

Testimony by Dr. Theodore D. Goldfarb

on behalf of the

Shoreham Opponents Coalition

presented at the

Hearing on Shoreham and the Economic

Condition of Long Island

held by the

Standing Committee on Energy of the

New York State Assembly

Mineola, New York

April 29, 1983



The Shoreham Opponents Coalition (SOC) wishes to thank the Committee for the opportunity to address the important questions raised by the prospect that the Shoreham Nuclear Power Station may be denied an operating license. SOC is composed of twenty-three community organizations with a total of over 1500 members.

The committee has requested hard, factual answers. Unfortunately we don't believe anyone is in a position to respond honestly to that request. Long range projections concerning energy needs and economic consequences of alternative scenarios for meeting such needs are always subject to changing conditions that reduce the conclusions to estimates rather than hard facts. As you are aware, the Suffolk County government has commissioned important studies on these vital issues which will not be completed for several weeks. Therefore we are concerned that the timing of this hearing is premature and the estimates presented may be dominated by LILCO's obvious advantage in being able to use its publicly financed resources to rapidly produce its version of the facts at issue. Given LILCO's history over the past ten years of grossly underestimating even short term electric power demand we assume the Committee and the public will adopt an appropriately skeptical attitude towards the testimony presented by the utility. Despite our wish that this hearing would have been delayed so that we could comment on, and compare the results of the studies being done for Suffolk County with LILCO's estimates, we feel obliged to attempt a tentative response to some of the questions posed by the committee.

A critical issue is whether the cancellation of the Shoreham project will result in problems in meeting the electric power needs of Long Island's residents. We call the Committee's attention to the fact that the peak demand on Long Island has experienced virtually no growth in the past eight years. Even assuming a resumption of growth of perhaps 1% per year the present generating capacity should more than meet consumer needs until the late 1990's. That provides more than enough lead time to plan an additional facility. Alternatively (and preferably) a program designed to promote readily achievable energy conservation measures could be implemented which could easily delay the date when more capacity will be needed by several additional years. Just such a plan was the result of a study completed by the Energy Systems Research Group of Boston for the Shoreham Opponents Coalition in November 1980. This conservation alternative to Shoreham was proposed to the Public Service Commission in the spring of 1981. Although economic conditions have changed somewhat since then, it is clear that much of that proposal is still viable and would probably be the most cost effective way of increasing the gap between capacity and demand through the end of this century. LILCO's projections of the need for new capacity are based on the unrealistic growth rate of 1-1/2% per year. Only five years ago LILCO was projecting blackouts and brownouts if Shoreham was not on line by now.

Although we are not prepared to offer our own precise estimates of the relative economic impact on ratepayers and on Long Island's economy of completing or cancelling the Shoreham facility we do wish to call attention to the following serious flaws in LILCO's comparisons:

- (1) LILCO underestimates the probable operating and maintenance costs of Shoreham.

- (2) LILCO completely ignores the likely need for costly capital additions to Shoreham, based on the experience of other nuclear facilities.
- (3) The capacity factor used by LILCO for the Shoreham plant is unreasonably high in comparison to the record achieved by other nuclear plants.
- (4) Whereas LILCO anticipates recovering the capital cost of Shoreham over a 30 year period if it operates, they expect to recover the cost in only twenty years if it doesn't go on line. This results in a totally unjustifiable extra profit to the utility's stockholders if the plant is cancelled.
- (5) There is no justification for LILCO's proposal that coal conversion of the Port Jefferson facility would take place only if the Shoreham plant is cancelled.

We are confident that when all of these errors are corrected the relative impact on consumers and on the Long Island economy of cancelling the plant versus that from operating it will be much smaller than LILCO asserts it will be.

LILCO assumes full recovery of the capital costs of Shoreham from its ratepayers in the event of cancellation. The Shoreham Opponents Coalition sees no reason why the ratepayers should bear any of the cost resulting from the planning errors of a privately owned, profit-making corporation. We propose that serious consideration should be given to refunding the share of Shoreham's costs already paid by the ratepayers as a result of the Public Service Commissions allowance of partial CWIP assessments. The public service law is sufficiently imprecise to give the Public Service Commission and the courts considerable latitude in

in deciding who should pay for Shoreham if it doesn't open. A new facility is only supposed to be included in the rate base of a utility if it is "used and useful". We assert that if Shoreham doesn't open it will obviously be neither used nor useful and therefore no charge to the ratepayers should be permitted.

The nationwide history of the assignment of costs to stockholders or ratepayers for cancelled facilities does not provide a consistent precedent. Indeed, no facility in which over three billion dollars had been invested has ever been cancelled.

We reject the notion that the possible bankruptcy of LILCO is an issue that should have any effect on the Shoreham operating license decision. The many publicly owned utilities operating around the country, providing reliable service to consumers at average costs below those of private utilities, present an obvious alternative should LILCO be unable to survive the effects of its own folly.