1.64 per gallon in taxes and fees – by far the highest in America. Next time you wince at a \$100 fill-up, remember that roughly \$30 went straight to government coffers.

The irony? Those refiners being vilified often make mere pennies per gallon in profit during normal operations. One industry veteran told me, "Some quarters we actually lose money on each gallon of California gas we produce."

3. Dependency by Design

Remember when California was an oil powerhouse? Those days are fading fast. The state now produces just 23% of its crude needs, importing over 60% from places like Ecuador, Saudi Arabia, and Iraq.

Every tanker that docks in Long Beach represents both transportation costs and vulnerability to global markets. When tensions flare in the

Middle East, Californians feel it first and worst.

4. Refinery Exodus

You can't sell what you can't make. California's refining capacity has been shrinking for years, with Phillips 66 and others closing facilities. Another 8.6% of capacity is expected to disappear soon. (Valero's Benicia refinery closed April 2026).

As one refiner manager told me: "We're constantly weighing whether the investment to keep this place running is worth it, given the regulatory landscape."

5. Pipeline? What Pipeline?

Unlike states east of the Rockies, California has no crude oil pipelines crossing its borders. We're essentially an energy island, forced to rely on ships and limited rail capacity to bring in fuel.

This isolation isn't just expensive – it's precarious. When a refinery goes offline for maintenance (or worse, an unplanned outage), there's no quick way to bring in replacement fuel from neighboring states.

6. Business Climate Colder Than San Francisco Fog

Since 2018, over 360 energy-related companies have packed up and left California. That exodus takes with it

jobs, tax revenue, and critically – investment in energy infrastructure.

One former California oil executive who relocated his company to Texas told me, "It wasn't just the regulations themselves – it was the constant moving of goalposts and the openly hostile rhetoric from officials. Eventually, you go where you're welcome."

7. The 2035 ICE Ban Shadow

"Finally, the state's aggressive push to ban the sale of internal combustion engine vehicles by 2035 creates a chilling effect on long-term investment in fuel infrastructure. Why would companies invest billions in refining, storage, and distribution assets in a state that has openly stated its goal of making those assets obsolete?"

Shale Magazine says "the Bottom Line is that California's painful gas prices aren't accidents or the result of corporate villainy – they're the predictable outcome of policy choices made over decades. Multiple investigations by federal and state agencies have repeatedly found no evidence of price gouging, which has been Gov. Gavin Newsom's accusation.

"What they have found is a perfect storm of regulations, taxes, import dependency, and shrinking infrastructure that guarantees Californians will continue paying premium prices for their mobility." □

Nuclear Option in the AI Race (Cont.)

to treat it like the asset it is.

The right model is a Nuclear Lifecycle Innovation Campus in willing states. Bring used-fuel storage, recycling, fuel fabrication, advanced reactors, long-term management of remaining material and major power customers together. Put the components of the nuclear fuel cycle in one place rather than scatter them across the country. That reduces needless transportation, avoids a chain of separate approvals and gives power users a direct stake in getting the project built.

The payoff is straightforward. Data centers could obtain dependable power near their operations. Manufac-

turers could locate where electricity is plentiful instead of fighting for scarce grid capacity. Communities could gain jobs, investment and tax revenue. Investors could finance projects with customers, contracts and revenue rather than another federal subsidy pitch.

America should not choose one company or one reactor design. It should welcome multiple developers, competing technologies and states that want the jobs and investment. Oklo's interest in an integrated fuel-cycle campus is worth watching because it reflects a broader point: the future of nuclear power is not merely another stand-alone reactor project. It is a full system: fuel, power

generation, customers and responsible management of what remains.

Nuclear power cannot become the next green energy grift: endless subsidies, endless delays and too little power. Projects should succeed because they deliver electricity that businesses want to buy.

