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Fox part of NU solution, trustee declares

By SUSAN E. KINSMAN

This story ran in the Courant October 8, 1996

While pressure is building on Bernard M. Fox to turn around troubled Northeast Utilities, a member of NU's board of trustees denied reports Monday that the board is preparing to replace Fox as chairman, president and chief executive officer.

"We have not made any commitments to Bernie other than to say you are part of the problem and you are part of the solution. We have all banded together to fix what is wrong and to go forward," said Gaynor N. Kelley, an NU trustee.

Kelley challenged a Page 1 Wall Street Journal story Monday that quoted unnamed trustees as saying a majority of the board was talking about replacing Fox and that Fox was facing a January deadline to pull things together.

Kelley, a director and former chairman and chief executive officer of The Perkin-Elmer Corp., said the board has not lost faith in Fox, nor has it presented him with an ultimatum.

While Fox's performance is expected to be reviewed by the board, "that's not unusual. A CEO's performance is reviewed every year," Kelley said. "But the suggestion that the review is tied to this predicament is not true."

Fox refused to be interviewed about the Journal story and an NU spokeswoman said the company would not comment about matters discussed by the board. Other trustees contacted by The Courant refused to comment or failed to return telephone calls.

Speculation about Fox's future has grown since federal regulators put the three Millstone nuclear plants in Waterford on the watch list of the nation's worst nuclear plants. All are closed indefinitely because of safety concerns and none is expected to resume operations until next year.

The federal Nuclear Regulatory Commission and internal NU investigations have concluded that poor management, cost cutting and a hostile environment for nuclear whistleblowers were largely responsible for the problems.

Connecticut Yankee in Haddam, a fourth nuclear plant operated by NU, is also idle because of safety problems and might never restart, pending the results of an economic analysis now under way.

Fox was chastised by Gov. John Rowland last week for failing to brief him adequately about a near- accident at Connecticut Yankee during the Labor Day weekend.

Federal investigators concluded that a number of operator and equipment errors came dangerously close to damaging the reactor's nuclear core. Rowland said Fox apologized for failing to contact the governor personally.

Meanwhile, NU estimates it could spend \$500 million or more on repairs, regulatory reviews and replacement electricity before the plants can return to service. Fox has acknowledged that most of those expenses will come out of company profits and will not be passed on to customers.

Fox said that NU has positioned itself financially to weather the cash drain and was moving aggressively to build up the company's non-nuclear business.

In a meeting with The Courant's editorial board late last month, Fox described himself as "bloodied but unbowed" and said he had no intention to resign as NU's head.

"We have a highly engaged board of directors and if they conclude that I'm not the guy to do this, I'll leave. But I believe I have the gumption, courage and conviction to work with Bruce [Kenyon] to get the problems corrected," Fox said.

At Fox's recommendation, the board hired Bruce M. Kenyon, a highly respected utility executive, to take over NU's nuclear operations in early September. Kenyon replaced Robert E. Busch, a former NU president and heir-apparent to Fox, who was let go by the NU board.

Bruno Ranniello, an NU spokesman, summarized Fox's position. "He's cut his teeth in this company. He wants to see this through as bad as anybody. We're talking about his career here. There's no turning back."

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