

Jerome P. Bowe
104 Brentwood Dr.
Penfield, New York 14526
716-381-9062

September 11, 1996

Frank Miraglia
Director of Nuclear Reactor Regulation
Nuclear Regulatory Commission
Washington, DC 20555

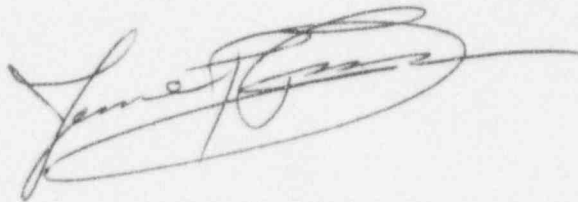
Dear Mr. Miraglia:

Is anyone ever going to protect us from Rochester Gas and Electric? At a cost of 112 million dollars, the refurbished, "good as new" Ginna plant, which the public has been hoodwinked into paying for, has been shut down for safety reasons four times since it went back on line June 10, 1996. It is obviously nowhere near "good as new", and given RG&E's history of problems and deception I am very concerned about public safety.

Mr. Charles Straka of Fairport NY, and I were active parties in RG&E's most recent electric rate case and we both voiced concerns about financial and safety aspects of the Ginna steam generator replacement. RG&E was allowed to withhold information about the Ginna project. It was also proven that RG&E had manipulated and obfuscated information related to illegal expenses. There is no reason to believe that RG&E would not manipulate and obfuscate information about Ginna's safety.

The New York State Public Service Commission has failed to protect us from RG&E's financial machinations. What are you doing to protect us from a nuclear disaster?

Sincerely,

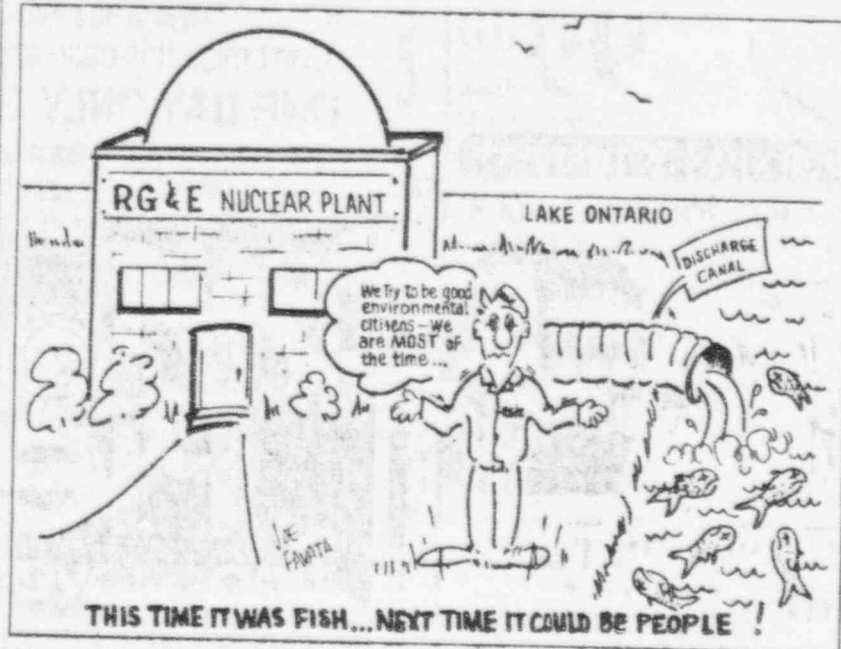


9610240197 961021
PDR ADOCK 05000244
P PDR

On the home front

A local cartoonist's view

Dec 5/1/96



JOE FAVATA
GREECE

9-11-96
D+E Editorial

Just how safe is aging Ginna nuclear plant?

The new \$112-million Ginna nuclear steam generators are finally connected and the hole in the dome is closed, but all the "leaks" continue and the nuke plant is off-line for a fourth time this year.

This is what happens when you connect a new (and very expensive) transmission to an old (well-used) car. The radiator now leaks, the regulator malfunctions and the carburetor valve doesn't work. However, you are now committed to run "Old Bessie" until the year 2009 (to justify the cost of your new transmission).

Just how safe is it to run Old Bessie between the planned 18-month "checkups"? How many costly "roadside emergencies" should you expect? Former RG&E employee (and current intervenor) Jerome Bowe and many others are also concerned about the safety issue.

The financial investment issue is also open to question. The project was justified based on the projected higher future market prices and a longer period between scheduled shutdowns. Both assumptions now appear invalid because of the coming of competition and the unpredictability of a very old nuclear plant.

