

JOEL HEFLEY
5TH DISTRICT, COLORADO

COMMITTEES:
SCIENCE, SPACE,
AND TECHNOLOGY
SMALL BUSINESS

Congress of the United States
House of Representatives
Washington, DC 20515

April 7, 1988

508 CANNON BUILDING
WASHINGTON, DC 20541
(202) 225-4400

2190-A VICKERS DRIVE
COLORADO SPRINGS, CO 80918
(303) 531-5555

10394 WEST CHATFIELD AVE.
SUITE 104
LITTLETON, CO 80127
(303) 933-0044

Nuclear Regulatory Commission
Congressional Affairs
1717 H Street NW
Washington, D.C. 20555

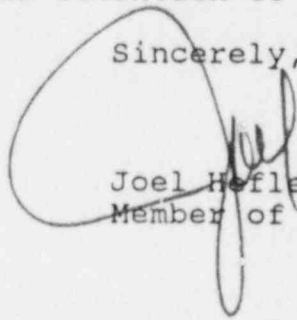
Dear Congressional Liaison:

Enclosed please find a copy of a letter and attached newspaper articles that I received from a constituent concerned with the Seabrook nuclear power facility.

Please review Mr. Steele's comments and reply to me at my Washington office at your earliest convenience.

Thank you for your attention to this matter.

Sincerely,



Joel Hefley
Member of Congress

JH/sr

Enclosure

8805270193 880519
PDR ADOCK 05000443
U PDR

3 March 1987

Congressman Joel Hefley
2190 Vickers Drive
Colorado Springs, CO

Dear Congressman Hefley:

First I apologize to Steve Runyan for being rather rude during our last phone conversation. I really appreciate the fine work he has done in drawing your attention to the Seabrook situation.

Now to inform you of the latest with regard to Seabrook.

On January 29, 1988 Public Services of New Hampshire declared chapter 11 bankruptcy. It was a direct result of the Supreme Court of New Hampshire's decision not to overturn the Anti-Construction While in Progress rule. In essence the company cannot charge ratepayers for Seabrook until it produces power. (See Attachment 1)

Of course Governor Dukakis' response to the news was PSH's imprudent spending on Seabrook finally caught up to it! (See Attachment 2) To add insult to injury, his attorney general, Mr Shannon, stated now that the company is bankrupt how could the NRC possibly license a plant whose majority owner could not properly maintain the facility. (See Attachment 3) And who was really responsible for the company's demise? Governor Dukakis. (See Attachment 4)

By now it should be quite clear to anyone who gives a damn, there is a group of Northeastern democrats, who are conspiring to ensure Seabrook never produces power. At attachments 5 and 6 are Congressman Markey and Senator Kennedy's latest attempts to thwart the Seabrook operation.

Did my tax dollar pay for the foolish 300 page study published for the congressman asserting that the Seabrook plant is unsafe because the construction workers were drinking or on drugs? In that same vein, is it my tax dollar which Senator Kennedy wants spent on a National Institute of Health Study relative to cancer resulting from Nuclear Power plant locations? I protest such frivolous expenditures and wonder why the Congress and the President need a blue ribbon panel to figure out why the budget deficit is so large. Spending!

Sir, I have also included a clipping of the Wall Street Journal's stock quotes for the year 1987. (See Attachment 7) Notice the effect Governor Dukakis' decision not to sign evacuation plans had on PSH investors.

In recent weeks I have called the NRC to find out when a public hearing would be conducted to render a final decision on the Seabrook test license. Once again all I get is "there is no schedule at this time." When I asked Mr Ingram if he could call me when he had a date, he said, "No, you will have to keep checking with me each week!" Frankly, Congressman, I am tired of spending my money chasing bureaucrats for answers. Please request the NRC schedule a date for the PSNH hearings.

Finally, I am at the limit of my patience with the bureaucracy and the irresponsible politicians who I believe are libel for the damage wrought on PSNH and nuclear power companies in general. Perhaps it is time to conduct my business the American Way, in the courts. Isn't it sad that reasonable men have lost control of the regulatory process. In the Seabrook case "justice delayed, has been justice denied."

