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# **Energy & Utilities Subcommittee**

**Tuesday, March 15, 2011  
212 Knott Building  
1:00 PM – 3:00 PM**

# **ACTION PACKET**

**Dean Cannon  
Speaker**

**Clay Ford  
Chair**

# Committee Meeting Notice

## HOUSE OF REPRESENTATIVES

### Energy & Utilities Subcommittee

**Start Date and Time:** Tuesday, March 15, 2011 08:30 am  
**End Date and Time:** Tuesday, March 15, 2011 11:00 am  
**Location:** Webster Hall (212 Knott)  
**Duration:** 2.50 hrs

**Consideration of the following proposed committee substitute(s):**

PCS for HB 223 -- Water and Wastewater Utilities

**Workshop on the following:**

Policy issues relating to Energy Incentives and Initiatives

Pursuant to Rule 7.13, the deadline for amendments to bills on the agenda by non-appointed members shall be 6:00 p.m., Monday, March 14, 2011.

**NOTICE FINALIZED on 03/11/2011 16:16 by Sims-Davis.Linda**

# COMMITTEE MEETING REPORT

## Energy & Utilities Subcommittee

3/15/2011 8:30:00AM

**Location:** Webster Hall (212 Knott)

**Summary:**

**Energy & Utilities Subcommittee**

*Tuesday March 15, 2011 08:30 am*

PCS for HB 223 Favorable With Amendments

Yeas: 14 Nays: 0

Committee meeting was reported out: Tuesday, March 15, 2011 3:04:39PM

# COMMITTEE MEETING REPORT

## Energy & Utilities Subcommittee

3/15/2011 8:30:00AM

**Location:** Webster Hall (212 Knott)

**Attendance:**

	<i>Present</i>	<i>Absent</i>	<i>Excused</i>
Clay Ford (Chair)	X		
Ben Albritton	X		
Charles Chestnut IV	X		
Jeff Clemens	X		
Janet Cruz	X		
Daniel Davis	X		
Shawn Harrison	X		
Clay Ingram	X		
George Moraitis, Jr.	X		
Peter Nehr	X		
Kathleen Passidomo	X		
Elizabeth Porter	X		
Michelle Rehwinkel Vasilinda	X		
W. Gregory Steube	X		
Alan Williams	X		
<b>Totals:</b>	<b>15</b>	<b>0</b>	<b>0</b>

Committee meeting was reported out: Tuesday, March 15, 2011 3:04:39PM

# COMMITTEE MEETING REPORT

## Energy & Utilities Subcommittee

3/15/2011 8:30:00AM

Location: Webster Hall (212 Knott)

### PCS for HB 223 : Water and Wastewater Utilities

Favorable With Amendments

	Yea	Nay	No Vote	Absentee Yea	Absentee Nay
Ben Albritton			X		
Charles Chestnut IV	X				
Jeff Clemens	X				
Janet Cruz	X				
Daniel Davis	X				
Shawn Harrison	X				
Clay Ingram	X				
George Moraitis, Jr.	X				
Peter Nehr	X				
Kathleen Passidomo	X				
Elizabeth Porter	X				
Michelle Rehwinkel Vasilinda	X				
W. Gregory Steube	X				
Alan Williams	X				
Clay Ford (Chair)	X				
<b>Total Yeas: 14</b>		<b>Total Nays: 0</b>			

#### Appearances:

Cynthia Henderson (Lobbyist) - Proponent  
Aqua Utility of Florida  
108 E Jefferson Street, Suite A  
Tallahassee Florida 32301  
Phone: 850-210-5385

Nathan A. Skop, Esquire - Opponent  
Former FL Public Service Commissioner  
420 NW 50th Blvd  
Gainesville Florida 32607  
Phone: 561-222-7455

Marshall Willis (State Employee) (At Request Of Chair) - Information Only  
FL Public Service Commission  
2540 Shumard Oak Blvd  
Tallahassee Florida 32399  
Phone: 850-413-6914

Troy Rendell - Proponent  
Aqua Utility of Florida, Inc  
2228 Capital Circle NE Suite 2A  
Tallahassee Florida 32308  
Phone: 850-575-8500

Committee meeting was reported out: Tuesday, March 15, 2011 3:04:39PM

**ORDER NO. PSC-09-0385-FOF-WS (TABLE 3)**

RESULTS OF OUR COMPARATIVE ANALYSIS: RESIDENTIAL WATER SYSTEMS (1) (2)				
Rate Consolidation Without Reallocation				
	<u>Stand Alone</u>	<u>Fully Consolidated</u>	<u>Capband</u>	<u>Portfolio</u>
Minimum Bill	\$17.05	\$42.83	\$22.54	\$23.27
Maximum Bill	\$229.16	\$42.83	\$65.25	\$70.38
Maximum Subsidy Paid	\$0.00	\$25.77	\$9.03	\$9.30
Maximum Subsidy Received	\$0.00	(\$186.34)	(\$163.91)	(\$205.89)
Number of Rate Groups / Bands	56	1	5	6

(1) Excluding Chuluota.  
(2) Bills are based on residential consumption of 7,000 gallons per month.

**ORDER NO. PSC-09-0385-FOF-WS (TABLE 4)**

RESULTS OF OUR COMPARATIVE ANALYSIS: RESIDENTIAL WASTEWATER SYSTEMS (1)(2)				
Rate Consolidation Without Reallocation				
	<u>Stand Alone</u>	<u>Fully Consolidated</u>	<u>Capband</u>	<u>Portfolio</u>
Minimum Bill	\$41.72	\$84.50	\$64.70	\$54.22
Maximum Bill	\$384.24	\$84.50	\$97.89	\$96.69
Maximum Subsidy Paid	\$0.00	\$42.78	\$27.26	\$22.53
Maximum Subsidy Received	\$0.00	(\$299.74)	(\$301.99)	(\$305.60)
Number of Rate Groups / Bands	22	1	5	4

(1) Bills are based on residential consumption of 6,000 gallons per month.  
(2) Excluding Chuluota.

**ORDER NO. PSC-09-0385-FOF-WS (TABLE 5)**

RESULTS OF COMPARATIVE ANALYSIS BASED ON OUR APPROVED RATE CONSOLIDATION METHODOLOGY: RESIDENTIAL WATER AND WASTEWATER SYSTEMS		
	Rate Consolidation Combining: (1) Reallocation of \$578,449 in Wastewater Revenue Requirement to the Water Systems; and (2) Capband Methodologies	
	<u>Water Systems (1)</u>	<u>Wastewater Systems (2)</u>
Minimum Bill	\$28.80	\$45.03
Maximum Bill	\$65.25	\$82.25
Maximum Subsidy Paid	\$12.50	\$9.30
Maximum Subsidy Received	(\$163.91)	(\$301.99)
Number of Rate Groups / Bands	4	3
(1) Bills are based on residential consumption of 7,000 gallons per month. (2) Bills are based on residential consumption of 6,000 gallons per month. (3) Excluding the Chuluota water and wastewater systems.		

charge rate structure. Setting the wastewater BFC cost recovery at 50 percent, and the gallonage charge at 1.2 times the corresponding residential charge, is consistent with prior cases.<sup>92</sup>

Based on the foregoing discussion, regarding aspects other than rate consolidation, we find that the appropriate rate structure for the Utility's water systems is a three-tiered inclining block rate structure, with usage blocks for residential monthly consumption of: (a) 0-5 kgals; (b) 5.001-10 kgals; and (c) usage in excess of 10 kgals. The usage block rate factors shall be 1.0, 1.25, and 3.0, respectively. The general service gallonage charge rate shall be based on the uniform gallonage charge. The pre-repression base facility charge cost recovery shall be 35 percent. We find that the appropriate rate structure for the Utility's wastewater systems is the BFC/gallonage charge rate structure. The general service gallonage charge shall be 1.2 times the corresponding residential gallonage charge. The pre-repression base facility charge cost recovery shall be 50 percent. Regarding rate consolidation, we do not believe the Utility has met its burden concerning its request for a single cost of service; therefore, the request is denied.

#### D. Water Systems and Wastewater Systems Consolidated Into Single Rate Structure

With respect to the rate consolidation issue, several methodologies have been proposed by both AUF and staff witnesses. A total of six rate consolidation options were presented by witnesses in this case. Witness Stallcup testified during cross examination regarding the various methodologies that had been presented. There are two methodologies contained in direct testimony sponsored by AUF witnesses. The first methodology is based on the stand-alone rates as they exist now. However, stand-alone rates result in unaffordable rates for many systems, especially for the wastewater systems. The second methodology contained in AUF testimony is fully consolidated statewide rates. While this methodology appears to address the issue of affordability, it ignores any consideration of the adverse effects of excessive cross-subsidies.

Witness Stallcup further testified regarding two additional alternatives in his own testimony. Both of witness Stallcup's methodologies result in rates between the rates based on AUF's stand-alone and fully consolidated proposals. The first of these methodologies is the capband methodology used in the Southern States rate case,<sup>93</sup> where systems are grouped together based on similar costs to serve, and bills are capped at the maximum affordability level. This decision was later affirmed by the First District Court of Appeal. Because the groupings are based on similar costs to serve, the level of subsidization between customers within each consolidated group is minimized. The second methodology described by witness Stallcup in his testimony is the "portfolio method," wherein high cost systems are combined with low cost

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Application for increase in water rates for Seven Springs system in Pasco County by Aloha Utilities, Inc.; Order No. PSC-03-1440-FOF-WS, issued December 22, 2003, in Docket No. 020071-WS, In re: Application for rate increase in Marion, Orange, Pasco, Pinellas and Seminole Counties by Utilities, Inc. of Florida.

<sup>92</sup> See Order No. PSC-07-0199-PAA-WS, issued March 5, 2007, in Docket No. 060257-WS, In re: Application for increase in water and wastewater rates in Polk County by Cypress Lakes Utilities, Inc.

<sup>93</sup> See Order No. PSC-96-1320-FOF-WS, issued October 30, 1996, in Docket No. 950495-WS, In re: Application for rate increase and increase in service availability charges by Southern States Utilities, Inc. for Orange-Osceola Utilities, Inc. in Osceola County, and in Bradford, Brevard, Charlotte, Citrus, Clay, Collier, Duval, Highlands, Lake, Lee, Marion, Martin, Nassau, Orange, Osceola, Pasco, Putnam, Seminole, St. Johns, St. Lucie, Volusia and Washington Counties; aff'd, 714 So. 2d 1046 (Fla. 1<sup>st</sup> DCA 1998).



systems in order to reduce affordability concerns. The result is the consolidated rate of the combined systems will be slightly greater than the low cost system would otherwise pay.

Witness Stallcup also mentioned a consolidation methodology presented by AUF witness Franceski. Witness Stallcup testified that this alternative methodology contained in witness Franceski's rebuttal testimony is worthy of consideration. However, witness Stallcup earlier testified that he believed the manner in which repression was incorporated into the methodology was in error. In addition, during his cross examination, witness Stallcup received clarification from AUF's counsel that the sensitivity analysis included on the second page of witness Franceski's rebuttal exhibit, Exhibit 135, was based on 75 percent of the Utility's total revenue requirement – meaning the sum of: (1) 75 percent of the revenue increase requested; and (2) 75 percent of the revenue requirement in existence prior to the inception of the instant case. Therefore, witness Stallcup was not sure witness Franceski's exhibit would be necessarily instructive. Our staff was able to correct these two errors which allowed witness Franceski's methodology to be considered.

The final rate consolidation methodology addressed by witness Stallcup during cross examination at the hearing was the possibility of reallocating some of the wastewater revenue recovery to the water system, should we believe that the wastewater rates without the reallocation are prohibitively unaffordable. This methodology would bring down the rates for the wastewater systems, while increasing the rates, to a lesser extent, for the water systems. The reallocation methodology may be used in conjunction with any one of the other consolidation methodologies presented. Because this methodology represents a departure from our ratesetting methodology, our staff sought explicit permission to consider this methodology, which we approved.

