



Wayne Prospect

Suffolk County Legislator

BULK RATE
DOCKETED U. S. POSTAGE
PAID
PERMIT No. 156
SMITHTOWN, N. Y.
11787

'84 MAY 21

OFFICE OF SUFFOLK COUNTY
DOCKETING & SERVICE
BRANCH

DOCKET NUMBER 50-322 OL
PROD. & INTL. SEC.

The Lilco, Shoreham story

Fifteen years ago, Lilco wrote a press release stating that they wanted to reduce electric rates by building a \$65 million dollar nuclear power plant.

Today, the Shoreham Nuclear Power Plant is still not completed and the cost will soon be approaching \$4 billion dollars. If the Shoreham plant is ever allowed to operate, it will increase your electric bill by approximately 65 per cent.

Background

The Atomic Energy Commission (AEC), later replaced by the Nuclear Regulatory Commission (NRC) conducted construction permit hearings for Lilco's Shoreham facility in 1971. The AEC, at the time, told citizen groups that all questions relative to evacuation planning could not be raised during the hearings. The appropriate time, they said, to discuss those issues, would be when the Shoreham plant is completed and Lilco applies for an operating license. If this appears to you to be a backwards way of approaching a problem, then you are right. But this is the federal regulation the people of Suffolk County have been forced to live with.

Now, 12 years later, Lilco is applying to the NRC for an operating license for the Shoreham plant. However, the NRC's own regulations require that a locality have an evacuation plan in place before a license can be given to operate a nuclear power plant.

B405210557 B40521
PDR ADOCK 05000322
G PDR

DS03

During the past two years, in overwhelming numbers, the people of Suffolk County demanded that the County Legislature and the County Executive objectively examine the feasibility of evacuation planning for the county, and not simply yield to Lilco's appeal to the county to develop an emergency plan for Shoreham.

Since a serious radiological accident at Shoreham could kill and injure thousands of people, the citizens of the county were making a simple request to their government; represent the public interest on Shoreham, and not the private interests of Lilco. The elected government of Suffolk County responded.

The Decision

Beginning in the spring of 1982, Suffolk County began one of the most comprehensive evacuation planning studies ever undertaken by a municipality. The county spent \$600,000 dollars to hire the best planning consultants in the nation to examine the feasibility of evacuation planning in Suffolk. In January 1983, three volumes of material were submitted to the county government, and this was followed by 8 days of public hearings by the County Legislature.

On February 17, 1983, the government of Suffolk County adopted a resolution stating that as a result of our unique island geography and limited road capacity, it would be impossible to devise and implement an evacuation plan which would protect the public health and safety in the event of a radiological accident at Shoreham. On the same day, Governor Cuomo released a statement supporting Suffolk County's position.

Since there is no way to protect the public from a radiological accident at Shoreham, Suffolk County has petitioned the NRC not to grant Lilco an operating license for Shoreham.

Two months ago, 3 of the 5 NRC Commissioners publicly stated that they do not believe a nuclear power plant could be licensed if the local government could not devise an evacuation plan. If the NRC respects their own regulation, the Shoreham plant will be abandoned. If the NRC violates those regulations, Suffolk County will go to court to prevent the Shoreham plant from being licensed.

Shoreham: Economic Impact

The abandonment of the Shoreham Nuclear Power Plant would mean, of course, that Suffolk residents would not have to live with the consequences of a radiological accident at Shoreham. In addition, Shoreham's abandonment would be an economic blessing to every ratepayer on Long Island.

As previously stated, an operating Shoreham plant would mean a crippling 65 per cent electric rate increase for every family on Long Island. Such an increase would make Long Island an unfavorable place to locate and sustain businesses, as well as making it difficult to buy and sell homes. Thus, a 65 per cent rate increase would result in the loss of thousands of jobs and would reduce the market value of your home.