Sincerely,

William J. Steed

*If possible I would like copies of Malesy's Report and
Senator Kennedy's NIH request.*

DISTRIBUTION:

Docket File
NRC & Local PDR
EDO #003651
EDO r/f
T. Murley/J. Sniezek
F. Miraglia
PDI-3 r/f (w/cy of incoming)
S. Varga
B. Boger
OGC
V. Stello
D. Mossburg, PMAS (EDO #003651)
B. Clayton
D. Brinkmar.
V. Nerses
PDI-3 Green Ticket
T. Martin
F. Gillespie
SECY (88-333)

N.H. utility declares bankruptcy

Seabrook costs take toll

By Charles Stein
Globe Staff

Public Service Co. of New Hampshire, crushed by the weight of its \$2 billion investment in the stalled Seabrook nuclear power plant, yesterday filed for bankruptcy protection, becoming the first major electric utility to take that step since the Depression.

At 4:05 p.m. yesterday the company delivered a petition for Chapter 11 bankruptcy to US Bankruptcy Court in Manchester, N.H.

"Our crisis has deepened," Robert Harrison, Public Service president, told a news conference at the company's headquarters. Harrison said that by seeking relief from its creditors, the company would be able to work out its financial problems in a more rational fashion.

"We will do everything possible to ensure that nothing changes in the daily lives of customers," said Harrison. Public Service provides electricity to most of New Hampshire.

The utility's bankruptcy is not likely to have much immediate impact, according to lawyers who specialize in bankruptcy law. The lights will stay on, new customers will be hooked up, rates will not change and the company's management will keep their jobs.

"If anything this is a positive step," said James Bennett of R.D. Smith, a New York investment firm that owns Public Service bonds. "It should give the company some breathing room." Smith predicted it would take at least 18 months for the company to emerge from bankruptcy.

PSNH, Page 27

THE IMPACT AT A GLANCE

What impact will Public Service's bankruptcy have?

CUSTOMERS:

Service and rates should not be affected.

EMPLOYEES:

2000 of the utility's employees will not get a paycheck today. The company thinks they will be paid by next week. Executives will keep their jobs.

SEABROOK:

The company believes it will not hurt the nuclear plant's chance of winning a license.

INVESTORS:

Stockholders and some bondholders have already lost most of their investment in Public Service. Most analysts say the securities probably won't lose too much more value.

REGULATORS:

Lawyers said the New Hampshire Public Utilities Commission, not the bankruptcy court, will still have the power to set electric rates.

taxes next year," Swenson said.

In Seabrook, where the Seabrook Nuclear Power Station is located, former selectman James C. Falconer said that the bankruptcy filing "portends some bad things for the town of Seabrook."

Falconer said local expenditures could be affected by the filing, because PSNH pays taxes two times a year to the town.

Robert Williams, spokesman for New Hampshire Yankee, said PSNH's announcement should not have an impact on Seabrook Station because "we are beyond the major expense here at Seabrook."

Construction costs have already been covered, Williams said, and starting operation of the nuclear plant involves only minor costs. "We feel the Public Service Co. and its announcement should not have an impact here at the plant. If the trustee appointed or Public Service of New Hampshire has control, we feel it's likely they will preserve their largest investment," he said.

Seabrook is owned by PSNH and 11 other utilities. "The major owners have indicated that they are committed to seeing this project through the operation, regardless if PSNH should go into bankruptcy," Williams said.

New Hampshire Gov. John H. Sununu said, "While it's unfortunate that PSNH has entered into bankruptcy, as I understand it, the company chose this route to avoid involuntary bankruptcy, which would have put control of PSNH into the hands of individuals outside New Hampshire."

In a prepared statement, Sununu said, "I regret that the situation has occurred, but as I understand it, there are a host of alternatives, which can be explored to protect both the rate payers of New Hampshire and the state energy supply."

The state's attorney general's office is watching the bankruptcy proceedings closely. The filing "really was not totally unexpected and of course [Monday's] Supreme Court decision [denying the company a 15 percent emergency rate hike] made it more likely that it would happen," said Jeffrey Howard, associate attorney general in charge of the division of legal counsel.

"We would anticipate that we would seek to intervene into the case to try to assert those positions that would assure the role of the state's Public Utility Commission in rate setting, and take other positions as need be to ensure that New Hampshire consumers continue to pay the low rates that they now enjoy," he said.