A summary of the consolidation methodologies evaluated appears on Table 1 below:

TABLE 1

DESCRIPTION OF RATE CONSOLIDATION METHODOLOGIES (1)	
<u>Methodology</u>	<u>Description</u>
Stand Alone	The rates for the individual water and wastewater systems are based on the revenue requirements, equivalent residential connections (ERCs) and gallons sold for those systems.
Fully Consolidated (Single Tariff)	The revenue requirements, ERCs and gallons sold for the water and wastewater systems, respectively, are combined. The result is a statewide consolidated rate structure such that: 1) all water customers pay the same rates for service; and 2) all wastewater customers pay the same rate for service.
Capband	This methodology involves multiple steps. Using the water system as an example, first, average stand alone bills for the water systems are ranked from least to greatest. Second, any bill that exceeds the affordability limit of \$65.25 for water systems is "capped" at that affordability limit. The capping of the individual systems' bills results in an underrecovery of revenues for the overall water system.

DESCRIPTION OF RATE CONSOLIDATION METHODOLOGIES (1)	
<u>Methodology</u>	<u>Description</u>
Capband (cont.)	The third step is that the revenue underrecovery for the water systems is spread over the less expensive water systems. Fourth, if spreading the underrecovered revenues to the less expensive systems causes any of the resulting water bills to exceed the affordability limit of \$65.25, that system's bill is then capped. Finally, whatever underrecovered revenues that still exist are spread over the remaining uncapped systems until all revenues are recovered. This five-step iterative process is applied in the same manner to the wastewater systems, except that the affordability limit for wastewater systems is \$82.25.
Portfolio	This methodology involves grouping systems with high stand alone rates with systems that have lower stand alone rates. By carefully selecting the systems to be combined, the resulting consolidated rates for each group can be much lower for the customers with high stand alone rates, while slightly increasing the rates for the lower cost systems in that group.
Reallocation from Wastewater to Water	<p>Our staff's recommended methodology involves multiple steps, and is closely related (although not explicitly tied) to the capband methodology discussed above. The first two steps for this methodology are the same as for the capband approach: first, average stand alone bills for the water and wastewater systems are ranked from least to greatest. Second, any bill that exceeds the affordability limits of \$65.25 for water systems and \$82.25 for wastewater systems are "capped" at that affordability limit. Capping the bills results in an underrecovery of revenues for the water and wastewater systems.</p> <p>The third step differs from the pure capband approach in that the calculated revenue underrecovery for <b>both</b> the water and wastewater systems is spread over the less expensive water systems. Fourth, if spreading the underrecovered revenues to the less expensive water systems causes any of the resulting water bills to exceed the affordability limit of \$65.25, that system's bill is then capped. Finally, whatever underrecovered revenues that still exist are spread over the remaining uncapped systems until all revenues are recovered.</p>
(1) The water systems' capped bill of \$65.25 is based on residential consumption of 7,000 gallons (kgals) per month. The wastewater systems' capped bill of \$82.25 is based on residential consumption of 6 kgals per month.	

A thumbnail comparison of the pros and cons of the consolidation methodologies being considered is shown on Table 2 on the following page:

TABLE 2

PROS AND CONS OF RATE CONSOLIDATION METHODOLOGIES		
Method	Pros	Cons
Stand-alone	No subsidies	Unaffordable rates for many systems
Fully consolidated	Affordable rates	Ignores resulting excessive subsidies for certain systems
Capband	Bills are capped at affordability limits; systems are grouped to minimize subsidies	High cost systems are subsidized by lower cost systems
Portfolio	Grouping high cost systems with low cost systems makes high cost systems affordable	Combining systems with such dissimilar costs increases subsidies paid by low cost systems
Reallocation from wastewater to water	Reduces the most unaffordable wastewater bills	Water customers who are also wastewater customers subsidize the high cost wastewater systems

In this proceeding, we are faced with selecting a rate consolidation methodology that best balances competing interests. Striking a balance between rates that include reasonable levels of subsidization and rates that are affordable is a difficult task, especially considering the capital intensive, rising-cost nature of the water and wastewater industry.

Witness Smeltzer testified on rebuttal that this Commission has already determined that it is appropriate to consider a number of goals and objectives in evaluating a proposed rate structure, including: (1) the affordability of rates for all customers; (2) ease of administration; (3) customer acceptance and understandability; (4) fairness (the degree to which subsidies will occur); (5) rate continuity/stability for all customers; (6) conservation and resource protection; (7) revenue stability and predictability for the utility; and (8) impact of rate structure on future acquisitions.

Subsidization is inherent in any rate structure. Once the subsidization concept is accepted, the question becomes: What level of subsidization is acceptable? The Utility has requested to fully consolidate its rates (single tariff pricing). This forces involuntary subsidization of some customers and systems by other customers and systems. However, systems making plant improvements is an example of how the subsidization levels change and often reverse over time. Witness Stallcup testified that when this Commission looks at whether a rate is unfairly discriminatory, we typically look at whether the rate would cause some customers to unfairly subsidize other groups of customers. It is a judgment call as to what constitutes fairness. The ultimate decision to determine what subsidy is appropriate is a policy decision for us to make.

Witness Smeltzer testified that the subsidization levels referenced by witness Stallcup from prior Commission orders are somewhat arbitrary, and that subsidies change throughout time depending on numerous factors, including capitalization needs. The focus should really be on fairness, not on a specific dollar amount. Witness Smeltzer testified that he agreed with witness Stallcup that there is no single right or wrong answer for determining the appropriate subsidy values.

The starting point for our analysis was our approved revenue requirements for each water and wastewater system, excluding the Chuluota water and wastewater systems as discussed later in this Order. Our analysis of the appropriate consolidation methodology included each of the methods shown in Table 1. Based on our analysis, witness Franceski's methodology is similar to witness Stallcup's portfolio approach, except witness Franceski's methodology allows for the subsidy limits to be exceeded for certain systems with relatively low rates. This would permit more systems to be combined into any given rate group (band) and result in a fewer number of rate groups. After correcting witness Franceski's exhibit for the errors previously discussed, witnesses Franceski and Stallcup's consolidation methodologies are conceptually the same, varying only with regards to the levels of subsidies allowed in the consolidation process. Therefore, in our analysis, these two methodologies were treated as one. The results of the comparative analysis for the water and wastewater systems are shown on Tables 3 and 4, respectively.

TABLE 3

RESULTS OF OUR COMPARATIVE ANALYSIS: RESIDENTIAL WATER SYSTEMS (1) (2)				
	Rate Consolidation Without Reallocation			
	<u>Stand Alone</u>	<u>Fully Consolidated</u>	<u>Capband</u>	<u>Portfolio</u>
Minimum Bill	\$17.05	\$42.83	\$22.54	\$23.27
Maximum Bill	\$229.16	\$42.83	\$65.25	\$70.38
Maximum Subsidy Paid	\$0.00	\$25.77	\$9.03	\$9.30
Maximum Subsidy Received	\$0.00	(\$186.34)	(\$163.91)	(\$205.89)
Number of Rate Groups / Bands	56	1	5	6
(1) Excluding Chuluota.				
(2) Bills are based on residential consumption of 7,000 gallons per month.				

TABLE 4

RESULTS OF OUR COMPARATIVE ANALYSIS: RESIDENTIAL WASTEWATER SYSTEMS (1)(2)				
Rate Consolidation Without Reallocation				
	<u>Stand Alone</u>	<u>Fully Consolidated</u>	<u>Capband</u>	<u>Portfolio</u>
Minimum Bill	\$41.72	\$84.50	\$64.70	\$54.22
Maximum Bill	\$384.24	\$84.50	\$97.89	\$96.69
Maximum Subsidy Paid	\$0.00	\$42.78	\$27.26	\$22.53
Maximum Subsidy Received	\$0.00	(\$299.74)	(\$301.99)	(\$305.60)
Number of Rate Groups / Bands	22	1	5	4
(1) Bills are based on residential consumption of 6,000 gallons per month.				
(2) Excluding Chuluota.				

Our evaluation of the results of the implementation of the current stand alone methodology for the water and wastewater systems shown on Tables 3 and 4 leads us to conclude that implementing this methodology on a going-forward basis could potentially violate Section 367.081(2)(a)1, F.S., for two opposite, yet equally important, reasons. Section 367.081(2)(a)(1), F.S., provides that “the commission shall . . . fix rates which are just, reasonable, compensatory, and not unfairly discriminatory.” First, under the stand-alone methodology, there are some systems whose compensatory rates charged to customers would probably be unreasonable because of their unaffordability, thereby violating Section 367.081, F.S. Second, from the Utility’s perspective, if the bills are unaffordable, then the Utility would be in jeopardy of not recovering its full revenue requirement. We believe the potential inability to collect its full revenue requirements would violate the “compensatory” requirement of the statute. Therefore, we find that stand-alone rates are inappropriate for this Utility on a going-forward basis.

After analyzing the Utility’s fully consolidated request, we believe the subsidies paid by the Kings Cove and Silver Lakes Estates water systems (in excess of \$25 paid by each system) and by the Kings Cove, Leisure Lakes, Summit Chase and Valencia Terrace wastewater systems (in excess of \$34.70 paid by each system) are unacceptably high. Therefore, we find that the Utility’s fully consolidated request is also inappropriate.

The remaining methodologies under consideration for both the water and wastewater systems are the capband and portfolio methodologies. As shown on Table 3, for the water system, the capband and portfolio methods produced comparable minimum bills and maximum subsidies paid. However, there are two areas in which the capband method yields better results than the portfolio method. First, the maximum bill under the capband method is approximately \$5.00 less per month than under the portfolio method. Second, the capband method produces

five resulting rate bands, compared to six under the portfolio method. Therefore, we find that the capband methodology is the appropriate consolidation methodology for the Utility's water systems.

The results of the wastewater systems' analysis were less clear. The capband and portfolio methods produced comparable maximum bills and number of resulting rate groups. However, the minimum bill under the portfolio method is approximately \$10.00 less than under the capband method, and the maximum subsidy paid under the portfolio method is approximately \$5.00 less than under the capband approach. We note that the maximum bill under both the capband and portfolio approaches is greater than the \$82.25 affordability value for wastewater systems previously approved by this Commission. Therefore, while we do not dismiss the importance of the minimum bill paid, we believe it is more important to consider the maximum bill paid, due to overall affordability considerations. Because the maximum wastewater bill exceeds our approved threshold, we believe a reallocation of wastewater revenue requirements to the water systems is necessary to bring wastewater bills down to our approved values. As discussed in Table 1, the reallocation methodology is closely related to the capband method in terms of application. Based on the foregoing, we find that the capband methodology is also the appropriate consolidation methodology for the Utility's wastewater systems.

Based on our decision that the appropriate consolidation methodologies for the water and wastewater systems is the capband methodology, and recognizing that a reallocation of wastewater revenues is necessary to bring wastewater bills down to our approved values, we find that the appropriate amount of wastewater revenue reallocation to the water system is \$578,449. This amount is based upon the under recovery that results from capping, at \$82.25, the rates for the wastewater systems with bills in excess of \$82.25.

In order to ensure the fair application of the reallocation methodology, we find that the revenue requirement reallocation shall only be applied to those water systems that also have wastewater systems. The water systems will receive the reallocated revenues from the wastewater systems based on a proration of the affected water systems' ERCs. An analysis in Table 5 highlights the implementation of our decision to apply the reallocation methodology.

