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How millions for lobbying, campaigns helped fuel U.S. industry's big plans

By Mike Stuckey Senior news editor

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Buoyed by billions of dollars in subsidies pushed through Congress by the Bush administration, the U.S. nuclear power industry says 2007 is the year its plans for a "renaissance" will reach critical mass.

"We see a wave," said Steve Kerekes, a spokesman with the Nuclear Energy Institute, the industry's chief lobbying arm, pointing to letters of intent by a dozen firms to seek licenses for as many as 31 new nuclear power reactors. "We definitely believe it's going to be a whole new era of new plant construction in this country."

Kerekes credits improvements in plant design and efficiency and the ability to operate without spewing carbon into the air – a key advantage amid mounting concern about global warming – as chief reasons for the resurgence.

But critics say the real catalyst has been well-funded lobbying by the industry. They believe tax dollars spent to jump-start the dormant industry would be better devoted to alternative energy sources like wind and solar power.

"If this were a renaissance, you wouldn't need to be enticing giant corporations with subsidies in order to get them to build reactors they claim are economically viable," said Jim Riccio, nuclear policy analyst for the environmental group Greenpeace, a staunch foe of nuclear energy.

A remarkable turnaround Regardless of which side is eventually proved correct, the mere discussion of building dozens of new reactors is a remarkable turnaround for an industry that less than 10 years ago was widely viewed as the energy sector's unsafe and expensive also-ran. And it's a textbook case of how the wheels of government can change direction quickly when enough money, influence and political will are applied.

Nuclear power proponents say the interest in new plants is just one sign that the technology may finally be on the verge of achieving the widespread acceptance and use they have long envisioned. Among them:

The relicensing of four dozen U.S. commercial reactors. The emergence of well-known environmentalists as supporters of nuclear technology. Groundbreaking for a new uranium enrichment plant in New Mexico. A breathtakingly ambitious Bush administration plan for a global nuclear fuel cartel to light up the developing world with electricity while avoiding the threat of nuclear proliferation. Ardent foes of nuclear energy like Paul Gunter of the Nuclear Information and Resources Service respond that these actions all are the result of pro-nuclear work by industry supporters in Congress and the Bush administration, not a genuine watershed in how investors and the public view nuclear power.

"There's a big difference between a letter of intent and the filing of an application," he said of the new plants, predicting that problems with waste disposal, safety and security will ultimately stall what he refers to as a nuclear power "relapse."

And while key committee chairmanships will remain in the hands of strong pro-nuclear lawmakers, the retaking of Congress by the Democrats could also present some roadblocks, especially on the central issue of waste, he said.

That lawmakers are once more considering such issues shows how far the nuclear energy needle has moved since the mid-1990s.

Three Mile Island: The last straw After its birth as an outgrowth of weapons programs in World War II, the nuclear energy industry battled design problems, cost overruns, safety issues and environmental foes for years to wind up with

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the 103 U.S. reactors that remain in commercial operation today from California to New Hampshire.

As construction delays and costs escalated, the meltdown at Pennsylvania's Three Mile Island nuclear plant in the spring of 1979 was the last straw for those who held the purse strings to new reactor construction. No new commercial reactors have been ordered since, although previously ordered plants continued to be built and come online until 1996.

The 1986 accident at the Chernobyl nuclear plant in the Soviet Union, which is blamed for about 60 deaths by the World Health Organization, further tarnished the technology's image. At that point, "any talk about a new plant (in the U.S.) would have been dismissed as childish optimism," admits nuclear power's chief congressional cheerleader, Sen. Pete Domenici, R-N.M.

While accidents and economics halted nuclear expansion in the U.S., they did not have the same impact elsewhere. Of the 322 operating electricity-generating reactors currently in operation outside the United States, 171 began operating in the 1980s, 48 in the 1990s and 28 so far this century, according to the NEI. Twenty-nine more reactors are under construction outside the country, and 10 nations get more than 40 percent of their electricity from nuclear reactors, led by France at 78.5 percent.