"The important thing about today's news is this: Now they can focus on managing a utility instead of doing what they did so poorly - that is dealing with high finance, on the cuff," said Paul McEachern, a longtime Seabrook opponent.

that dragged the company deeper and deeper into debt. As Seabrook's costs soared - from an original estimate of \$1 billion for two plants to \$5 billion for a single plant - Public Service was forced to borrow more money at ever higher interest rates.

A New Hampshire law passed in 1979 barred the utility from billing consumers for Seabrook's costs until the plant was finished.

Last summer, Wall Street finally said enough. Investors, who bought \$2 billion worth of Public Service securities, sometimes at interest rates of up to 20 percent, refused to advance the company any more money. Like a homeowner unable to meet mortgage payments, the utility was then forced to go to its creditors to ask for help.

For the past several months the company has been negotiating with its stockholders and bondholders, hoping to work out a plan that would avoid bankruptcy. In the meantime it missed several interest payments to bondholders.

The rescue efforts were dealt a fatal blow Monday when the New Hampshire Supreme Court refused to grant the company a 15 percent emergency rate hike. The increase was critical to the company's bailout plan.

Harrison said yesterday that if the company did not file for bankruptcy voluntarily, one of its creditors would have forced the utility to take the step.

Investors have been the big losers at Public Service. The company's common stock, which traded at about \$20 per share in the early 1980s, closed yesterday at 2%. The bankruptcy announcement came after the market was closed for the day. A \$425 million junk bond package issued in 1984

In N.H., filing comes as a blow

By Steve Bennett
and Laurie J. Storey
Special to the Globe

MANCHESTER, N.H. — Local officials expressed no surprise last night at Public Service of New Hampshire's bankruptcy filing, and some even expressed optimism about the utility company's future.

Yet there was concern among municipal officials over the filing of Chapter 11 bankruptcy action because the company pays such a large share of the real estate tax bill in some communities.

Public Service of New Hampshire paid \$24 million in real estate taxes to some 200 New Hampshire cities and towns last year.

"I don't think this is good news for cities and towns, because it makes the whole question of cost-effective power to communities very uncertain," said Rochester Mayor Richard P. Green, president of the New Hampshire Municipal Association.

Green said that in Chapter 11 reorganizations, the first bills that must be paid under state law are property taxes. But he said he feared that if there is a long delay in the reorganization, "then all debts, including taxes, will be withheld until the debts of the company are determined."

"I feel if they were going to file for bankruptcy, this is probably the best time they could file, because they just paid their taxes," said Sara H. Swenson, chairwoman of the board of selectmen in Bow, where PSNH's coal-powered generating plant is located. PSNH paid \$2.6 million in taxes to Bow last year, half of the town's \$5.2 million tax revenue.

"It will give them a chance to reorganize, and possibly there won't be any delay in receiving taxes next year," Swenson said.

In Seabrook, where the Seabrook Nuclear Power Station is located, former selectman James C. Falconer said that the bankruptcy filing "portends some bad things for the town of Seabrook."

Seabrook takes toll, bankrupting utility

■ PSNH
Continued from Page 1

The decision to file for bankruptcy will be felt today by 2,000 of the utility's employees who will not receive their regular paychecks. New Hampshire towns that rely heavily on Public Service for property taxes, including Seabrook and Bow, could also feel the pinch, according to lawyers.

For the time being, the bankruptcy probably will not have any significant effect on the Seabrook nuclear plant. Public Service, which owns 35 percent of Seabrook, has pledged to keep up its \$4 million monthly payments to the plant, which is finished but still has no license to operate. The other New England utilities that own shares of Seabrook yesterday said they expected Public Service to honor its commitment to the plant.

"I don't think this will be a factor in the plant's licensing," said John Eichorn, chairman of Eastern Utilities Associates, a Massachusetts utility with a major investment in Seabrook.

That view is certain to be challenged by Seabrook's critics, including Massachusetts Attorney General James Shannon. "I would think the Nuclear Regulatory Commission would think twice before they would license a plant whose main owner was going through bankruptcy," said Shannon.

Opposition to Seabrook by Gov. Dukakis has prevented the plant from opening. Dukakis believes that in the event of an accident, the New Hampshire and Massachusetts beaches near the plant could not be safely evacuated.

From the campaign trail in Iowa yesterday Dukakis called the announcement inevitable. "A decade of imprudent investment decisions has finally caught up with Public Service," he said.

