

Proposed New York reactor closing puts 700 jobs at risk

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Seven hundred workers will lose their jobs if the plan to close a nuclear power plant in upstate New York goes through. This is further evidence that the privatization of the utilities is bound up with attacks on workers and customers.

The R. E. Ginna nuclear power plant, located twenty miles east of Rochester, New York, is slated to be closed by Exelon Corporation because the plant is not making enough profit. Described as an energy supplier and distributor, the Chicago-based utility took in \$24.9 billion in revenue in 2013. It says it must close the Rochester area facility because the plant has lost \$100 million from 2011 to 2013.

Exelon is demanding a massive rate increase to keep the plant open. If the plant is shut down it will cause a spike in demand, leading to power having to be imported to the grid from further away, pushing up rates anyway.

The workers at the Ginna plant are also in the beginning stages of making a decision on whether to be represented by the International Brotherhood of Electrical Workers union (IBEW).

IBEW Local 97 of upstate New York currently represents workers at two other nearby nuclear power plants located on the shores of Lake Ontario, Exelon-owned Nine Mile point reactors 1 and 2.

The IBEW, along with the state AFL-CIO, is conducting a campaign to urge the New York State Public Service Commission (PSC), which is responsible for regulating public utilities in New York, to approve the rate increase for Exelon.

Any rate increase will disproportionately hurt the area's working class and poor, who are already suffering from declining wages, lack of jobs and a rapid rise in poverty.

In other words, the IBEW is not seeking to mobilize

workers at the plant to defend jobs and fight for better wages and working conditions, but is instead seeking to prove its usefulness to the company by promoting rate increases that would attack the working class. Likewise, the union will not fight to defend the rights of workers at the plant. Instead the union officials are seeking only to increase their dues base, while offering management a means of suppressing the struggles of workers as wages, benefits and jobs are cut.

The Ginna plant was originally built by Rochester Gas and Electric (RG&E). It is one of the oldest nuclear plants operating in America, starting in 1970. The plant provides enough electricity for up to 400,000 homes.

New York State has six reactors. Exelon bought three of the plants from public utilities. The Energy Information Administration's (EIA) 2010 New York energy report stated that New York has over 30 percent of its electricity produced through nuclear power, with the national average being roughly 20 percent.

Exelon is using its ownership of vast amounts of electricity generation capacity to demand higher prices. As part of the closing process, the New York State Public Service Commission (PSC) ordered a reliability study to determine the effect of the Ginna closing on the electric grid.

The reliability study was undertaken by New York Independent System Operators (NYISO), a non-profit corporation whose board of directors consists of Wall Street and energy industry executives like the board chair, Michael B. Bemis, formerly a president at Exelon. The analysis of two separate years had confirmed an unacceptable loss of reliability, leading to blackouts.

As a result of the reliability study the PSC has ordered RG&E, a subsidiary of the Spanish-based multinational corporation Iberdrola S.A., to enter into

negotiations with Exelon to secure an acceptable contract.

The deadline to reach an agreement for RG&E and Exelon was January 15. The parties have asked the PSC for an extension to continue talks on whether customers have to pay more to keep the Ginna plant operating.

Exelon merged with Constellation Energy in 2012, creating one of the largest utility companies in America. There is very little information on how many workers were laid off due to redundancies created by the merger. But it is clear that the top executives were richly rewarded. Retired Exelon CEO John Rowe was paid \$23.5 million in 2012 for less than three months' work, and current CEO Christopher Crane was paid \$17.2 million in 2013. Exelon's revenue was \$24.9 billion in 2013.

This past April, Exelon announced another merger, declaring that it was buying the utility company Potomac Electric Power Company (PEPCO), which serves Washington D.C., and its subsidiaries, serving Maryland, Delaware and parts of New Jersey, for \$6.8 billion. The acquisition is expected to make Exelon the largest utility in the Middle Atlantic region.

The company has acquired 17 of the 100 nuclear reactors in the United States, making Exelon the largest operator of reactors in the country.

Four reactors in the US were shuttered in 2013 due to unprofitability. Two were reported as too expensive to repair, and the others—Vermont Yankee and Kewaunee in Wisconsin—were, according to their owners, not profitable because of competition from the currently lower-cost (due to the shale gas boom) natural gas plants.

Single-unit power plants like Ginna are vulnerable to being decommissioned because their small-scale operations are not as profitable for investors. The decommissioning process is expected to last decades. The trust funds, exceeding \$500 million, are funded by customer fees on monthly bills.

Plans were dropped for an additional unit to the three existing at Nine Mile point due to lagging demand caused by the ongoing slump following the 2008 financial crash. For the same reasons as those at Ginna, there is also risk of closure at the James A. Fitzpatrick reactor, which is owned by New Orleans-based Entergy.

Fitzpatrick was split off from the other two Nine Mile

point reactors, which are now Exelon assets. The three reactors were built by the public utility Niagara Mohawk, which was bought by British-based multinational National Grid.

The WSWS reported last October that at least an additional \$30 a month is expected to be added to utility bills in Massachusetts, to be used for expanding and upgrading of the distribution system for electric and natural gas pipeline companies.

The skyrocketing costs are linked to the closing of generation plants, including the recent closure of the Vermont Yankee nuclear plant owned by Entergy Corporation. The decommissioning at Vermont Yankee will last decades, at a cost that is estimated to reach \$1.25 billion.

A press release from the PSC on January 8 was forced to acknowledge some of the attacks on social conditions in New York. "The Public Service Commission has become increasingly concerned about the growing numbers of residential customers with overdue utility bills and consequent service terminations," according to the release.

Adding more hardship is the recent abnormally cold weather coupled with an unexpected falling of supply caused by unexpected plant shutdowns. These two conditions have led to a spike in the cost of electricity, and are fattening the bank accounts of the Wall Street financial parasites.

Further rises in energy costs in the Northeast are forcing people to make difficult decisions between the barest of necessities like food, medicine and utilities. Workers and the poor are faced with stagnating wages and cuts to heating assistance, leading to the use of hazardous alternatives that often lead in turn to preventable fires with injuries and deaths.



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