The state Public Service Commission guarantees the Lilco monopoly about a 15 per cent rate of return on all capital investments. Therefore, Lilco will reap an enormous profit from their \$4 billion dollar investment at Shoreham. In order for Lilco to pay interest payments to its creditors and dividends to stockholders, who happen to be the major banks and investment houses in New York, Lilco will have to extract from Long Island ratepayers an extra \$1 billion dollars a year during Shoreham's first 10 years of operation, and an extra \$600 million dollars a year during Shoreham's second ten years of operation.

When the cost of operating Shoreham on a daily basis is added to Lilco's financial obligation to its creditors and stockholders, the total cost to ratepayers for the Shoreham plant over its presumed 30 year life will be approximately \$30 billion dollars—if the plant is put on line.

Shoreham: Do We Need The Power?

Lilco is presently engaged in an all out one million dollar fear mongering campaign that attempts to paint a picture of economic gloom and doom if Shoreham does not open. They have gone as far as to threaten "brown outs" if the Shoreham plant does not go on line. In the absence of power from Shoreham, Lilco claims, ratepayers would have to finance the construction of two coal plants costing \$3 billion dollars. However, according to Attorney General Robert Abrams, Lilco's electrical supply system has 42 per cent excess capacity. In addition, Lilco is a member of the New York State power pool, which also has significant amounts of excess capacity.

In the unlikely event that additional sources of power are needed for Long Island in the future, we will have every opportunity to purchase cheap hydro power from the Canadian Province of Quebec. In fact, Con Edison currently receives 800 megawatts a day from Quebec. Hydro-Quebec has a surplus of 4000-5000 megawatts of hydroelectric power which it is prepared to sell to New York State and New England over the next five years. The cost of this power is pegged to the prevailing price of oil at a discount of 80 per cent. Let's not be deceived by Lilco, additional inexpensive power is available—if we really need it.

Shoreham: Cheaper Than Foreign Oil?

Lilco is fond of saying that in the long run Shoreham will save us money because it will reduce our dependence on foreign oil. First, the Shoreham plant, at best, will be able to displace only 15 per cent of the foreign oil Lilco imports. Secondly, for the Shoreham plant to be less expensive in generating power than oil fired plants, the price of a barrel of oil, which Lilco gets from Venezuela, would have to rise to several hundred dollars a barrel. The current price is about \$25 dollars a barrel.

Shoreham's Abandonment: Who Pays?

If the Shoreham plant is abandoned, Lilco will use its extensive political network to make you, the ratepayer foot the bill. We must not let Lilco get away with it. Lilco and its creditors must assume liability for the Shoreham Nuclear Plant. As in any business venture, the investor takes the risks and assumes the responsibilities. The Shoreham plant was the creation of Lilco and its creditors; they must be the ones to bear its economic burden.

Let's not be under any illusion, Lilco has declared war against the public. In this war, the public has a powerful ally—the New York State Public Service Law, which states that citizens are not required to pay for a power plant that is not "used and useful" to the public. In other words, according to the laws of the State of New York, it would be illegal to make ratepayers pay for the Shoreham Nuclear Power Plant if it did not go on line.

Conclusion

If the New York State Public Service Commission, usually not an ally of ratepayers, renders a decision on Shoreham that ignores the "used and useful" principle, Suffolk County must immediately appeal such a ruling to the courts to make sure this principle is strictly enforced with respect to Shoreham. I am pleased to have drafted and sponsored a resolution, adopted by the County Government, requiring that Suffolk County intervene before the PSC and, if necessary, go to court to make sure that the "used and useful" principle is enforced and the cost of an inoperative Shoreham plant is not passed on to ratepayers.

Suffolk County is currently involved in a titanic struggle with Lilco over the Shoreham plant. For the most part, this fight has been waged on the grounds of protecting the public's health and safety. Success on this front should not distract us from our further obligation to ensure that the ratepayers of Suffolk County are not called upon to bail out Lilco and their creditors from financial problems resulting from their imprudent investment at Shoreham.

County Legislator Wayne Prospect