TABLE 5

RESULTS OF COMPARATIVE ANALYSIS BASED ON OUR APPROVED RATE CONSOLIDATION METHODOLOGY: RESIDENTIAL WATER AND WASTEWATER SYSTEMS		
	Rate Consolidation Combining: (1) Reallocation of \$578,449 in Wastewater Revenue Requirement to the Water Systems; and (2) Capband Methodologies	
	<u>Water Systems (1)</u>	<u>Wastewater Systems (2)</u>
Minimum Bill	\$28.80	\$45.03
Maximum Bill	\$65.25	\$82.25
Maximum Subsidy Paid	\$12.50	\$9.30
Maximum Subsidy Received	(\$163.91)	(\$301.99)
Number of Rate Groups / Bands	4	3
(1) Bills are based on residential consumption of 7,000 gallons per month.		
(2) Bills are based on residential consumption of 6,000 gallons per month.		
(3) Excluding the Chuluota water and wastewater systems.		

We note that neither the water nor the wastewater systems' resulting maximum bills exceed the respective affordability limits previously approved. Based on the approved revenue requirements for the individual systems and the rate consolidation methodology for the water and wastewater systems, we find that a subsidy limit of \$12.50, is appropriate. We further find that the affordability limits of \$65.25 and \$82.25 for water and wastewater service, respectively, shall be applicable to residential service only. We are not considering affordability limits for general service customers.

Therefore, based on the foregoing, we find that the water systems shall be consolidated into the following groups:

<u>Band 1</u>	<u>Band 3</u>	<u>Band 4 = capped systems</u>	<u>Band 4 (cont.)</u>
Jasmine Lakes Kings Cove Ocala Oaks Picciola Island Silver Lake Estates Tangerine  <u>Band 2</u>  Carlton Village Fern Terrace Grand Terrace Lake Gibson Estates Piney Woods St. Johns Highlands Sunny Hills Valencia Terrace	48 Estates Gibsonia Estates Interlachen Lake / Park Manor Lake Osborne Orange Hill Quail Ridge Ravenswood Venetian Village	Arredondo Beechers Point East Lake Harris Friendly Center Haines Creek Harmony Homes Hermits Cove Hobby Hills Holiday Haven Imperial Mobile Terrace Jungle Den Kingswood Lake Josephine Lake Suzy Leisure Lakes Morningview Oakwood Palm Port Palm Terrace	Palms MHP Pomona Park River Grove Rosalie Oaks Sebring Lakes Silver Lake Oaks Skycrest Stone Mountain Summit Chase The Woods Tomoka Village Water Welaka / Saratoga Harbor Wootens Zephyr Shores

We find that the wastewater systems shall be consolidated into the following groups:

<u>Band 1</u>	<u>Band 2</u>	<u>Band 3 = capped systems</u>	<u>General Service Band</u>
Kings Cove Leisure Lakes Summit Chase Valencia Terrace	Arredondo Holiday Haven Lake Suzy Palm Port Silver Lake Oaks Sunny Hills Venetian Village Interlachen Lake / Park Manor Jasmine Lakes Morningview Palm Terrace South Seas The Woods Zephyr Shores	Beechers Point Jungle Den Lake Gibson Est Rosalie Oaks	Village Water FL Central Comm

We find that the water and wastewater systems shall be consolidated by using the capband approach, and reallocating \$578,449 from the wastewater systems to the water systems. The revenue reallocation shall only be applied to those water systems that also have wastewater systems. The water systems will receive the reallocated revenues based on a proration of the affected water systems' ERCs.

Based on the approved revenue requirements for the individual systems and the rate consolidation methodology for the water and wastewater systems, we find that a subsidy limit of \$12.50, is appropriate. We further find that the affordability limits of \$65.25 and \$82.25 for



water and wastewater service, respectively, shall be applicable to residential service only. We are not considering affordability limits for general service customers.

### 1. Chuluota Water and Wastewater Systems

For the reasons stated in Section V. Quality of Service, we find that the Chuluota water and wastewater systems shall be considered as stand-alone systems for rate design purposes.

We note that the record is replete with continuing issues concerning the Chuluota water and wastewater systems, none of which were resolved at the time the evidentiary record was closed. There were issues related to AUF's water treatment plant and AUF's inability to correct the problems with the drinking water, specifically reoccurring issues with "black water" and TTHMs. In addition, there were issues related to numerous complaints concerning systemic billing errors and AUF's customer call center. We received testimony and exhibits from numerous Chuluota water and wastewater customers concerning all these issues at two customer service hearings.

In light of our authority to approve or deny rate increases for water and wastewater systems, which stem from Sections 367.081 and 367.111, F.S., and the Supreme Court's decisions in United Telephone Co. of Florida v. Mayo, 215 So. 2d 609 (Fla. 1968) and North Florida Water Co. v. Bevis, 302 So. 2d 129 (Fla. 1974), we reviewed this rate increase request. In United Telephone, the Supreme Court held that this Commission's rate setting authority allowed us to withhold a rate increase until improvements planned by the company were accomplished. 215 So. 2d at 609. Similarly, in North Florida Water Co., the Supreme Court held that:

While Section 366.041, Florida Statutes, provides that no public utility shall be denied a reasonable rate of return, it in no manner compels the Commission to grant a rate increase where the applicant's existing service is shown to be inefficient.

...

The fixing of public utility rates necessarily involves a balancing of the public's interest in withholding rate relief because of inadequate service and the utility's interest in obtaining rate increases to finance its necessary service improvement program.

302 So. 2d at 130.<sup>94</sup> In affirming our decision to deny the utility a rate increase in North Florida Water Co., the Supreme Court found that the record was supported by competent substantial evidence. Id.

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<sup>94</sup> We note that Askew v. Bevis, 283 So. 2d 337 (Fla. 1973), is distinguishable (Commission allowed an increase with restrictions despite poor quality of service) for the same reasons as stated in North Florida Water Co., 302 So. 2d at 130.

# COMMITTEE MEETING REPORT

## Energy & Utilities Subcommittee

3/15/2011 8:30:00AM

**Location:** Webster Hall (212 Knott)

### Workshop

#### Policy issues relating to Energy Incentives and Initiatives

##### Appearances:

Alexander Mack (State Employee) - Information Only

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Phone: 850-487-4568

Bill Gallagher - Information Only

*FL Solar Energy Industries Association*

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Holly Hills Florida 32117

Phone: 386-527-1437

Cecila Aguillon - Information Only

*Kyocera Solar, Inc.*

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San Diego California 92123

Phone: 858-829-1708

Charles O. Hinson, III (Lobbyist) - Information Only

*TECO Energy*

106 E. College Avenue

Tallahassee Florida 32301

Phone: 850-681-6785

Eric Draper - Information Only

*Audubon of Florida*

308 N Monroe Street

Tallahassee Florida 32301

Phone: 850-222-2773

Jay Levenstein (State Employee) - Information Only

*Department of Agriculture & Consumer Services*

PL-10 The Capitol

Tallahassee FL 32399-0810

Phone: 850-488-3022

Jon Moyle (Lobbyist) - Information Only

*FL Industrial Power Users*

118 N. Gadsden Street

Tallahassee Florida 32301

Phone: 850-681-3828

Committee meeting was reported out: Tuesday, March 15, 2011 3:04:39PM

# COMMITTEE MEETING REPORT

## Energy & Utilities Subcommittee

3/15/2011 8:30:00AM

**Location:** Webster Hall (212 Knott)

Nathan A. Skop, Esquire - Information Only

*Former FL Public Service Commissioner*

420 NW 50th Blvd

Gainesville Florida 32607

Phone: 561-222-7455

Sean Miles (State Employee) - Information Only

*Governor's Energy Office*

600 South Calhoun Street, Suite 253

Tallahassee Florida 32399-0001

Phone: 850-487-3800

Stephen Comley - Information Only

*We the People, Inc. of the United States*

1535 Killearn Center Blvd., Suite A-6

Tallahassee Florida 32309

Phone: 904-206-3114

Stephen Kaufman - Information Only

*FL Solar Energy Industries Association (FLASEIA)*

606 Banyan Trail

Tallahassee Florida 33431

Phone: 561-361-6700

Steven Webster (Lobbyist) - Information Only

*US Crude Jatropa Oil*

122 S Calhoun Street

Tallahassee Florida 32301

Phone: 850-391-7674

Travis Yelverton (State Employee) - Information Only

*Governor's Energy Office*

600 South Calhoun Street, Suite 253

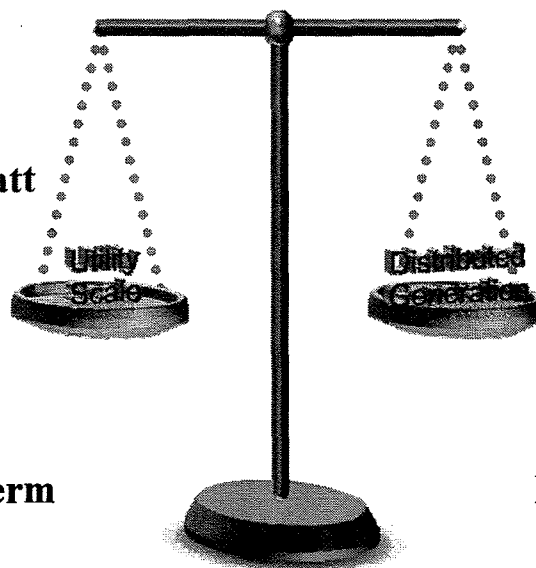
Tallahassee Florida 32399-0001

Phone: 850-487-3800

Committee meeting was reported out: Tuesday, March 15, 2011 3:04:39PM

# RATE PAYER IMPACT

	<u>Utility Scale Solar Systems</u>	<u>Customer Owned Solar Systems</u>
<b>Price:</b>	\$6/watt	\$6/watt
<b>Tax Credit</b>	\$1.8/watt	\$1.8/watt
<b>Customer incentive</b>	-0-	\$2/watt *
<b>Customer Contribution</b>	-0-	\$2.2/watt
<b>Net cost to rate payer's</b>	\$4.2/watt	\$2/watt
<b>System ownership</b>	NO	YES
<b>Increased home value</b>	NO	YES
<b>Reduced utility cost</b>	NO	YES
<b>Jobs</b>	Short Term	Long Term



\* \$2/watt incentive from utility company to promote distributed solar generation

Customer owned, distributed solar generation is far less expensive for all rate payers, and provides long term job creation. A balance of both applications is needed to assist Florida's energy needs and promote immediate economic development.

**We The People, Inc.**  
*of the United States*  
Est. 1987

April 26, 2010

*No Reply*

The Honorable Barack Obama  
President of the United States  
The White House  
Washington D.C. 20500

*904-706-3114*

Dear Mr. President:

I am Vice President and Regulatory counsel for, We The People, Inc of the United States, a non-profit organization formed in Massachusetts during 1987 that has been promoting nuclear safety and protecting whistle-blowers who have voiced their concerns about safety issues at nuclear power plants. Much of our efforts have involved failed industry oversight by the Nuclear Regulatory Commission (NRC or Commission), as outlined below. Coincidentally, this letter is being mailed to you on the twenty fourth anniversary of the tragic accident at the Chernobyl nuclear power facility that unfortunately has impacted thousands of innocent victims who have and will continue to suffer serious adverse health effects due to widespread radiation exposure.

Mr. President, we support your efforts and those of our First Lady to educate the public about the benefits associated with clean energy. We also commend your willingness to address the dangers associated with storage of nuclear wastes that are an unfortunate by-product of nuclear energy as it is now produced. During your campaign for President, WTP founder Stephen Comley and I separately wrote you (copies enclosed) about our organization and its concerns, but we did not receive any responses. Mr. Comley also hand delivered information about WTP and our concerns to your staff during your visit to Jacksonville during June 2008 and also presented the materials to Hillary Clinton during her campaign. She replied in a letter dated May 27, 2008, a copy of which is also included herein.

At this time, we are writing to you in response to your statements that your administration intends to build additional "clean and safe" nuclear power plants. While we share the concerns voiced by other environmental groups about the safety and costs associated with building more such facilities, our focus is much more specific. We do not believe new and existing nuclear power operations will, in fact, be clean or safe until there is responsible regulatory oversight and disaster planning by the NRC and other agencies responsible for protecting the public from catastrophic harm caused by accidents or failures at such facilities.