Conceived in the early 1970s as Public Service's great hope for the future, Seabrook became a burden that dragged the company deeper and deeper into debt. As Seabrook's costs soared — from an original estimate of \$1 billion for two plants to \$5 billion for a single plant — Public Service was forced to borrow more money at ever higher interest rates.

A New Hampshire law passed last year...



ROBERT HARRISON
"Our crisis has deepened"

closed yesterday at 26½, down from 100 when it was first sold.

Many small investors were hurt by the collapse of the stock price. But in more recent years the company's securities, especially the junk bonds, were bought almost exclusively by institutional investors, including most of the major mutual fund companies in Boston.

How investors will fare in bankruptcy court is an open question. Those holding secured bonds, so-called mortgage bonds, will almost certainly get all their money, according to Wall Street sources. Investors holding unsecured bonds or stock could come away with very little.

ION
M
C

Atch 2

PS New Hampshire Files Bankruptcy Plea

Move, Tied to Seabrook, Is Among Biggest in U.S.; Plant's Future Clouded

By LAWRENCE INGRASSIA
And CHRISTOPHER J. CHIPELLO
Staff Reporters of THE WALL STREET JOURNAL

Public Service Co. of New Hampshire, burdened by heavy debt from the controversial Seabrook nuclear power plant, filed for protection from creditors under Chapter 11 of the federal Bankruptcy Code.

The widely expected filing makes Manchester-based PS of New Hampshire the first major utility to file for bankruptcy-law protection in nearly 50 years, and is one of the largest bankruptcy-law filings of any kind in the U.S.

The proceedings could increase uncertainty over the start-up of Seabrook, the long-delayed \$5 billion plant in which PS of New Hampshire owns a 35.6% stake. Though completed, the Seabrook plant hasn't started operations because of controversy over evacuation planning, and opponents plan to argue that the plant shouldn't be licensed because of PS of New Hampshire's financial troubles.

The company had little choice but to file for bankruptcy-court protection; with hefty interest payments on \$1.5 billion in debt, it is running out of cash. It already has missed interest payments and defaulted on more than \$800 million in unsecured debt.

PS of New Hampshire had hoped to get a 15% emergency rate increase to shore up its finances. But the New Hampshire Supreme Court earlier this week upheld a state law prohibiting the utility from getting increases for Seabrook-related costs until the plant begins producing power.

PS of New Hampshire's president and chief executive officer, Robert J. Harrison, said the "filing will help insure the stability of the company and its operations while an overall solution is pursued."

Paychecks Delayed

Under Chapter 11, the company will continue its operations while seeking a financial reorganization. Electric service to customers, for example, shouldn't be affected. However, Mr. Harrison said some 2,000 employees scheduled to get paychecks today won't receive them, though the company hopes workers will be paid next week.

Because interest payments on debt usually are suspended during bankruptcy-law proceedings, PS of New Hampshire will save well over \$100 million a year in interest costs.

Without Seabrook and the related debt, PS of New Hampshire's assets constitute an attractive utility, because of the state's prosperity. An electric utility of some kind will emerge from reorganization proceedings, but its shape—and how long it will take to emerge—is unclear.

Mr. Harrison estimated that hammering out a reorganization agreement among creditors and law enforcers will take a minimum of six to nine months and a maximum of three years.

Public Service Co. Of New Hampshire

Employees	2,700
Residential customers	816,674
Industrial customers	970
Commercial, wholesale and other customers	44,712
Revenue 12 months ended Sept. 30, 1987	\$522.4 million
Net income 12 months ended Sept. 30, 1987	\$144.4 million
Total assets	\$2.95 billion
Total liabilities	\$1.70 billion

um of three years. "We are in uncharted waters," he added.

Mr. Harrison also said that bringing Seabrook into operation remains a priority, but the filing was greeted with elation by Seabrook's opponents. Massachusetts Gov. Michael Dukakis, a presidential hopeful, said, "A decade of imprudent investment decisions has finally caught up with Public Service. (It) now has an opportunity to act responsibly and investigate ways to generate power using non-nuclear sources."

The bankruptcy-law petition was filed at 4 p.m. EST, and the news was announced after the stock market closed. The price of the company's common stock, long depressed, closed unchanged at \$2.625 a share in composite trading on the New York Stock Exchange. Its bellwether 17 1/2% debentures, due 2004, closed yesterday at \$26.25 per \$100 principal amount, down \$3.