In the U.S., chastened nuclear operators focused on improving safety and efficiency at existing plants. They were successful: There have been no notable U.S. accidents since Three Mile Island and the U.S. reactor fleet has produced at about 90 percent of licensed capacity since 2001, up considerably from efficiency figures of the early 1980s. Nuclear plants today produce about 20 percent of the electricity used in the United States.

Industry improvements are "an outgrowth, in all honesty, of the Three Mile Island accident," NEI's Kerekes said, "because the steps that were taken after that do a better job of sharing information in our industry and applying best practices."

Industry gets a second wind The industry's first big step in its transformation from bastard stepchild to energy panacea and clean air savior came in 1997. That's when Domenici delivered what he calls a "storied speech on nuclear power" at Harvard. The veteran senator was well-acquainted with nuclear issues by virtue of representing New Mexico, the birthplace of nuclear weapons and the home of two of the nation's nuclear laboratories.

Long fascinated by "gee-whiz-bang technical stuff," in the words of one acquaintance, and mindful of the nuclear industry's improving efficiency record, Domenici became convinced the technology was not getting a fair shake. Urged on by a number of true believer aides that included Alex Flint, now the industry's chief lobbyist, and Pete Lyons, now a Nuclear Regulatory Commission member, Domenici urged U.S. policy-makers to undo "bad decisions" of the past and harness "the full potential of the nucleus."

The Domenici speech was followed up by a 1998 forum that gathered 60 participants from industry, government and academia to draft a plan to put nuclear power back on the nation's energy agenda.

With those talking points in hand, the industry saw its best opening in years in the 2000 presidential election and backed the Bush-Cheney ticket with nearly \$270,000 in contributions, according to the Center for Responsive Politics. The victorious Republicans welcomed industry representatives to their energy transition team and later private discussions by Vice President Dick Cheney's task force on energy.

Familiar names from the 1998 forum popped up on the energy transition team: Flint, Domenici's former aide who was in between Senate staff jobs and working as a lobbyist for the industry; Flint's new boss, former Louisiana Sen. Bennett Johnston, a strong ally of the nuclear industry while in Congress; and Joe Colvin, then president of NEI. At least another half-dozen of their industry colleagues also were involved.

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Bush administration ties But nuclear interests had long had the attention of Bush and Cheney, themselves major players in the oil and gas industry.

One of the biggest names on the Bush energy transition team was Thomas Kuhn, president of the Edison Electric Institute, which represents the electric power industry and its nuclear reactor owners. Not only was Kuhn the president's Yale classmate and longtime friend, he was one of Bush's biggest fund-raisers. A study by Common Cause found that in the six years that bracketed the 2000 election, Kuhn's organization and its members gave \$41 million to political campaigns, three-fourths of it to Republicans.

Cheney also had close ties to players with stakes in the nuclear sector. When the vice president was CEO of Halliburton, the company's portfolio included Nuclear Utility Services. His close friend, former Texas Rep. Tom Loeffler, another big Republican fund-raiser, worked as a lobbyist on nuclear issues. And Cheney's wife, Lynne, had served on the board of directors of Lockheed Martin, which earned millions from the federal government managing the Sandia Nuclear Laboratory in New Mexico.

Once in office, Cheney's energy task force worked quickly and behind closed doors. Kuhn had regular input, though he was not a member of the group.

As the administration's energy policy began to emerge in the spring of 2001, its support for the nuclear power industry was beyond "my wildest dreams," Christian H. Poindexter, chairman of the Constellation Energy Group, later told the New York Times. A number of the policy's final recommendations, including broad administration support for "the expansion of nuclear energy," streamlining the regulatory process and opening the way to reprocessing spent fuel, had been included in the action plan drafted by the 1998 forum that followed Domenici's Harvard speech.

At a press conference in the spring of 2001 to herald the administration's energy plan, Domenici congratulated Bush and Cheney for "being courageous and realistic" on the nuclear front and embarked on a four-year effort to turn the plan into law.