As our President, you are responsible for appointing qualified persons to serve in key leadership positions with the NRC and other federal agencies having jurisdiction over the nuclear power industry. We want you to be aware of serious health and safety risks due to lax regulatory oversight by the Commission and request you appoint persons to it who will act to protect the

**We The People, Inc.**  
*of the United States*  
Est. 1987

public, instead of yielding to industry demands, and assure that they perform their responsibilities consistent with your position that the nuclear power industry be clean and safe.

Of particular concern to WTP are public safety risks associated with counterfeit and substandard parts previously found at more than seventy nuclear power plants in the United States and the Commission's failure to investigate this serious problem. The risks and dangers that could result from failure of such parts were first brought to light by WTP (see enclosed New York Times Article dated August 4, 1989) and were the subject of an October, 1990 Report by the US General Accounting Office, titled "Nuclear Safety and Health, Counterfeit and Substandard Parts are a Government Wide Concern." Counterfeit parts have also been discussed in a recent Commission Information Notice 2008-04, copy also attached, but the nuclear industry has not been required to take any corrective actions. WTP founder Comley has personally delivered information about counterfeit and substandard parts to numerous other public officials including President Reagan, Presidents Herbert Walker Bush, President Clinton and many members of Congress. WTP also wrote President George W. Bush to express concerns about his administration's plans to build as many as fifty (50) additional nuclear power plants in the United States and proposed rulemaking by the NRC to significantly reduce the safety of newly constructed nuclear facilities by relaxing the stringent standards applicable to parts used to build reactors and other nuclear power plant components. To date, we have not received any response or other evidence indicating there was any investigation of our allegations nor has there ever been information provided to us negating our concerns about the dangers posed by the counterfeit and substandard parts.

As far as we know, the NRC has only inspected six of the more than seventy plants named in the 1990 GAO Report. President Clinton's former Chief of Staff, Leon S. Panetta also wrote two letters to the US Department of Justice after learning of WTP'S concerns and, in a response to Comley stated: "Once again I have forwarded your fax to the Department of Justice (DOJ) and asked that they respond to you directly. DOJ is the appropriate agency to assist you in dealing with your complaints about the NRC." Unfortunately DOJ never responded to Mr. Panetta's requests that it contact WTP.

The Commission and the Federal Bureau of Investigation have also failed or refused to investigate the flawed oversight even though the NRC Office of Inspector General, in public correspondence, has stated that a complaint from Mr. Comley about this problem had been referred to the Federal Bureau of Investigation. Our organization has also briefed and corresponded with many public officials regarding the NRC'S failed oversight. Copies of some of the responses received from these members of Congress, former President Clinton and other Executive Branch officials are included for your consideration. In spite of our efforts to compel the NRC to respond to our concerns, there has been no investigation of the NRC which still continues to ignore this issue. In fact, during a June 2008 public hearing regarding construction of a new or expanded nuclear power plant near Crystal River, Florida, NRC staff claimed not to have any knowledge of the counterfeit and substandard parts issue, when questioned by Mr. Comley, even though the Commission had previously issued Release 2008-04, reference above, on or about April 7, 2008.

**We The People, Inc.**  
*of the United States*  
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We believe that until there is dramatic regulatory “sea change” at the NRC, there cannot be any safe and clean nuclear power plants. Complaints from nuclear industry and whistleblowers received by WTP during the past two decades provide compelling evidence that industry oversight by the Commission does not offer the public sufficient safeguards against dire harm from future nuclear accidents. More often than not, persons who complain about safety risks are harassed by the industry or the NRC and must seek protection as Whistleblowers instead of their complaints being investigated by the Commission, as required by law.

The Commission has also failed to develop effective evacuation plans to protect vulnerable citizens--including our elders or ill persons--who cannot be moved quickly and children in private schools. WTP was founded after Stephen Comley discovered that the NRC had no plans to evacuate special needs persons from his family’s long established nursing home near the Seabrook New Hampshire nuclear power facility during the mid-1980’s except to leave such persons behind and give them Potassium Iodide to reduce the harmful effects of radiation exposure. From what we have been able to determine, under current evacuation plans, such persons would not be any better off and may be still be left behind to fend for themselves. Recent experiences with hurricanes show how difficult it is for many persons to safely evacuate and a nuclear accident will provide no advance warnings.

Finally, the Commission has failed to plan for the safe disposal of hazardous nuclear wastes and has recently agreed with industry demands to cut costs by reducing the standards for many components of new and existing plants. The fact that many of these parts will be manufactured overseas and not subject to rigorous inspection and oversight increases the probability that there will be more counterfeit and substandard parts. Although we applaud the decision by your administration to close Yucca Mountain, we do not yet know what, if any, alternatives will guarantee safe disposal of these long lasting and very toxic wastes.

Because of this failed oversight, WTP has circulated a petition demanding that Congress investigate the NRC’S track record, integrity and independence. The petition demands an investigation by a bi-partisan commission, similar to the 911 Commission, regarding how effectively the NRC is doing its job, before we have a catastrophic nuclear disaster like Chernobyl in the United States. A copy of the WTP petition is available at the following website: <http://www.petitiononline.com/020507/petition.html>

After your election, and because of your willingness to question the safety of current nuclear power industry practices, we have not actively sought signatures for our petition. We will continue our petition effort for the investigation by Congress, if we do not believe that your administration acts consistent with your assurance that nuclear power plants will be clean and safe. We are confident that, if necessary, we can obtain many more signatures on the petition given the new emphasis on building more nuclear power plants, concerns about environmental and safety issues, and the availability of Facebook, Twitter and other web based forums. Although, prior efforts to obtain signatures have been limited, many persons have voiced their concerns about the lack of regulatory oversight and cover-ups by the NRC. For example, Florida

**We The People, Inc.**  
*of the United States*  
Est. 1987

House Member, Julio Robaina(R-Miami), has signed the WTP petition and has written a letter (copy attached) supporting WTP'S demand that Congress investigate the NRC. The entire town of Rowley, Massachusetts also signed a similar petition and there has been extensive media coverage of these issues going back many years, even though interest has waned due to the fact that no new plants were constructed for many years. Obviously, this will change given the new plans to build more plants.

We trust and expect you to keep your promise that any additional power plants to be constructed will, in fact, be clean and safe. We hope that your administration, unlike those before you, will address our concerns, investigate the failure by the NRC and other agencies to act responsibly to assure that parts used in new and existing nuclear power plants are safe and develop plans to protect our citizens from serious harm when, God forbid, there are future accidents at such plants.

Mr. President, please do not hesitate to ask me for more information about this issue because, like you, we very concerned about the safety of our country and its citizens.

Sincerely



Bill Reeves, Esquire  
Vice President and  
Regulatory Counsel



THE LAW OFFICE OF  
H. RICHARD BISBEE, P.A.  
*A Professional Association*

---

1882 Capital Circle, N.E., Suite 206  
Tallahassee, Florida 32308

Telephone: (850)-386-5300  
Telecopier: (850)-219-0053

October 28, 2008

VIA E-MAIL info@barackobama.com  
Senator Barack Obama  
United States Senate  
The Capitol  
Washington, D.C.

Dear Senator Obama:

We are writing to you on behalf of our client, We the People, Inc., of the United States (WTP), a non-profit organization founded in 1987 to educate the public about the serious risks associated with construction of nuclear power plants in the United States. During your campaign, you have advocated construction of additional nuclear plants so long as they are safe. We are writing to you now because our client agrees with you position and if elected, you will be responsible for appointing qualified persons to serve in key leadership positions with the US Nuclear Regulatory Commission and other agencies having jurisdiction over the nuclear power industry. We want you to be aware of serious health and safety risks due to lax regulatory oversight by the Commission and request you appoint persons to it who will act to protect the public instead of yielding to industry demands.

Of particular concern to WTP are public safety issues associated with counterfeit and substandard parts previously found at more than seventy nuclear power plants in the United States and the Commission's failure to remedy this serious problem. The risks and dangers that could result from failure of such parts were the subject of an October, 1990 Report by the US General Accounting Office, titled "Nuclear Safety and Health, Counterfeit and Substandard Parts are a Government Wide Concern."

Counterfeit parts have also been discussed in a recent Commission Information Notice 2008-04, but the nuclear industry has not been required to take any corrective actions. As far as we know, the Commission has only inspected six of the more than seventy plants named in the 1990 GAO Report.

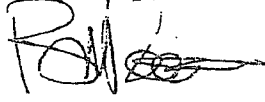
Complaints from nuclear industry whistle-blowers received by WTP during the past two decades provide compelling evidence that industry oversight by the Commission does not offer the public sufficient safeguards against dire harm from future nuclear accidents. The Commission has failed to develop effective evacuation plans to protect vulnerable citizens--including our elders or ill persons--who cannot be moved quickly and children in private schools. From what we have been able to determine, under current evacuation plans, such persons may be left behind to fend for themselves after being administered Potassium Iodide to reduce the harmful effects of radiation exposure. Recent experiences with hurricanes show how difficult it is for many persons to safely evacuate and a nuclear accident will provide no advance warnings.

Finally the Commission has failed to plan for the safe disposal of hazardous nuclear wastes & has recently agreed with industry demands to cut costs by reducing the standards for many components of new and existing plants. The fact that many of these parts will be manufactured overseas and not subject to rigorous inspection and oversight increases the probability that there will be more counterfeit and substandard parts.

Because of this failed oversight, WTP is circulating a petition demanding that Congress investigate the NRC'S track record, integrity & independence. The petition demands an investigation by a bi-partisan commission, similar to the 911 Commission, regarding how effectively the NRC is doing its job, before we have a catastrophic nuclear disaster like Chernobyl in the United States. A copy of the WTP petition is available at the following website: <http://www.petitiononline.com/020507/petition.html> We will also provide you or your transition team more information about these issues, if requested.

We appreciate your dedicated public service and wish you success in your efforts to become our next President.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Reeves", with a long horizontal flourish extending to the right.

Bill Reeves,  
"OF Counsel"

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June 20, 2008 Mr. Conley was able to contact Senator Obama with this letter & other information during the Presidential Candidate's fund raiser held at the Prime Osborn Convention Center. This was Senator Obama's first visit to Jacksonville Florida.

Senator Barack Obama  
BarackObama.com

Dear Senator Obama:

X

I have been attempting to notify you of serious safety concerns in U. S. Nuclear Plants so you can alert citizens across this country to not support the planned re-licensing beyond the design of existing or the expansion of more nuclear power plants in our state or the US until we are certain there is an adequate regulatory safety net to guarantee our protection. I spoke with your Press Secretary, Mr. Bill Burton on January 16, right before you won South Carolina & just after Senator Hillary Clinton won New Hampshire. Then on February 3, 2003 the New York Times ran a front page article entitled "Nuclear Leaks & Response (enclosed) Tested Obama." To date neither Mr. Burton nor anyone else at your Presidential headquarters has replied to the many phone calls or e-mails I have been sending. The most recent call I made was to a Mrs. Douglas who I spoke with on June 18, 2008 at 10:47 am, who after I told of the issues seemed quite surprised Mr. Burton had not replied. I hope to be able to speak with you personally today during your visit to Jacksonville or at Fernandina Beach Florida where I live.

Complaints from nuclear industry whistle-blowers received by our organization, We The People, Inc. of the United States (WTP), during the past two decades provide compelling evidence (enclosed) that industry oversight by the U.S. Nuclear Regulatory Commission (NRC) does not offer the public sufficient safeguards against dire harm from nuclear accidents. The NRC has failed to develop effective evacuation plans to protect vulnerable Floridians-- including our elders or ill persons who cannot be moved quickly & children in private schools. Some such plans in place now were prescribed by the Former NRC Exc. Dir. Victor Stello who in a letter to me assumed these valuable

NO REPLY

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suggested they be left behind in the event of a nuclear disaster & be administered Potassium Iodide to drink by the care givers in our family owned Nursing Home who would volunteer to stay in the wake of a nuclear disaster in order to reduce the harmful effects of radiation exposure. Recent experiences with hurricane evacuations show how difficult it is for Floridians to safely escape danger & a nuclear accident will give no advance warnings.

