

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES
HOUSE SELECT COMMITTEE - THREE MILE ISLAND

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In re: Three Mile Island Hearing

Verbatim record of hearing
held in the Majority Caucus
Room, Main Capitol Building,
Harrisburg, Pennsylvania, on
Wednesday,

August 22, 1979
10:00 A.M.

HON. JAMES L. WRIGHT, JR., Chairman
Hon. Bernard F. O'Brien, Vice Chairman
Hon. Nicholas B. Mochlmann, Vice Chairman
Hon. Eugene Geesey, Secretary

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CHAIRMAN WRIGHT: Good morning. We shall call the Select Committee on Three Mile Island to order and continue in the same vein as we did yesterday by talking to members of state government who had some experiences during the TMI incident, who were involved in some of the problems as well as have some recommendations to make to the Committee and to the Legislature.

Today we have with us the Department of Banking, the Department of Commerce, the Department of Transportation. Our first witness this morning is Ben McEnteer who is the Secretary of Banking. Would you like to come forward, sir. Are you going to have anybody else with you testifying?

SECRETARY McENTEER: Not testifying.

CHAIRMAN WRIGHT: Do you mind raising your right hand?

HONORABLE BEN McENTEER, called as a witness, being duly sworn by Chairman Wright, testified as follows:

CHAIRMAN WRIGHT: I assume you have some introductory remarks you would like to make?

SECRETARY McENTEER: Yes, sir. Good morning. I am Ben McEnteer, Secretary of Banking. I appreciate the opportunity to appear before this Committee because I believe it is important that the role of financial institutions during a crisis such as we have had at Three Mile Island be considered

In any decisions that may be made relative to statewide emergency operating procedures.

On the whole, I am quite satisfied with the manner in which those financial institutions supervised and regulated by the Pennsylvania Department of Banking conducted their business during this recent crisis.

The first step taken by my office was to issue a proclamation on March 30, 1979. On Monday, April 2, a news release was prepared and distributed to all wire services and telephoned by my staff to the major radio and television stations in the area. Copies of both the proclamation and the news release accompany this statement and have been given to the Committee.

Through these means, the Department of Banking made every effort to re-assure the public that their funds were safe, that individual deposits were insured by the Federal Deposit Insurance Corporation up to \$40,000 per account and that a great number of financial institutions maintained duplicate records at off-premise locations so that the physical destruction of a bank or an S&L Association or one of its branches would not have a completely destructive effect on its records, especially deposit records. We also warned against the personal danger of withdrawing large amounts of cash, suggesting instead that only enough cash for immediate needs be withdrawn and larger amounts, if needed, be withdrawn

in the form of travelers checks or cashiers or treasurers checks.

We were gratified by the cooperation received by the major travelers checks issuers in that they subsequently authorized institutions in the six-county area to issue travelers checks free of charge.

In an effort to determine the after-the-fact thinking of the officials of the financial institutions affected by the TMI incident, the Department of Banking sent a survey questionnaire to the 77 institutions located in the six-county area surrounding TMI. Fifty-nine replies were received for a return of 77 percent. This being the first incident or accident of this kind in history, naturally the reactions were mixed.

We learned that with but a few exceptions, banks and savings and loan associations were able to accommodate with little or no difficulty those customers requesting withdrawals, presumably to obtain money for evacuation expenses. A very few institutions initially placed limits on actual cash withdrawals for two purposes: one, to give them a better idea of what the demand might be until they were sure of a source of supply; and two, to protect their customers from the threat of robbery.

Arrangements were made to have extra amounts of cash brought into the area by truck and by helicopter from major

Philadelphia correspondent banks and from the Federal Reserve Bank of Philadelphia.

The real pressure on financial institutions appeared to last for only one day, that being Monday, April 2, following a weekend of uncertainty.

Many people within a five to ten mile distance from the reactor were apparently afraid and concerned about their ability to withdraw their complete bank account balances as well as obtain the contents of their safety deposit boxes. Some banks reported that safe deposit boxes were emptied; others reported people filled boxes with valuables and excess cash that had been kept at home. Perhaps some people decided the mattress wasn't the safest place after all.

The survey further revealed some concern about withdrawals and cash shipments in the event of a prolonged emergency, the establishment of temporary quarters, transfer of records, and the credibility of information. Some institutions with in-house computers were concerned about record maintenance during an evacuation and the availability of backup facilities.

A problem that faced thrift institutions was the availability of EDP backup facilities outside the emergency area for both on-premise and off-premise computer systems. One savings and loan association had planned to remove all important records to its designated evacuation location.

The opinions on the short run and long run effects on business and property values were varied. Some officials believed the three to five mile area will experience a permanent decline. Others think that generally things will return to normal in the long run if adequate safety measures prevail at TMI. Some officials consider a distance such as ten to 20 miles from nuclear energy plants as a favorable safety and economic factor for both business and property values.

The public, government, financial institutions and business -- in fact, everyone -- were bombarded with information from the communications media with no assurance of its credibility. Our survey suggests that there should be one reliable spokesman informing institutions and the public.

Many years ago when the nation was threatened with the atom bomb scare, financial institutions were requested by regulatory authorities to establish emergency preparedness programs, including such things as maintaining duplicate records at off-premise locations, duplicate tapes of computer runs and even to designate successor management. Apparently the enforcement of emergency preparedness programs has waned as the fear of destruction by atom bomb has diminished.

Most of our financial institutions located in areas subject to flooding have had experiences which have caused them to realize the value of emergency programs. Many others

are prepared for emergencies such as fire, tornado, and so forth. As an aftermath of this threatened disaster, institutions generally are taking a good look at their emergency preparedness procedures.

As a result of our survey of financial institutions in the six-county area surrounding TMI, we received many and varied suggestions and opinions regarding emergency preparedness needs for financial institutions located in an area in which a nuclear energy plant is located.

The Department of Banking staff is considering these suggestions and opinions, together with some of our own ideas, in an effort to arrive at a sound, meaningful, emergency preparedness program to be applied to all financial institutions located within the so-called affected areas surrounding any nuclear power plants.

I will be happy to try to answer any questions you may have at this time.

BY CHAIRMAN WRIGHT:

Q Thank you, Mr. Secretary. You indicate that you and your department are taking comments, going through the think tank procedure in anticipation of preparing an emergency plan?

A Yes, sir.

Q When and if you have that completed, do you have the force of law to force the banks to cooperate?

A I don't know whether we have that capability or not but we can, through our regulatory procedure, we can pretty well suggest that the banks prepare, have emergency preparedness programs. Now, the Federal regulators at one time had the authority to require emergency preparedness but I don't know whether that authority is still in existence at this time. I don't think we would have any trouble getting financial institutions to make preparation. Most of them have it already. They have a good number of banks, especially the one I came from, sent records daily to a salt mine up near Butler, Pennsylvania of all of their transactions and computer runs and everything we had and a good number of banks do have a system in operation now. Some of the smaller ones don't have it but most of them that have computers have their tapes, duplicate tapes, kept in another location. Of course, I think a lot of the fear here was that the actual banks were going to blow up or something like that and all of the records would be destroyed.

Q So, a major portion of preparedness is, in effect, a safe depository for duplicated records, computer tapes, and things of that nature?

A That's for deposit records and loan records and things like that. Now, if the vault blows up, then the contents of safe deposit boxes would probably be lost but I don't know what we could do with it. That would be a unique

occurrence, I think.

Q The degree of sophistication varies from one banking institution to another. You talk about computers and allied hardware. Does this present any problem? I assume that probably all our computer for major accounting functions, although I have noticed as a depositor, when you stand in front of a teller's cage, the degree of sophistication varies from one institution to another.

A That's right.

Q Does this present any problems in coming up with a uniform emergency procedure?

A Well, it shouldn't. If a small institution is using an off-premise computer such as with a major bank or a computer operator, that organization should furnish them with duplicate tapes on a daily basis. If the institution has its own computer, then they should make tapes of their own and store them in other banks someplace away from the immediate area. So, if something happens to their institution, it's most likely that it won't happen to the institution where the tapes are stored. They can keep duplicate runs and make them every day and maintain them there. Is that what you mean?

Q I guess I'm not an expert in your business. I'm not 100 percent sure of what I'm talking about.

A There are different levels of sophistication. There is no question about it. Even the small institutions now have

the availability of using computers, either of their own or they generally go with someone else because it's much less expensive to pay for the transactions on an as-use basis rather than having an investment in a computer that's only operating part-time because you don't have enough volume to keep it busy.

Q I suppose what I'm getting at, a personal example, I misplaced my 1999's last income tax period and I had to go to the banking institution to get them. I walked into the savings and loan and immediately got them. The commercial bank, it was a major undertaking to get me that information.

A I don't know the answer to that.

Q That's what I'm getting at, the degree of sophistication at least at the teller's window.

A Well, any institution should have that type of record available to you.

Q In one case, the computer terminal was right at the teller's cage. The other case, they had to get on the telephone and call downtown.

A Right.

Q Changing the subject slightly, there was a rumor to the effect that one or more banks in the area ran out of cash and had to close their doors. Is that true?

A No, absolutely not.

Q How long does it take -- I assume the nearest major

source of cash is Philadelphia?

A That's the major source from this area, right.

Q How long does it take to get several hundred thousand dollars in ten dollar bills out of Philadelphia?

A Well, it takes probably a couple of hours. You have to call down and if the bank you call down there has it available, they can send it by truck or by plane. A couple of banks have their own helicopters that fly up to this area and they can put some money on the helicopter which is what happened in this instance. It only takes a matter of a couple of hours to get cash up here. There were some banks that did limit withdrawals. Now, if a bank refuses to pay a check, then they have to be closed. A bank can't refuse to pay a demand deposit. In other words, if you have a checking account and you go in and want your money and they can't pay you, they have to be declared as not able to pay their depositors and it's closed by the Banking Department.

Q That didn't happen though?

A No, no. There were some, when they saw the big runs they were going to have and, you know, over the weekend they weren't prepared for any unusual activity and they started limiting people to, I understand, a couple of them to \$200 withdrawals in cash and some was \$500; but the offer to give the balance of these accounts, if the depositor wanted them, in the form of treasurers checks or some negotiable instrument

but they did offer some cash and then our statements on Monday when we heard of some of the withdrawals in cash amounting to 25 and \$30,000, we were concerned about the safety of the customers, not the protection of the bank. We had heard on Saturday night, some phone calls were made to people in Middletown asking them if they heard there was an evacuation order given and they said no. They hadn't heard about it. Someone said you are supposed to get out of town right away and when they left, somebody went in their home and robbed them. That was a rumor that we heard. So, we thought to protect the depositors from carrying large sums of cash with them, we suggested in our news release that they only take the actual cash that they thought they needed and if they wanted to close their account, to get the balance in the form of a treasurer's check or something they could use when they got to their destination and some of the banks did that. But that was for the protection of the customers, not that the bank couldn't pay them off.

CHAIRMAN WRIGHT: Representative Reid Bennett?

BY REPRESENTATIVE BENNETT:

Q Thank you, Mr. Chairman. Mr. Secretary, you have answered many of the questions that I had proposed to ask you. However, and I made a note going through your testimony, about the limits. Was there actually a limit proposed by the banks or established on the amount of cash because you say in your

testimony a very few institutions initially placed limits of actual cash value?

A Well, we had several calls asking us if there were any regulations and so on and we said we think that you as a local banker should determine your own limits of how much cash you have in your vault and when you think you can get some more and knowing the people, to limit it to an amount that you think can handle your customers. We didn't set any limit. We understand that some, for a while, had \$200 in cash limits until they got more cash in and others \$500. But most of them didn't limit anything at all.

Q I see. Then, it was for a two-fold purpose then that you suggested the cash limits. It was, as you mentioned to the Chairman, for the safety of the individuals themselves and for the bank also so they wouldn't run out of cash?

A Right.

Q I want to establish that in my own mind.

A Right. We didn't actually suggest any limits. We said to any bank that called us, you ought to determine your own limits. We don't want to tell you you can pay 500 or 200 or 1,000 or the whole amount. That's for you to use your best business judgment in your community. Try to handle your own situation as it exists. Most of them did that. There were a lot of withdrawals on that one day and then, we understand from talking to the bankers, that most of the money came back

In the next day. Some of them ended up with higher deposits than they started out on Monday.

Q Another indication that the mattress wasn't completely filled?

A And a lot of them opened up new safe deposit boxes. People had valuables stored at home. But there was quite a turmoil that first Monday morning. There is no question about it.

Q Mr. Secretary, you indicated also in your testimony that some major travelers checks issuers issued travelers checks free. Over what period of time did that last?

A I think that was about a week. I don't know what the demand for travelers checks was. A good number of the banks issued their own treasurers checks which is an official check and has good standing with any other bank if the individual would want to deposit or cash that check. A lot of that was done. I don't know the extent of the issuance of travelers checks at that time.

Q Fine. Thank you. Another part of your testimony, you indicated to the Committee that one savings and loan association had planned to remove all important records to its designated evacuation location, according to your testimony. What changed their mind or did they go ahead?

A What changed their mind was the emergency seemed to be handled in that one day as far as the financial

institution was concerned. They decided, I guess, that the place wasn't going to blow up and the records weren't going to be destroyed. They had their on-premise computer and they thought they were going to move everything to where they were ordered to set up business, if evacuation was required.

Q If an evacuation was required?

A Right.

Q Also in your testimony, Mr. Secretary, you indicate that your survey, I'm quoting you, "our survey suggests there should be one reliable spokesman informing the institution and the public." In your opinion, sir, who do you think that ought to be?

