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NEW YORK STATE BOARD

ON ELECTRIC GENERATION

SITING AND THE ENVIRONMENT

In the Matter of	)	
	)	
LONG ISLAND LIGHTING COMPANY	)	
	)	
and	)	Case 80003
	)	
NEW YORK STATE ELECTRIC & GAS CORPORATION	)	
	)	
(Jamesport Nuclear Power Station, Units 1 & 2)	)	

TESTIMONY OF
COUNTY EXECUTIVE JOHN V.N. KLEIN
ON BEHALF OF THE COUNTY OF SUFFOLK

DOCKETED
USNRC
MAR 17 1980
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PART 1

Q. Please state your name, business address and occupation.
A. My name is John V.N. Klein, my business address is County Center, Hauppauge, New York 11787, I am County Executive for the County of Suffolk.

Q. For how long have you been County Executive?
A. I have been County Executive for seven and a half years.

Q. What is the purpose of your testimony?
A. As Chief Executive of the County of Suffolk, it is my responsibility under S.418 of the Suffolk County Charter, to present to the County Legislature the County's proposed Capital Budget for the current fiscal year 1979 and a capital program for the next years. The purpose of my testimony is to inform the Siting Board that the entire County Government (Executive and Legislature) now opposes the proposed Jamesport facilities and that in my judgment, certification of this project should be denied to avoid damaging the County's financial position.

First, as the Siting Board is aware, all parties except the Long Island Lighting Company agree that the Jamesport Units are not needed in the time frame projected by the Company. The County will submit additional testimony by Energy Systems Research Group, Inc., updating the County's position on the need issue.

Second, the Company now estimates the Jamesport plants will cost $4.5 billion. In view of the Company's historic repeated gross understatements of the cost of its capital construction programs[1/], I do not view this as an upper limit. However, if one accepts the estimate of $4.5 billion it would represent a serious drain on the financial resources of the County's citizens and severely prejudice, if not destroy, the County's ability to pay for vital capital projects and programs. The ratepayers of LILCO are the taxpayers of Suffolk County. If the Jamesport Units are licensed to be built, the Company will aggravate the cash flow problems it is already experiencing in Shoreham construction project, whose completion has been delayed to December 1981, and whose final cost is yet indeterminate. To pay for Jamesport as well as Shoreham, the

1/ Contrary to LILCO's predictions, the cost of Shoreham has escalated from $270 million to $1.5 billion not counting the cost of design changes which will be mandated due to the Three Mile Island accident.

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Company will seek rate relief, in the form of including the costs of Shoreham and Jamesport construction work in progress into its rate base, and an increased rate of return on equity payable to its stockholders. Any relief of this sort will increase the electricity bills of the Company's customers, leaving them with less dollars available to pay for their other obligations and needs, including their ability to pay taxes to support vital local governmental services and programs.

The County depends on its tax base to pay existing bonded indebtedness and to finance new capital budgets and programs. Any diversion of the income and savings of the County's residents to pay for Jamesport, weakens the County's tax base and prejudices its ability to pay for capital investments vital to the well-being of its citizens.

Q. Is bonded debt a significant source of financing of the County's 1979-81 capital programs?

A. Yes, it accounts for 57.8% of the financing of the County's capital program for that period.

Q. Is a significant proportion of the County's capital budget for fiscal 1979 funded from debt financing?

A. Yes. Several bonds account for 64.2% of such funds, and capital notes 2.4%, or a total debt financing of 66.6% - as compared to 4% from current funds, 3.6% from State and 25.8% from Federal-aid.

Q. How would a weakening of the County's tax base prejudice its future capital program?

A. The lending institutions which purchase the County's short and long term obligations exercise extraordinary scrutiny of the County's fiscal affairs. The County's ability to finance depends on the ability of its taxpayers to provide the general funds the County needs to meet its present and future debt service obligations. Any refusal by the taxpayers to supply such funds or weakening in their ability to provide such funds adversely affects the County's capital program.

First, it has a negative impact on the County's credit rating with the financial and investment community and impairs the County's ability to raise capital to the County, which in turn increases the burden of its taxpayers.

Second, in response to the diminution of the financial resources of the County's taxpayers caused by increases in their

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electric bills, and the consequent weakening of the County's tax base, the County Government will be compelled to abandon, curtail or distort capital spending plans for facilities and programs vitally needed by the County.

Q. Can you give several examples of such facilities or programs?

A. Yes. The proposed 1979-81 capital program focuses on several areas.

HEALTH RELATED

This portion of the capital program focuses on public health and the environment, health facilities and emergency medical care; the capital program includes funds to be spent for the construction or modification of health facilities, loans to hospitals and health care institutions for new construction and equipment and expenditures for environmental health studies.

PUBLIC SAFETY

This program reflects $17 million of authorized projects including law enforcement, corrections, fire safety and traffic safety.

TRANSPORTATION

A substantial amount of funds has been allocated for transportation projects in the 1979-81 proposed capital program. A total of $72,645,675. is recommended by the County Executive to be authorized for highways, dredging activities, bridges, erosion and flood control, pedestrial structures, aviation and public transportation. The construction of roads, bridges, and grade separation structures, in particular, requires high and long term capital expenditures.