But don't feel sorry for RG&E. It's sending the bill for the new generators to the ratepayers.

CHARLES A. STRAKA
FAIRPORT

Ginna shutdowns 'not normal'?

RG&E, nuclear regulator differ on significance

By JANET LIVELY
STAFF WRITER

Problems that have forced the Ginna nuclear power plant to shut down four times in less than 10 weeks don't signal deeper troubles at the plant, according to RG&E.

Like the leaking valves that shut down the plant last Friday, the problems have been minor, said George Lappan, spokesman for Rochester Gas and Electric Corp. The plant in Ontario, Wayne County, is expected to be online by the end of the week.

"We don't view any of these problems as being an oversight," Lappan said.

pan said. "There's no reason for us to believe there's any kind of pattern forming here."

Others are less sanguine. The Nuclear Regulatory Commission calls the situation "very unusual." Anti-nuclear activist Paul Gunter says frequent repairs are unavoidable at an old plant like Ginna, age 26.

What troubles the NRC is that the shutdowns come so soon after a scheduled outage. Ginna was out for 70 days last spring to refuel the reactor, perform maintenance and install two new steam generators. The latter cost \$112 million.

"It's certainly not normal for any reactor in the country to shut down once a month for three months after a major refueling outage," said Peter Drysdale, the NRC senior resident inspector based at Ginna. "That should not happen."

Some of the problems could not have been anticipated, Drysdale said. But RG&E is not simply experienc-

ing a string of bad luck, he said.

One of the incidents was due to "an engineering issue," Drysdale said. RG&E shut down the plant in early August because it could not convince the NRC that the motors in the residual heat removal system were powerful enough, he said.

None of the problems is related to the new generators, which allow the plant to run at full capacity for the first time in years, Drysdale said. In fact, the new generators run at lower pressure, which puts less strain on other systems in the plant, he said.

Yet Gunter, who heads the Reactor Watchdog Project in Washington, D.C., says Ginna and other plants were built with "susceptible materials" that are wearing out after years of exposure to radiation and chemicals. He questions why RG&E would put new steam generators in Ginna, which is among the nation's oldest plants and is licensed for only 13 more years.

RG&E denies the recent problems are related to Ginna's age. The stringent maintenance program set by the NRC prevents aging from being an issue, Lappan said.

RG&E will continue to follow the NRC program and doesn't expect to shut down Ginna again until September 1997, Lappan said.

But Drysdale said planned staff cuts could impact plant future operations. RG&E will reduce its nuclear engineering staff as part of a restructuring plan to be announced Oct. 1, he said.

"We're concerned that the reduction in the engineer staff could have an impact in the long run," Drysdale said. "... The size of the number caught our attention."

Lappan wouldn't comment on the size or timing of staff cuts, which "would be certainly scrutinized by us to ensure that the day-to-day operation of the plant and the plant's future would not be impaired." □

Summer of outages

Because Ginna supplies half the power used by RG&E customers, the company must buy a substantial amount of electricity when the plant is not running. Ginna has been shut down unexpectedly four times since it got its new steam generators:

July 3 — to fix a leak in a pressurized safety valve; offline six days.

Aug. 2 — to repair the residual heat removal system; offline six days.

Aug. 6 — plant shuts down automatically when a valve closes on the system that feeds water into the steam generators; back the next day.

Sept. 6 — to repair leaking valves on the "accumulator" tanks of the plant safety system.

Jerome P. Bowe
104 Brentwood Dr.
Penfield, New York 14526
716-381-9062

August 14, 1996

Rochester Gas & Electric Corp.
Public Forum
Issues Related to Future Electric Competition

My name is Jerry Bowe. I am a former RG&E employee and I was an active party in the recent RG&E electric rate case. I was also an active party in last summer's excess gas capacity settlement. Here we are! Isn't this great! Our electric rates are 35% higher than the national average, but we are going to have competition in the market place and that's going to solve all our problems. Well, I have some very strong concerns about the transition to competition and about the entire regulatory process itself.

The entire regulation process is dependant on information that is received from employees of RG&E and other utilities. I know from first hand experience that if employees are candid, they are fired and they cannot expect any help from the Public Service Commission, the Attorney General's Office or the Consumer Protection Board. In 1993, I brought a complaint to the Public Service Commission, and their ensuing investigation found merit. I lost my job, and the only support I received from these public watch dogs was a "thank you" for bringing it to their attention. To make matters even worse is the fact that in the electric rate case, RG&E was shown to be continuing to make illegal donations, and the Public Service Commission refused to take action. After the completion of that case, I discovered and reported another very questionable \$219,000 expense. To date, I've received no response. The sad truth is that the validity of the entire regulatory process is in doubt when a large portion of the information is coming from utility employees who know that if they are candid they will be fired and they cannot expect any help from the so-called watch dog consumer advocate agencies.