A Well, I think for financial institutions it ought to be the Secretary of Banking or the government official as designated to be the spokesman for the citizens and business in the Commonwealth and the financial institutions should be notified that that particular individual is the one that is making the announcements; that they can count on and believe in. So many things were coming out that our department got calls, you know, about what to do and what's going on; are we supposed to evacuate or this and that. It was sort of chaotic for a day or so, especially Monday, and then it seemed to calm down pretty much. I think they wanted an announcement, I guess, from our department.

Q Excuse me, sir. When you are saying they, are you

saying the institutions?

A The financial institutions, yes.

Q You think that ought to be separated? Your survey suggests that there should be one spokesman and your testimony says informing the institutions and the public. Do you think that ought to be separate or do you think you or whoever the Secretary of Banking might be at some future time ought to be the one who tells the institutions what to do and someone else the public?

A Well, I think it would be easier for the Secretary of Banking and the staff to contact all of the financial institutions. We know who they are and where they are and easy to get to rather than have them wait for somebody at the government level, although I wouldn't see anything wrong, if they knew that a certain individual could be relied on and he was the spokesman, they would listen to him. But I just think it would be a little more simple for financial institutions to get their information from the Banking Department.

Q Can you tell the Committee, Mr. Secretary, what in effect happened? I assume that you called the Governor or someone in the Governor's Office and asked what you ought to be doing and what reply did you get?

A I don't remember calling anybody in the Governor's Office. We were getting our information -- we were getting more of what was happening out in the field from the banks

themselves and we, on Friday, we had a couple of calls about possible closings where banks had closed. We issued a proclamation stating that banks are permitted to close without prior approval of the Banking Department if an evacuation order is issued by Civil Defense authorities or some government like the Governor. They are permitted to close. What they have to do then is five days after they re-open, they have to submit a report to the Banking Department of the time of closing and records that they have and so on. That was done by proclamation on Friday.

Q Excuse me. This was the Governor's proclamation?

A No. This was our proclamation. We had the authority to issue proclamations to the financial institutions. This permitted them to close without calling us and getting specific permission for every bank which would take a long time. Now, this is a part of Legislation that was issued a long time ago.

Q You are suggesting that this is by statute?

A Yes.

Q I'm not familiar with it.

A I wasn't either until this happened. My staff told me about it and we did it. This was authorizing them to close, if directed by Civil Defense authorities. They are authorized to close and evacuate their personnel. It's provided by law that institutions that close offices shall give written notice to their primary supervisor, supervisory authority, as to the

duration of their closing within five business days after resumption of regular business operation. The State chartered financial institutions would give that information to us and the Federally chartered institutions would give it to the comptroller of the currency or the Federal Home Loan Banking Board, whoever is their prime supervisor.

Q Was this -- are you saying, Mr. Secretary, that this notice was sent out to all of the banks?

A Right, on Friday, March 30th.

Q Could I get a copy of that?

A I think we gave copies to somebody. We have some. I only had this one. We have copies of that proclamation that was issued on March 30th and then our news release on Monday, April the 2nd. No banks closed. No financial institutions closed because there was no evacuation order given. So, they couldn't close unless that was done.

Q Mr. Secretary, you indicated to the Chairman that your bank, and I'm familiar with your bank out in the great northwest, has a depository down near Butler in what is now only called the Mushroom Plants. Do most other banks have something like that or some place? I guess the real question is where are the duplicate records for banks kept generally?

A Well, I thought I was under the impression that all banks kept duplicate records off premise some place. I found out when this happened that some of them don't have. Some do

keep duplicate records at another bank and some maybe fifty miles away. So, it wouldn't be destroyed by the same catastrophe if there were such a tornado or fire or flood, some place other than the branch across the street or five miles away. Others, there are many banks that keep their duplicate records in this mine outside of Butler. It's almost like a little city there. They have big rooms and we store -- we have a big -- we had a big room down there full of records. Of course, most of them are on microfilm and that sort of thing. The city banks all do that.

Q Are they required by law -- are all banks required by law to keep duplicate records?

A I don't know whether it's by law but it's strongly suggested by the regulators in their examination reports. We ask questions, are duplicate records maintained off premises and at one time, all banks had to list successor management who would take over in case a bomb dropped on a particular bank. Since the atom bomb scare has sort of disappeared, it's become a little lax in that area of regulation although those questions are answered and since the computers have come into being, it's pretty well insisted upon by the regulators that duplicate computer records are maintained off of premises but we don't have any law in Pennsylvania that requires that.

Q Do you think we should have?

A That makes it mandatory. Well, I'm sort of against

too many laws and regulations. I think it can be done by the insistence of the regulators if we do it. If we find that we have lack of cooperation, we can come back and ask for legislation. I think most of them are doing it now for their own protection. You have to be a little sensible in this business too.

Q I agree with you. Let's take for the moment, Mr. Secretary, the savings and loan association. A question I would like to ask you is what effect would a nuclear accident have upon the savings and loan, as I understand, whose income is based solely on the mortgages they hold? What effect would that have in an area that would be declared as a holocaust area or whatever? Would those savings and loans fail -- is there some protection for savings and loans who hold the mortgages in an area that might be completely contaminated and not allowed to go back into?

A Well, I think it probably would be the same as a flood area or a tornado area. It would have to be some kind of assistance given to those institutions that had the bulk of their mortgage loans in an area that was completely destroyed or contaminated. I don't think they would be allowed to fail because of that. In this particular case, the survey that we made sort of indicates that property values, they don't believe, will be diminished to any great extent although we did get some figures together as a base to go on and possibly

next year at this same time, we'll make another survey to see the differences in the values between the time of this catastrophe and a year from now. Although I saw an article in the Harrisburg Patriot on Tuesday stating that property keeps pre-TMI value.

Q I was interested in that article and I read it and it indicated that they have gone up from 25 to 75 percent in some cases.

A We asked all of the institutions that we surveyed to give us the number of mortgages and the balances due on their mortgages at this time and most of them did and some of them didn't. But we are going to use that and make another survey next year about this time to see what the differences are, whether there is any depreciation or appreciation or any losses have been suffered because of this thing.

Q You indicated a moment ago, sir, that if the savings and loan associations get into financial trouble, that somebody would have to bail them out. Are you suggesting the Federal or the State government?

A I think it's a combination of both. These things happen in areas, flood areas, and tornado areas. Of course, now there is required flood insurance.

Q That was the question I wanted to get to. The flood insurance for the property owner if I understand it correctly. Is there also some similar insurance that a savings and loan

or a mortgage bank or someone might buy to protect the investment they have in case of a catastrophe?

A You mean as far as a mortgage is concerned?

Q Yes, sir.

A They are protected by requiring that that mortgagor buy the insurance on the property. In other words, that's a regulation now that any areas that are determined to be a flood area, the institution is not permitted to make a mortgage loan unless they have flood insurance on the property. You're probably getting around should we declare a ten or 20 mile area of a nuclear plant and require nuclear insurance.

Q You're getting to what I'm thinking about, Mr. Secretary. I'm not suggesting it but that's what my line of questioning is leading to. What I'm concerned about is are those persons who have, whatever the amount of this mortgage is, with the savings and loan or whoever they have it with, and if the Governor of Pennsylvania or the President of the United States declares that area ^{is} uninhabitable and says to me, okay, Bennett, get out. You can't live here. I say what about this mortgage I owe on this home of \$50,000. What am I supposed to do and they tell me to eat it; what am I going to do?

A I don't think they can take your property without compensating you in some manner. It's like a redevelopment authority or anyone else. If they are going to condemn your

property, you have to be paid for it. I don't believe that that would happen. Of course, anything can happen but I don't foresee that unless you get some compensation for it. Now, you might not get \$50,000 for a \$25,000 property but you would be compensated, I think, for the value that is determined at that time. But as far as future loans in the area, I don't know. It hasn't been proven yet to me that there is any contamination around this area and, according to this newspaper article, the property value of this area has kept up about the same as any place else. I don't say consideration should not be given to the considering an area, what the scientists say is safe, 20 mile radius of a plant wherever it is located, and if anybody wants to have a farm or a home or a business, they should have some sort of insurance available to them and the financial institutions would, or the lending institutions would require that that property be insured if it's in that limitation against that particular type of accident, the same as they do in flood areas.

Q What is your opinion of that thought of requiring them to have some kind of insurance?

A Well, I think that if some scientific determination is made that there are danger areas within a certain limit of the nuclear plant, then I would think that in the first place anybody that would buy property in there would be a little off size and the banker that would make a loan wouldn't be too

sharp but if he does, I think he would require that the individual homeowner have some kind of insurance against an accident of that type happening in that area declared to be unsafe or possible area of contamination. I'm going to be interested in seeing -- our department is making a study of these same institutions a year from now to see what the difference is and the information that we have picked up immediately following this accident to see what results we come up with a year from now. It's been about five or six months and this newspaper article indicates there is not much depreciation in value. I think we can determine better by surveying the banks and savings and loan institutions at the end of the year. We will have that information available to anybody that wants it.

Q We will be looking forward to getting that information. Mr. Secretary, perhaps two more questions. The Federal ceiling under which all of us work under, is that Federal ceiling in your opinion high enough so that an individual could collect enough money to pay off a mortgage obligation in case an incident happened such as we suggested?

A I don't believe I understand what you mean by a Federal ceiling.

Q Well, there is a ceiling on loans.

A Ceiling on the rates or --

Q Ceiling on the rates.

A I think the ceiling -- do I think the ceiling is high enough?

Q Right.

A I don't think there ought to be any ceiling at all. I think the marketplace could set a better ceiling than Legislators can. That's been my opinion for a good many years. Right now we're having trouble with the mortgage ceiling because the lending institutions are having to pay a pretty good sum to get money and they can't buy their money at ten percent and lend it out at ten and three quarters and stay in business very long. We have been having some meetings with these people and that is one of the problems. The ceilings a few years ago that we thought were plenty high are now proving not to be high enough. I'm a believer in the marketplace setting the rate. I think that everybody has a better chance at getting a better rate when competition and marketplace sets it than when you set a ceiling and everybody goes with the ceiling.

Q Thank you. Fine. Are there any Federal or State regulations you can think of or you have thought of or can think of to ease the situation on a mortgagor-mortgagee both in the event of a nuclear disaster?

A You said are there any Federal or State regulations that I am aware of?

Q Yes, or you can think of that you think ought to be

improved upon?

A I can't think of any off hand that are already in existence.

Q Excuse me. I'm on the Business and Commerce Committee and we are much concerned about it, and we would like to know if you have any thoughts along those lines?

A There is some relief available when the Governor or the President declares an area to be a disaster area. There are some disaster loans available to help people that are harmed by the disaster to recover. That is, I think, handled by the small business administration to areas declared to be a disaster area. The only other thing I can think of at the moment is what we discussed earlier here and that is if the scientists or anybody involved determine that an area within a 20 mile radius or whatever radius of a nuclear plant is a danger area, if some business or individual who owns a property or buys a property in that area, there should be insurance against that disaster similar to flood insurance. But at the moment, the only relief that I am aware of is the disaster loans that are provided when an area like these tornado and flood areas like Johnstown are declared a disaster area. The SBA and some government people move in and appraise the situation and make loans to people to help them recover.

Q Thank you, Mr. Secretary.

CHAIRMAN WRIGHT: Representative O'Drion?

BY REPRESENTATIVE O'BRIEN:

Q Yes. Mr. Secretary, were you ever consulted about a master plan to give your ideas in Pennsylvania with Civil Defense or anyone else?

A No, I have never been.

Q In other words, your department is not working with any other department in Pennsylvania and you haven't since the accident at Three Mile Island?

A Not since I have been here since February of this year. I am not aware of our department or anybody in our department working with any other organization.

Q Yet you claim that in case of an evacuation or emergency, people are not going to have the opportunity to go and take their withdrawals out of a bank. You said in here, your news release, that all banks have duplicate copies in other places. Are you sure of that?

A I think I made a mis-statement here. Afterwards I checked some of the banks and found that they don't all have them. Most of them have them but --

Q I met a lady in Danville that had her whole family up there and she was very much upset. She would not come back to Harrisburg until everything was in the clear. She had no money and one of the areas where I was thinking, if there was really an emergency and the banks were closed, how could these people get their money or get withdrawals when they have no

records to do it?

A Well, they would have difficulty in a bank that didn't have duplicate records although if a bank is closed, generally they would move to an area of, say they were ordered to evacuate to a certain community. They would probably set up their records in that community and be able to take care of their customers from that area.

Q Well, don't you think that you should be just as involved in a master plan in Pennsylvania as the State Police or anybody else? Don't you feel that the banking is a very important area where people have to live on their savings?

A Right. That's why we are at this hearing.

Q Don't you think you ought to be consulted?

A Well, I don't know what's going on outside of our own industry.

Q I don't know what's going on. They said yesterday they have a master plan and you are not part of that master plan.

A If we are, I'm not aware of it.

Q Do you know of anybody in your department that was consulted in regards to a master plan?

A Not to my knowledge.

Q In other words, if an emergency happened tomorrow and they had to evacuate, you have no set plans as far as what a bank will do or won't do?

A No, we don't have any plans in case of an evacuation order. There are no plans that I am aware of to the banking industry. Some of the banks in the area were making arrangements to set up business with other banks if they had to evacuate.

Q If they had to evacuate and didn't have duplicate copies. Let's take a pretty good size bank. How long would it take them to transport all of their records out in the case of maybe a two or three hour alert or a five hour alert? Could they do it?

A They could do it if transportation is available. I think, as far as getting the records out, they could get them out but they would have to have available transportation, trucking.

Q Which would be a problem in the case of an emergency.

A It could be a problem. I don't think banking would be any different than anybody else in the case of an evacuation. Somebody is going to suffer. I think banks generally have very good records and most of them do have duplicate records off premises. I thought all of them did because of my own experience and I was surprised to learn that there are a few that don't have them.