The NRC has also failed to fully investigate the presence of Counterfeit or Sub-standard parts in more than 70 existing U.S. Nuclear plants including Crystal River & Turkey Point plants in Florida. This information was first brought to light by WTP & later confirmed by the U.S. Government Accounting Office (GAO) in an October 1990 Report & by the NRC Office of Inspector General. More Bogus parts have also been the subject of recent NRC Notice 2008-04 which did not require any inspections or other corrective actions (enclosed) by the industry. Finally, the NRC has failed to plan for the safe disposal of hazardous nuclear wastes & has recently agreed with industry demands to cut costs by reducing the standards for many components of new and existing plants

Because of this failed NRC oversight, WTP is continuing its efforts to educate the public about the serious risks associated with the construction of more Nuclear power plants by offering testimony at public meetings & circulating a Nation Wide Petition demanding that Congress investigate the NRC'S track record, integrity & independence. The petition demands an investigation by a bi-partisan commission, similar to the 911 Commission, regarding how effectively the NRC is doing its job, before we have a catastrophic nuclear disaster like Chernobyl in the U.S. WTP has been tracking the Presidential Candidates & recently I met with Senator Hillary Clinton in West Virginia & she assured me in her recent letter to WTP she wants to continue to work with WTP on these concerns.

WTP has also been in touch with Senator McCain but to date neither he or anyone at his Presidential Campaign has replied to any of WTP many phone calls & E-mails. U.S. Senator Nelson has assured us he is looking into this matter. WTP during Florida Session contacted Governor Crist & every Sen. & Rep. concerning a Bill filed in the legislature which made it easier for New Nuclear Plants to

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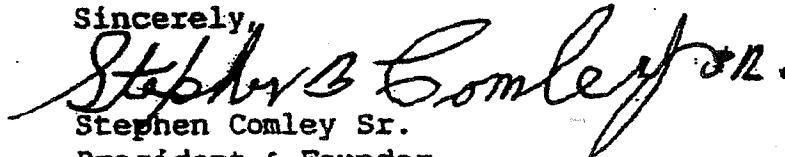
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be built & at the same-time reduce the number of hearing & public participation in approving new plants Florida citizen's backyards. I hope you agree this bill makes a mockery of our democratic process. The Bill passed with only one vote against. This is the why WTP is inviting you to be the first Presidential Candidate to sign WTP National Petition #86 & start to bring about real change you speak about for America. To date the only Florida legislator to sign our National Petition is Rep. Julie Robaina (R) from Miami who has also written a letter of support for WTP (enclosed). Our goal is to provide a voice to the American people on this important issue, especially our youth. The WTP National petition may be viewed & signed at the following website:  
<http://www.petitiononline.com/020507/petition.html>

I hope you & I can meet real soon to discuss these Serious matters further. I look forward to your earliest reply.

Sincerely,



Stephen Comley Sr.  
President & Founder,  
We The People, Inc.,  
Of the United States  
[Wethepeople1@comcast.net](mailto:Wethepeople1@comcast.net)

Enclosures

Stephen Comley Sr. is a Florida resident, Life Member of the Republican Inner Circle & a Register Independent who founded We The People, Inc. of the United States, a non-profit National Whistleblower Organization formed in 1987 to provide the public accurate information about nuclear safety issues. More information about WTP may be obtained from Bill Reeves, Esq., 1882 Capital Circle NE, suite 206, Tallahassee, Florida 32308 (850) 386-5300 FAX (850-219-0053, [brlaw@hotmail.com](mailto:brlaw@hotmail.com)

CC.DEMOCRATIC PARTY of NASSAU COUNTY



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
OFFICE OF NUCLEAR REACTOR REGULATION  
OFFICE OF NEW REACTORS  
WASHINGTON, DC 20555-0001

April 7, 2008

NRC INFORMATION NOTICE 2008-04: COUNTERFEIT PARTS SUPPLIED TO NUCLEAR  
POWER PLANTS

**ADDRESSEES**

All holders of operating licenses for nuclear power reactors and applicants for combined license to construct nuclear power plants under Title 10 of the *Code of Federal Regulations* (10 CFR) Part 52, "Licenses, Certifications, and Approvals for Nuclear Power Plants."

**PURPOSE**

The U.S. Nuclear Regulatory Commission (NRC) is issuing this information notice (IN) to inform addressees of the potential for counterfeit parts to enter their supply chains. Addressees should review this information and consider actions, as appropriate, to avoid similar problems. The suggestions contained within this IN are not NRC requirements; therefore, no specific action or written response is required.

**DESCRIPTION OF CIRCUMSTANCES**

Counterfeit Valves

In November 2007, NRC became aware that Hatch Unit 2 had discovered a counterfeit valve (5" 150# Ladish stop check valves) on the stator cooling water skid. The licensee at Hatch later determined that it had two counterfeit valves in its facility: one in the warehouse and another one installed in Unit 2, as the "B" stator cooling water pump discharge stop check valve. The valve installed on Unit 2 had been in service for 8 months as of the time of discovery. Upon discovering the counterfeit valve, the licensee began to closely monitor the performance of the valve and plans to replace it during the next refueling outage in the spring of 2009. The valve installed at Hatch Unit 2 is being used in a non-safety related system.

Counterfeit Circuit Breakers

NRC is aware that on December 27 and October 30, 2007, and November 16, 2006, the U.S. Consumer Product Safety Commission (CPSC) had announced a recall of counterfeit circuit breakers labeled as "Square D" distributed by North American Breaker Co., Inc., Connecticut Electric and Switch Co, and Scott Electric Co. Inc. The recalled circuit breakers labeled "Square D" were manufactured in China and distributed from March 2003 through April 2006, February 2005 through August 2006, and May 2005 through May 2006, respectively. The counterfeit circuit breakers can fail to trip when overloaded, posing a fire hazard to consumers.

ML080790266

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A licensee database search indicated that Catawba, McGuire, and Oconee nuclear power plants had purchased Square D circuit breakers during the suspected time frame. After inspecting their Square D circuit breakers, Oconee and McGuire Plants confirmed that the Square D breakers that they had purchased during the suspected time frame were genuine. Catawba Nuclear Plant, however, could not confirm the authenticity of four of its Square D circuit breakers that it had purchased during the suspected time frame. Subsequently, Catawba removed these circuit breakers from stock. The NRC is not aware that the counterfeit circuit breakers have been installed in safety-related applications. The CPSC reports are available at <http://www.cpsc.gov/cpscpub/prerel/prhtml08/08151.html>, <http://www.cpsc.gov/cpscpub/prerel/prhtml08/08054.html>, and <http://www.cpsc.gov/cpscpub/prerel/prhtml07/07036.html>.

## BACKGROUND

Over the past two decades, the NRC has issued several generic communications to inform licensees of counterfeit or misrepresented vendor products. In March 1989, the NRC staff issued Generic Letter (GL) 89-02, "Actions to Improve the Detection of Counterfeit and Fraudulently Marketed Products" (Agencywide Documents Access and Management System (ADAMS) Accession No. ML031140060). The GL informed licensees of program elements that are effective in detecting counterfeit or fraudulently marketed products and in assuring the quality of vendor supplied products. Additionally, in October 1989, the staff issued IN 89-70, and a supplement in April 1990, "Possible Indications of Misrepresented Vendor Products," to inform licensees of misrepresented vendor products and to provide information related to the detection of such products (ADAMS Accession No. ML031180470).

## DISCUSSION

Although none of the counterfeit items described above were installed in safety-related applications, these examples demonstrate the need for licensees to remain vigilant and maintain effective quality assurance programs to reduce the potential for introduction of counterfeit parts into their supply chains.

In recent years many vendors, including foreign companies, with little to no experience in the nuclear industry have entered the market to supply parts and components for both safety and non-safety applications to nuclear power plants. It remains the licensees' responsibility to ensure that all suppliers use standards and processes that conform to US standards. Effective oversight of suppliers becomes increasingly more important as the nuclear industry begins construction of new nuclear power plants in the US.

As discussed in GL 89-02, three characteristics of effective procurement and dedication programs are (1) the involvement of engineering staff in the procurement and product acceptance process; (2) effective source inspection, receipt inspection, and testing programs; and (3) thorough, engineering-based programs for review, testing, and dedication of commercial-grade products for suitability for use in safety-related applications. Licensees may want to consider the applicability of these characteristics to their programs to reduce the likelihood of the introduction of counterfeit or fraudulent products into their plants and to assure the quality of procured vendor products.



**CONTACT**

This information notice requires no specific action or written response. Please direct any questions about this matter to the technical contacts listed below.

*/RA by TQuay for/*

Michael Case, Director  
Division of Policy and Rulemaking  
Office of Nuclear Reactor Regulation

*/RA/*

Glenn Tracy, Director  
Division of Construction Inspection and  
Operational Programs  
Office of New Reactors

Technical Contacts: Omid Tabatabai  
NRO/DCIP/CCIB  
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Robert Pettis  
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Richard McIntyre  
NRO/DCIP/CQVB  
(301) 415-3215  
[richard.mcintyre@nrc.gov](mailto:richard.mcintyre@nrc.gov)

Note: NRC generic communications may be found on the NRC public Web site,  
<http://www.nrc.gov>, under Electronic Reading Room/Document Collections

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*/RA/*

Glenn Tracy, Director  
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Note: NRC generic communications may be found on the NRC public Web site, <http://www.nrc.gov>, under Electronic Reading Room/Document Collections

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DATE	03/18/08	03/10/08	03/19/08	03/20/08	03/24/08
OFFICE	BC:CQVB:DCIP:NRO	BC:EQVB:DE:NRR	D:DE:NRR	OGC (NLO)	LA:PGCB:NRR
NAME	JNakoski	DThatcher	PHiland	SBrock	CHawes
DATE	03/20/08	03/24/08	03/24/08	03/26/08	03/ /08
OFFICE	PM:PGCB:NRR	BC:PGCB:NRR	D:DCIP:NRO	D:DPR:NRR	
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DATE	03/ /08	04/03/08	04/07/08	04/03/08	

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# HILLARY RODHAM CLINTON

May 27, 2008

Mr. Bill Reeves  
1882 Capital Circle NE, Suite 206  
Tallahassee, FL 32308

Dear Bill:

Thank you so much for sharing this information with me. I'm so glad to see that you are joining the conversation about some of the most difficult issues facing our country today. Working together, I know that we can bring about change and restore the promise of our country.

With appreciation and best regards, I am

Sincerely yours,



Hillary Rodham Clinton

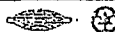
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4420 NORTH FAIRFAX DRIVE, ARLINGTON, VA 22203-1611 TEL (703) 469-2008 FAX (703) 962-8600

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ACCOUNTABILITY

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HEALTH QUALITY

COMMITTEE  
URBAN AND LOCAL AFFAIRS

*Florida House of Representatives*  
*Representative Julio Robaina*  
*District 117*

February 6, 2008

Stephen Comley Sr.  
1882 Capital Circle NE, Suite 206  
Tallahassee, FL 32308

To Whom It May Concern:

Please accept this letter as a letter of support for the organization We The People Inc., of the US and for demanding an independent Commission to investigate the U.S. Nuclear Regulatory Commission (NRC). I believe this is a very important step and the citizens of this country should have the right to have a say in whether we should build 50 or more nuclear plants in the U.S. not just individual officials. I, myself, have signed this petition and urge others to do so as well. I fully support this endeavor and commend all those that lead this great organization and cause.