Task force records remain secret Cheney's conduct of the task force sessions in secret angered journalists and others. Groups at opposite ends of the political spectrum sued over what Tom Fitton of the conservative group Judicial Watch, one of the plaintiffs, called an "unprecedented assertion of executive branch supremacy," but were largely unsuccessful in forcing the release of records they sought.

Six months after unveiling its energy plan, the administration forged ahead with the "Nuclear Power 2010 program," which the Department of Energy described as a cost-sharing demonstration project by government and industry to get a new generation of nuclear reactors up and running by "early in the next decade."

On Capitol Hill, however, energy legislation languished until Republicans regained control of the Senate in 2003, giving Domenici the chairmanship of the Senate Energy Committee. He hired back Flint, his former aide, from the nuclear lobbying ranks to direct the committee's work and after 2½ years of horse-trading, parliamentary maneuvering and secret conference committee meetings, the bill finally became law in August 2005.

Flint has since returned to work for the industry as its chief lobbyist. Domenici, meanwhile, led the fight to build a new uranium enrichment plant in his state to help fuel the presumed nuclear resurgence. On June 23, 2006, it became the first nuclear facility to win a new NRC license in 30 years. Both have declined repeated requests to be interviewed by MSNBC.com.

The senator also has become a strong supporter of the Bush administration's Global Nuclear Energy Partnership, a futuristic and controversial plan for the United States and other nuclear "haves" to supply technology to "have-nots." The plan envisions the reprocessing of spent fuel, banned for decades by previous administrations because it was feared it could lead to the spread of nuclear weapons.

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Billions pour into 'renaissance' Nuclear industry perks in the Energy Policy Act of 2005 were spotlighted when President Bush signed the bill at Sandia National Lab in Domenici's home state of New Mexico. With his signature, billions in federal assistance flowed from Bush's pen into the nuclear "renaissance," including:

\$3 billion in research subsidies. More than \$3 billion in construction subsidies for new nuclear power plants. Nearly \$6 billion in operating tax credits. More than \$1 billion in subsidies to decommission old plants. A 20-year extension of liability caps for accidents at nuclear plants. Federal loan guarantees for the construction of new power plants. Critics say the energy bill amply rewarded the industry for years of investment in campaign contributions and lobbying.

"There no question that the utility industry lobbying and campaign contributions has had a huge influence," said Tyson Slocum of the anti-nuclear group Public Citizen. "... These are business people and business people do not part with money easily unless they are making investments. Politics is not a charity, it's not tax deductible. The return on that investment dwarfs anything that they could get on Wall Street."

But NEI's Kerekes said the legislation reflects the energy realities of the new century.

"That would be a wonderful myth to peddle," he said, arguing that nuclear power found new favor on Wall Street and in Congress on its own merits. "Unless they're going to accuse us of stoking concerns about global climate change over the past 15 or 20 years, I think that argument becomes pretty hollow pretty quickly."

Patrick Moore, a co-founder of the vehemently anti-nuclear group Greenpeace and one of a number of well-known environmentalists who now back nuclear power, agrees that nuclear energy earned a second look.

Greenpeace founder embraces nuclear energy "I honestly believe that the concern for emissions is why people are saying, 'Hey we should be building more nuclear,'" said Moore, whose Vancouver, B.C.-based, consulting firm is now retained by the nuclear industry to improve its image.

While the effect of the industry's campaign contributions and lobbying efforts in the years before the energy bill's passage are debatable, the amount of money invested is remarkable by any measure.

Numerous reports from watchdog groups provide some details, but the fragmented nature of campaign finance disclosure and lobbying reports makes it difficult to determine cumulative figures. Many contributors, such as General Electric (owner of NBC Universal, which in turn is a partner with Microsoft in MSNBC.com), have numerous business concerns beyond nuclear energy. Others, like the U.S. Enrichment Corporation and NEI, are exclusively focused on nuclear energy.