Q Mr. Secretary, I would like you to forward your ideas to this Committee, not only on the Three Mile Island but I think a master plan in Pennsylvania because I'm concerned

that we are going to start a plant up in Lewick. We have the Philadelphia area with nuclear plants and if we are going to have a master plan, I think we should have it in all Pennsylvania and I think what you ought to do, which is very important, is be part of this master plan and submit your ideas to this Committee.

A Well, I did say in my statement that we are taking some of the suggestions and opinions that we got from this survey and our own staff, through its experience in various areas of floods and tornadoes and this particular accident, and we are going to come up with an emergency preparedness program.

Q You don't know legally whether you can make a bank have duplicate records by voluntarily doing it before. So, we may have to do it by Legislation.

A That could be. As I said, I don't know why any banker wouldn't want to have duplicate records. Of course, there is always somebody that has to be, you have to pass Legislation to get them to do it.

Q I would rather not pass Legislation. I think what ought to be done is maybe you meet the banks voluntarily and ask them if they will cooperate with a master plan.

A I think that can be done. I think it can be done.

Q Do you think it's important enough to do?

A I do. We're working on such a plan right now.

Q You are working on a plan?

A Right. We're taking the ideas that we got from people that were on the firing line in this area and getting our own and we are going to come up with some kind of a program.

Q Don't you think that somebody in Pennsylvania should be taking the lead with all of these departments in trying to get them together, and a master plan?

A My understanding is that that's what this hearing is about, to get all of it.

Q This hearing is only bringing ideas. This hearing is not in charge of a master plan.

A Well, I think that there should be some kind of a plan derived from the information that these hearings will produce. I don't know. You mean a nuclear energy master plan or some kind of a disaster master plan?

Q I think the same thing is true in a flood. I was involved in a flood in Luzerne County and many banks did not have records and people didn't have any money and only the Federal government came in and gave money, loaned money, for people to live on. The banks were closed down. They couldn't get back to their records. Do you think this is right?

A No.

Q I mean I got maybe \$5,000 down at the bank and I can't get any money out. Nobody else will honor my check because how do they know I have any money in a bank?

A I don't think it's right and when I was active in a bank, I wanted to have duplicate records some place else so we wouldn't have that kind of a problem. I think we can impose some muscle on the banking industry, State chartered banks in Pennsylvania, to get that sort -- maintain that sort of information.

Q I think that's the most important part of your appearing here before the Committee. I feel, because I think that people's investments should be protected.

A Well, we are working on it to that end and when we come up with a plan that we think is workable, we'll present it to whoever is doing this.

Q When you say the plan, that's what I mean; whoever was; whoever is in charge of the plan in Pennsylvania. Who do you think is in charge?

A Well, I don't know. I don't know.

Q You are a part of State government and you don't know who is in charge of the emergency state plan. I'm not trying to -- I mean I'm trying to find out. The State Police has a master plan and we didn't know about it/ ^{until} yesterday.

A We don't have a master plan as such but we are working on this, what we call an emergency preparedness program for all emergencies, whether it's a flood, fire or a nuclear accident, and when we come up with that, we can make it available or will make it available to your Committee or

the committee on emergency preparedness or whatever committee it is and we will also communicate it to all of the State chartered banks under our supervision. I think that they will heed the Department of Banking more than anybody to get this plan out to and we'll have our examiners follow up and check on it as they go around.

Q That's all, Mr. Chairman.

CHAIRMAN WRIGHT: Representative Cole?

BY REPRESENTATIVE COLE:

Q Mr. Secretary, you said during the early days of the crisis, there was a great run on the banks. Do you attribute a lot of this run, withdrawals, to the false impression that was created that a possibility of an atomic explosion would cause destruction in the immediate area?

A Well, I can only give my opinion. The runs that the banks had were on the Monday after the weekend of so much publicity and indecision.

Q I'm referring to the full withdrawals.

A I would imagine that the people thought that the banks were going to blow up such as they would in an atomic explosion. This never happened before and they didn't know what to expect and, I believe, that was the reason that some people were emptying their safety deposit boxes and others were closing their accounts, because they thought the banks was going to be destroyed with some kind of an explosion.

Q Was the heavy withdrawal emphasis more on those looking for travel money for a week or two or for those who were withdrawing their full deposits?

A Most of it was for people looking for money to travel with. People asking for their full account to be closed and all of the money withdrawn were in the minority.

Q Would you have a ballpark percentage of that minority?

A No, I don't have it. We didn't ask that question in our survey. Most of the money came back in, we found, within the next day or two; some of it in a week.

Q You think the panic would have been eased on the withdrawals if the proper information was put out in the early days that an explosion was not going to happen at Three Mile Island?

A I would think that any statement of assurance from the designated individual would have probably stopped runs on the bank other than for people that were afraid enough to leave and there were a good number of them, to get enough money to travel with. I think it would have probably stopped the bulk of those who were afraid that the bank was going to be physically destroyed and they wanted to get their money out before that happened.

Q Feedback from your banking personnel, did they fear more of an explosion or the actual danger of radiation?

A Personnel in the bank?

Q Yes.

A Well, I don't think -- there was very little absenteeism in the banks on these days. I think that any fear they had was from radiation, not from explosion.

Q Thank you.

A Banks had good attendance at their banks all through that week.

CHAIRMAN WRIGHT: Representative Itkin?

BY REPRESENTATIVE ITKIN:

Q Mr. Secretary, you mentioned in your testimony earlier today some advice about the type of money transactions that people ought to be encouraged to do in terms of obtaining travel money like using travelers checks, treasurers checks and etc. In view of that particular advice, what was the experience the banks had with respect to volume of persons coming to the banks on, let's say, that Monday, and their ability to handle those transactions, especially transactions of issuing travelers checks which takes much more time than issuing just a cash transaction?

A Well, I don't know of any real difficulty. You mean, causing lines in the banks and so on?

Q That's correct.

A Of course, when these things happen, everybody comes at the same time. The banks were opening and I wasn't in any of the banks. I had a few calls that they were having -- their

lobbies were filled and the biggest fear of the bankers themselves were that they were going to run out of cash because they hadn't foreseen this and they were attempting to get the cash in from the Philadelphia banks and some were trading it around locally. But I am not aware of any real long lines that were created by issuing travelers checks. I'm sure it took a little longer than paying out cash. But most of the banks did pay out in cash what people wanted. I think where they issued the travelers checks and the treasurers checks, if an individual wanted to take out 20, \$25,000 or something like that is where that happened.

Q I have a certain degree of skepticism that if everybody went to the bank, and that probably did not occur because there was no real evacuation because people were urged to leave and many people did leave, but in terms of calling for a wholesale evacuation and people feeling they needed additional money for travel, I don't know whether the banks could handle, you know, all those transactions that are required and, therefore, some type of efficient or abbreviated mechanism would have to be performed to expedite these so they wouldn't have to wait two or three days to get their money. And my experience and, of course, only on the other side of the cage, has been when I have taken time to have travelers checks, they take a considerable amount of time because you have to sign every check that is issued and a cash

transaction, you know, is almost instantaneous. It can be done. So, while I think that your suggestion ought to be considered, it certainly ought to be considered in light of the -- how quickly we can accommodate people in providing them with money so that they may have it to travel.

You mentioned in your testimony that some banks reported that safe deposit boxes were emptied. Others reported people filled boxes with valuables and excess cash that had been kept at home. How did these banks know what the individuals did with their safe deposit boxes?

A I guess they told them. I guess the customers told them. A banker is not supposed to know what goes in a safe deposit box or what is in it. Generally, in a case like this, I imagine that people came in and told them they wanted to open a box and they brought this stuff in with them.

Q But as a normal circumstance, safe deposit box privilege --

A That's right.

Q Are depositories, and therefore, banks should have no knowledge of what their contents are.

A That's right. They don't have any knowledge of the contents. They have knowledge if someone closes a box and takes everything out but they don't know what they take out. They are not supposed to know what the safe deposit box holder had in the box and what he took. Usually, there is a

cancellation of the box rental and somebody inspects the box to see that they have taken everything out. They don't know what they took out. There might have been an insurance policy, a ring, or \$1,000 in cash or anything but that is not information that the banker has at all unless the customer tells them. A lot of them do. They tell you, well, I just took out my \$1,000 in cash.

Q You mentioned the safe deposit boxes were empty. You didn't say that they were closed. Were, in fact, many of them closed, safe deposit box accounts, or did they just empty the contents and they still had those boxes in their possession and were responsible for paying the fee?

A I can't answer that. All of the information we got with that was that the safe deposit boxes were emptied. Whether the customer took the time to stop and actually cancelled the contract, I don't know.

Q I'm just wondering about bank policy as to whether the privilege of using safe deposit boxes isn't being crossed. That is to say, whether the bank agent there is watching you while you take out the contents of your box or whether he instructs you, you know, you have the right to privacy and to take your materials as you choose and return the box for replacement in the vault.

A That is supposed to be a strictly private transaction. A safe deposit clerk can get the box out of the spot

in the vault and then hand it to you and take you to a room where they close the door and you are supposed to survey the contents of the box yourself. The bank personnel isn't there and doesn't know.

Q I know what the law is and I wonder if the bank officials, in view ^{of} your statement, are actually carrying out that law because individuals may not be aware of the confidential nature of their boxes and bank agents may be, you know, not instructing them, and therefore, having knowledge as to what their safe deposit box clients have in their boxes.

A I think that the bankers know very well that that's a private transaction but in the case like this, an emergency, the customer himself often tells the banker what he has and what he is doing and --

Q It might be advisable for the banks to instruct the customer that he doesn't have to tell the bank. I mean, I don't understand the use of a safe deposit box if you want to tell the banker.

A You'd be surprised what people tell you.

Q I understand that. But I think the banker has some responsibility to inform his clients.

A I think they do. They accept that responsibility but you can't -- somebody starts to tell you something, you can't tell them --

Q I understand that.

A Shut up or something if you want to keep them as a customer.

Q It leads to the suspicion of some laxity in the protection of confidentiality.

A I won't agree to that in a case like this. I think there are emergencies that happen and people act differently and I think act very responsibly in this particular case. I don't think anybody did anything like that on purpose.

Q Getting back, and just one final question on this particular area. In terms of that money, did the banks report any long lines; how long it took for people to make a transaction? You have any appreciation as to whether there were long delays? You said there were a lot of people in the banks. How much time it took an individual to get into the bank, to get in line and to get out of the bank?

A Well, I wasn't at any of the banks. We were getting a lot of phone calls in our office. Several phone calls that said that there were many people in the bank, an^{un}usual number of people. What the^{un}usual meaning was is that it wasn't an ordinary business day and the principal fear of the bankers was that they were going to run out of cash. They wanted to know if we had any program that would help them and the only program that we suggested was that they immediately call their correspondent bank in Philadelphia and the Federal Reserve Bank and ask for additional cash to be sent out and in the

meantime, possibly as I said in my statement, give their customers enough cash that they could evacuate or travel wherever they wanted to and I think that a lot of people came in and probably talked to the banker, being uncertain of what was going on, and talked to them like a lot of customers do come in and talk about things like that and try to get some idea of their own what was really taking place. And we expected the bankers to use their best business judgment in handling their own customers and I think that most of them did it, as I understand. Most of the lines were cleared up by early in the afternoon of that Monday and they never recurred again. It was a one day problem, if it lasted a whole day.

I want to get back to where you mentioned that the banks ought to have all of this cash available to pay people off in instances like this. Well, we as supervisors of, and we instruct bank auditors to do this, is to keep their cash on hand as low as possible for operating purposes to prevent bank robberies and holdups. Now, each teller has its own program but generally, or each bank has its own program and each teller is limited by their own internal policy to so much cash in the window and so much in the vault.

Q I wasn't suggesting or showing a favoritism to a cash transaction or another transaction. The only reason I mentioned it was that it seems to me that the transaction like issuance of travelers checks or other types of checks require

substantial amounts of time by the cashier and, therefore, may not be prudent in trying to expedite the situation. I'm just saying it puts up a flag that has to be looked into more closely to decide what would be the appropriate transaction in order to expedite the situation to get people in, give them travel money, and get them out again.

The last area I'd like to mention, and it was referred to by the prior members of the Committee, but I want to make it clear. As I understand it, you as the Secretary of Banking, since the incident occurred on March 28th at Three Mile Island or March 30th, the second incident, have never been contacted by the Governor or his agent or designee for the purpose of what had occurred at Three Mile Island and for the purpose of developing a master plan so in the event that another incident were^{to} occur at Three Mile Island or any other nuclear facility, we would be in a better position to act. Is that true or false?

A To the best of my knowledge, that is true. I don't recall being contacted and nobody on my staff has indicated to me that they have had any contact. What we did on this survey and what we are doing has been entirely on our own, trying to be helpful to meetings like this or anybody that does come up and want a master plan. We want to be able to contribute our part of it. But to my knowledge, nobody has contacted us in that regard.

Q I appreciate your testimony this morning, Mr. Secretary. Thank you.

REPRESENTATIVE MANMILLER: May I make one comment?

CHAIRMAN WRIGHT: Representative Manmiller?

REPRESENTATIVE MANMILLER: I don't think we are being very practical here, being honest about it. We're concerned about the customer getting his money. We're concerned about long lines. But I guarantee you that if any evacuation shall ever be ordered, there won't be one employee within that bank. There won't be one showing up. They are going to be leaving too, including the bank officials. I think you better start getting practical.

SECRETARY McENTEER: I agree with that statement. They are not going to stick around to take care of somebody who has a deposit in that bank.

CHAIRMAN WRIGHT: Any other members of the Committee?

(No response.)