Unusual Filing

With assets of \$2.95 billion exceeding liabilities of \$1.7 billion, the bankruptcy-law filing by the utility is unusual. The company doesn't have enough money to service its debt because of the limit on its rates. Moreover, its assets are calculated at book value, and their market value is probably much lower, because nearly 70% of the assets are tied up in Seabrook.

The company is never expected to be allowed by state regulators to charge rates high enough to earn a normal rate of return on its entire Seabrook investment.

More broadly, the utility's filing isn't expected to have any major effect on utilities nationwide, industry experts said. Because the company's problems are so closely related to Seabrook, "I don't expect (the filing) to have reverberations beyond (PS of New Hampshire) and other Seabrook joint owners," said Peter Bradford, chairman of the New York Public Service Commission.

The stock of other utilities with problems related to nuclear plants could drop temporarily, but should recover, said Paul Parshley, an analyst at Donaldson, Lufkin & Jenrette.

However, the filing is likely to be closely followed because, as the first by a major utility in decades, it could set a legal precedent for any such future filings.

While in some ways the filing won't dif-

fer from others under Chapter 11, some uncertainties are arising because the filer is a utility.

Court's Role on Rates

For one thing, it's unclear to what extent the bankruptcy-court judge will be able to set rates. Creditors and stockholders are hoping that the judge can increase rates, which would raise the value of the company's assets. And Mr. Harrison said that a rate increase will "surely" have to be a part of any solution to the company's problems.

But consumer groups and the state are likely to oppose any increases imposed by the bankruptcy court. Mark W. Vaughn, an outside counsel for the state, said, "We will fight tooth and nail to uphold the regulatory process of the state. The (state) still has jurisdiction."

Another problem with raising rates is that PS of New Hampshire's electricity rates already are among the highest in the country. If rates go too high, commercial customers could seek alternative sources, such as generating their own power. A substantial loss of customers could worsen the company's condition.

Other legal questions revolve around Seabrook. Ten other New England utilities own a stake in the long-delayed plant, including New Haven, Conn.-based United Illuminating Co., with a 17.5% interest, and Boston-based Eastern Utilities Associates, with 15.1%.

PS of New Hampshire's bankruptcy-law filing isn't expected to have an immediate or direct effect on the other Seabrook owners, but it could have an indirect effect at some point.

The monthly cost of keeping Seabrook ready to run is about \$10 million, for example, and PS of New Hampshire's share of that is about \$3.5 million. The utility, Mr. Harrison said the company intends to continue paying its share of Seabrook's costs.

The bankruptcy court, however, has final say over what expenditures are and aren't made. If the court orders PS of New Hampshire to stop paying its share of Seabrook costs, the other utilities would have to decide whether to pick up the added costs—which they have said they don't want to.

Other Seabrook owners argue that it's unlikely that a judge would make such an order. "Everybody would find it strange for a judge to do that, because 70% of (PS of New Hampshire's) assets are sitting in that unit," said Donald Pardus, president of Eastern Utilities.

Still, there are ramifications. For example, please turn to Page 11, Column 2.

ine's Day
TINE'S DAY
Ext. 688
NEED

ICE
Printed
ARDS

CIATER
action

action
and kind as
and a check to
and handling
COPY

FDA Urges NutraSweet Co. to Submit New Fat Substitute for Review by Agency

By WENDY L. WALL
Staff Reporter of THE WALL STREET JOURNAL

NutraSweet Co.'s widely trumpeted unveiling of its new fat substitute turned sour as the U.S. Food and Drug Administration strongly urged the company to submit the product for review, a development that is almost certain to delay its introduction.

agency) not requiring FDA approval" in such cases, said Merrill Thompson, a Chicago attorney who represents food companies. He said problems may have developed because "this was handled in a way that blindsided or embarrassed the agency." Added Theodore Lebuza, a professor of food science at the University of Illinois, "This is a legal issue, rather

JANUARY



JAN
SAN FRAN
MEN'S CL
ANN
J
CLEA
30-50%
IN ALL DEPA
SUITS, SPORT
FURNISH

Atch 3

Safety, solvency at Seabrook

'This bankruptcy strengthens the arguments we are going to make'

—MASS. ATTORNEY GENERAL JAMES SHANNON

By Larry Tye
Globe Staff

Public Service Co. of New Hampshire's bankruptcy already has redefined the debate over the Seabrook nuclear plant, with critics insisting the plant cannot be run safely if its major owner cannot pay its bills.

