

NEW YORK STATE'S ENERGY FUTURE

Nuclear's Next Five Years

There are 68 operating nuclear reactors in the United States. These reactors supply 8.9% of our nation's electricity. According to the Atomic Industrial Forum, the estimated change in the amount of reliance on nuclear power in the next three years will increase the percentage of electricity that nuclear supplies to 12.1%. With the nuclear industry in such a slump (suppliers of nuclear reactors sold only ten units in the non-Communist world last year, down from a peak of 43 in 1974) and with increased emphasis on conservation and alternative energy systems even this growth figure may be inflated.



In New York State

In New York, the New York State Power Authority and the seven private utilities are trying to push for further nuclear development through the formation of a group construction and financing company to be known as "Empire State Power Resources, Inc." (ESPRI). Since nuclear power is so suspect as a capital investment, the utilities find it imperative to reorganize around a structure that would allow them to pass the astronomical costs of construction and operating directly onto consumers without any public hearings. In addition, the maintenance and operating costs of existing generating stations and large-scale, ultra-high voltage powerlines would become part of ESPRI's administrative structure and likewise be passed directly on to consumers. What used to be a private utility would now be a middle man in relation to the cost of high-voltage lines and the expensive power generated by nuclear plants. The public will foot the total cost regardless of the size of the bill, while environmentally safer alternatives, no matter how appealing to the public, could be excluded.

The utilities seek to take advantage of a U.S. Supreme Court ruling which says that the federal government has authority over inter-connecting utilities, even if the individual companies are wholly within one state. Their interest in ESPRI is quite transparent. The utilities will be able to pass on cost directly to consumers, without regulation from the Public Service Commission (PSC) such as now exists. In addition, they will have improved tax advantages and financing capability. Nuclear power plants and high-voltage lines suddenly become more appealing to private investors, many of whom have already sunk huge sums into the nuclear industry. These investors want to see nuclear plants built.

Opposition to ESPRI

With critics already deriding New York State's energy policy and with industries leaving New York in droves, many because of high energy costs, this move towards increased cost, size, and concentration of energy systems seems especially irresponsible. The PSC staff has urged rejection of the entire ESPRI concept, including administrative law judge Stewart C. Boschwitz's recommendation that the PSC approve a variation on the plan involving other forms of joint ownership by the utilities.

Other members of New York State's government have shown an awareness of ESPRI's damaging potential. A bill now before the state assembly would "prohibit the PSC from authorizing creation of any entity to circumvent the state's authority to regulate electric rates for New York consumers." Assemblyman Irwin J. Landers of Nassau, one of the sponsors of the legislation, said the bill also would preclude PSC approval of "any entity that would sell electricity for resale", which is what ESPRI intends to do.

A Better Alternative

Perhaps the understanding that it is not more electricity, but cheaper electricity, that the state's industries need is finally being acted upon. By taking matters into their own hands the people of New York State are beginning to see a solution. A move to lower commercial and industrial rates through the municipalization of power systems is being pursued in many different parts of the state. Municipal power systems are cheaper and result in lower rates because they can operate more efficiently, can borrow money at lower interest rates, and do not pay dividends to stockholders. Every one of the 47 municipal systems now operating in New York State charges lower rates than the private utilities in its area.

Municipal power also offers a greater choice of energy futures. Refitted hydro-facilities and woodchip-fueled power plants are already cost competitive. New electric generation ideas using wind power and the solar cell developed by the U.S. Space Program should be fairly tested in a free market economy.

The danger is that the existing utilities and industry investors will succeed in bending New York State's government to their will. It is surely in their self-interest to use every resource at their disposal to forestall a movement towards decentralization and community ownership of power systems. The danger is that New York's energy future will be dictated rather than subject to public debate and decision.

Alan Casline

STATEWIDE COALITION OPPOSES ESPRI

Denise Young, spokesperson for the Peoples Power Coalition, has elaborated on why ESPRI would be good for the utilities but bad for ratepayers.

"ESPRI would allow the utilities to wholesale power to themselves. By law, the rates for these sales would be regulated by the federal government, not by the Public Service Commission. And in the future, as more plants were built by ESPRI, its rates would increasingly determine the rates charged by the individual utilities. It may be difficult for consumers to participate now in Public Service Commission hearings, but it would be nearly impossible for them to participate in hearings in Washington. Yet ESPRI with its expected future worth of over \$100 billion, would be well represented there by lawyers and expert witnesses, the costs of whom would be passed on to consumers. Attempted regulation by two levels of government can be manipulated by the utilities so that there will be little regulation at all.

"A major aspect of the ESPRI proposal would allow the utilities to pass on increased costs directly to consumers without rate hearings, just as is done today with fuel adjustment clauses. The Automatic Revenue Assurance Mechanism, ARAM, is essential to the ESPRI proposal because it removes the risk of escalating costs from the utilities' stockholders and places the risk on the ratepayers. By guaranteeing investors returns in this way, the utilities hope to raise the tremendous amounts of capital necessary for nuclear construction projects.



"In fact, the ARAM is the brainchild of the major financial institutions of this state who are the primary utility investors and lenders. The ESPRI proposal was drafted, for example, by Robert R. Douglass, once Nelson Rockefeller's executive secretary and now a Vice President at the Chase Manhattan Bank. It is clear that the ARAM has been included as a condition for obtaining the financial support of banks and insurance companies.

"Every consumer who does not want a \$100 billion unregulated monopoly raising its rates at will should demand that the Public Service Commission reject ESPRI. Consumers should write to the Public Service Commission, Agency Bldg. 3, Empire State Plaza, Albany, New York 12223. Unless we act now, we may soon have the largest corporation in the world running amuck in our state," Young concluded.

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