



EYE ON ENERGY

A Monthly Newsletter from the Public Citizen Energy Team

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Davis-Besse Restarted and Shut Down in 24-Hour Period

Following the Nuclear Regulatory Commission's (NRC) approval of the restart of the troubled Davis-Besse nuclear plant near Toledo, Ohio, the plant began producing electricity again on March 16 for the first time in nearly two years. But less than 24 hours later, Davis-Besse was forced to shut down once more due to the failure of two types of valves, one of which could allow radioactive steam to be released into the air. While NRC and FirstEnergy, the company that runs Davis-Besse, have alternately accepted and dodged blame in the assessment of the plant's history of near-disasters, there appear to be no serious consequences when a reactor operator fails to maintain critical components of their reactors. The NRC has taken no punitive measures against FirstEnergy from the 2002 incident; in fact, the company has not been required to pay a dime in penalties or fines. Even a federal grand jury, convened in Ohio to consider criminal indictments in the incident, has not tempered the NRC's zeal to green-light a restart for FirstEnergy's reactor.

Three Mile Island Anniversary

The morning of March 28, 1979, began a five-day nightmare that sent shockwaves throughout the

DID YOU KNOW...? The Power of the Public Utility Holding Company Act

PUHCA forbids investment bankers from sitting on utility holding company boards without permission from the Securities and Exchange Commission (SEC). FDR noted in 1935: "Fundamentally the holding company problem always has been, and still is, as much a problem of regulating investment bankers as a problem of regulating the power industry."

world of nuclear energy and the Pennsylvania countryside. That morning, a series of events led to a partial meltdown at Three Mile Island (TMI) nuclear power plant outside Harrisburg. To mark the 25th anniversary of the worst nuclear accident in U.S. history, at least 47 events in 19 states were organized to educate friends and communities about what happened at TMI, as well as to promote precautionary principles to help avoid a similar scenario in the future. Community and activist groups held seminars, film screenings, and speak-outs. In Washington, D.C., Public Citizen and other groups held a media/congressional briefing that featured Lois Gibbs, veteran environmental activist of Love Canal fame; U.S. Rep. Edward Markey (D-Mass.), and two TMI

survivors, Mary Osborn and Dr. Judith Johnsrud.

Eye on Yucca Mountain

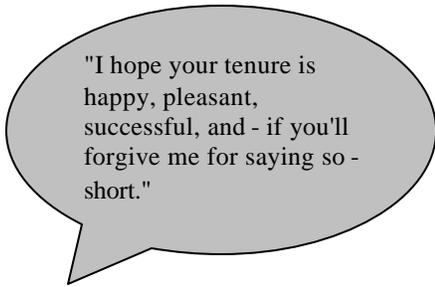
On March 11, several former Yucca Mountain workers filed a class action lawsuit against Department of Energy (DOE) contractors who were hired to excavate the exploratory tunnel at Yucca Mountain. More than 1,200 employees were exposed without adequate protection to potentially dangerous amounts of silica dust, which can lead to silicosis, a potentially fatal lung disease.

On March 17, the State of Nevada filed a lawsuit against the DOE for failing to provide adequate oversight funds in FY04 to the state and local governments affected by the Yucca Mountain dump. In its FY04 budget, DOE requested only \$1 million for these grants – \$4 million less than in FY03. Section 116(c) of the Nuclear Waste Policy Act of 1992 requires these grants to enable state and affected local government to meaningfully participate in oversight activities.

Energy Bill Update

The energy bill remains stalled in the Senate, despite efforts by Republican leadership to link high energy prices to the need for passing this regressive bill.

QUICK QUOTE:



"I hope your tenure is happy, pleasant, successful, and - if you'll forgive me for saying so - short."

- House Energy and Commerce ranking member John Dingell, (D-Mich.), in his welcoming remarks on March 5 as Energy and Commerce Chairman Joe Barton (R-Texas) convened his first markup.

Speculating On Our Public Utilities

Century-old electric utilities, the stable foundation of the U.S. economy for nearly 70 years, are being auctioned off and the proposed buyers are speculators, investment banks and buyout companies. Utilities on the block: Portland General Electric (PGE), the largest utility in Oregon; Tucson Electric Power, a 100-year old Arizona utility; NorthWestern Corp, the bankrupt South Dakota utility that also owns what's left of the 90-year old Montana Power Company, on the bankruptcy auction block; and Illinois Power.

You can thank both houses of Congress which have yielded to massive lobbying efforts and are poised to repeal the Public Utility Holding Company Act (PUHCA) in the pending energy bill. Despite nearly 70 years of successful operations under PUHCA enforcement, and the very recent history of several partial PUHCA repeals indicate that the results of full PUHCA repeal would be catastrophic,

both for utility investors and consumers, not to mention to the national economy.

Partial PUHCA repeals in the 1990s for power plants have already resulted in a mini frenzy of buying and selling such power plants and contracts. In addition, PUHCA was amended in 1996 to allow utilities to own telecom companies. The result of these partial PUHCA repeals is that the entire utility industry has been downgraded by the credit rating agencies because of their PUHCA-exempt businesses; at least eight utilities have already declared bankruptcy; and many others have simply written off or pushed off massive debt to a later reckoning.

Despite these cautionary tales, and the past, calamitous history of utility holding companies (prior to PUHCA, 53 utility holding companies declared bankruptcy and 23 defaulted on bank loans), Congress is proposing to fully repeal this important consumer and investor statute. As a result, speculators are moving in to buy up utilities in the hopes that they can resell them at a substantial profit once PUHCA repeal opens up the utility-owning market to oil companies, insurance companies, investment banks, foreign corporations, and others.

But how are speculators acquiring utilities now, pre-PUHCA repeal? The answer is they are getting the PUHCA staff of the Securities and Exchange Commission (SEC) to allow non-utility speculators to acquire majority financial interests in utilities, but claim to be only

"passive" owners who lack "control" or "controlling influence" over utility operations. Once PUHCA is repealed, they take over and sell the utility off at a substantial profit.

Take action now! Write to your representatives and urge them to protect PUHCA and vote against the pending energy bill. If you are in one of the states with its utility at immediate risk, write to your state legislators and to the state Public Utility Commission to protest such sell-offs of essential public utilities.

Ethically Speaking...

Last month, the U.S. House of Representatives allegedly dropped its "gentleman's agreement" of not pursuing ethics complaints against other members of Congress. Now that there's a revived interest in ethics charges, Public Citizen is urging the House Committee on Standards of Official Conduct to pursue our ethics complaint against U.S. Rep. Tom Delay (R-Texas), who has been implicated in a bribery scandal involving corrupt Kansas-based electric utility Westar Energy. Company memos show that Westar made a campaign contribution to Rep. Delay in exchange for a "seat at the table" in energy bill negotiations in 2002.

Corporate Corner
\$125 billion:
 What the top five oil companies earned in cumulative after-tax profits since 2001.