CHAIRMAN WRIGHT: Mr. Secretary, the line of questioning was most interesting this morning and I think it's more polite that these are some problems that have to be looked into and I suspect it's going to take more time than the life of this Committee to do so and I have a feeling at this point that in our final report we are going to recommend that the Business and Commerce Committee have more discussions with you

in regards to some areas, a couple that come to my mind. If the area had been evacuated, the ability of the bank customers to be able to negotiate or receive the monies that they have on deposit -- obviously a check or a travelers check is a negotiable instrument but a passbook is not a negotiable instrument and their local bank is now closed down and they are 300 miles away, you know. I'm not asking for the answer now but I think we have to address ourselves to it at some point. How does that customer now who is 300 miles away and his bank is closed be able to withdraw from his passbook. That's one problem.

Another one, particularly in the area of savings and loans, if we had had a major catastrophe and the area in which the bank was was uninhabitable for two or three years, obviously there would be a lot of defaulting on mortgages. A savings and loan association could be in serious trouble and it wouldn't be practical to foreclose because they couldn't resell the house to somebody else. Now, I know in some instances there is insurance to cover certain kinds of mortgages. I suspect the FHA and the VA mortgages have an insurance plan attached to theirs. I don't have the answer and I'm not asking you for the answer. We are probably going to suggest that the Business and Commerce Committee have some suggestions with the banking industry in general to achieve some sort of a plan to protect say, for example, the savings

and loan association which has, in effect, lost their -- a major amount of their assets.

SECRETARY McENTEEER: The same thing applies to commercial banks. They have an awful lot of mortgage loans in these areas also.

CHAIRMAN WRIGHT: All right.

SECRETARY McENTEEER: But right now, I don't know how you can prepare for any kind of a catastrophe that might happen. There are going to be some risks involved. Something like this never happened before and it was unheard of, sure, now you know what happened and you can prepare for it. The next time it ^{might} be another type of catastrophe. I agree with you that we ought to have some plan that if the bank people have to be evacuated from any area, whether it's a nuclear area or for some other reason, that we ought to have plans to take care of the customers of an institution that has to be evacuated. Now, I don't think it can be done the day everybody leaves. It's probably going to take a few days to get set up in a new location. That's why I think having records off premises are valuable so that you can get those records and start up in a new location and take care of people in the shortest possible time.

CHAIRMAN WRIGHT: That's why I'm suggesting that you will have. We will have, either this Committee or some other committee in the House, will have some contact with your

department and I suggest in the interim, you and your staff put their thinking hats on.

SECRETARY McENTEER: Well, we are in the process of doing that now and we are interested in the protection of the depositors and the customers of our banks and we'll cooperate to the best of our ability with any of your Committee or anyone that is established for that purpose.

CHAIRMAN WRIGHT: We thank you.

SECRETARY McENTEER: I hope it can be done without a lot of unnecessary studies and so on. It seems to me that everyone is studying something and nobody is doing anything.

CHAIRMAN WRIGHT: We thank you, Mr. Secretary, for meeting with us this morning. Your cooperation has been very helpful.

SECRETARY McENTEER: I appreciate it and I hope that we can be helpful in any future incident. I hope there are no incidents of this kind but I hope we are prepared if there is such. Thank you.

CHAIRMAN WRIGHT: I think we'll take a five minute break for our next witness. Our next witness is Earl Condran.

(The hearing recessed at 11:20 A.M. and reconvened at 11:28 A.M.)

CHAIRMAN WRIGHT: Mr. Earl Condran, will you please rise and raise your right hand.

EARL CONDRAN, called as a witness, being duly sworn by Chairman Wright, testified as follows:

CHAIRMAN WRIGHT: This is Earl Condran, C-O-N-D-R-A-N, Assistant Vice President, Commonwealth National Bank and is Manager of the Highspire Branch. I understand you are here pinch-hitting for the gentleman from Middletown?

MR. CONDRAN: Yes, Mr. Jack Olsch (phonetic).

CHAIRMAN WRIGHT: Would you explain your role and perhaps, if you can, tell us what interesting experiences your bank may have had during those two or three days.

MR. CONDRAN: On behalf of Mr. Olsch whose wife is in the hospital and very ill, on short notice, I apologize for not having a prepared statement. However, Highspire Branch is not located that far from Middletown. I do live in the Middletown area. The problems that we incurred during the incident or the days of the most critical period of Three Mile Island, we had large volumes of people in the branch. We tried to expedite their matters as fast as we could. We tried to give the customer what they wanted. Most of my time, during the days, the critical days of TMI, were spent in the lobby talking to people. People were frightened of the unknown. They didn't know what to expect, what to do. So, we had to try to help them and talk to them and calm them down. Much more than that, as far as we had regular hours, we maintained

regular hours Friday. We had our branch open for regular hours on Saturday morning. We were busy again but we had no problems with the customers and everyone received what they had come in for. So, --

BY CHAIRMAN WRIGHT:

Q Did you have any cash shortages? Did you limit your customers to the amount of money they could withdraw?

A No, sir; we did not. We gave the customer exactly what he wanted.

Q That was true in all of your branches?

A Yes, it was.

Q I assume you had to replenish your cash supply during certain periods of the day. How did you do this and where did you get it from?

A Our branch, the way it is set up with Commonwealth, we order our money or our cash from our main office; where they got the cash to operate from, I can't answer that. I do know that they supplied us with the adequate funds to give the customers exactly what they wanted.

Q I assumed you listened to the testimony of the Secretary of Banking. Based upon some of the questions and the problems we covered, do you have any recommendations?

A At this point, knowing what I know, the media, what you hear as far as recommendations, I think that question should really be taken up through my senior management. I

don't feel that that decision should be made by me. My authority is to make certain that my branch is secure and that it's maintained properly and that customers are satisfied.

CHAIRMAN WRIGHT: Representative Bennett?

BY REPRESENTATIVE BENNETT:

Q Thank you, Mr. Chairman. Mr. Condran, we were told by the Secretary of Banking that a proclamation had been mailed out to all of the banks. Did you receive that?

A I did not receive it, no. However, our senior management or our main office could have received it. I don't have the answer to that.

Q You did not receive it at your branch?

A My branch, no.

Q Are you familiar with that proclamation?

A No, sir; I am not.

Q Okay. I'll like to dwell on that for a couple of moments and I'll read it to you. "All State and National banks and other financial institutions in an area threatened by the threat of nuclear radiation resulting from the accident at the Three Mile Island Nuclear Plant are authorized to close and evacuate their personnel as directed by Civil Defense authorities. As provided by law, those institutions that close offices shall give written notice to their primary supervisor authority as to the duration of their closing within five business days after resumption of regular business operations."

Is that clear to you, what that says?

A Yes, it is. However, on the closing of any Commonwealth branches, okay. I do not have, as a Branch Manager and as an Assistant Vice President, I do not have the sole authority to close my branch. That would come by a mandate from senior management of our head office.

Q It indicates in the proclamation that you or your supervisor that you have just testified about would do this as directed by Civil Defense authorities. During the Three Mile Island incident, were you as the Vice President and Manager of that bank ever contacted by the Civil Defense authorities?

A I was not, no.

Q Anyone in that bank to your knowledge?

A In my branch?

Q Yes.

A Not in my branch. However, they could have been or it's possible that they were contacted at our main branch who was in constant contact with me, with Mr. Cleh at Middletown as to the status and condition of our areas.

Q To the best of your knowledge then, was your primary bank contacted by Civil Defense?

A I could not honestly give you a true or false answer.

Q How far in miles is your branch from your main office approximately?

A Seven miles.

Q Seven miles. Have you personally or anyone in your bank since the Three Mile incident been contacted by Civil Defense authorities?

A Not to the best of my knowledge.

Q Have you been contacted by the Banking Department relative to Three Mile Island?

A My branch?

Q Yes.

A No, sir.

Q In any way whatsoever?

A No.

Q By any questionnaire?

A Not to my knowledge. Again, emphasizing that they could have contacted our head office, our senior management.

Q How far are you from Three Mile Island?

A Four miles.

Q Four miles?

A Yes, sir.

Q And no one from the Banking Department has contacted you during Three Mile Island or since then?

A No personally?

Q Yes.

A No, sir.

Q Or anyone in your bank to your knowledge?

A No, sir.

BY CHAIRMAN WRIGHT:

Q Nobody in your branch bank or nobody in Commonwealth National?

A I can't speak for Commonwealth National. I can only speak for my respective area of responsibility which is High-spire Branch.

Q It is possible that there was communication between the Department of Banking and Commonwealth National?

A Yes, it is very possible.

BY REPRESENTATIVE REED:

Q Who would that person be at Commonwealth National that they would have contacted?

A Mr. John Beichler, our President.

Q Would you spell that?

A B-E-I-C-H-L-E-R.

Q Or?

A Or it could have been our Executive Vice President, Harry M. K. Johnston.

Q Harry?

A Johnston.

Q M. K. Johnston. What he said was you don't know how to spell the boss' name. Strike that from the record. I have no more questions, Mr. Chairman.

CHAIRMAN WRIGHT: Fred Taylor?

BY MR. TAYLOR:

Q Mr. Condran, as the man on the scene at your High-spire Branch, we heard some testimony earlier and maybe you can clarify it, some of the things that Secretary McEnteer said. From your personal experience at your branch, the large amount of transactions which took place during the Three Mile Island incident, withdrawals that were being made, were they withdrawals closing accounts or were they withdrawals of money that you would consider people were withdrawing in order to enable them to travel?

A Withdrawals for the necessary money to travel. As far as accounts being closed out --

Q There was not a big flood of closing accounts?

A No, sir.

Q Was there a big move on to empty safe deposit boxes?

A That, I couldn't answer.

Q I understand you were here when Secretary McEnteer testified?

A Yes.

Q He said that following the incident, within the next week or ten days, that the bank deposits in the area actually increased over what they were previous. Is that the experience of your branch too?

A The monies that went out of our branch, within the

next five to ten days were returned. We did not see any significant new business, if you want to say, come back into the branch.

Q In other words, you ended up about even after about ten days?

A Yes, sir.

CHAIRMAN WRIGHT: Representative O'Brien?

BY REPRESENTATIVE O'BRIEN:

Q Do you know if your bank has duplicate records in another bank?

A Yes, sir; they do.

Q Do you have records?

A Duplicate records from my branch?

Q Yes.

A Yes.

Q Where are they?

A I have no idea where these records are held. I do know that Commonwealth does have off-premise records, duplicate records.

Q The point I'm trying to get is that if your bank was closed in an emergency, and people wanted to get money somewhere else, where could they get a hold of these records to prove that they had an account at your bank?

A That would have to be answered by senior management. I have no idea where they would go. To my knowledge, it would

be a designated area, wherever we would keep or run the duplicate computer runs.

Q In other words, you really don't know the whole operation. The President of the bank would really be the one to answer these questions?

A Yes, sir; that is correct.

Q No further questions.

CHAIRMAN WRIGHT: Representative Itkin?

BY REPRESENTATIVE ITKIN:

Q Mr. Condran, you mentioned that you had a higher volume than normal following the Three Mile Island incident. Could you give the Committee an appreciation of how great a volume increase that was?

A You mean how full the lobby was?

Q No. I'm talking about in terms of numbers of transactions that you conducted that day say relative to an average day?

A I don't have that information.

Q Could you give us a feeling, not necessarily -- was it twice as much -- was the volume of transactions twice as large that day than normal, more than twice, less than twice?

A Twice the amount.

Q Twice the amount. You mentioned that you did not have to acquire additional cash for your transactions; that you had sufficient cash on hand. Is that true?

A No, I did not say that. I said that when we contacted our main office, they supplied us with the adequate cash to meet the transactions of the customers.

Q That's a normal procedure on a normal daily basis, for you to contact the main office for additional cash or was this a special situation that required you to do that?

A No. That's the way I order my cash, through our main office. That's a normal transaction.

Q Do you have any knowledge as to what the increase in withdrawals on a volume basis in dollars was that day relative to what it had been on a prior day?

A No, sir; I do not.

Q From your position as the Manager of the bank, you said that there was a lot of personnel traffic in the bank. Did this cause any undue delay in terms of people going and making their transactions with the bank? Did it take twice as long as usual, more than twice as long or less?

A We tried -- we handled every transaction as we do as quickly and accurately as possible as if there was no emergency taking place.

Q Would you say that the volume on that particular day was no greater than what happens on a normal payday in the area?

A Yes, I would agree with that; normal first of the month pays.

Q About the same type of activity in the bank?

A Exactly.

Q You said you tended to meet the customer's wishes in the manner he wished to have payment made. Were the variations any different than you normally receive?

A The only thing that we tried to stress to the customers was by way of myself and our tellers, our front line tellers, is to try to not let the customer leave the bank or premises with a large amount of cash. We gave them cashiers checks, money orders. We waived all charges. We tried to talk them into taking travelers checks, something that they did not have to carry large sums of money. That was our major concern.

Q And they basically followed the bank's suggestions?

A Yes, they did. I would say 90 percent of the people I had contact with and talked with, they did follow my directions, yes.

Q Did you notice any impatience on the part of your customers waiting on line when they see people in front of them, four or five -- I don't know how long the lines were -- and they see a person going through a myriad of transactions involving a lot of paperwork and they figure they are going to be in the bank, who knows, an hour, and they get disturbed. Was that condition prevalent or existent?

A It was and that's a factor but when you are dealing

with the public, you will have that regardless of how long the lines are.

Q How long were the lines? In other words, if I came in a given time and I got in a line, how many people would I find in front of me?

A Ten, twelve people.

Q There would be ten or twelve people?

A Again, depending on what time of the day. You know, if it was on a normal day, what time you came to the bank.

Q If I came to the bank today and got on line, how long?

A Today, you may only have four people in a line.

Q Okay. Thank you very much.

CHAIRMAN WRIGHT: I think we are going to let you go.

MR. CONDRAN: Okay.

CHAIRMAN WRIGHT: We'd like to extend our compliments to you for what appears to be a job well done during the accident and apparently your customers were satisfied and came back again.

