

## **Corporate Giveaways in Corporate Tax Bill**

On Oct. 22, the corporate tax bill – originally intended for the limited purpose of changing U.S. law declared illegal by the World Trade Organization – was quietly signed into law by President Bush. No wonder that there was no fanfare around the signing. The bill contains billions of dollars in corporate tax breaks – some of which are taken from the failed energy bill. One of the biggest corporate welfare items in the bill is a provision that will allow America’s largest energy companies – which are among the most profitable in the U.S. economy – to reclassify energy production as a manufactured good in order to qualify for potentially tens of billions of dollars in new tax deductions.

The manufacturing tax deduction has previously been available only to traditional manufacturing industries. The size of this ballooning tax deduction increases over time to a maximum of 9 percent of a company’s production income after 2009. The total estimated cost of this tax deduction is \$76.5 billion from 2005 to 2014. While this estimate includes the deductions for many different industries, energy companies would likely be the largest recipient. Other tax breaks include a two-year suspension of import duties on nuclear steam generators and reactor vessel heads (\$9 million) and tax breaks for producers of “refined coal” as an alternative energy. The bill includes one useful provision: it reduces a \$100,000 tax deduction to \$25,000 for small business owners who pur-

### **DID YOU KNOW...?**

#### *The Power of the Public Utility Holding Company Act*

Q. What is “the most effective antitrust enforcement program in U.S. history?”

A. Enforcement of the Public Utility Holding Company Act of 1935 (PUHCA), according to Dean Joel Seligman, Washington University School of Law. PUHCA broke up the huge Power Trusts, a handful of companies that controlled over half the electric and gas utilities in the U.S. If PUHCA is repealed, the Power Trusts will soon reappear.

chase SUVs or other light trucks over 6,000 pounds.

## **Groups Oppose Limerick Security Flaws, License Extension**

October 26, 2004, marked the date the Exelon-owned Limerick Unit 1 reactor, 20 miles from Philadelphia, became eligible to apply for a 20-year extension on its current operating license. NRC regulations stipulate that a reactor becomes eligible to apply for such an extension when it gets within 20 years of the end of its license.

Public Citizen, the Nuclear Reality Campaign, the Alliance for a Clean Environment, and the Radiation and Public Health Project marked the occasion by gathering outside the downtown Philadelphia offices of Exelon subsidiary PECO to oppose a longer license for Limerick based on many factors, including security and public health. A member of the Nuclear Regulatory Clowns (“NRC”) presented Exelon CEO “Will Nukem” with a coupon good for one hassle-

free license extension. The “NRC” also performed circus tricks, such as juggling safety, security, and industry profits.

The Limerick plant features two units, both of them of the GE Mark II BWR design. One notable feature of that reactor design is that the irradiated fuel is stored in a pool about sixty feet above ground and outside the reinforced containment dome housing the reactor core. This design makes it especially vulnerable to terrorist attack from an airplane crash. The NRC admitted as much in October 2000, when it wrote “...Mark I and II secondary containments generally do not appear to have any significant structures that might reduce the likelihood of aircraft penetration...” In August of this year, Public Citizen and 44 other groups filed a petition with the NRC to force the agency to address this vulnerability. That review is pending.

Additionally, Limerick, as all Exelon-owned plants are, is guarded by the private security firm Wackenhut. In June, the Nuclear Energy Institute hired Wackenhut to perform the “force-on-force” mock terrorist attack security tests at all the country’s nuclear plants. Public Citizen and other groups have all complained that such an arrangement, with Wackenhut testing Wackenhut, presents a conflict of interest that casts the validity of the tests in doubt.

The groups that gathered in Philadelphia concluded that with such an obvious security risk and no assurance that the guards could meet the threat, tacking an additional 20 years onto the Limerick plant’s operating

**QUICK QUOTE:**

"My concern is that the guidelines themselves are far too weak, having been drafted behind closed doors during secret meetings between the NRC and the industry that no one else could attend."

- Rep. Ed Markey (D-Mass.), referring to the "Design Basis Threat" standard guidelines for nuclear power plants, Oct. 29, 2004.

license is unwise. For more information, visit <http://limerick.nukereality.org>.

### ***NRC Blocks Public Web Access to Agency Documents***

The NRC has unilaterally blocked the public's access to all documents posted in the agency's Web-based Agencywide Documents Access and Management System (ADAMS), Electronic Hearing Docket (EHD), and Licensing Support Network (LSN) in order to "ensure that documents which might provide assistance to terrorists will be inaccessible" while the NRC performs a security review to weed out such sensitive material.

Yet this rationale is contradicted by the NRC's own actions. In the wake of 9/11, the NRC has considered the security situation stable enough to allow nuclear power plants to remain in operation while it conducts a security review. But now, due to the agency's information blackout, persons and groups currently participating in licensing proceedings, rulemakings, and other regulatory actions will not have access to important documents needed to make their case, and the NRC has not suspended these actions or delayed deadlines in the meantime.

The wholesale removal of the

NRC's online library likely stems from some recent bad publicity the agency has been exposed to regarding its procedures for keeping sensitive information in the right hands. Most notably, a recent investigation conducted by NBC News demonstrated that materials posted on the NRC's Web site could be used to locate, with great specificity, radioactive materials that could be used by a saboteur to create a "dirty bomb" that could harm the population.

Public Citizen has submitted a letter to the NRC requesting that the Commission retract this information blackout or, at least, suspend all licensing, rulemaking, and other regulatory actions for the duration of the review.

### ***Public Citizen Seeks Right to Challenge Giant Energy Merger***

On Oct. 15, Public Citizen urged the U.S. Securities and Exchange Commission (SEC) to admonish energy giant American Electric Power (AEP) for citing now-defunct legal precedents in order to exclude the public interest organization from intervening in AEP's merger with Central South West Corporation (CSW). In filing its response to the objections of AEP, Public Citizen noted that the cited precedents are no longer valid and should be disregarded.

AEP is seeking to exclude Public Citizen from intervening in a hearing on the AEP/CSW merger before the SEC on remand from the U.S. Court of Appeals. The court of appeals found that the SEC had failed to show, among other things, that the two utility holding companies, centered in Texas and Ohio, are in the same "region" of the country, as required under the Public Utility Holding Company Act (PUHCA). The court found that approval of the merger of the two big

utility holding companies in regions of the country that are "noncontiguous and seemingly dissimilar" had not been justified by the SEC under the statute.

Public Citizen is arguing that the merger, under PUHCA, should not be permitted. PUHCA is designed to preserve local management and control and effective state regulation over utility holding companies by confining their operation to a "single integrated system" in the same area or region of the country.

### ***Bush Administration Leaves Nuclear Plants Vulnerable***

The Bush administration has consistently ignored or opposed commonsense measures to protect Americans from potentially catastrophic terrorist attacks – an inaction that reflects officials' aversion to regulating private industry and allegiance to key campaign contributors, a new Public Citizen report shows.

The report, *Homeland Unsecured: The Bush Administration's Hostility to Regulation and Ties to Industry Leave America Vulnerable*, details how the Bush administration has failed to harden our defenses against terrorism and secure the most vulnerable, high-impact targets, including the nation's nuclear plants. The report is available at <http://www.HomelandUnsecured.org>.

**Corporate Corner**

**\$134.7 million:** The total campaign contributions by the energy industry to state-level candidates and party committees in the last two election cycles, to ensure access to public-policy issues in statehouses. (Institute of Money in State Politics, Oct. 6, 2004)