Q. Have capital programs already been reduced because of the County's fiscal condition?

A. Yes. The adopted capital program for 1977, reflected a reduction in three year spending of about $28 million as compared to the previous program. The County Executive's proposed capital program submitted on April 27, 1978 for the County's fiscal years 1979, 1980, and 1981 reflects a further reduction of approximately $33 million as compared to the previous Program.

Q. Can you give any examples of major capital spending reductions necessitated by the County's financial position?

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A. Yes. The Suffolk County Community College requested $37 million for investment in the construction of its Western Campus and an additional $7 million for the expansion of its Eastern Campus. These proposed expenditures had to be rejected because the County's financial position could not afford them.

Certain road construction funding had to be deferred from 1979 into 1980 and 1981 to permit completion of the bulk of capital financing for sewer construction in 1978-80. To do otherwise, might have jeopardized the County's financial position in the bond market and lead to unnecessary cost increases in capital construction. A capital program showing a heavy expenditure in one year could significantly impact upon further debt service costs to the operating budget and boost the interest rates on current County bonds and notes.

Q. What evidence, if any, is there of taxpayer resistance to capital spending?

A. As County Executive, I have observed that the so-called "Proposition 13" tax fever is very evident in Suffolk County. Spurred by inflation and recession, taxpayer opposition to County and local governmental spending has been widespread and increasing. Suffolk County has adopted a local initiative law giving its taxpayers the right to amend the County Charter and thereby to curtail County spending.

Q. What evidence, if any, is there of ratepayer resistance to LILCO's construction programs and the rate increases it has requested to help finance construction costs?

A. The County government received thousands of protests by LILCO's customers to the Company's requested $170 million revenue increase in its 1978 electric and gas rate Case Nos. 27374 and 27375; a large part of the additional revenue regulated by LILCO was to pay for the cost of completing its Shoreham plant.

Q. Is there any evidence of taxpayer or ratepayer opposition to the construction of the Jamesport plant?

A. Yes. A recent Newsday poll showed the overwhelming majority of the residents of Long Island oppose the construction of the Jamesport plant.

Q. Is there any relationship between the Proposition 13 mood of Suffolk County's taxpayers, their opposition to LILCO rate increases for its nuclear plant construction program and the

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County's capital investment requirements?

A. Yes. It is my judgment, based on many years experience as an elected official in local government and as Chief Executive of Suffolk County, that if the Jamesport plants are certified to be built, there is a reasonable likelihood it will cause such serious additional economic hardship to the County's taxpayers, as to raise their opposition to to the County's capital program to a level which will cause the County government to discontinue, defer or reduce investments needed to serve the health, safety and well-being of the County's citizens.

Q. Is it your judgment that the Siting Board should accord priority to the County's capital program over the proposed Jamesport construction program?

A. Yes, not only for the reasons expressed in my testimony, but because as the County's other testimony and briefs have demonstrated, the Jamesport plants are not needed, have not been proven to be justified from a safety, health, environmental, economic and alternatives standpoint.

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PART 2

Q. Please state your name, business address and occupation.
A. My name is John V.N. Klein, my business address is County Center, Hauppauge, New York 11787. I am County Executive for the County of Suffolk.

Q. For how long have you been County Executive?
A. I have been County Executive for seven and a half years.

Q. What is the purpose of your testimony?
A. The purpose of my testimony is to indicate that in my judgment evacuation of a significant number of people in a short time frame following a nuclear accident at Jamesport is impossible.

Q. What circumstances or experiences have led you to that conclusion?
A. In May, I visited the Three Mile Island facility in Harrisburg, Pennsylvania. At that time, I spoke with the Lieutenant Governor of the State of Pennsylvania, with a variety of state governmental officials and with the Chairman of the Board of Commissioners of Dauphine County, Pennsylvania, in which the Three Mile Island power plant is located. We discussed in detail the issue of evacuation of the Three Mile Island area during the crisis conditions at the plant. It became clear to me that notwithstanding a three hundred sixty degree evacuation capability from Harrisburg, evacuation of approximately 650,000 people within a twenty mile radius of that facility would have been a multi-day undertaking. Evacuation of significant numbers of people from an area surrounding the Jamesport nuclear power plant is clearly not possible within a brief time frame following a nuclear accident. The evacuation of such a significant number of people would require their movement from areas in the vicinity of Jamesport westward through Nassau, Queens and Brooklyn and off the island over a network of bridges with capacity already overtaxed by normal commuter traffic. Based upon my knowledge of the geography and demographics of Suffolk County and Long Island, I am convinced, therefore, that the evacuation of any significant number of people from a ten to twenty mile radius of the Jamesport nuclear power plant in less than several days is literally impossible.

STATE OF NEW YORK

COUNTY OF SUFFOLK

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JOHN V. N. KLEIN, being duly sworn, deposes and says:

The attached is a true statement of my findings and conclusions on the subject discussed therein.

John V. N. Klein

SWORN TO BEFORE ME THIS 10th DAY OF JULY, 1979

Linda C. Taylor
Notary Public

LINDA C. TAYLOR
NOTARY PUBLIC, State of New York
No. 52-4615186, Suffolk County
Commission Expires March 30, 1981