MR. CONDRAN: Thank you very much.

CHAIRMAN WRIGHT: Thank you very much for being with us. We now have two witnesses from the Department of Commerce and I think we'll bring them on at the same time, Richard Johnson and Paul Decker. Are they here? Would you

mind coming together.

RICHARD P. JOHNSON and STAN BEITER, called as witnesses, being duly sworn by Chairman Wright, testified as follows:

MR. BEITER: My name is Stan Beiter, B-E-I-T-E-R.

CHAIRMAN WRIGHT: I don't know which one of you two want to go first. Identify yourself and for the record tell us what your position is with the Department of Commerce.

MR. JOHNSON: Mr. Chairman, Members of the Committee, good morning. I am Richard P. Johnson, Special Assistant to Pennsylvania Commerce Secretary James F. Bodine. To my far left is Breena Gold who is the Deputy Press Secretary for the department, B-R-E-E-N-A, Gold, G-C-L-D.

First, let me thank you for the opportunity to meet with you today and present testimony on the subject of mutual concern to us all. You have asked what the Commerce Department's role was, if any, during the Three Mile Island crisis.

And you have asked what, if anything, the department has done since that crisis.

My testimony today will be brief because, quite simply, our direct involvement in the TMI incident was non-existent, and our efforts in its aftermath thus far has been limited.

Like others, our department became concerned at the

probable effects of TMI on the community and the State in the wake of what many described as a near nuclear disaster.

During the hectic days of TMI, the Commerce Department received reports that terminals of Dauphin Consolidated Freightways, accustomed to distributing nearly \$4 million worth of food products a day, suddenly had those food supplies cut in half. The reason was that midwestern shippers became reluctant to send the products to this area, fearing that the items would become spoiled after remaining unsold.

We also received reports that some smaller companies in the area were experiencing related problems.

For instance, the Harrisburg Seaplane Base, where the anticipated spring shipments of watercraft were delayed -- not because the shipping companies were unwilling to deliver their products to Harrisburg, but because their drivers were afraid to enter this area.

And we received reports that grocery stores in at least one adjacent state were openly advertising that they neither stocked, nor sold, milk produced in Pennsylvania.

Other isolated instances were described to the department, but ^{what} we already had heard was enough to make us realize that a problem of public misconception was developing rapidly.

What we did then, however, was conduct business as

usual. But what is the Commerce Department now doing in response to the problem?

The Commerce Department's Bureau of Statistics, Research and Planning, in cooperation with the Departments of Labor and Industry and Agriculture, and the Small Business Administration is integrally involved with the Governor's Office of State Planning and Development coordinated study of the socio-economic impacts of the Three Mile Island incident.

In particular, and to evaluate the short and long term economic impacts, the Commerce Department will attempt to examine secondary effects of TMI under three separate categories:

1. Commercial and industrial production and employment.

We currently are undertaking studies and collecting other data and information from businesses within a 20 mile radius which are engaged in industrial production and commercial activity.

This includes both manufacturing and non-manufacturing firms.

These studies will produce data and information required by the Commonwealth for the development of recovery programs and the implementation of corrective action.

Impacts to be evaluated will include lost employment and lost wages, the value of lost production and sales, and

the actual or perceived image hardships.

A final report is due May 15, 1980.

2. Food processing industries.

Working closely with the Department of Agriculture, the Commerce Department expects to have available, again on May 15, a collection of information on what effects TMI had on food processing plants and other agribusiness firms in the area that produce or handle locally grown food products.

3. The tourism industry.

To the best of our information, the industry most hurt by TMI has been the tourist industry.

However, because a representative from the Bureau of Travel Development will soon be testifying before this Committee, I'll defer to his more detailed explanation of the Commerce Department's role, vis-a-vis, the travel industry.

The Commerce Department also is actively participating with the Departments of Community Affairs and Agriculture to assess the housing and non-residential construction activity in this area.

In addition, the department has assigned two staff members to service technical staff to the TMI Commission and its economic impact sub-committee.

And finally, in hopes of alleviating the plight of some small businesses, the Small Business Administration is providing assistance to small concerns which have experienced

economic injury resulting from TMI. This assistance will enable these concerns to remain in, or return to, full operation.

And as I have been so informed, such assistance is being actively sought and provided. As of August 16, SBA offices in York, Lancaster and Harrisburg have had 474 interviews, with 50 applications accepted, totalling \$2,493,000 in claims.

Of these applications, 14 thus far have been approved, for claims of \$393,600.

I will now try to answer any questions.

CHAIRMAN WRIGHT: I think we will defer the questions until we hear from Mr. Beiter. What is your position with the department?

MR. BEITER: I'm the Assistant Director of the Bureau of Travel Development, Commerce Department.

Thank you for the opportunity to relate to you the effects of the Three Mile Island nuclear incident on tourism and Pennsylvania's travel industry. The travel industry, although one of the nation's most vibrant industries, is often overlooked and considered expendable. In Pennsylvania, for example, tourism supports more than 180,000 jobs and generates nearly \$5 billion in revenue each year.

I will simply present an outline of the status of Pennsylvania's travel industry as it relates to the Three Mile Island incident, and some of the views of the Department of

Commerce's Bureau of Travel Development.

On March 28, 1979, the Three Mile Island nuclear incident started a chain of events which have had a severe impact on the citizens of south central Pennsylvania, and disastrous economic impacts on businesses and their employees in the same area. The immediate effects of TMI impact area travel-related businesses, such as hotels, motels, attractions, restaurants, service stations, and other retail businesses, where the cancellation of major conferences and conventions, bus tours, family hotel and motel reservations, and a general economic decline in the business community.

The long term effect of the nuclear incident is difficult to gauge. Since the March 28 incident, Pennsylvania's travel industry has also confronted the problems of a polio outbreak and the gasoline crisis. Therefore, it is difficult to assess what percentage of this season's decline in tourism can be attributed to Three Mile Island.

It is, however, logical to assume that TMI has questionably affected the employment, tax, and wage situation in travel related businesses in south central Pennsylvania.

In the 30 day period following the incident, a very small statistical sampling of TMI impact area businesses reported nearly \$2 million in sales losses directly attributable to the TMI event, and great fear of lasting side effects. An associated statistical population would represent many more

millions in losses of sales, taxes, and potential salaries.

On April 8, 1979, I, that is, Paul Decker, met with several representatives of the private sector travel industry to determine the recovery strategy. Previous discussions had indicated the industry might be inclined to seek a State funded advertising or public relations campaign to overcome the questionable perceptions and fears arising from the Three Mile Island mishap. At that time, several industry representatives indeed realized the position the Commonwealth would be in if it were asked to provide funding for a media campaign and it turned out there was no need for one. Instead, they decided to launch a privately funded telephone survey in key market areas to determine the probable long term effects of the incident. There was little doubt the short term effects were costly and non-recoverable. Commerce Secretary James F. Bodine, I, Paul Decker, might add, praise the industry for its decision to conduct the survey, rather than immediately looking to the State for assistance without first doing its homework.

R. H. Bruskin and Associates, a New Brunswick, New Jersey marketing research firm, was contracted -- at a cost of \$12,000 to the private sector -- to survey six market areas. During the period of April 26 through April 30, 1979, 608 male and female heads of households, who intended to take a car or bus trip in the next six months, with one or more pre-teenage children, were interviewed.

After questioning respondents in northeast Pennsylvania; Baltimore, Maryland; Long Island, New York; Cleveland, Ohio; northern New Jersey; and the Philadelphia/Wilmington area, Bruskin concluded no statistical evidence pointed to significant long term losses in the travel industry due to Three Mile Island. The respondents were asked a series of initial and follow-up questions designed specifically to determine which regions of the State suffered the worst "public relations" image in the wake of Three Mile Island.

The procedure for the survey was as follows:

Respondents were asked whether they would be traveling to Pennsylvania in their car or bus trip. All those stating they either "definitely" or "probably" would not be doing so were asked the reasons for this decision.

Respondents who either intended to travel to Pennsylvania, or would not do so for reasons other than Three Mile Island, nuclear power, nuclear plant, radiation, fallout, or other related reasons, were asked whether they would travel to seven selected destinations in Pennsylvania. All those stating they either "definitely" or "probably" would not be traveling to one or more destinations were asked their reasons for these decisions. The question was asked for each individual destination.

Respondents who did not mention Three Mile Island, nuclear power, nuclear plant, radiation, fallout, or other

related reasons, were then asked if they had read or heard anything recently about a nuclear plant in Pennsylvania. This was done to determine whether it could have affected their travel plans.

The key findings of the survey were as follows:

1. In total, two percent of all respondents said they would avoid traveling to Pennsylvania by car or bus because of Three Mile Island -- related concerns, nuclear powers, nuclear plants, radiation, fallout, and etc.

2. Ninety-eight percent of respondents had read or heard about the nuclear plant in Pennsylvania, thus their car or bus travel could have been affected by it.

The fact that only two percent of the respondents said that they would not visit the Commonwealth as a direct result of Three Mile Island was encouraging. A far larger number of people could easily have made the same decision, given the constant flood of questionable national publicity afforded the area.

Pennsylvania's travel industry, although not as severely affected as it may have been, did suffer major economic losses as a result of Three Mile Island. Many of the business bearing the brunt of the economic impact were small and employed mostly non-skilled labor. These establishments faced the greatest obstacles in the recovery process.

As I mentioned before, however, the concurrent

problems of the south central Pennsylvania polio outbreak and the energy shortage make it difficult, at best, to determine the exact percentage of losses businesses suffered as a direct result of Three Mile Island.

In response to the economic loss incurred and anticipated by the travel industry as a result of the Three Mile Island incident, the Department of Commerce has requested a \$50,000 one time grant from the Federal Economic Development Administration.

The grant, if awarded, will be used to segment an intensive media campaign to be conducted by the department.

The thrust of the entire campaign will be directed towards projecting an "all-clear" image of Pennsylvania following one of the most image-damaging mishaps in American history. Various things will include:

Pennsylvania -- especially south central Pennsylvania --

As a place for family vacations.

A haven for fine outdoor activities.

The producer of fine and unique foodstuffs and a place buzzing with agricultural activity.

And finally, a land of clean air, clean water, and fond memories.

In conclusion, it appears an impossible task to assign a value to the long range impact of the TMI incident on Pennsylvania's travel industry. It is just as frustrating

a task to apportion a share of the blame to it to the dismal 1979 travel season in relation to both the polio and gasoline crises.

To attribute to TMI sizable and unrecoverable early 1979 season losses is a reasonable and documentable assumption. Perhaps it would be fair to compare TMI to the Legionnaire's disease outbreak in Philadelphia during the summer of 1976. Although the city suffered severe short term losses of visitors and tourism, and other business revenues, Philadelphia today is a center of appeal and activity for millions of Americans and international visitors. In that instance, the public's memory proved to be short -- business in Philadelphia was thriving just eight months after the worst days of the disease's outbreak.

There is, then, just cause to assume that the presentation of south central Pennsylvania as a place for family recreation, conduct of business, and permanent residence, as described in current and future media campaigns, will help erase this unfortunate event in Pennsylvania's history, and in the minds of potential visitors to the TMI impact area.

CHAIRMAN WRIGHT: Thank you. I don't have a question in my mind at the moment. I'll probably think of one later. I just want to point out that both you and I have seen over the last several months TV ads from Florida and New York and more recently from Ocean County, New Jersey.

MR. BEITER: And Virginia.

CHAIRMAN WRIGHT: I missed the Virginia.
Representative Reid Bennett?

BY REPRESENTATIVE BENNETT:

Q Thank you, Mr. Chairman. Well, first, I want to congratulate Paul Decker for a very thorough and complete testimony. He already answered all of the questions that I have written down here. However, one or two have been raised by the testimony itself. I made a couple of notes. What I have is the second page, Mr. Beiter, of your testimony. I'm quoting, "therefore, it's difficult to assess what percentage of the season's decline is attributable to Three Mile Island." I want to ask you to just, I won't hold you to this, but give me a guesstimate in the tourism department's opinion; guess what TMI had in relation to the unfortunate polio outbreak?

BY MR. BEITER:

A Indications are now statewide that the travel industry receipts in Pennsylvania are down 25 to 30 percent. I believe it's fair to assess about one-third of that to TMI.

Q Do you have any breakdown on particular locales? Let me give you two particular ones and then generally. Lancaster area and the Gettysburg area, do you have those pinpointed in any way?

A I have a guesstimate from the Lancaster area. I

don't have one from the Gettysburg area. I might be stealing some thunder, some testimony, from the Pennsylvania Dutch Visitor's Bureau, I believe, is to be presented here; Mr. Jim Bartlett. In speaking with him before my presentation --

Q Would you prefer to defer to him? That's all right with me.

A I believe I would.

Q Okay. That's fine. No problems there. You have indicated that you do have some programs anticipated to help the general area. The grant that you mentioned from the Federal government, what's your thoughts on getting that grant?

A Right now, it looks favorable as far as the Feds are concerned. The Federal government representatives in Philadelphia have indicated that they are in favor of granting us the \$50,000. I understand there is a statewide Legislative procedure to be completed before I can tell you that we've got that grant.

Q Oh. What statewide Legislative procedure?

A Isn't there a separate approval procedure that will take place in September?

Q There is? It must be an administrative procedure.

A Perhaps it is.

Q There is nothing I'm aware of.

CHAIRMAN WRIGHT: Are we talking about an appropriation through Federal revenue sharing type of thing?

BY REPRESENTATIVE LINNETT:

Q I don't think that's what we are talking about, Mr. Eelter. You are talking about, if I understand what you said, a one time grant from the Federal Economic Development Administration. What the Chairman has reference to is the Federal Augmentation Act which we, as the Legislature, control.