The AI race will not pause while Washington debates used fuel. China is building reactors at a pace America has forgotten is possible. America can keep storing fuel with plenty of energy left in it, delaying projects and hoping an overstretched grid carries a larger load. Or it can build the integrated nuclear system an industrial superpower requires. □

Seeking more durable Colorado River solutions

by Greg Walcher, Senior Policy Fellow
As appearing in *The Daily Sentinel*



John Wesley Powell, the 19th century Colorado River explorer and long-time head of the U.S. Geological Survey, published one of the earliest analyses of the American Southwest in 1879, called “Report on the Lands of the Arid Region of the United States.” He may have been the first to figure out that the limiting factor for settlement and growth in the West would never be land, but always water. It would be just as prescient if written last week. As he predicted, the modern prosperity of the West is built entirely on dams, canals, and irrigation — about which millions of its citizens are barely aware.

People focus on water slightly more during droughts. English clergyman Thomas Fuller published the proverb in 1732, “We never know the worth of water till the well is dry.”

There have been more articles and editorials about the Colorado River in the last two years than in the preceding two decades, because of the seven Basin states’ failure to reach agreement on future management of a dwindling water supply. Seeing no better option, the Interior Department published its “final” decision on management of Lake Powell, Lake Mead, and other major federal reservoirs over the next decade. A couple states are content, others angry, and one (Arizona) threatening litigation. So, recognizing that nothing related to the Colorado River is ever really “final,” what’s next, especially in the long term?

The Aug. 16 Wall Street Journal ran the headline, “The Colorado River is shrinking. See how authorities are trying to save it.” The story, with impressive color graphs, led with “Af-

ter years of impasse between states, the federal government has stepped in to try to save the beleaguered Colorado River. The plans include a short-term fix for an ailing reservoir (Lake Powell) and longer-term efforts to keep the river flowing. It is unclear how effective these measures will be.”

Part of the problem is the disjointed nature of government, not the fault of anyone in particular. While Interior Department officials say they are doing what they can to “rescue the river,” one of the primary causes of reduced flows — the vast overgrowth of national forests — is under the jurisdiction of the Agriculture Department’s U.S. Forest Service. Interior officials cannot force the Forest Service to restore a more natural and healthy forest density and structure, even though that might add hundreds of thousands of acre-feet of water to the river system. Interior’s Bureau of Land Management could lead the removal of tamarisk and other non-native invasive species that suck an estimated million acre-feet of water from the system annually — but BLM is only one of many landowners whose participation would be needed. The Bureau of Reclamation can and will adjust storage and flows at Lakes Powell and Mead, both of which are at their lowest levels in my lifetime, but that can only control outflow below dams. It cannot create new water flowing in.

However, there are ways to do exactly that. If the federal government were serious about forest management, and about removing invasive species, it could add millions of acre-feet, as already mentioned. But other methods could be faster and cheaper in the interim.

Last summer, the Lower Basin states (Arizona, Nevada and California) signed a memorandum of understanding with Interior to explore an interstate exchange network specifically designed to create more water in the system. Strategies include desalinated

ocean water, advanced water recycling and reuse systems, groundwater recovery, and agricultural conservation through technological improvements.

The answer to Arizona/California water shortages is not fighting with the Upper Basin or federal officials. The answer is using good old-fashioned American innovation to create new water supplies. That is the conclusion of Jim Madaffer, vice chair of the Colorado River Board of California and a San Diego County Water Authority board member. He wrote an enlightened op-ed piece titled, “Subtraction isn’t the way out of the Colorado River crisis,” arguing that marketing water savings within the Lower Basin could lead to significantly more water in the river.

Madaffer’s piece attracted attention as an unusual full-throated endorsement of free market principles. Instead of the tired call for changing allocations established by the 1922 Interstate Compact, he instead proposes economic incentives to add water to the river by allowing states to supply their needs through other methods, including desalination.

By competing to create abundance, instead of allocating shortages, the Lower Basin can solve its water problem and continue to build an even more prosperous future. John Wesley Powell would be proud. □

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