

OFFICE OF THE SECRETARY
CORRESPONDENCE CONTROL TICKET

Date Printed: Jul 27, 2012 16:39

PAPER NUMBER: LTR-12-0377

LOGGING DATE: 07/27/2012

ACTION OFFICE:

EDO

To: Leeds, NRR

AUTHOR:

Tom Gurdziel

AFFILIATION:

ADDRESSEE:

Chairman Resource

SUBJECT:

Fukushima-related Comments for 7-25-12 - Regulated Utilities

cys: EDO
DEDMRT
DEDR
DEDCM
AO
Harrison
0960

ACTION:

Appropriate

DISTRIBUTION:

LETTER DATE:

07/25/2012

ACKNOWLEDGED

No

SPECIAL HANDLING:

NOTES:

FILE LOCATION:

ADAMS

DATE DUE:

DATE SIGNED:

Template: SECY-017

E-RIDS: SECY-01

Joosten, Sandy

From: Tom Gurdziel [tgurdziel@twcny.rr.com]
Sent: Wednesday, July 25, 2012 10:56 PM
To: CHAIRMAN Resource
Cc: hillsc@INPO.org; Bridget.Frymire@dps.ny.gov; 'Vanags, Uldis'; Screnci, Diane; P.Kaiser@iaea.org; jicc@ws.mofa.go.jp; JLD_Public Resource; 'Newal Agnihotri'; 'Tom Henry'; ESTRONSKI@aol.com; 'Lyon, Jill'
Subject: Fukushima-related Comments for 7-25-2012

Good morning,

Regulated Utilities

Did you ever work for a regulated utility? I did for about 14 years. A comment last week by the President, (I think), of TEPCO brought those days back to mind.

Because of their obligation to be a reliable supplier (such as of electricity), they are allowed a certain (decent) rate of return on their investment. Now you can see a problem might arise since the more they can spend, (say on a nuclear powerplant under construction), the more they will make. Of course, an alert Public Service Commission won't let that happen forever (as my former employer found out.) And, let me point out, (non-capital) expenses subtract from current earnings, thus reducing current profit.

What this means (as I saw it, anyway), is that, (at least eventually), there is a strong aversion to making money available to fix things. For example, while I was on an operating shift at Niagara Mohawk Power Corporation's Nine Mile Point, Unit 1, and they were spending money building Nine Mile Point, Unit 2, word was passed to us that, due to a (claimed) shortage of money, any big repair at Unit 1 would pretty surely mean the closing of Unit 1. And, of course, a lot of high-paying jobs would no longer exist. (That part about the loss of jobs was meant to get our attention.)

In this environment, people who come up with "reasons" why repair action should not be taken (and thus cost money) become treasured or highly thought of. It does not matter if the "reason" is credible or justifiable. This failure to take action is, in another word, (and in my opinion), irresponsibility.

I believe I saw this same attribute in the words of the TEPCO President who, (I believe I read), does not understand why people are criticizing TEPCO.

But I need to finish my story. After years of regulation, probably FERC, or maybe the New York State Public Service Commission decided to end New York State regulation of electricity generation to encourage competition and, hopefully, lower electricity prices.

When given the choice to use its decades of electricity generating experience to sell electric power in competition, or to sell their generating plants, Niagara Mohawk Power Corporation chose to sell all of their generating plants.

In short, it appears that years of regulation (of generation) had made them unable to compete.

Thank you,

Tom Gurdziel