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Undue influence

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As money changes hands on Capitol Hill, is it lobbying or bribery?

By Linda Pentz Gunter

*In part two of our investigation into bribery and corruption in the nuclear power sector, we look at lobbying. Does it cross a fine ethical line of undue influence? And how does it really differ from the crimes committed by nuclear executives and corrupt politicians, as we detailed in our [July 2nd article](#)? This is the second part of a single article originally published in *Capitol Hill Citizen*, a print-only newspaper published by Ralph Nader, briefly updated for current events and republished with the kind permission of the editor. *Capitol Hill Citizen* comes out in print only. To subscribe or purchase single copies, [click here](#).*

The temptation toward nuclear bribery and corruption as we detailed in earlier stories on [Ohio](#), [South Carolina](#) and [Illinois](#), and [updated](#) on July 2, may prove not to be a unique event. The pattern of struggling nuclear power plant owners is countrywide, as the aging US reactor fleet becomes ever more uneconomical, even as owners seek second 20-year operating license extensions out to 80 years.

After a flurry of nuclear plant closures, mainly in the Northeast and Mid-Atlantic regions, new laws have changed the economic landscape and some plant owners are now making the grab for federal and even state subsidies to keep reactors scheduled for shutdown — or, in the case of Palisades in Michigan, already shut down — running for many more years.

But these subsidies may not be enough. And the owners of old reactors are not the only ones with their hands out.

So-called “new” reactor designs, most of which fall under a category known as Small Modular Reactors (SMRs), are likewise too expensive to fund unaided.

For example, even billionaire Bill Gates asked for and got what was effectively a “matching grant” from Congress for his company, TerraPower, to cover the at least \$4 billion cost of his proposed Sodium molten salt fast reactor. The US government has agreed to provide Gates with \$1.9 billion for the Sodium, \$1.5 billion of which will come out of the bipartisan infrastructure bill that includes \$2.5 billion for advanced nuclear reactors.



Bill Gates is getting a handout from the US government (i.e. US taxpayers) for his nuclear pipe dream despite being a billionaire. (Photo: [World Economic Forum](#)/Creative Commons)

The Inflation Reduction Act (IRA) already provides various incentives for new reactors, including a \$25-per-MWh production tax credit during a new plant’s first 10 years of operation, or a 30 percent investment tax credit for those plants that start operation on or after 2025.

But, as TerraPower CEO Chris Levesque, reminded the press in a November 2021 video call, “One important thing to realize is the first plant always costs more.”

Utah Associated Municipal Power Systems (UAMPS), has discovered precisely that. Of the Salt Lake City-based group of 50 municipal utilities in six Western states, 36 originally forged a deal with the Portland, Oregon-based small modular reactor manufacturer, NuScale, to explore construction of a commercial SMR production plant. But the costs are exploding.

NuScale, the only company to receive a federal design certification license for a small modular reactor so far, first projected a \$4.2 billion cost, which it revised in 2020 to \$6.1 billion. Today the estimated all-in construction cost stands at \$9.3 billion. The plant is to be built at the US Department of Energy’s Idaho National Laboratory site near Idaho Falls.

As prices began to climb from an initially estimated \$55/MWh, eight of the public utilities involved pulled out and the proposed nuclear project dropped from 12 modular units to six. By late 2020, the projected completion date had already been extended by three years.

The target power price estimates have since climbed higher, from \$58/MWh in 2021 to \$89/MWh today. That number factors in an approximate \$30/MWh subsidy from the IRA. Without it, the still volatile target price would be \$119/MWh.

One municipal representative described NuScale’s cost increase announcement as “a punch to the gut,” while another told his board of directors that the project will “probably fail” the economic competitive test.

So will Congress continue to stanch the bleeding by authorizing more federal funds through the IRA and other legislation in its determination to squander funds on slow, expensive new reactors that could take decades to arrive? Or could the deep pockets of a US oligarch like Gates present an overwhelming temptation to channel some off-the-books funding his way? Is there any reason to assume that members of the US Congress are any less corruptible than their counterparts in the statehouses of Illinois and Ohio?

Energy companies have a long history of powerful lobbying influence on Capitol Hill. In a 2014 paper for Princeton University, authors Martin Gilens and Benjamin I. Page observed that “it is well established

that organized groups regularly lobby and fraternize with public officials, move through revolving doors between public and private employment, provide self-serving information to officials, draft legislation, and spend a great deal of money on election campaigns.”

These groups, including lobbyists and executives from major energy companies promoting nuclear power, represent their own business and shareholder interests and rarely, as Gilens and Page noted, “the poor or even the economic interests of ordinary workers”.