"This bankruptcy strengthens the

arguments we are going to make" to keep Seabrook shut, said Massachusetts Attorney General James Shannon. "This certainly distinguishes Seabrook from every other nuclear power plant ever built."

But Public Service officials said opening Seabrook would automatically make

SEABROOK, Page 23

Globe - Jan. 30, 1988

Safety and solvency are Seabrook issues

■ SEABROOK

Continued from Page 1

the utility solvent by letting it charge customers for most of its \$2.1 billion investment in the reactor. "They force us into bankruptcy because of delays, then argue a license shouldn't be issued because of the bankruptcy," said utility spokesman Nicholas Ashooh.

"It's like a child murdering his parents and then asking for mercy because he's an orphan," Ashooh added.

The Nuclear Regulatory Commission ultimately will decide who is right, and the loser almost certainly will challenge that decision in federal court.

Yet even now, just two days after Public Service announced it is broke, the bankruptcy has joined the controversy over evacuation planning as the two major issues that will determine the fate of the \$5.2 billion reactor.

The NRC traditionally required utilities to prove they had enough money to build and run a safe reactor. In 1982, however, it stopped asking for such proof on the theory that state regulators would ensure that utilities had high enough rates to run smoothly.

In Public Service's case, a New Hampshire law prevented that state's Public Utilities Commission from letting the utility raise its rates to pay off its Seabrook debt. When the state Supreme

Court affirmed the law last week, Public Service executives said they had no choice but to declare bankruptcy.

Now "it's going to look mighty strange if the NRC does not at least order an inquiry" into whether Seabrook's owners can afford to run a safe plant, said Robert Backus, an attorney for plant opponents. An NRC licensing panel last year said such a review is not needed, and the issue is now before an NRC licensing appeals board.

Public Citizen, a consumer group founded by Ralph Nader, said yesterday it will petition the NRC to regularly review the financial qualifications of all nuclear utilities before and after plants are licensed.

Peter Bradford, a former NRC commissioner, said such a change is long overdue in light of the worsening financial shape of many utilities nationwide. When the NRC stopped conducting financial reviews it "didn't take into account that some utilities' imprudent practices would result in disallowances [of rate increases] so large that the utilities would be under severe constraints."

"The NRC really has had no basis for finding Public Service financially qualified for several years now," added Bradford, who is now serves as chairman of New York's Public Service Commission.

And Sen. Gordon Humphrey (R-N.H.) yesterday asked the NRC to hold up Seabrook's low-power

license - possibly for months - because of the bankruptcy, the Associated Press reported.

But Public Service Co. President William Harrison said a federal bankruptcy judge probably will free the utility from enough of its debts to ensure that it can sustain its biggest asset: a 36 percent share of Seabrook. Public Service now spends about \$3.5 million a month to maintain the reactor, which is completed and has the first of three licenses it needs to produce power.

Harrison acknowledged at a news conference Thursday that Public Service some day may be forced to sell its share of Seabrook. But even then, NRC and utility officials said, anyone who could spend billions of dollars to buy Public Service's share certainly could afford to pay the much smaller operating bills.

The main issue holding up licensing of Seabrook has been lack of an approved evacuation plan. Gov. Dukakis and others say plans proposed by Seabrook are unworkable; the NRC is reviewing the state of New Hampshire's plans and will review plans plant owners drafted for six communities in Massachusetts that are within the 10-mile evacuation zone.

Supporters and opponents agreed, however, that financial issues now are likely to assume equal importance. While Public Service's problems are most pronounced, several others among the 12 utilities, that own Seabrook could be in trouble soon.

Your coverage of the bankruptcy filing by Public Service Company of N.H. missed the most important point: this is a utility brought to its knees by the arbitrary action of a governor of another state, Michael Dukakis of Massachusetts.

Seabrook nuclear power plant has been completed for 20 months. It has not received a license largely because Dukakis has refused to allow Massachusetts to take part in the emergency planning required by federal regulators.

If Dukakis had cooperated, the plant would be operating today. It would be reducing our oil imports by 10 million barrels a year; the cost of the plant would be millions of dollars less; and Public Service of New Hampshire would be solvent, if not prosperous.

