

Puerto Rico 'in Middle' of AEC Reactor Moves

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Puerto Rico seems to have become the innocent victim of some behind-the-scenes activities of the Atomic Energy Commission and the General Electric Co.

Information from authoritative sources in and out of Government, has produced this story: In 1956, the Puerto Rican Government followed up a suggestion made in a speech by Milton Eisenhower and entered into an agreement with the Atomic Energy Commission for the construction of an atomic power plant on the island.

The Senate-House Committee on Atomic Energy then advised the Puerto Ricans to come forward with a proposal for an advanced concept of a plant if they wanted congressional approval. The Committee wanted the U. S. contribution to the joint venture to do double duty by producing new data on reactor development as well as atomic power for the island.

New Concept Developed

The tiny Commonwealth thereupon retained the services of a leading reactor designer—Walter Zinn, president of the General Nuclear Engineering Corp. of Florida.

Zinn came up with a new superheat concept—a system for heating steam above the boiling temperature to improve the over-all efficiency. But General Electric was already working on this idea with its own funds. It had not been able to interest any of the utilities in spending money on a project, try as it might. The Puerto project appeared to put Zinn's company in an advantageous position.

As the matter stands today:

- Zinn's company probably will not get the money already authorized for the superheat reactor. This means that his firm will be squeezed out of this project and Puerto Rico will not get a reactor of this type.

- The AEC has called for industry proposals for the development of superheat reactors. This move opens the door for General Electric. The proposals are now in, but no announcement has been made on them by the AEC. Informed sources expect GE greatly to underbid

the handful of other bidders to get a research and development contract that will help support its work and establish its dominance in this type of reactor development. GE believes the superheat reactor will be the first to produce economic electric power.

Zinn was retained by the Puerto Rican Water Resources Authority in the latter part of 1957. By June of 1958, he had completed a preliminary study and submitted a proposal for a design study. The AEC gave him \$250,000.

Runs into Difficulty

By early 1959, Zinn's studies showed his design to be so promising that he went to the AEC for \$1.25 million of the funds they had pledged for research and engineering. However, he ran into considerable difficulty.

The AEC, it was reported, stalled and said it had decided to call for bids from the entire industry in order to be "fair."

It did so on March 6, setting April 20—last Monday—as the closing date.

The AEC did not list any specifications or sizes. It asked, instead, for research and development proposals on reactors of all sizes and designs. It was clear at this point that the AEC was ignoring the General Nuclear Engineering design study and starting from scratch.

AEC Gives Reasons

The maneuvers began to come to light at a Joint Atomic Energy Committee hearing last week. AEC Chairman John A. McCone told the Committee that the Puerto Rican project was being held up because the island was too distant for such an "exotic" project. When it was pointed out that Puerto Rico was closer to the AEC headquarters in Washington than other AEC sites in the United States, other reasons were put forth. Since the hearing, there have been still more.

One of the reasons given was the 10 per cent financial

participation of the Puerto Ricans. No one mentioned that this percentage was set by the AEC. Other reasons included such things as the inability of the Puerto Ricans to work with such a complicated reactor. The reasons look thin when joint projects with other countries are examined.

Informed sources said the move was obviously made to open the door for the General Electric Co. which had been spending a great deal of its own money and effort on superheat reactors but had not yet found a customer. G.E. was "beating the bushes" and using "the hard sell," they stated, to get the utility industry interested in its Project "Know-How" training reactor designs and its Project "Sunrise" power reactor designs. So far, it hadn't found any customers.

The giant corporation was promising atomic power plants that could compete with conventional power plants using coal and oil by 1970 and warned the utility industry the Federal Government would develop atomic power plants if they didn't.

Interested in G.E.

AEC was said to be interested in General Electric because it was a large company that had the resources necessary to do the job and because it appeared to have the support of the utilities.

By going along with GE, the AEC hopes to get what it has been fighting hard for these many years, it was stated—the development of atomic power by private enterprise at a suf-

ficiently rapid rate to keep the Federal Government from entering the field.

Under the Republican Administration, the AEC has been fighting a bitter delaying action against the Democratic majority on the Senate-House Atomic Energy Committee. The Democrats, on the other hand, have been pushing hard for Government sponsored reactor programs to keep this country from falling behind Britain and the Soviet Union.

The AEC and the Administration fear that a Government-sponsored program will lead to the irreversible entry of the Government into the electric power business. The Democrats on the Joint Committee scoff at the idea.

Committee Hears Complaint

There was another development at the hearings last week. On Tuesday, General Nuclear's president, Zinn, came to the hearing with the complaint that a \$1.25 million request to begin research and engineering had been turned down by the AEC. After the matter was brought to light, McCone promised Zinn \$2 million for research and engineering but made it clear that the award did not mean the reactor would be built.

Caught in the middle, at this point, are the Puerto Ricans. They are quite unhappy at the turn of events. The AEC action not only may bring some criticism from other Latin American countries but also may produce some apprehension in those nations around the world who are carrying on atomic power projects jointly with the United States.

The AEC indicates it will give Puerto Rico some type of reactor, but spokesmen for the island government state they will not be satisfied with a substitute unless it will enable them to produce electric power at a comparable cost—8/10 of a cent per kilowatt-hour—the present cost of electricity from oil-fired generating stations. Since Puerto Rico imports its oil from Venezuela, more than 500 miles away, it looks to atomic energy as a means of gaining greater independence and, eventually, cheaper power.

The cost of electric power in the United States varies with location from 1.0 down to 3/10 cent per kilowatt hour.