A It has been submitted as part of an Augmentation Act. I can get you details on it. It was submitted to the Secretary of the Budget's Office about a month ago and I understand it at least has to pass through that committee.

Q All right. I'll get back to you privately on that then.

A Sure.

Q Mr. Chairman, again, I repeat, I think Paul Decker did an excellent job. I'm not surprised. I'm just thankful.

CHAIRMAN WRIGHT: I'm inclined to agree. The backup as to how the survey was conducted, we compliment you. This is the first time anybody from all of the various departments who have conducted any surveys have given us any background detail. As you well know, the surveys vary like crazy depending on, you know, how well it's constructed to start with. I just had another thought that ran through my mind. You know 1981 is the 300th birthday of Pennsylvania.

MR. EELTER: Yes, sir. I think that's going to be heavily dependent on how much money we have to work with in

advertising the Commonwealth of Pennsylvania.

BY REPRESENTATIVE BENNETT:

Q I read an article recently in one of the newspapers that you already started a committee?

A I'm sorry, already started a what?

Q There is already a committee formed?

A Yes.

Q Well, we'll see about the money as we go along here. Mr. Johnson, a couple questions for you, sir. Again, thank you for your testimony. I'm just wondering what effect, if any, has TMI had on new businesses locating in the general area? Do you have any studies on that?

BY MR. JOHNSON:

A Not a current study, no. I would think that the study we are conducting will take into account during the months of 1978 and how they coincide with the months in 1979 as far as any buildup of new businesses or businesses that have increased their productivity or number of employees.

Q You indicated in your testimony that your Bureau of Statistics, Research and Planning, in cooperation with the Department of Labor and so forth. Who heads up that department?

A The Bureau, you mean?

Q Yes.

A Dr. Joanne Young.

Q Joanne Young?

A Yes, sir.

Q How many does she have on her staff?

A At least 15.

Q Fifteen. Does the Department of Commerce think that's a sufficient staff to do the things that you have laid out for them?

A We believe so.

Q You don't see any need to hire any additional people?

A No.

Q That's good to know. That's different. Do you know from personal knowledge or through your survey whether there has been an exodus of businesses out of that area or any businesses leaving the area because of TMI?

A There has been no indication of any businesses leaving the area.

Q None whatsoever?

A None whatsoever.

Q That's good to know. You know of any plans of any hotels or motels that had scheduled to build in a particular area, if they have changed their plans or any thoughts of changing their schedules?

A None to my knowledge.

Q Okay. Thank you, Mr. Chairman.

CHAIRMAN WRIGHT: Representative Cole?

BY REPRESENTATIVE COLE:

Q Mr. Baiber, I'm surprised at your figure there when the question was asked what effect you think Three Mile Island had on the tourism industry this year. Certainly, as you pointed out, we spent \$12,000 to find this information out. The fact that only two percent of the people said that they would avoid traveling in Pennsylvania by car or bus because of Three Mile Island, and you say that you feel that one-third of the detrimental effect on the tourism industry for this year would be caused by the Three Mile Island incident?

A Yes.

Q I think that there is a wide range there. I personally don't agree with you that one-third of our problems in the tourism industry this year are caused by Three Mile Island. I come from one of the tourism centers in Gettysburg and even though we are in central Pennsylvania area, I think that we were indirectly affected by Three Mile Island, being only like 40 miles from there. I would think the greatest harmful effect on the tourism industry is the gasoline shortage this year. We were down 38 percent in the month of June last year. Our Easter visitation was not drastically affected like 38 percent and for the month of July, we were down 52 percent in travel to Gettysburg. So, I think, using right after Three Mile Island, we didn't have that great percentage of lack of visitation to Gettysburg. I would more lean towards the two

percent effect Three Mile Island had on tourism in Pennsylvania than one-third. We always look at the negative things that have happened because of Three Mile Island and I'm very much concerned about the tourism industry because it's the second largest industry in my district. Does the department in any way have a feel how much positive business did Three Mile Island create by the newsmen, the tourists that came here; the hotels and motels? I know there was business loss and conventions cancelled to some degree but the large influx of thousands of people that came in this area, the Harrisburg area, because of Three Mile Island and spent thousands of dollars, do you think that helped balance the losses out?

A I'll answer the last question, the first part of the last question first and then I'd like to comment on the initial part of your response to me. The answer is no, we don't have figures on how much money the news media, coming from all over the country and the rest of the world, brought in and stayed at the major hotels. But early on in the testimony, if you remember, a statement was made that a small statistical sampling revealed that \$2 million in losses. I'll tell you how accurate this is. I made that survey. I called major properties, just ten major properties, and I said it's okay. It's three weeks later now. Can you tell me how much money you lost because of TMI. Let's take X hotel in Harrisburg. The property manager told me, for example, yes, I lost. I have

in front of me documents which indicate \$600,000 in losses, convention contacts who called me and said I'm not coming to your property now because of TMI. This can be documented. Whether or not he considered the people who now came in to stay at his property, I don't know. Okay. But that's how that information came about. I felt it was pretty reliable at the time but you bring up a good point. I don't know if that factor was thrown in there.

Back to the comment about using two percent. I tend to agree with you, however, there is a necessary fudge factor which has to be considered here. Part of the report indicated that 98 percent of all respondents indicated they had read or heard about the nuclear plant in Pennsylvania even though they had not given a negative. But the statement can be made and, thus, their car or bus travel could have been affected by it. So, that's an intangible which I really can't assess a value to.

Then, I would like to request to Mr. Bennett's statement that I would not be held to any figure I gave.

And thirdly and lastly, I would state that my figures were based on the figures given to me by a representative from the Lancaster area which is about as close as you're going to get and I understand your position with the Gettysburg area. My figures, by the way, I'm trying to give you statewide figures which is not fair because we are talking a very restricted area.

Q I see you are making a pitch for more money for tourism promotion?

A No, sir.

Q I think the Three Mile Island affair gave you a multi-million dollar advertising affair. It's a hell of a way to get advertising. Thank you.

BY REPRESENTATIVE BENNETT:

Q You mean you don't want more money?

A No, I didn't say that. I said I wasn't making a pitch.

Q I just want to set the record straight.

REPRESENTATIVE COLE: I am.

REPRESENTATIVE BENNETT: Because I am.

CHAIRMAN WRIGHT: Representative Dorr?

BY REPRESENTATIVE DORR:

Q Thank you, Mr. Chairman. Mr. Johnson, your testimony indicates that there is a study being conducted with a target date of May 1980 for the results and development of the report. I'm wondering if you are far enough into that study now to tell us whether that May can be considered a firm time period or possibly you're far enough into it to tell us it might be earlier than that hopefully?

BY MR. JOHNSON:

Q This report is being conducted by the Governor's

Office of State Planning and Development. The Department of Commerce is involved with work elements two, four and six of that report. As far as I know, an interim report is due on August 24th to Dr. Plasilla's (phonetic) office; another in November; and the final one being in May.

Q If this Committee determines and so urges you, would the department be in a position to move that schedule forward so that we could have that final report earlier as far as the department is concerned?

A Well, the department, as far as to my knowledge, has had its interim report into the OSPD well before the time constraints developed by Dr. Plasilla.

Q Okay. I'd like to ask you, I guess, a similar if not the same question that Mr. Bennett asked, perhaps with a different twist. I assume that you are somewhat involved or at least conversing with the people that are involved in industrial development, other types of economic development in the Commonwealth from the department's point of view. I'm wondering whether you discern any change in the attitude of business generally toward nuclear power as a result of Three Mile Island and whether you are getting any kind of direct negative comments about locating near nuclear power plants, whether it's Three Mile Island or any other plants?

A Well, myself, I have not been dealing with that particular question. I have not heard that from any of the

smaller businesses that I deal with. I do not deal with larger businesses but I haven't heard anyone raise that concern about locating or having problems with nuclear energy.

BY REPRESENTATIVE BENNETT:

Q So that I understand, you say that you are dealing with smaller businesses as opposed to larger?

A Yes.

Q Give us some feel of what you are saying?

A Well, I would deal with small businesses, less than 100 employees.

Q Okay. Fine. Excuse me, Don.

BY REPRESENTATIVE DORR:

Q Sure. I'd like to ask a question of Mr. Beiter also. You indicated that there were several, I guess, hotels or motels reporting cancellations of conventions as a result of the Three Mile Island incident. Can you give us a feel of when that situation turned around, if it did turn around. In other words, did conventions start to come back as of April or was it -- is that a long term effect that you see? Or when did they? Was it just during that week that conventions were cancelled, where the conventions that were scheduled say the 10th of April, that time frame, did they stay in the area?

BY MR. BEITER:

A About May or June many properties reported a return

to normalcy. However, I've got to cloud my answer by inserting the polio problem and the energy situation which did not allow the situation to get back to complete normalcy. One long term effect, the most positive long term effect I can relate to you right now, by example, by name. During the TMI crisis, the National Hardware Dealers Association holds its show here at the Farm Show Arena. Obviously they cancelled. They also hold a show in November. I don't know what the ultimate result is but last week officials from Harrisburg and the Farm Show Arena were making a pitch to get that convention back here because when they left here in March, they went to Memphis, Tennessee. And now, they seem pretty happy with what they found in Memphis, Tennessee. So, the problem, I think, is six or seven months from now will be long enough to call it long term, just an opinion, but there might be a problem in getting that back. As close as we can come, we might be talking about \$500,000 in expenditures per convention.

Q Thank you.

BY REPRESENTATIVE BENNETT:

Q Mr. Chairman, if I might. The reason I sort of have this Chesshire cat smile is when you mention the National Hardware Show, I could not swear to the reason of their leaving before this Committee, but I can safely say it was not because of TMI.

A You have better information than I have.

Q I think I do and as an aside, I was telling my colleague that they left and they ain't coming back. They went to Memphis and they ain't coming back. Don, it's not because of TMI. There are extenuating reasons for that, just for the record.

A Okay. Thank you.

CHAIRMAN WRIGHT: Any other members of the Committee?

BY REPRESENTATIVE STUBAN:

Q Can I ask a question? I think everybody has been heading towards this question as to whether, you know, it had any effect on industry or anything else. Are you people going to gauge with these new nuclear plants that are going to come on line as to whether that's going to be a hindrance to industry moving into those areas or not?

BY MR. JOHNSON:

A I think it will be part of the study. I would hope so. I can't really -- you say industry locating here?

Q Right. The thing I'm looking forward to is mostly utilities are building nuclear plants in areas use this propaganda method in those areas that they have sold the nuclear plants to and say that there would be excessive growth and everything else, employment rates would increase, business would follow, and I just wonder what figures you people are going to come up with and produce as to whether nuclear power

is going to be growth for Pennsylvania industrially or not?

A I don't have those figures. I could get them for you if the Committee would so desire.

Q Okay. Thank you.

CHAIRMAN WRIGHT: I would suggest when you are pursuing the question that Representative Stuban just raised, the reverse of that question might be in order too. You may have some industries coming because of a guarantee of the availability of power ten or fifteen years down the road. We thank you gentlemen for being with us. Your testimony -- Representative John Davies, you have a question?

BY REPRESENTATIVE DAVIES:

Q I apologize for not hearing the whole thing but what about the small businesses, the real small businessman, bait store, the boat rental, the small motel that doesn't have the conference and so forth and so on; where those people are not going to go bass fishing on that river again, maybe ever, or the muskie fishing, including the potential or the future of bringing back the Susquehanna salmon, the shad, which is of a big concern as one very large potential? Have you looked into that? Have you done anything with that?

CHAIRMAN WRIGHT: John's a fisherman.

BY REPRESENTATIVE DAVIES:

Q No, no, no. I mean as a tourism industry because it

is. It brings a lot of people into the area.

BY MR. BEITER:

A I don't have an answer for you, sir.

Q Because I know you don't see anybody on the river fishing from Harrisburg to Peach Bottom. That's another story in itself, Peach Bottom.

CHAIRMAN WRIGHT: John, Reid here says that the Fish Commission has done some studies on that.

REPRESENTATIVE DAVIES: They have some figures on that?

REPRESENTATIVE BENNETT: Yes.

CHAIRMAN WRIGHT: Thank you, very much. James Bartlett, Executive Director, Pennsylvania Dutch Visitor's Bureau.

JAMES BARTLETT, called as a witness, being duly sworn by Chairman Wright, testified as follows:

MR. BARTLETT: I'm James R. Bartlett, Executive Director of the Pennsylvania Dutch Visitor's Bureau in Lancaster. First of all, I'm delighted to be here. Secondly, I regret that I do not have prepared testimony due to the fact of the rather short notice.

The remarks that I have to make concern primarily the cooperation that we had with our Civil Defense authorities in Lancaster. They were in touch with me by telephone. I had

available for them 100,000 maps that could be used in case of evacuation. I further informed them that our visitor's center would be open on a 24-hour basis in the event there was a need for it.

Getting back to the financial damage that I have assessed to Lancaster County, according to the US Travel Data Center, the tourism industry in Lancaster County is approximately \$3 million industry. This year the projected losses for 1979 is going to be close to \$150 million. I assess approximately 20 percent, or a \$30 million loss, to TMI. This is a rather difficult figure to ascertain. The reason I pick that figure out as 20 percent, we have had in Lancaster County what I call three major crises.

First of all, in April, Three Mile Island; in May, we went into Amish polio; in June, the gasoline crisis; July and August, we are fighting inflation which is a national issue as well. From my studies, from the studies that I have conducted by telephone with some of our members, I sit with the figure of \$30 million in gross receipts lost due to TMI. My major concern with TMI was done nationally. It has instilled fear among the people in visiting Pennsylvania. There are many other areas to go throughout the country and I think it was a further factor of fear that was on a national scale. That's about all the comments I have. Any questions from anyone?