But even a partial accounting is eye opening. MSNBC.com culled these statistics from campaign finance data provided by the Center for Responsive Politics via federal reports:

Companies in the energy and natural resources sectors, which includes nuclear power, and their employees, have donated \$212.2 million to the campaigns of federal candidates since 2000 alone, three-fourths of it to Republicans. Employees and political action committees of 23 large companies involved in efforts to build new U.S. nuclear reactors gave nearly \$41 million to federal candidates from 1998 through this year. The donations accelerated as nuclear power regained favor, totaling \$3.5 million in the 1998 election cycle, \$4.6 million for 2000, \$9.5 million for 2002, \$11.3 million for 2004 and more than \$12 million in 2006. Lobbying expenses reported by the same 23 firms from 1998 through 2005 exceeded \$292.5 million. Four members of Congress singled out by Bush at the signing ceremony as instrumental in the energy bill's passage have been major recipients of nuclear industry largesse. Since 1989, Domenici has received \$384,923 from electric utilities with big stakes in nuclear power, and his list of donors includes at least three dozen firms on the membership roster of the NEI. Sen. Jeff Bingaman, D-N.M., who succeeded Domenici as chairman of

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the Senate Energy Committee in January, got \$406,576 from electric utilities in the same period and five of his top seven donors are tied to the nuclear industry. Former House Energy Committee Chairman Joe Barton, R-Texas, received \$1 million from electric utilities and his Lone Star colleague on the panel, Republican Ralph Hall, got \$536,670.

Probe of energy task force promised while there is little expectation that the Democratic-controlled Congress will seek to substantially roll back provisions of the energy bill, which was approved by an overwhelming majority in both houses, skeptics say some elements of the onrushing "nuclear renaissance" could face new scrutiny. In particular, the new chairman of the House Energy Committee, Rep. John Dingell, D-Mich., has vowed to investigate the Cheney energy task force, saying it was "carefully cooked to provide only participation by oil companies and energy companies." Dingell himself has been a favorite recipient of campaign contributions from the nuclear power industry over the years.

Dr. Edwin Lyman of the Union of Concerned Scientists and other critics say the industry now faces the challenge of proving its economic argument. The only way to do that, he said, is by demonstrating that the resurgence will result in the construction of more than "a small number of reactors, exactly the number that receive subsidies under the Energy Policy Act."

But Adrian Heymer, NEI's senior director for new plant deployment, said the extent of the rebound will soon be clear; applications to build a majority of the 30-plus new nuclear reactors are expected by year's end.

He also brushed aside complaints that the streamlined NRC review process for the new license applications shuts out important opportunities for public comment and participation.

"There's more opportunity for public involvement, a lot more information is available earlier to the public," he said. Besides, he added, there may be little opposition to some of the plants, slated to be built on existing nuclear sites and actively sought by community leaders who look favorably on the economic benefits of large construction projects and the permanent jobs the plants will bring.

Don't count on it, countered Gunter. "The anti-nuclear movement has been seasoned; we're a lot more sophisticated and far more educated now as to the hazards and folly of nuclear power," he said. "None of the concerns that brought about the anti-nuclear movement in the 1970s have disappeared. They've only been magnified. We have no better clue as to how to manage nuclear waste now than we did in 1975."

Waste disposal remains key issue All parties agree that any large-scale nuclear renaissance will depend on answering the thorny political and technical questions surrounding the handling of spent fuel. The industry and administration's current bid to get the Yucca Mountain repository in Nevada licensed are seen as dead by many observers because the new Senate majority leader, Democrat Harry Reid of Nevada, has always firmly opposed the facility.

But new initiatives are afoot to break the Yucca deadlock. And given long lead times for licensing and construction, "that doesn't have to happen next year or even in the next Congress," said Scott Peterson, another NEI spokesman.

Still the prediction that one or more new nuclear reactors will be operating "early in the next decade," as envisioned by the Bush administration, remains open to question. And some experts are betting against the house.

Matthew Bunn, a senior researcher on nuclear issues at Harvard and a supporter of nuclear power, doubts it. Certainly, he said, "The fast pace of growth just ain't going to happen for some number of years."

He recalls a bet he made with a friend a couple years back that work would not begin on a single new nuclear power plant in the United States within 10 years.

"We're now down to eight years, so I'm a little more nervous, but I still think

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I'll win," he said.

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