Sincerely,

Julio Robaina  
State Representative, District 117

EXHIBIT 101

□ District Office  
674 SW 24 ST, Suite 19  
Miami, FL 33135  
Ph: (305) 442-6868  
F: (305) 442-6870

□ Tallahassee Office  
317 House Office Building  
403 South Monroe Street  
Tallahassee, FL 32399  
Ph: (904) 488-6966  
F: (904) 434-6881



# FLORIDA HOUSE OF REPRESENTATIVES

**Representative Aaron Bean**

District 12

Health Care Council, Chair  
Legislative Budget Commission

Policy and Budget Council  
Rules and Calendar Council

March 28, 2007

Mr. Steve Comley  
We the People, Inc. of the US  
C/O Attorney Bill Reeves  
1882 Capital Circle NE Ste. 206  
Tallahassee, FL 32308

Dear Mr. Comley:

Thank you for informing me of your concern that substandard and counterfeit parts may have been used in the construction of nuclear power plants in Florida. At my request, the staff of the House Committee on Homeland Security and Public Safety spent several hours investigating if the State has any jurisdiction over nuclear regulation complaints. They found this issue is handled by the Federal Government.

Therefore, I am recommending that you meet with the Congressional Representatives in our area to obtain assistance on this issue or directly with the members of the Nuclear Regulatory Commission. Senators Bill Nelson and Mel Martinez have offices in Jacksonville, as well as, Congresswoman Corrine Brown and Congressman Ander Crenshaw. Their contact information is as follows:

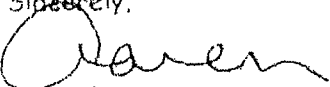
Senator Bill Nelson.  
1301 Riverplace Blvd, Suite 2218  
Jacksonville, Florida 32207  
Phone: 904-346-4500 Main:  
Fax: 904-346-4506

Senator Mel Martinez.  
1650 Prudential Drive, Suite 220  
Jacksonville, FL 32207  
Phone: (904) 398-8586  
Fax: (904) 398-8591

Congresswoman Corrine Brown  
101 E Union Street, Suite 202  
Jacksonville, FL 32202  
Phone (904) 354-1652  
Fax: (904) 354-2721

Congressman Ander Crenshaw  
1061 Riverside Avenue, Suite 100  
Jacksonville, FL 32204  
Phone: 904-598-0481  
Fax: 904-598-0486

Sincerely,

  
Aaron Bean

State Representative District 12

*Go get 'em!*

THE WHITE HOUSE  
WASHINGTON

October 22, 1996

Mr. Stephen B. Comley  
Executive Director  
We the People, Inc. of the United States  
Post Office Box 277  
Rowley, Massachusetts 01969

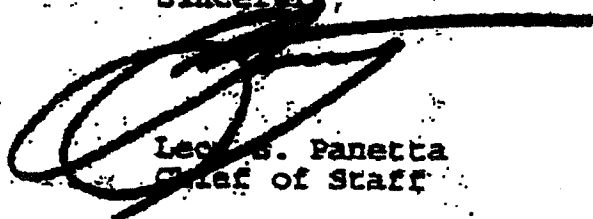
Dear Mr. Comley:

Thank you for your fax of October 10, 1996. I am sorry to hear that you have not yet received a letter from the Department of Justice regarding your concerns with the Nuclear Regulatory Commission (NRC).

Once again, I have forwarded your fax to the Department of Justice (DOJ) and asked that they respond to you directly. DOJ is the appropriate agency to assist you in dealing with your complaints with the NRC.

Again, thank you for writing.

Sincerely,



Leon S. Panetta  
Chief of Staff

↓  
NO REPLY

cc: The Department of Justice

LEP/tab

(20) (40)



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D. C. 20555

May 31, 1991

OFFICE OF THE  
INSPECTOR GENERAL

Mr. Stephen B. Comley  
Mansion Drive  
Rowley, MA 01960

Dear Mr. Comley:

This correspondence is provided in response to your request of Special Agent Kent E. Walker concerning the status of an allegation you forwarded to the Inspector General concerning former President Ronald Reagan. You alleged that in October 1987 you provided President Reagan with information regarding the use of counterfeit and substandard parts throughout the nuclear industry and that the former President subsequently refused to acknowledge receipt of that information. Your concerns were provided to the Federal Bureau of Investigation, Silver Spring, MD, on December 13, 1990.

Sincerely,

A handwritten signature in cursive script that reads "Leo J. Norton".

Leo J. Norton, Assistant Inspector  
General for Investigations

NO REPLY

A handwritten number "19" enclosed within a hand-drawn circle.

# Panel Sees Animosity Behind Inquiry on Nuclear Body

8/4/87

By MATTHEW L. WALD

A Senate committee said yesterday that an internal investigation at the Nuclear Regulatory Commission of charges of misconduct by a high-ranking official appeared motivated as much by "personal and professional animosity" as by any legitimate need.

The investigation involved a payment of \$6,000 in cash to an informer, surreptitiously recorded tapes of telephone conversations and commission officials lying to each other, said a report issued by the Senate Government Operations Committee.

The investigation has aroused interest because it was approved by the commission's top staff official, Victor Stello Jr., whom President Bush recently nominated to be head of production at the nation's troubled nuclear weapons complex. Mr. Stello has not been confirmed by the Senate, but he started the job on an acting basis last week.

### 'Lack of Good Judgment'

Senator John Glenn, an Ohio Democrat who is chairman of the committee, said the investigation showed "an unseemly lack of good judgment" by high-level staff members at the commission, which oversees civilian nuclear plants.

The investigation under scrutiny was pursued by Sharon R. Connelly, then head of the commission's Office of Inspector and Auditor, against Roger Fortuna, then deputy director of the Office of Investigation.

Two years ago, Mr. Fortuna testified against Mrs. Connelly when she was accused of trying to shield her deputy from charges of sexual harassment.

Late last year Mrs. Connelly, whose office handles the commission's internal investigations, received a complaint about Mr. Fortuna from a former technician at the Nine Mile Point 2 reactor, near Oswego, N.Y.

The former technician, Douglas Ellison, said Mr. Fortuna, whose office is responsible for looking into reactor

The committee said the investigation wasted money.

safety problems, had not adequately handled safety complaints Mr. Ellison had expressed.

Among the panel's findings is that in seeking information derogatory to Mr. Fortuna, Mrs. Connelly asked the agency's top lawyer if she could hire an informant as a "consultant" and pay him for information and tapes of telephone conversations. The lawyer told her that she probably could not, unless public health and safety was involved.

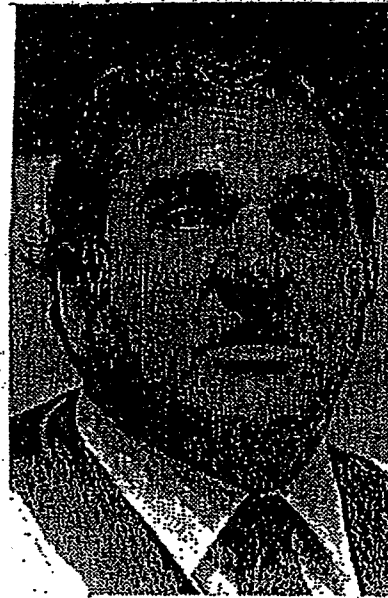
### Informant's Allegations Limited

Senate investigators later questioned the lawyer, William Parler, the commission's general counsel, and he said that in hindsight he should have urged the commission to subpoena the tapes rather than pay for them, the report said.

The report does not center on Mr. Stello, but it says that he ruled that the informant might have information on reactor safety. The safety allegations the informant provided were so limited, the Senate report said, that "the case could equally be made that this safety rationale mere provided a convenient cover to do something that the N.R.C. general counsel had otherwise indicated could not be done — putting someone on the payroll to provide information pertaining to an internal affairs investigation."

A spokesman for the commission, Joseph Fouchard, said that his agency had received the study yesterday and was studying it.

A judge chosen by the commission to investigate has concluded that Mr. Fortuna had acted appropriately in his in-



The New York Times

Victor Stello Jr. as the top-ranking staff official at the Nuclear Regulatory Commission approved a \$6,000 cash payment for an informer in an internal commission investigation.

vestigation of the allegations made by the technician, Mr. Fouchard said.

But the judge is still investigating whether Mr. Fortuna improperly disclosed derogatory information about the informer to an anti-nuclear advocate or received information from the activist that he should have passed on to others at the Nuclear Regulatory Commission.

The activist, Stephen B. Comley, has been subpoenaed and ordered to turn over tapes he might have of conversations between himself and Mr. Fortuna. Mr. Comley of Rowley, Mass., who heads a group, We the People, has refused to testify or provide tapes and

asserted that he receives confidential information from nuclear plant workers and cannot do anything that would damage their confidence in him.

Recently Mr. Comley was fined \$200 a day by a Federal judge in Boston, and the fines could increase to \$1,000 if he does not comply. We the People was instrumental in bringing to light last year the presence of counterfeit parts in nuclear plants around the country.

According to the Senate report, the information that Mr. Fortuna might have disclosed improperly to Mr. Comley was that the former technician had pleaded guilty to attempted sexual abuse of a 13-year-old girl. It is not clear what information Mr. Comley might have given Mr. Fortuna.

In the disputed investigation, Mr. Ellison, the informant, was paid \$6,000 and put up in a hotel near Washington for two weeks while Mrs. Connelly and two other staff members met with him. Mrs. Connelly gave him a code name and arranged her vacation for the time he was there, the report said.

The commission has asserted that Mrs. Connelly wanted to pay him rather than subpoena the tapes because Mr. Ellison had threatened to destroy the tapes. But the Senate report said that there was no evidence for that and that "to the contrary, he was threatening to 'go public.'"

The Senate committee concluded that the investigation was unfair to Mr. Fortuna, violated established principles of internal investigations and should not have so heavily involved top management. The investigation, the committee said, "represented a waste of government funds;" the investigation was "incompetently conducted, punctuated by management intervention and other problems."

"In sum, we found very little reason for the course of conduct of this investigation," the committee said.

Mr. Fouchard said that the commission could not comment further because the matter is still under internal investigation.

THE PART A COVER UP REAGAN THERE WILL BE NO THIS ON

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THIS BEEN WEE

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Handwritten scribble

al

I NEVER SAID I WOULD NOT TESTIFY AND THEY WON'T HAVE TO PAY ME, EITHER. I DO NOT





# Comley group slams NRC for issuing waivers

CONCORD (AP) - The Nuclear Regulatory Commission did not enforce its safety requirements for nuclear reactors more than 340 times since 1990, consumer advocacy groups allege.

"The agency is more interested in keeping the industry alive by ignoring safety regulations," said Stephen Comley, head of We The People, Inc., which was organized out of opposition to New Hampshire's Seabrook nuclear plant.

At issue are Notices of Enforcement Discretion, essentially NRC waivers designed to allow a plant to wait to fix something that doesn't meet regulations if the situation will not cause any danger.

Public Citizen, a Washington, D.C.-based non-profit group founded by Ralph Nader in 1971, released a report this week accusing the NRC of abusing its discretion. Also, two NRC studies released by Comley's group suggest the agency was inconsistent in implementing the policy.

The 340 waivers include four at the Vermont Yankee plant in Vernon, Vt.; three at Seabrook; and two at Maine Yankee in Wiscasset, Maine.

The three reactors at Millstone, Conn., led the list, with 15 incidents.

"What it all adds up to is there is probably, without a doubt, an acci-

*The 340 waivers include four at the Vermont Yankee plant in Vernon, Vt.; three at Seabrook; and two at Maine Yankee in Wiscasset, Maine.*

dent out there waiting to happen and they are waiting to react, not to prevent," Comley said of the NRC.

The Nader group's report argued the NRC was too solicitous of the nuclear industry.