With all that in mind you can understand why I am skeptical about what is going to happen in the competitive marketplace. We are being asked to believe that all the same people who brought us to the mess we are in today under regulation, are suddenly going to become free marketers and solve all our problems in the competitive market. The only thing I can think of that would be more entertaining than watching Boris Yeltsen do his thing in Russia would watching the PSC and RG&E make the transition to the competitive market. We are very aware that the people who are running the current system have a large vested interest in protecting their high paying jobs. We are also aware that it was the Public Service Commission that created the Independent Power Producers mess.

Another large stumbling block in the transition to competition is

the handling of so-called stranded costs. These are in large part the inflated costs of over-priced generating plants and assets that exceed their current book value. One might also ask if the reason that these stranded costs are so large is because regulators were less than aggressive when judging the prudence of utility projects in the past.

The Commission has estimated a total of 14.4 billion dollars in stranded costs in New York State. Included in this number are 5.2 billion dollars in nuclear units. I want to know how much of that 5.2 billion belongs to RG&E nuclear facilities. Moody's Investor Service estimates that RG&E has an estimated 639 million dollars in stranded costs. I want to know how much the Ginna steam generator replacement is going to add to stranded costs. We were asked to negotiate a rate case where RG&E, under "trade secret" protection, refused to disclose the full benefits of the Ginna refurbishing to the public. I find it absolutely incredible that we were asked to settle a case of that magnitude without being given all the information needed to do a comprehensive analysis.

Given RG&E's history, it is absolutely astounding that you would have the gall to take such a position. Millions of dollars for the Sterling nuclear facility were written off, and that project never even got off the ground. Hundreds and hundreds of millions of dollars were written off for the cost over-runs at the Nine Mile Two nuclear plant. We shivered in the dark while you bungled your way through the ice storm. Last summer the story of the 123 million dollar excess gas capacity settlement was blown off the front page by the story of an RG&E gas explosion. The very highly technical, state of the art, Ginna refurbishment project was stalled because a barge with a twenty million dollar piece of equipment ran aground because no-one had the common sense to monitor the depth of a very narrow channel as they approached their final destination. That same week, on the other side of town, you were scalding fish at Russell station. And now, two months after Ginna went back on line with much ballyhoo, Ginna was shut down because RG&E took a gamble with a defective safety system. We had been asked to believe that one of the benefits of the refurbishment was the new "eighteen month shut-down schedule". So much for that benefit! The prudence of the Ginna project definitely needs review.

I've heard very impassioned promises from RG&E management that RG&E stockholders will be protected. Good idea! After you've lost over 500 million dollars for them, you want to stay on their good side. The best way to protect the stockholders is to do a better job of managing the company. Like when you have a project like 9 Mile 2 and it gets to be 100 or 200 million dollars over budget, before you get into some serious money, you might want to step back and evaluate the prudence of continuing to put more money into the project.

Everybody makes mistakes. But RG&E should not be allowed to make their customers pay for them. All stranded investment costs should be absorbed by RG&E, not by their customers. The fact that the Public Service Commission went along with many of the bad decisions RG&E made in the past does not mean that we should be forced to subsidize its transition to deregulation and unlimited profits. This is especially true in RG&E's environment, where the veracity of the information from the company is highly suspect because it comes from employees whose jobs are in jeopardy if they don't follow the company line.

I will close with this final question. How can you expect the public to have faith in your integrity when they know you fire employees who dare to tell the public the truth?

Jerome P. Bowe
104 Brentwood Dr.
Penfield, New York 14526
716-381-9062

July 23, 1996

x Sent To a select group of
x political & community leaders
x

Dear :

I am writing to ask for your attention to a matter that is of great importance to me and to all your constituents. Taxpayers and politicians alike are outraged when there is a misuse of taxpayers' dollars and take great measures to rectify an abuse of the public trust. Why then, is everyone so complacent when utilities violate the law and misappropriate ratepayers' dollars? I was responsible for assembling the budget for the executive department at Rochester Gas and Electric. I was also responsible for doing variance reporting, which compared actual expenditures to that budget. In the course of my duties, I discovered several very questionable expenditures. I objected to this betrayal of public trust and was fired.

I brought this malfeasance to the attention of the Public Service Commission, and the resulting investigation found merit in my allegations. The net result was that they thanked me for bringing it to their attention. I also brought the matter to the attention of the New York State Attorney General's office and the New York State Consumer Protection Board. No help in getting my job back there either. It is no wonder that people are reluctant to get involved. There is a lot of loud rhetoric from our political leaders about "doing the right thing", but when people do, they are often left in the lurch because our leaders don't want to get involved.