With climate change mitigation very much on the agenda at the White House and in Congress, energy companies have ramped up their spending power and influence. This is particularly true of fossil fuel companies, who see in powerful Democrat, Senator Joe Manchin of West Virginia, an eager ally and pitchman. When Manchin successfully derailed climate change legislation in 2021, Jean Su, director of the energy justice program at the Center for Biological Diversity pointed out that “The fossil fuel lobby’s grimy fingerprints are all over yet another congressional deadlock on meaningful climate action.”



The fossil fuel lobby’s grimy fingerprints are all over Senator Joe Manchin. (Photo: Office of Senator Joe Manchin/Wikimedia Commons)

Su further told E&E News that “Manchin’s antics are solely for the benefit of a few obscenely wealthy companies selling polluting products that threaten the entire planet’s well-being,” and that “As the climate emergency escalates, this lobbying isn’t just immoral, it’s deadly.”

The Chicago-based company, Exelon, operates the most US reactors at 14, and has enjoyed similar open door access, particularly during the Obama administration. Future Chicago mayor, Rahm Emanuel, orchestrated the \$16 billion merger of Unicom Corp. and PECO Energy Co. that created Exelon Corp., and later became President Obama’s chief of staff. When offered the job, Emanuel immediately phoned Exelon CEO, John Rowe, for advice. Unsurprisingly, Rowe urged him to take it.

Exelon then enjoyed unprecedented access in Washington, DC, doubtless helped in no small part by John W. Rogers Jr., a top Obama fundraiser and Exelon board member and David Axelrod, Obama’s long-time political strategist and a former Exelon consultant.

In 2022, Exelon fielded 39 lobbyists to work the Congressional beat, according to Open Secrets, which also detailed the involvement of Exelon lobbyists in H.R. 4024, the Zero-Emission Nuclear Power Production Credit Act of 2021, introduced on June 21, 2021 by Democratic Representative Bill Pascrell, Jr. of New Jersey. The Act allows a new business-related tax credit through 2030 for the production of electricity from what it misleadingly describes as “zero-emission” nuclear power.

All of this is perfectly legal, of course, a kind of sanctioned corruption that allows the corporations with the deepest pockets and greatest access to broker the best deals for their interests, mainly those of shareholders, not consumers. This year, TerraPower’s director of external affairs, Jeff Navin, will be back on the Hill like Oliver Twist, asking for yet more to shore up the Natrium project, which currently relies on a fuel only produced in Russia.

But some nuclear company executives — and the compliant politicians who take their money — have seemingly crossed that rather blurry legal boundary between lobbying and bribery and are now facing the consequences.

Former Ohio House speaker, Larry Householder and his fellow conspirators were convicted for taking bribes in exchange for favorable legislation from FirstEnergy, which has paid a heavy fine. On June 29, [Householder](#) was handed down the maximum sentence of 20 years in prison. His co-conspirator, [Matt Borges](#), the former Ohio GOP Chairman, was sentenced on June 30 to five years in federal prison.

In South Carolina, the debacle over the canceled new nuclear reactors at V.C. Summer have seen SCANA CEO, Kevin Marsh go to prison for two years, while SCANA COO, Stephen Byrne received a 15-month sentence in March.

Two Westinghouse executives were also charged, although company executive, Jeffrey Benjamin, has walked away, for now, from all charges when the judge in August [dismissed the case](#), agreeing with defense lawyers who argued that negatively affected South Carolina ratepayers were improperly allowed on the grand jury, thereby denying Benjamin an unbiased jury. However, the judge did not prevent prosecutors from seeking another indictment against Benjamin if conducted properly.

In Chicago, former Illinois House Speaker, Mike Madigan and his long-time ally, former legislator and lobbyist, Michael McClain, were indicted on 22 counts in an alleged \$3 million criminal enterprise that included racketeering conspiracy, attempted extortion, bribery and other charges.

McClain was tried separately from Madigan, along with former ComEd CEO Anne Pramaggiore, former ComEd lobbyist, John Hooker, and former head of the City Club of Chicago, Jay Doherty. On May 2, all four were [found guilty](#) on nine different counts of conspiracy, bribery and falsification of records.

US Attorney for the Southern District of Ohio, David DeVillers, a Trump appointee, may be feeling vindicated by Householder's 20-year sentence. In July 2020, when DeVillers arrested the former speaker, he called Householder's crimes, "likely the largest bribery money-laundering scheme ever perpetrated against the people of the state of Ohio." And it made him angry.

"We've got people dying of overdoses of fentanyl, people stacked up like cord wood at a coroner's office," DeVillers said at the press conference announcing the arrests. "And we have to take *our* resources away from those real victim cases and investigate and prosecute some politicians who just won't do their damn job."

Householder created an enterprise, DeVillers said, that "went looking for someone to bribe them". But where does lobbying end and bribery begin? The fine line between Householder's orchestration of bribes for bills and the Capitol Hill lobbyists who pay for — and even write — them, is blurry indeed.

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