CHAIRMAN WRIGHT: Representative Bennett?

BY REPRESENTATIVE BENNETT:

Q Mr. Bartlett, I was impressed with the statements that you had 100,000 maps available and offered those to Civil Defense. Perhaps this Committee and perhaps this whole administration is overlooking a potential real help to us here throughout this whole State. To your knowledge or to your thinking are there other areas such as yours that would have had this similar capability?

A In the State, as you know, there are 52 information agencies, either some of them part of the Chamber of Commerce or some of them are separate. I couldn't speak on behalf of the State but I could just speak on behalf of Lancaster County, what we have available.

Q Well, we certainly will look into that. You heard the testimony of the Secretary of Commerce and that testimony on behalf of Paul Decker relative to the survey that they have been doing.

A Yes.

Q Were you a part of that survey?

A Yes, we were.

Q Were you impressed with that survey?

A Yes. I was very impressed and I agree with the comments of my colleague, Mr. Deiter, when he stated that the unknown factor was that 98 percent of the people had heard of

Three Mile Island. That inculcated in their minds in my opinion a reason for not coming to Pennsylvania. To give you a brief story on it, just a week ago I was flying from the west into Philadelphia. As we approached Philadelphia, the airline pilot came on the loudspeaker and said, "ladies and gentlemen, we are making our approach to Philadelphia. On the left hand side of the window you will see Three Mile Island."

The lady next to me became concerned and said do you think I'll receive any radiation and I said well, madam, we are at 15,000 feet. I don't think we'll be affected. But it inculcated in her own way, when she gets to Philadelphia, what about Three Mile Island. She's going to be asking people. Is it a danger? Is the water safe? Is the milk safe in Lancaster County? It has already set up a fear for that party. I put her fear aside saying I'm not concerned. I live close to it but it didn't to this lady who was coming from Seattle, Washington.

Q You have led right to my next question, Mr. Bartlett. In view of the testimony we have just heard by the previous witnesses in that they are going to come up with some new scheme, what do you think we ought to be telling the whole world about Pennsylvania?

A My opinion is this. I am not natively raised in Pennsylvania although I'm very fond of it. I think it's the greatest State in the Union. The problem with Pennsylvania is

an image problem and I'm speaking on a national scale, a very, very serious problem. Three Mile Island contributed to it. Amish polio contributed to it. The gasoline crisis that hit Pennsylvania, when we met people coming off the turnpike, coming from Illinois and California, said we had no problem with gasoline until we hit the Pennsylvania Turnpike and we're down to a \$3 minimum. This is a very sad thing to happen to this State because they go back home. They are our sales people saying look, when we went to Pennsylvania, a big hurdle when you get on the turnpike because we could only get \$3 or \$5. I didn't have any problem in Illinois or Michigan or Ohio or whatever area they are coming from and that's what concerns me.

Q We have, at least the Governor has since changed that that out-of-staters can get unlimited amounts of gas.

A I'm aware of that.

Q And I think that has helped and I agree that that was probably a real deterrent. However, that raises another problem in that I happen to live on the Pennsylvania-Ohio State line. I'm a resident of Pennsylvania obviously and if I want to go to Philadelphia, I can't get there on a tank of gas and that means I have to stay over a night somewhere on the road. Now, if I have to do that, obviously many other people have to do that also. Do you think that the administration ought to be, with the facts that you have, do you think that we ought to be

doing away with this odd-even as it relates to the tourism industry obviously?

A Let me preface my remarks by the odd-even comment of what I call reality and what the real world is. Not many stations throughout Pennsylvania, especially the self-service stations, pay much attention today to the odd-even factor although it is a law, I know.

Q It's an edict by the Governor, not a law.

A It's an edict by the Governor; my concern is in Lancaster County for the visitors. They came to Lancaster County, I had an emergency phone number for them to get gasoline. I found people in my parking lot who could not move onward at 6:00 in the morning -- where can I get gasoline, I'm from Pittsburgh or wherever it may be from. I said I will get you gasoline. They may not have the correct odd or even but you're visiting our area; I will help you. And I think this type of hospitality has to be extended to a visitor whether they are from Pittsburgh, Ohio, Erie, or wherever they may be from. I may have bent the law a little bit or the edict but I thought there were extenuating circumstances and I wanted to help these people as I would like to be helped if I were visiting Ohio, Minnesota, or Wisconsin.

Q Obviously, you don't have the facts nor do I as to what the availability of gasoline is. I'm hesitant to ask you again whether you think we ought to do away with the odd-even

or not. I think it's obviously a deterrent. I would ask you, in your opinion, do you think, with the facts that you have as we can find it in the media as related to the availability of gasoline, do you think we ought to do away with the odd-even?

A My opinion is for anyone bearing an out-of-state tag, odd or even, should not apply; whether you are from New Jersey or Delaware or New York or Ohio, it should not be applicable. They are bringing funds, money, from their state to spend in our State and I don't think it should be applied. I know there are problems in the New Jersey area close to Pennsylvania. I understand that but it should not apply. There are many, many problems in that area but I do not think that if someone has an out-of-state tag and is in Pennsylvania, that we should have odd or even. That is my own opinion.

Q Thank you. I just said to the Chairman as an aside, I know we are straying from TMI but it's very important to the tourism industry and that, of course, is what you are concerned about. One final question. What do you think Commerce ought to be doing now in relationship to the testimony you heard? Are they doing enough or should they be doing more?

A I am delighted with the Commerce Department. For the first time since I have been in the State of Pennsylvania in two years, they finally have appropriation that is above \$60,000 to tell the rest of the world how beautiful and how wonderful Pennsylvania is. We are competing with such markets

as New York that spends ten to \$12 million; the State of Virginia to the south of us that has a line item appropriation for advertising of \$1.6 million; we are in a heavy competitive market and I am delighted to see that we are making headway in the right way.

Q I'm just tempted to say you can thank the Legislature for that.

A I do. I extend my thanks to you.

Q I won't say that. Thank you, Mr. Chairman. You have been most lenient with me.

CHAIRMAN WRIGHT: Representative Cohen?

BY REPRESENTATIVE COHEN:

Q That 20 to \$30 million figure, is that just in Lancaster County?

A Lancaster County gross receipts only.

Q Thank you.

CHAIRMAN WRIGHT: We thank you, Mr. Bartlett. Representative Foster?

BY REPRESENTATIVE FOSTER:

Q Just one question to follow-up what representative asked about the odd-even system. You stated that you didn't think that no out-of-state car should be affected by this. Can you see a difference for those of us that live near a state line where on odd and even days people just pour across

the state line for the sole purpose of buying gasoline? There is a difference, isn't there?

A Yes, I know there will be in fractions, those that are close to bordering states. I understand there will be.

Q Thank you, Mr. Chairman.

CHAIRMAN WRIGHT: Representative Davies?

BY REPRESENTATIVE DAVIES:

Q The same question as I asked the department. Do you have any figures on how much your fishing is off in the Susquehanna or how much it's affecting the small businesses, the bait shops, the rowboat outfits and all of that; and also, that suit as far as water where Lancaster had to go in court, do you think that was very damaging as far as a news item of chasing people away because of even the question of the utilization of water in Lancaster County?

A Your first statement regarding facts and figures of the effect of that, I wouldn't have that available at my disposal. Regarding the effect of the Lancaster suit concerning the Susquehanna, in Lancaster it received very little publicity. However, one of the news clippings services that we subscribe to, it was front page headlines on page three and one of the other publications outside of this area. It did receive quite a bit of publicity outside of this area but not necessarily locally.

CHAIRMAN WRIGHT: Thank you, Mr. Bartlett.

MR. BARTIETT: Thank you, gentlemen.

CHAIRMAN WRIGHT: Our next witness is Thomas Larson, Secretary of Transportation, but I think we will take a three to five minute break.

(The hearing recessed at 12:40 P.M. and reconvened at 12:44 P.M.)

HONORABLE THOMAS D. LARSON, called as a witness, being duly sworn by Chairman Wright, testified as follows:

CHAIRMAN WRIGHT: I assume you have an opening statement you'd like to make?

SECRETARY LARSON: I only have a brief informal statement to make, sir. I'm delighted to have this opportunity to be here. I would state only that I became involved in the affair at 9:30 A.M. on Friday, March 30th, at which time I was notified of the concern at Three Mile Island in terms of the evacuation concept. From that time forward, we served an advisory support role with respect to a variety of transportation related activities. It was a support role only throughout the episode and it involved participation in the evacuation plans, traffic control at the site, access through the Harrisburg International Airport which the State Department of Transportation owns and operates, and these were the principal activities of my department through this time. I think that I will stop my comments at this point

and answer questions of the Committee members, sir.

BY CHAIRMAN WRIGHT:

Q I'd like to question you on the roads in my district but that doesn't concern TMI. You say you became involved on Friday. Why not prior to Friday?

A I, of course, was aware but it was at that point in time that I was called and advised, as I say, of the concept of evacuation and made aware that that was my first involvement in any official way.

Q Would this have some relationship that there wasn't any consideration of an evacuation prior to Friday?

A I really cannot speak to that, sir. I can only say that I had no official contact prior to that time.

Q Is the Department of Transportation involved with PHEA?

A Yes, sir. We man a transportation service desk and at that time, at 9:30 on Friday, we made our desk active on a 24-hour basis and stayed in that configuration until the incident passed. It is a desk, service desk, an advisory desk in the PHEA center; yes, sir.

Q In the determination of the evacuation routes, were you people involved in that? Was the sole discretion on the evacuation routes the Department of Transportation's or was that a combined effort or what?

A It was no discretion on our part, sir. We are an

advisory group. The initial evacuation routes and plans were discretionary with the county agencies. We were asked to consult on the selection of routes, on the providing of emergency flashers for entrance and exit control, and a number of service type of activities. We also, as time progressed, did consult in developing a regional evacuation plan as opposed to the county evacuation plan. But at no time did we have control nor are we intended to have control over the total evacuation.

Q Let's pick a specific route. I think it's I83 running south here towards Maryland. We have picked up a conflicting batch of information as to whether one lane, two lanes, three lanes, four lanes were going to be used south or some combination thereof. What was your experience in that decision in that particular route?

A Again, we did not participate in any direct decision making. What we were asked for as advisors was to give capacities or various routes under various lane configuration and we did that. We had our traffic engineering staff on call on a 24-hour basis again and as routes were considered, we would give advice as to the capacity under various configurations and that was the limit of our involvement. It was an advisory involvement.

Q That advice was given to whom?

A To the PHEA officials who were coordinating the

evacuation plan and at various times, to individual county people who were involved in this.

Q How about the State Police?

A The State Police were involved in the discussion but to the best of my knowledge, they were parties rather than requesters of information. We did not respond particularly to inquiries from the State Police.

Q To your knowledge, was the decision made in regards to how many lanes would be reserved for southbound traffic on I83?

A I do not have personal knowledge of the decision that was made with regard to lanes on I83.

Q If I recall my geography correctly, I83 runs through more than one county and is it conceivable that one county would make one decision regarding how many lanes and an adjacent county would make a different decision regarding how many lanes?

A It is my understanding that initially there was county, as I said earlier, there was county control over the evacuation concept for the reason that there was not a declared emergency which would cause the control to move to a centralized authority. And during the time when there was individual county control, it is my understanding that, yes, there were conflicts or at least mismatches in the evacuation concept.

Q What would cause the decision making process to be

moved from the county level to some higher authority and what would that authority be?

A It's my authority that the declaration of a state of emergency by the Governor would precipitate this action and that the control would then move to the central PHEA organization.

Q As I recall, the Governor did not issue a proclamation of emergency. Representative Bennett?

BY REPRESENTATIVE BENNETT:

Q Thank you, Mr. Chairman. Mr. Larson, we have heard testimony throughout these hearings about a master plan. What involvement has the Secretary of Transportation or the department had in that master plan up to this point, sir?

A We have participated as advisers on developing. We did, during this period, on developing a master plan that would bring coordination between all of the agencies involved: State Police, Military Affairs, PHEA, and all of the counties affected and that plan, we were advisers to the development of that plan during the week of the incident in question.

Q Okay. It's our understanding again and the testimony we heard from the Department of Commerce that there is some further master plan that is being studied or being readied. Are you a part of that?

A It's my understanding that plans that are regional in scope are, in fact, being developed for facilities of the

type involved here for all locations throughout the State. That's my understanding and we are participating in an advisory way by identifying routes, capacities of routes, information of that type.

Q Is that your total involvement in it?

A In the development of this plan, that's our involvement. As I said earlier, at the TMI incident, we did a number of other things such as providing traffic control at the site. We put up barriers, flashing lights, and took control of traffic at the site. We provided a center at the Capitol City Airport for laboratory facilities for a command post, if you will. We also had on hand during the Three Mile Island incident some 300 department vehicles that are owned and operated by the Department of Transportation for whatever service they might be requested. These were trucks that were cleaned so that they could be used for personnel carriers. We had heavy equipment. We had a variety of equipment on a standby arrangement.

Q You have just anticipated my next question and you have already answered it. You said that you do control 300 State vehicles?

A Those were the vehicles available for this incident. We have many, many thousands of vehicles throughout the State of Pennsylvania but in this case, there were 300 vehicles prepared, fueled, cleaned, and ready for service immediately.

Q You say immediately. Are you saying within ten hours, 12 hours?

A No, sir; immediately. We had our county offices, the Department of Transportation operates county garages in each of the counties and the equipment in question was at the various county headquarters for each of the six counties involved and it was on a standby for immediate call.

Q How many of these same kind of vehicles do you control statewide?

A We have 10,500 vehicles approximately or pieces of equipment. I don't have a count of each class of that but it's a very massive equipment inventory and it is statewide and it is deployed by county.