In the normal pursuit of my duties I discovered a very unusual \$17,500 variance in the "Personal Reimbursement" category. My investigation discovered that the Chairman of the Board was trying to hide his country club initiation fee and monthly dues from the ratepayers, the stockholders and probably the Internal Revenue Service too. In spite of my objections, I was forced to bury the \$17,500 in the "Miscellaneous" category.

I also found that the company was making charitable donations and charging them to its ratepayers in violation of a May, 1990 New York State Court of Appeals ruling which declared that it was unconstitutional for a utility to bill its customers for the charitable contributions the company makes. In addition, I discovered numerous other questionable expenses and found that the executive department was paying very little attention to the budget

process. These findings were brought to the attention of the Public Service Commission, and their resulting investigation found merit in my complaint. RG&E continues to violate this law.

In my job at Rochester Gas & Electric, I felt I had a fiduciary responsibility to both the shareholders and the ratepayers. After I was fired, I was very gratified to find that I could still be of service to the community by becoming an Active Party in RG&E's rate cases. I was involved in the \$123,000,000 Excess Gas Capacity settlement and the recent electric settlement, which actually reduced rates and provided some temporary relief from RG&E's constant rate hikes.

These cases were good first steps in slowing RG&E's spiraling rates, but they didn't go nearly far enough. RG&E was still able to mitigate the effect on their rates because they are able to control the information that the Active Parties are allowed to see. For example, although it was very difficult to ferret out the truth, I found a \$10,200 contribution that had been charged to the ratepayers. RG&E went to great lengths to hide this illegal activity. This type of behavior and the lack of any real action by the PSC undermines the credibility of the entire rate-making process. In addition, I recently discovered a \$219,000 expense that appears to be very questionable, and have alerted the Public Service Commission so that they include it in their ongoing investigation.

In the electric case, RG&E went to great lengths to conceal the alleged benefits of the Ginna refurbishing project from the public. It seems that they don't want to pay independent power producers more than 2.5 cents per kilowatt hour, but want to lock in a 4.5 cent per hour cost from Ginna for us to pay; not to mention the millions of dollars in stranded costs for that White Elephant. Hearings must be held to determine the prudence of this very expensive and very questionable project.

With rates that are 35% higher than the national average, Rochester Gas & Electric has been ripping off its customers, and its shareholders have benefited from millions in excess profits for many, many years. The shareholders have received regular high dividends despite the hundreds of millions of dollars written off for management fowl-ups like the Nine Mile Two Nuclear Plant cost overruns; the cost cutting, poor communication and lack of a plan that exacerbated the infamous Ice Storm problems; The Excess Gas Capacity Settlement; The Sterling Nuclear Plant cancellation; the Un-billed Gas error and Coal Purchasing improprieties. And now if they have their way, in the transition to a competitive market, they will dump an additional \$639,000,000 worth of their mistakes, which they call "stranded costs", on these same unfortunate customers. They will be able to do so because, although they supposedly are regulated, they fire any employee who dares to tell regulators what they are really up to. Rochester Gas & Electric does this with impunity

and the fired employee has no recourse. With the economic viability of a large portion of Upstate New York at stake, the Public Service Commission is making decisions based only on information RG&E wants them to see. I am very disappointed because the Public Service Commission and the other Active Parties are aware of this, but seem content to operate under these conditions.

This has been just a brief overview of the many serious problems at Rochester Gas & Electric. I ask you to take any action you can to rectify the egregious wrong that has been done to me, protect the rights of all whistle-blowers and protect the ratepayers from having to pay for yet another RG&E mess: the hundreds of millions of dollars in stranded costs. RG&E has a history of nuclear problems, gas explosions, excessive rates and a lack of planning for emergencies like the Ice Storm. In the transition to the competitive market, diligent oversight must take place to ensure that its customers do not continue to bear the burden of RG&E mismanagement.

Sincerely,

PS Given the electric utility deregulation proposals introduced by Rep. Dan Schaefer, R-Colo., and Rep. Edward Markey, D-Mass., (see attached USA TODAY 7-12-96, article), the need for vigilant oversight of public utilities by all levels of government is even more urgent. With Rochester Gas and Electric's history of misrepresenting and hiding their costs, local ratepayers could be burdened with exorbitant "stranded costs" if the transition to competition is not handled with the utmost care and scrutiny. We can no longer assume that someone else is taking care of our interests. Everyone needs to get involved in this issue of such great economic importance.