A secure supply of electricity is vital to the economy of New England. Its eight nuclear plants avoid the burning of more than 50 million barrels of oil every year and supply New England with one-third of its electricity. Nuclear plants have been operating safely there since 1960.

It is distressing that an elected official - one who is presenting himself as a presidential candidate - would not only drive a company into Chapter 11, but more important, take such a dangerous attitude toward our need for energy and economic security.

Washington
DIXY LEE RAY
Dr. Dixy Lee Ray was governor of Washington and chairman of the Atomic Energy Commission.

25 THE BOSTON GLOBE TUESDAY, FEBRUARY 16, 1988

A1ch 5

THE BOSTON GLOBE FRIDAY, JANUARY 29, 1988 27

Markey challenges candidates

Asks hopefuls to demand if safety was sacrificed at Seabrook

By Ray Richard and Larry Tye
Globe Staff

Rep. Edward Markey (D-Mass.) yesterday asked Democratic and Republican presidential candidates to join him in demanding an investigation into whether alleged drug and alcohol abuse among construction workers compromised safety at the Seabrook nuclear plant.

The appeal came at a Boston press conference Markey held with a former Seabrook security official, who recounted his tales of plant managers' alleged lack of concern about drug and alcohol violations. The problems were so bad, said Peter McKinnon, "that if it goes online I'm going to Florida."

But Edward Brown, president of New Hampshire Yankee, whose company runs Seabrook, yesterday held a press conference of his own to deny that drug or alcohol problems jeopardized safety at the \$5.2 billion reactor. Allegations in a 300-page report by Markey are "nothing new," Brown said, and he accused the congressman of attempting "to win now in the press the anti-Seabrook argument he lost last summer on the floor of Congress."

The exchange was generated by Markey's report, prepared over the last 15 months, which charged that drug and alcohol abuse was rampant among Sea-

brook construction workers, was covered up by plant owners and was ignored by the Nuclear Regulatory Commission.

McKinnon offered graphic illustration of the alleged troubles yesterday: In one case, a schedule of his supposedly secret inspections was posted on a plant bulletin board. And when he and his drug-sniffing dog named Zig-Zag were scouring the plant, workers broadcast their comings and goings over loudspeakers in time to alert anyone who was drinking or using drugs.

McKinnon, who resigned in protest last year after five years at the plant, charged that Brown and other Seabrook officials withheld from Markey for six months word that \$10,000 worth of cocaine had been seized at the plant.

McKinnon said he spent two hours describing his concerns to NRC inspectors, but never heard back from them.

Brown offered a different version of events, saying McKinnon "was in charge of a drug detection dog" and was let go from Seabrook because he wanted to work as a free-lancer beyond the control of plant executives. As for McKinnon's charges that plant officials were lax, Brown said, "Mr. McKinnon is sadly mistaken" and had "praised Seabrook's drug program" at a hearing in Washington in December 1986.

The Seabrook boss also disput-

ed Markey's report, saying it is based on "unsubstantiated allegations by some 35 workers out of the 35,000 people who have worked at Seabrook station in the past 12 years." While he acknowledged some drug and alcohol abuse had been detected, Brown said the plant's quality control system would have caught any defects that might have resulted.

"Every bit of work is checked, rechecked and rechecked again," he said, because "people make mistakes." Brown said Seabrook is ready to begin operations once it receives NRC approval of its evacuation plans, which has been held up by opposition from Gov. Dukakis who calls the plans unworkable.

Markey insisted the only way to ensure Seabrook is safe is to appoint an independent, blue-ribbon panel to review plant records and check plant work. The NRC could not be trusted for the task, he explained, because it had proven repeatedly that it is a "lapdog not a watchdog."

Aware that New Hampshire's presidential primaries are less than two weeks away, Markey called on Republican and Democratic candidates "to use this report as a catalyst to force the NRC to appoint a blue-ribbon panel." The candidates claim to be men of action and substance, not rhetoric," he added, "here is their chance to prove it."

Atch 5

T ct

Large Retail Chains Report January Sales Rose Only Slightly

Continued From Page 3

jumped 25%. Improvements in merchandising and in store operations helped, Ames said. In composite trading on the New York Stock Exchange yesterday, Ames shares closed at \$14.375, up \$1.375.