"The NRC's actual motivation is based on attempting to maintain the financial viability of the industry it is supposed to regulate," the report said. "It appears that complying with safety regulations is too costly for the nuclear industry."

An NRC spokesman disputed the Nader group's conclusion.

"The prime directive of the NRC is to make sure plants operate safely and protect the public and the workers from excessive radiation doses. So we would never allow a plant to continue to operate in an unsafe condition," said Breck Henderson, an NRC public affairs officer.

The U.S. Inspector General's office

and an NRC task force reviewed how the policy was implemented, from March of last year, when the policy was revised to June of this year.

The Inspector General followed the administrative channels; whether the agency followed its paperwork guidelines in granting 49 of the 84 waivers granted in the three months it reviewed. Its review was prompted by concerns raised by Comley's group.

The NRC task force looked at whether there were sound technical reasons for granting the 84 waivers.

The IG said the NRC generally complied with its administrative procedures, with some shortcomings. It said the NRC did not specify how long waivers that affect amending a plant's operating license could be in effect and did not address conditions that would allow a plant to start up while a waiver was in effect.

The report also said the NRC did not routinely follow up to make sure the problem that prompted the waiver was corrected or that a plant was penalized, if needed. It also found shortcomings in how the paperwork tracked the waivers.

Its recommendations for improvement were included in the NRC's task force report, which suggested some immediate changes of its own as long-range improvements are drafted.

It said the NRC staff overstepped its discretion in allowing some plants to start reactors under waivers.

"While the staff's determinations in such cases did not detract from safety, the higher standard required for plants in startup was not achieved," an NRC memo summarizing the report said.

The task force found two instances in which NRC staff appeared to allow plants to operate with problems for too long while a waiver was being considered. It found the practice "inappropriate" and "unacceptable."

Comley said reviewing a fraction of the 340 waivers was not enough. He'd like to see all of them reviewed.

"We're not talking about General Motors here, we are talking about nuclear power plants."

GOOD ACCOUNT

X

X

41 E

Call# 904-557-1646

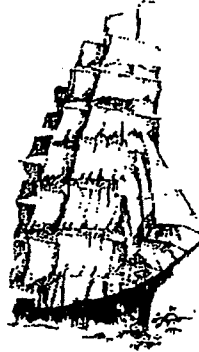
FOR MORE INFORMATION ABOUT WE THE PEOPLE

Call 508-840-3359

*[Handwritten signature]*

Tuesday  
July 26, 1994

# The DAILY NEWS



## NRC reveals names of whistleblowers

By KEITH REGAN  
Daily News staff

ROWLEY — A report that found the Nuclear Regulatory Commission gave an employer the names of nuclear plant employees who complained about safety problems has national implications, says a local nuclear safety advocate.

The report, from the NRC's inspector-general, found the NRC gave the names of whistleblowers to the Tennessee Valley Authority without informing or obtaining the workers' consent.

Steve Comley, founder of the

Rowley-based whistleblower protection group We The People, compared the practice to the FBI turning informants over to organized crime leaders.

"We've suspected all along that this was the way things were handled," said Comley. "Now we have it in writing.

Though it refers to the specific case of the TVA, Comley said, "it's a generic issue" because it involved the NRC's Office of Investigations.

We The People has had contact with employees of the TVA, he added.

Comley, who has called for the resignation of NRC Chairman Ivan

Selin to clear the way for President Clinton to appoint a new majority on the three-member commission, said the report "gives a clear signal of a need for a clean sweep at the NRC."

One TVA whistleblower, Ann Harris, a mid-level manager at the Watts Bar Nuclear Plant, noticed and reported more than 200 safety allegations over the course of several years. She said the NRC is involved in a "conspiracy of betrayal," according to the report.

"The NRC is willfully jeopardizing public safety and its own credibility," Comley said. "It's our safety at risk when they choose to treat

people who come to them with questions in this manner."

The report also said that turning over the names violated both a memorandum of understanding between the two agencies as well as long-standing NRC policy.

Comley said he hopes the report will prompt more people from inside the industry to turn to We The People with allegations of safety problems at nuclear plants, but admits it may prompt workers to keep mum.

"I think we have a pretty good track record when it comes to protecting people's identities," he said. "But we can't do it alone."

411

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# The Keene Sentinel OPINION PAGE

Edited by Guy MacMillin

Keene, New Hampshire

Established in 1799

## Editorial

# NRC lapses

Steve Comley's nuclear watchdog organization scored another coup the other day; it's a development that will probably increase safety at nuclear power plants. The investigative arm of the Nuclear Regulatory Commission — the Office of the Inspector General — issued a report documenting the fact that the commission does not always enforce its own safety rules.

*Nuclear whistleblower gets more vindication, more fines.*

The NRC has given itself the authority to waive temporarily some safety regulations at nuclear plants when, in the inspector general's words, "the staff is clearly satisfied that the action is consistent with protecting the public health and safety." During the past four years, the agency has issued more than 300 such waivers, including two at New Hampshire's Seabrook plant and four at Vermont Yankee, which is just across the Connecticut River from Hinsdale and about 15 miles from downtown Keene, as the isotopes fly.

Last spring, Comley's We the People organization charged that the NRC safety waivers were being handed out without proper investigation and documentation, and that they were sometimes open-ended. The inspector general began checking into the charges, citing We the People's concerns.

Now he has issued his findings. Waivers have indeed been given without any indication when they expire. Conditions for allowing plants to start up after problems occur "are not addressed." And the NRC "does not routinely perform follow-up to determine the root causes" of the problems.

The inspector general made some recommendations, and he did note that the NRC "is in general compliance with its procedures." But small errors can have catastrophic consequences when people play with the atom. It's reassuring to have Steve Comley's watchdogs on the heels of the folks who are supposed to protect the public health and safety.

However, the powers that be have not seemed very grateful to Comley and his whistleblowers. If he were a nut, his charges could be laughed off. But he's usually right on target, a fact that has been documented in three investigations conducted by the inspector general this year alone. Comley's sources inside the nuclear industry and inside the NRC itself are very good.

So good, in fact, that the NRC took him to court a few years ago to force him to reveal who some of them are. He refused, pointing out that a whistleblower organization can't function very well if it squeals on its informants. In return, a federal court slapped Comley with a \$1,000-a-day fine, which he couldn't afford to pay even if he were so inclined.

That case was dropped when the Clinton administration came to power, but the fines remain on the books. In a coincidence dripping with irony, the inspector general's latest vindication of Comley's efforts came just a week after Comley received a letter from the Department of Justice, informing him that his fines, with interest, now total \$390,552.60.

"We strongly urge you to pay this debt immediately," the letter says. "Make your check or money order payable to the U.S. Department of Justice."

The U.S. department of *what?*

410

collab  
904-557-1876  
FOR MORE INFORMATION  
ABOUT WE THE PEOPLE  
Call 508-948-7959



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555

August 30, 1993

OFFICE OF THE  
INSPECTOR GENERAL

Mr. Stephen B. Comley  
Executive Director  
We the People, Inc. of  
the United States  
Box 277  
Rowley, Massachusetts 01969

Dear Mr. Comley:

I have been requested by the White House to respond specifically to your concerns regarding the U.S. Nuclear Regulatory Commission. Your concerns were contained in your letter to the White House dated July 14, 1993. This will confirm that Senior Staff Members of my office met with you recently to pursue issues raised by you concerning counterfeit parts in the nuclear industry. I hope to personally meet with you next month regarding your concerns about the treatment of whistleblowers within the nuclear industry. As your letter stated, my office maintains an ongoing relationship with you and other associates of your public interest group We The People, Inc. This ongoing relationship has been useful to my office and I hope that it meets your needs to have your concerns addressed, as well.

Your letter also referenced an allegation submitted by you to Agent Milam of the Department of Energy. I gather from the enclosed correspondence that the allegation was referred to the Federal Bureau of Investigation for handling. We discussed that referral by telephone recently.

In closing let me join Mr. Mack McLarty, Chief of Staff to the President in assuring you that your concerns will receive full consideration by my office.

Sincerely,

*David C. Williams*

David C. Williams  
Inspector General

## THE WHITE HOUSE

WASHINGTON

July 28, 1993

Mr. Stephen B. Comley  
Executive Director  
We the People, Inc. of the United States  
Post Office Box 277  
Rowley, Massachusetts 01969

Dear Stephen:

Thank you for writing. I apologize  
for not responding sooner.

I am committed to safe, responsible  
management of our nation's nuclear power  
facilities, and effective, open, and  
independent review of waste disposal  
systems. To accomplish these objectives,  
I will continue to support full public  
involvement, environmental enforcement,  
and independent technical review of our  
programs.

I appreciate your sharing your ideas  
with me. I have forwarded your letter to  
Secretary of Energy Hazel O'Leary for  
thorough review.

Sincerely,



MAINE  
United States Senate

WASHINGTON, DC 20510-1902

B

August 12, 1993

Mr. Stephen B. Comley  
We the People, Inc.  
P.O. Box 277  
Rowley, MA 01969

Dear Mr. Comley:

Thank you for writing to advise me of the status of your case with the Nuclear Regulatory Commission.

I hope that you are pleased with the outcome of this long case and will continue your efforts to assure that nuclear power in the United States is safe and reliable.

With best wishes,

Sincerely,

*George Mitchell*

George J. Mitchell

22

My cell  
bill # 904-206-3114

U.S. SENATOR NELSON + OTHERS  
I HAVE CONTACTED WITH NO REPLY

**FAX COVER SHEET**

Stephen Comley Sr.  
We The People Inc., of the United States  
2636 Mitcham Dr.  
Tallahassee, FL 32308

Tel# Cell 904-206-3114

TO: U.S. Senator Nelson C/O Michelle Barth & Pete Mitchell Chief of Staff  
DATE: 8/16/10 Fax to Michelle Barth #904-346-4506 (Tel#904-346-4500)  
Fax to Mr. Pete Mitchell Fax#850-942-8450 Tel# 850-850-942-8415 C/O Mary  
NUMBER OF PAGES (7)

**RESPONSE REQUESTED:** I am astonished & disappointed after reading your e-mail to We the People's (WTP) Counsel, Bill Reeves. After listening to the Message you gave our Congregation at the Amelia Island Plantation (AIPC) Chapel on July 4, 2010 I was hopeful you would have at least agreed to meet with me after reviewing the information I handed you after the service. The moral points you made to our members in connection with the message written on the Church bulletin entitled "With a firm reliance on the protection of Divine Providence, the Declaration of Independence 1776" were especially of interest to me. Your comments really hit home with me due to the fact Judge Platt for the District of Columbia ruled in a summary judgment that the highest officials at the Nuclear Regulatory Commission (NRC) had violated my constitutional rights to speak out. I am sure you agree unless we stay involved in our government we will lose our independence if we become complacent & fail to speak out when we know things are wrong in Washington. You stated to us as members AIPC it is very important to be involved in our Government.

I too like you try very hard everyday to be a good disciple of the Lords work. What has helped me in my Journey of life is reading the book The Desire of Ages (DOA) almost everyday. Mr. W. E. Bement formally of the The Library of Congress has stated "I will say that the Desire of Ages is well thought of in the Library of Congress." Here are two of my favorite passages from DOA I believe you can identify with. "Principle is always exacting. No man can succeed in the service of God unless his whole heart is in the work & he counts all things but loss for the Excellency of the knowledge of Christ. No man who makes any reserve can be the disciple of Christ, much less can he be His colaborer. Many refuse the truth which comes down from the Father of light. When self is renounced, then the Lord can make a man a new creature. To be wavering & halfhearted in allegiance to truth is to choose the darkness of error & satanic delusion."

After hearing your remarks I was encouraged & believed you would address the concerns & requests I outlined in the packet of information I left with you during & after the 2 conversations you & I had after Church on July 4 & then again July 11, 2010. These concerns were about unsafe conditions at U. S. Nuclear Power including all the plants in Florida. The only reason I can think of is you have not

really had time to go over all the material I left with you.  
Cont' Page 2 of Fax cover letter to U.S. Senator Bill Nelson.