Q It's my thinking, Mr. Secretary, that if there is some kind of a master plan, that you ought to be more involved in it by then either they, whoever they are, asking you these same questions to find out how many vehicles you have that could be sent to a certain point at a given time. Let me ask that question. If you have an answer, I'd appreciate it. How many vehicles do you have capable of hauling personnel and material from an evacuation area in the Commonwealth and how soon could you have gotten those to TMI? Do you know that figure?

A Yes. As I said, I had ready 300 vehicles that were ready to go into action for the TMI crisis. I cannot give you

the number that were personnel carriers but most of the vehicles were, in fact, trucks that had been prepared for personnel carriage. The large number of these 300 were, in fact, those classes of vehicles. Statewide, we have thousands of trucks again that are deployed all over the State and in general they are on call. They are maintained. They are ready for service in an emergency. The answer to an inquiry as to what service we could provide would be a specific number of vehicles which, I apologize, I did not bring with me today but I certainly could provide that to any inquiry, the specific number of vehicles in each class for each location in the State and in terms of how soon, it would be simply a matter of manning the equipment or taking it off of work that is in progress. The time for activating it would be very, very short.

Q And you are telling this Committee, Mr. Secretary, that no one from this administration has contacted you to find out this kind of information to the best of your knowledge?

A To the best of my knowledge. I have not been party to all of the details. It could well be that this information is routinely available in the PNEA organization. I simply say to the best of my knowledge I have not been party to that sort of request.

Q I'm not finding fault with you. I'm trying to get the facts. We will look into that a little further. Thank you, Mr. Chairman.

CHAIRMAN WRIGHT: Representative Itkin?

BY REPRESENTATIVE ITKIN:

Q Mr. Secretary, in order to more clearly understand just what the role of the department is in the event of an emergency, let's suppose hypothetically at this time of the day a site emergency was declared, let's say, at the Duquesne Light Beaver Valley No. 1 plant located at Shippingsport, Pennsylvania. With the threat that an evacuation may be required from the affected area, what would that cause you to do?

A The emergency desk, the advisory desk for transportation would be manned immediately. They would alert the county and district offices affected. Again, it's my understanding that at this point in time, evacuation plans, specific regional evacuation plans specific to sites such as the one you have noted are available. We would simply have those in front of us and be prepared to offer advice on alternate routes or capacities and we would be prepared to respond to questions that were asked by those in charge of this action.

Q In view of the fact the plans exist, aren't the capacities there now understood, unless there were certain changes made subsequent to the time? In other words, shouldn't that information now be part and parcel of the various plans?

A That information is, to the best of my knowledge,

part and parcel of the existing plans but if an emergency develops, other than the pre-conceived concept, it could well be that we would have to provide that information on a very short term notice.

Q Was it available with respect to the Three Mile Island on March 28th or March 30th?

A The information on the capacity of the various facilities was available in the department through the advisers who were on duty on a 24-hour basis following the alert we received; yes, sir.

Q What about road construction, detours, and other types of traffic changes?

A That information was also available; yes, sir; and it would be available through the staff that we would mobilize in any location in the Commonwealth.

Q Is there work like that that could be done beforehand in order to expedite the evacuation process? In other words, do you believe that your department, in trying to acquire the information needed by PNEA, could cause a delay in the decision making process and perhaps information could be determined preliminarily so that at the time an evacuation is called for, the information does not have to be garnered but is readily available?

A The information that we've spoken of to this point, the number of vehicles, the routes, the capacity of the routes,

that information would be available at the fingertips of the people who would be mobilized for this action so there should be no delay.

Q Let me see if I understand your role, perhaps in the transportation of people. You have at least a record of every bus registered in Pennsylvania. Let's suppose that the area, in the Beaver Valley area, Beaver County, needed to know where vehicles are located to transport personnel. Is that available to this department?

A We have information on the capability of each of the bus operations throughout the Commonwealth. In the case of the Three Mile Island, we did not have any active role because we do not own or operate the vehicles. In this case, Kada (phonetic) is the owner-operator. The Department of Transportation simply subsidizes operating losses for these agencies and helps them in capital acquisition. So, we do have records. But we would strongly advise that the operating agencies become involved immediately and would develop communications with the operating agencies that would provide that capability since it really is not a resource at our disposal.

Q For example, I don't know whether local Civil Defense agencies know the answer as to how many vehicles they have and what the capacities of the vehicles are to move people around in the event of an evacuation.

A The numbers of buses available, the train schedules, the plane schedules, all of that information was, in fact, provided and was common information during the PMEA discussion to the best of my knowledge, although we do not, as I say, control any of those facilities with the exception of the Harrisburg International Airport.

Q That happened after the fact.

A It happened after the alert which I specified as being 9:30 on Friday.

Q Could it have been prepared and maintained as a part of the plan before?

A Yes, sir.

Q Would that be beneficial in terms of implementation, readiness, at the time from a time standpoint?

A In my opinion, every resource pertaining to transportation should be available, should be identified, and that should be done beforehand for as many scenarios as one can conceive because the delay for any of those procedural details could, in fact, be very serious.

Q From your original testimony that you gave prior to our discussion, you mentioned basically that the department served an advisory role, responding to inquiries and to provide information requested of the department that the department is capable of providing. Don't you feel that the department should have a role to play in acquiring whatever one believes

to be necessary information that will be useful without waiting for some PNEA official to go to the transportation desk and say gee, we need this information; see if you can find it out; that a plan ought to, at the moment of a site emergency, ought to spring into action. Every affiliated agency should do certain preliminary work which probably might be helpful as we get down to, you know, an evacuation scenario rather than wait around at an emergency office to deal with the crisis after it develops and then have certain time delays in order to get the required information?

A It's my understanding that the plans for evacuation do, in fact, have much of this information. I personally have not reviewed or seen the plans that I eluded to as being available for each of these areas. I would think that the plan, in fact, should contain the standard information on capacities, on equipment, on the variety of things that, as you correctly point out, must be available immediately. Beyond that, I think that our role, in fact, would probably be the advisory role but advisory in the sense that we are available for immediate responses which is the purpose of having our desk in the PNEA center and having it manned on a continuous basis and having direct communication with our districts, with our counties, and, of course, with our administrative offices.

Q I want to clarify the word advisory in that in my own judgment I believe it should be more than advisory; that

it should be information gathered so that not necessarily to then react to a response. I'm reiterating myself, but to have information which would probably be called upon or might be called upon readily available. So, at the triggering of an emergency, information gathering starts immediately without waiting for direct requests from the PNEA personnel for that information; that it can be given to them on an instantaneous basis. I guess what I'm saying is your department has not been, to the best of my knowledge, geared into that type of thing?

A We have not been geared into a role other than advisory but we do participate in providing that information so that it is available in a real time basis. For example, as I say, the capacities have been made available and any other role that is appropriate for us, we would certainly participate in that role. I have information -- may I offer information? You asked about the number of vehicles. The department, after its reduction in the fleet of recent weeks, does control 850 automobiles, 2400 dump trucks, 2500 pickup trucks for a total of 4,900 total. These are the vehicles that statewide could be made available.

BY REPRESENTATIVE BENNETT:

Q The 850 are what?

A These are automobiles. Twenty-four hundred dump

trucks, 2500 pickup trucks and other kinds of trucks that could be used for personnel movement of some kind. It's a total of about 5,000.

Q Mr. Secretary, thank you for that information. We've said several times about the desk existing in PMEA.

A Yes, sir.

Q I'd like to know a little bit more about that. At least, what your knowledge is of it as to what authority that person has on that desk. First, who is assigned to that?

A Okay. In the incident in question, the chain of command would be from me to the maintenance, the head of the Bureau of Maintenance who has the desk under his immediate cognizance. The reason for this is that the maintenance function is the function that is most wide spread throughout the Commonwealth of Pennsylvania. This is the function that interacts with all of the county governments. The staff at that desk being consisted of two people on each shift and we set up a manning chart. The thing is manned 24 hours a day and the people were people from the department, people from traffic, from maintenance. They were professional engineers who would be immediately available to offer advice. The desk is just like the other desks down in the center. I visited it a number of times during that occasion and those people have no operating authority, as I said on several occasions. It's an advisory function and their route was to

receive information and then to contact me or the immediate supervisor. I was on call 24 hours also and so the interaction was immediate. But it was they received inquiries from the PMEA center and translated those into specific requests that were directed to me or to some other supervisory person that was on duty.

Q Thank you for that, Mr. Secretary. Now, you are the ultimate responsible person. The question then directly is suppose that those 300 vehicles that you said were available at that time had been asked for, had been needed, whether or not an evacuation took place. Let's just suppose somebody said we need 300 vehicles down at Three Mile Island. Who has the authority to dispatch those vehicles?

A The 300 vehicles were alerted at my request without any request for their services. We simply operated independently to clean them and to fuel them and have them available. That was not a request. Had the request been made, the supervisor in the maintenance bureau would have had the authority to dispatch these vehicles to whatever need that was present. I would have been advised, of course, concurrently with that decision.

Q In each county?

A In the counties that were affected. The vehicles were alerted in each of the six counties that were affected.

Q Where would the request -- who would have had to make

the request to that maintenance supervisor?

A We also, in addition to setting up this emergency desk, we set up an emergency desk in our own maintenance division. We alerted each of the six counties so that our supervisors in each of those six counties were on a standby basis. So, the call would have gone from the desk to the supervisor.

Q From the emergency desk?

A From the emergency desk to the supervisor, the head of the Bureau of Maintenance, and he then, through the emergency desk in the Department of Transportation, Bureau of Maintenance, would have alerted the supervisors in each of the affected counties. So, that communication line would have been immediate.

Q Fine. Who would be responsible for the payment of those persons who would have necessarily had to drive vehicles there and if they were on overtime, who would have taken care of all of that?

A The Department of Transportation would have been immediately responsible. Presumably the final assessment of this cost would have been as decided after the fact. But the immediate responsibility would have been the Department of Transportation. All of these people are employees of the department and so there would have been no delay with respect to authorizing hours or extra hours. That would have been

part of the authority by the supervisor in charge.

Q Hopefully, we will never have another Three Mile Island or anything like that but there may be and that's the reason for the constitution of this Committee. In your opinion, Mr. Secretary, let me ask the same question with just a little bit different connotation. Who do you think ought to be responsible, if the Governor or whomever calls you and says you send those trucks to Beaver Valley. Who do you think ought to be responsible for payment of those employees that are required to drive those vehicles out there?

A I really would not be qualified to judge in that. If there is some sort of an emergency relief funding provided, then presumably these would be legitimate charges. If there is no such relief, then the first responsibility, would be with the Department of Transportation as part of its services for providing transportation to the Commonwealth of Pennsylvania.

Q Do you think that your budget making ought to lend itself to this?

A I would think that the high degree of uncertainty attending this incident would make budgeting a very difficult process. We already budget for a number of other emergencies; floods, for example. And we do build in a contingency for flood service and I can't imagine what sort of budgeting would account for an incident that is presumably and hopefully a very rare occurrence.

Q I can't either, Mr. Secretary, and that's the problem. No one expected TMI. It ultimately gets back to the buck and who pays for it and we as Legislators are the first line of offense on that from the taxpayers who say why are you raising our taxes again. Everybody wants to get in and do something right away when it's an emergency but when it's all over with, and six months or a year later, how come you did that?

A We did, in fact, prepare a detailed budget of this incident and the amount is relatively modest and I'm not belittling the amount but compared to the total operation of the department. It was \$28,207 was the expense that was identified as being directly attributable and the additional costs that were diverted. So, that is the specific amount of money that was used in this case.

Q Okay. Thank you, Mr. Secretary.

BY REPRESENTATIVE STUBAN:

Q Mr. Secretary, first of all, in case of an emergency, the local district, and we call them maintenance managers now, would really be incorporated in that local plan and there would be no need for any superior like you to let him use his discretion in time of emergency?

A In the case of the TMI incident, the counties, the six counties affected were immediately brought into full alert

and were fully involved in all of the activities. So, no, there would be no need for a special intervention to make that happen. That was automatic and would be.

Q They are automatically incorporated in the local plans?

A Yes, sir.

Q So, the only time the emergency management center would be needed would be if Columbia County would need another 50 vehicles or another 25 vehicles?

A It's simply the desk, as I see it, to make sure that the Department of Transportation is fully integrated into all of the proceedings and that they have an instantaneous involvement. That's the chief function of this desk.

Q In the case of flood or a disaster, the maintenance manager can make that decision immediately as to what he should be doing with his personnel?

A Yes, sir.

BY MR. ROCK:

Q Mr. Secretary, is your department studying the availability of radiation equipment for these drivers?

A To the best of my knowledge, we have not made that investigation. I cannot speak to it in detail but I am not personally aware of this.

Q Thank you.

CHAIRMAN WRIGHT: I know that when I return to Harrisburg on Sunday night following the incident, all of the construction barriers that had been in place on the turnpike prior to were removed and laying on the side of the road. Who made that decision? Was it your suggestion or PNEA's suggestion?

SECRETARY LARSON: I am not aware, sir, who made that decision. I did not. The Turnpike Commission operates with autonomy as to its operation and I was not involved in that.

REPRESENTATIVE BENNETT: Off-the-record.

(An off-the-record discussion was held.)

CHAIRMAN WRIGHT: Any more questions?

(No response.)

CHAIRMAN WRIGHT: Thank you, Dr. Larson. We appreciate you being with us.

SECRETARY LARSON: Thank you, delighted.

CHAIRMAN WRIGHT: With that, we will close the meeting for today. See you in a couple of weeks.

(The hearing terminated at 1:17 P.M.)

I hereby certify that the proceedings and evidence taken by me before the House Select Committee - Three Mile Island are fully and accurately indicated in my notes and that this is a true and correct transcript of same.

Nancy J. Adelman

Nancy J. Adelman, RFR