Same store sales rose 1.1% at St. Louis-based May Department Stores Co., 4.1% at New York-based Mercantile Stores Co. and 13% at Boston-based Bradlees Discount Department Stores, a division of Stop & Shop Cos. Bradlees said severe winter storms affected its January 1986 sales. Chicago-based Montgomery Ward & Co., a unit of Mobil Corp., said sales of stores open at least a year were about even with last year.

Same-store sales fell 5% at Columbus, Ohio-based Limited Inc. and 0.5% at Los Angeles-based Carter Hawley Hale Stores Inc.

Women's specialty apparel sales continued the weak trend that started six months ago, said Stacy Ruchlamer, a securities analyst at Shearson Lehman Hutton Inc. And she said January "still left too much merchandise in specialty apparel inventories." She expects apparel sales to continue the same sluggish pace until the Easter shopping season begins in March.

Jeffrey Edelman, an analyst at Drexel Burnham Lambert Inc., said he expects retail sales to continue to "soften for the next several months with improvement expected by midyear."

Leo Shapiro Associates, a Chicago consulting firm, said its most recent monthly consumer survey of 450 households showed a strengthening reluctance to make major purchases. "While nothing bad yet has happened in the economy, we're starting to see a great deal of caution... the highest proportion of consumers that we've seen in a year and a half are saying they will hold back on making major purchases," said George Rosenbaum, presi-

U.S. Studies Cancer Deaths Near Nuclear Reactors

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON—The National Institutes of Health has launched "a large-scale evaluation of cancer deaths occurring among persons living near the over 100 reactors operating in the United States," said the agency's director.

James Wyngaarden, in a letter to Sen. Edward Kennedy (D., Mass.), said the study was prompted by "descriptive studies of leukemia clusters" around the Pilgrim nuclear power plant in Plymouth, Mass., and around several power plants in the United Kingdom.

It is known that radiation can cause cancer, Dr. Wyngaarden said, "but the biological effects of quite low levels are a subject of current scientific conjecture."

Sen. Kennedy, who released the letter, praised NIH for investigating "the strong suggestion of a link between cancer and radiation from nuclear power plants."

NIH is part of the Department of Health and Human Services.

But Harold E. Sejls, chairman and chief executive of New York-based F.W. Woolworth Co., was more optimistic, noting the company's strong results from December and January. "We see no reason that sales will go down," he said, citing higher employment and an absence of inflation. "All the basic conditions are strong for 1988."

52-week fiscal year period
a-'87 sales b-'86 sales

	millions	millions	b-% change
Sears	26,453.2	25,949.0	+ 2.7
K mart	24,488.4	22,812.3	+ 7.3
Wal-Mart	15,957.0	11,909.0	+ 34.0
J.C. Penney	13,980.0	13,206.0	+ 5.9
Fed. Dept. Stores	11,118.4	10,512.4	+ 5.8
c-Davton Hudson	10,500.0	9,000.0	+ 15.6
May Dept. Stores	10,300.0	9,300.0	+ 10.6
Zavre Corp.	6,186.9	5,304.4	+ 16.6
Montgomery Ward	4,610.4	4,229.1	+ 6.5
F.W. Woolworth	4,168.0	3,860.0	+ 8.0
Limited	2,530.0	3,140.0	+ 12.0
d-Carter Hawley	2,640.0	2,550.0	+ 3.6
Mercantile Stores	2,151.6	2,024.8	+ 6.3
Ames Dept. Stores	2,112.2	1,888.5	+ 11.8
Best Products	2,065.9	2,080.3	- 0.7
Bradlees	2,064.0	1,873.0	+ 10.0
a-Total U.S. store and catalog sales, excluding super-			
markets, from continuing operations; b-Based on exact			
sales; c-Excludes sales from B. Dalton Bookseller, which			
was sold in December 1986; d-Excludes sales of two Broad-			
way-Southwest stores sold in August 1987.			

nd Atlanta has withdrawn it may be the object to T&T.

GSA's move yesterday significance an AT&T len. Carly responsible before the to reduce then to the "was stat-

on against ncies that holden for not in the customer," she added rned serv-'s pricing ked.

informed tion when rmental th. But a d that Ms. r. Soni's d was too

ID S STEEL wage in- cluded xpects rt. A pre- base had