(Cont')

You stated in your last e-mail to Counsel Bill Reeves; "I believe any debate to increase our use of alternative energy sources should include a discussion of nuclear energy--especially because advances in technology make its use much safer today than it was years ago." I know everyone is very busy with elections & other issues like the BP disaster oil spill in the Gulf but the issue of bogus coming from China to be built in U. S. Nuclear Plants will make the B.P Gulf Oil spill look like a blemish on a tree if God forbid we experience a Chernobyl like accident in the US.

I founded We the People Inc., of the United States (WTP) a National whistleblower non profit organization formed in 1987 to protect Nuclear Industry & Nuclear Regulatory Commission (NRC) informants who routinely come to WTP with safety allegations of cover-ups within the Nuclear industry & the NRC. WTP's work began after I discovered the NRC had no plans to evacuate special Needs citizens from our family's long established Nursing Home in Rowley MA which lies 12 miles form the Seabrook New Hampshire Nuclear (Presently owned by Florida Power & Light) facility. Due to this reason & others 80% of our town's citizens signed a petition to then President Reagan which the former commander in Chief ignored even through I was & still am a life member (whatever that meant) of the Republican Inner Circle. Due to all of the Coverage by New England Media & beyond gave to our issues the NRC's former Director Victor Stello felt obligated to write (you have this in your Wash office) to me: "for the few individuals that cannot be moved in the event of a nuclear disaster we suggest you leave them behind & give them Potassium Iodide to drink to be administrated by volunteers who are willing to stay in the even of a accident." For the last 24 years I have pursued this inhumane treatment which makes this segment of our population in America expendable.

WTP needs your help & since I am a Constituent of yours & have been a resident of Amelia Island Plantation of Florida since 1996 I want to give you some further background on myself. As a registered independent I have had some very successful experience working with elected officials. In 2003 I had the privilege of working together with then former President of the Senate James King, Rep. Aaron Bean, Rep. Julio Robaina (Miami) in passing Condo Law Legislation. I also helped work with the Maine Legislature in creating Maine's Newest Town, Frye Island. Frye Island was allowed to secede from the Town of Standish because of safety concerns. My goal has always been to prove citizens outside the Washington beltway can together make a difference if only we are listened to by our elected officials.

Former State Rep. Aaron Bean from District 12 suggested I contact you concerning Substandard & Counterfeit parts used in the construction of nuclear power plants in the U.S. including all the plants in Florida. Rep Bean found the State of FL. Does not have the jurisdiction over Nuclear Regulation complaints & is handled by the Federal Government. Rep. Bean & others I have spoken to assured me you would address our concerns & would not be intimidated by the powerful nuclear lobbyists



as I have experienced with some elected officials I have contacted in the past.(Cont')

Cont' Page 3 of Fax cover letter to U.S. Senator Bill Nelson

I am enclosing a recent Op Ed piece in the New Your Times (enclosed) for your additional review, entitled "We're Not Ready." This is some of the content of the piece: "The potential problems with nuclear power abound. No one knows wants to have an extended conversation in polite company about the threat of terrorists who could wreak all manner of mayhem with an attack on a plant. But if this is done without a whole lot more serious thought given to matters of & rigorous oversight, it's a step we'll undoubtedly come to regret."

As you are now aware WTP wrote a letter 4/26/10 to President Obama (given to you with enclosures) concerning Counterfeit Substandard parts which was first brought to light by WTP. These Bogus parts are now coming (NRC bulletin given to you) from China to U.S. Nuclear Plants. President Obama as of this date has not answered or addressed our concerns. We are asking you U.S. Senator Nelson to address our concerns & questions outlined at the end of this letter. I also request that you encourage President Obama to meet with me concerning the charges outlined in our letter & enclosures mailed to the President.

If you need more background on our organization WTP please look up our Web Site wtpus.org. Go to Media and see CNN's 2 year investigation of WTP's work entitled: INSIDE THE NUCLEAR REGULATORY COMMISSON: INTIMIDATION OR REGULATION Also click on News & see Time's Cover story on our work. WTP work lead to a GAO report entitled "Counterfeit Substandard Parts are a Government Wide Concern." This report showed all of the plants in Florida having received bogus parts. As far as we know the NRC only inspected 6 of the 72 plants listed in the report. The NRC trusted & left the other 66 plants to be inspected by the operators of the plants. Due to these troubling facts the NRC's own Inspector (IG) General asked the FBI to investigate a cover-up by the NRC & the Reagan/Bush Administration. The FBI never honored the request of the NRC's IG. Because of this Leon Panetta, then Chief of Staff to President Clinton wrote (in enclosures) letters on two different occasions requesting the Dept. of Justice to contact me but they never did.

Previously I contacted your office in 2008 & left more documents with you including 2 CD's with Michelle Barth who I know sent these to your Washington office. One CD gives you more background on WTP & the other is a copy of a meeting that was held for most of the Control Room Operators at U.S. Nuclear Plants from around the country who during that meeting talked extensively about near misses at their facilities. WTP are asking you U.S. Senator Nelson to join Rep. Julio Robania & others in calling for an independent investigation of the NRC. Due to so many unanswered questions WTP does not believe new & existing Nuclear power operations will, in fact be clean or safe until there is responsible regulatory oversight

(Cont')

Cont' Page 4 of Fax cover letter to U.S. Senator Bill Nelson

& humane disaster planning by the NRC & other agencies responsible for protecting the public including Special Needs Citizens like those in Nursing home & Hospitals. The NRC & the Industry should be establishing evacuation plans in the event of a nuclear disaster not in the unlikely event of a catastrophe.

In your reply letter acknowledging our first meeting & concerns would you please address the following questions?

1. Would you agree before the American People can begin to make a responsible decision whether more plants are built or relicensed in their backyards they have a right to know about all the cover-ups & safety problems committed by the Nuclear Power industry & the NRC.

2. Do you believe your constituents who have Special needs should be left behind & administrated Potassium Iodide by volunteers willing to stay behind in the event of catastrophic harm caused by accidents or failure at such Nuclear Plants?

3. Will you send a letter to President Obama requesting he meet with WTP?

4. Will you encourage the President to answer & address our concerns outlined in our letter of April 26, 2010?

5. WTP is very concerned about the relicensing of aged Nuclear Power Plants beyond their expected use of operation. The NRC is holding a hearing 8/16/10 regarding the Turkey Point Nuclear Plant. Given the information we have provided you about Counterfeit & Substandard parts & whether these Bogus parts were ever replaced or inspected are you now concerned whether Florida Plants & beyond can operate in a safe manner without first calling for an investigation of the NRC & their handling of this troubling matter?

6. Nuclear Waste is active for thousand years with no solution in site. Are you not concerned for the legacy we are leaving future generations?

7. Would you be willing to take the time to talk to Rep. Julio Robania about his reasons for signing WTP's National Petition & writing a (you have a copy) letter to WTP calling for an independent investigation of the NRC?

8. If we were not successful in keeping track of the Vendors in the U.S. who were supplying bogus parts to U.S Plants how do you suppose we can keep track of vendors in China from selling substandard parts to U.S Nuclear Plants?

Cont'

Cont' Page 5 of Fax Cover letter to U.S. Senator Bill Nelson.

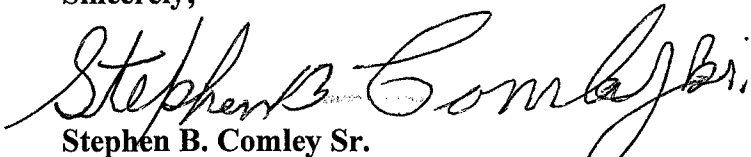
**9. The Former NRC's IG office asked the FBI to investigate whether; "former President Reagan refused to acknowledge receipt of that information." As you know now former of Chief of Staff to President Clinton, Leon Panetta followed up on this request by petitioning the Department of Justice to look into this matter but Justice never contacted me. Will you U.S. Senator Bill Nelson request President Obama to ask the Department of Justice to finally honor the former NRC's IG; David Williams appeal & investigate this matter? [Click on Photo Gallery at wtpus.org web site & see exchange I had with President Reagan.](#)**

**10. Twenty-four years have passed since I have been seeking Justice for the residents in our Family owned & operated Nursing Home, the Brave informants who put their careers & their families on the line so the American people have the right to know of the facts of Atomic Energy. Two of my favor texts in the Bible are Hebrews 11:1 "Now Faith is being sure of what we hope for & being certain of what we cannot see." The second one is Luke 18:1-8, The parable of the Persistent Widow. I believe we have been very patience but persistent. Will you help WTP bring about justice for the American People?**

**11. [Albert Einstein after cracking the atom stated "To the villege square we must bring the facts of Atomic energy from there must come America's voice."](#) U.S Senator Bill Nelson will you help WTP bring all the facts to the American People by agreeing to sign WTP's National Petition?**

I left messages & faxes for you with Mary, assistant to your Chief of Staff, Pete Mitchell in Tallahassee on August 13, 2010. Mary informed they would try & set up a meeting in Jacksonville before I leave for Maine & MA on business. I appreciate this second opportunity to sit down with you at your earliest convenience & discuss our concerns face to face. I know you would much rather work preventing a nuclear disaster than responding to one.

Sincerely,



Stephen B. Comley Sr.

Founder of We The People Inc., of the United States

FLORIDA FAX COVER SHEET

Stephen Comley  
1518 Piper Dunes Place  
Amelia Island, FL. 32034

TO: Mary for U.S. Senator Bill Nelson & Pete Mitchell Chief of Staff for their review.

DATE: 8/9/10

NUMBER OF PAGES INCLUDING COVER SHEET (2)

FAX #:850-942-8450

TELEPHONE #: 850-942-8415

E-Mail:

FROM: STEPHEN COMLEY/Founder of WTP

FAX#: 904-277-0930

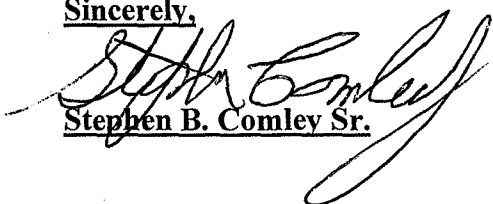
TELEPHONE#:Cell # 904-206-3114

E-Mail [jcomley43@att.net](mailto:jcomley43@att.net)

REPONSE REQUESTED: More media coverage of WTP work & background on including recent New York Times op/ed "We're Not Ready" article concerning the building of more Nuclear plants. David Lochbaum contributed to this Op ED piece who consults from time to time with our organization. Rep. Bean wrote a letter to me encouraging WTP to contact U. S. Senator Nelson & other elected leaders. See letter form NRC Inspector General, then David Williams to WTP but FBI never acting on the IG request & that wasn't the first time. See letter to FBI from then Chief of Staff, Leon Panetta. I have had some success in the past helping to pass legist ion in MA, ME & Florida. (Please review enclosed articles. "Bush signs condo reform Bills", "King spurs audit on State condo agency. Other articles on WTP with the Nuclear issue, Chattanooga Times Free Press, Houston Chronicle Nuclear agency: "Fair or too cozy with industry?" Daily News, "NRC reveals names of whistleblowers", AP, "Comley group slams NRC for issuing waivers, Keene Sentinel, Opinion Page Editorial "NRC lapses", The Christian Science Monitor, "Whistle-Blowers on Safety Risks Betrayed by Nuclear Agency", The Christian Science Monitor "US Audit Flags Gap in Nation's Nuclear Safety", Boston Sunday Globe "Court says NRC Critic wronged".

I look forward to our request to meet with U.S Senator Nelson in Jacksonville at his earliest convenience. Copy of this fax with enclosures sent to Ms. Michelle Barth the Senator's assistant in the Jacksonville office.

Sincerely,

  
Stephen B. Comley Sr.