

Late Backup

A culture of secrecy persists at CPS Energy

Scott Stroud: Amid dithering over report, public trust continues to crumble

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After word leaked out in October that building two new nuclear plants might cost as much as \$4 billion more than had been publicly projected, Mayor Julián Castro expressed dismay at the city-owned utility's penchant for secrecy.

"The CPS Energy culture needs to shift towards greater transparency," he said.

He was right, of course, but the culture isn't shifting at breakneck speed. At this week's CPS board meeting, copies of the investigative post-mortem on what actually happened were passed out to Castro and the other board members behind closed doors and then rounded up afterward.

All the public received was a three-page, five-whereas resolution outlining the fallout at the agency and not explaining the reasoning behind it much at all. The board-approved resolution described a "good faith belief" on the part of CPS executives that the revised estimate wasn't formal. Everyone involved was absolved of "malicious intent."

That's all well and good, but no explanation was offered for Steve Bartley's resignation last week as interim general manager, nor that of Robert Temple as secretary to the board and a member of its nuclear team.

Temple's departure was announced, but not explained, somewhere after the whereases. The reinstatement of two suspended executives, Michael Kotara and Jim Nesrsta, was explained - and I use the word loosely - in a single paragraph apiece.

The mayor has said more than once that he favors full disclosure, but he pulled back after he and other board members saw the first version. That's likely because releasing it then would have given him a fair amount of heartburn.

On Thursday, however, Castro spokesman Jaimé Castillo said the mayor supports making both versions of the CPS report public.

That should happen as quickly as possible. Until it does, the mayor's push to oust CPS board Chairwoman Aurora Geis and board member Stephen Hennigan must be put on hold. To begin with, forcibly removing them from the board is legally problematic. Doing so before airing the results of the investigation would only compound the agency's credibility problem.

As for Castro's heartburn, the draft report criticizes him for meddling by meeting with NRG, CPS Energy's partner on the nuclear project, outside the purview of the board. More problematic from the mayor's perspective, the report chastises Castro's chief of staff, Robbie Greenblum, for being less than forthcoming about how he learned of the higher cost estimate.

That caused a dustup because Greenblum, in his interview with the report's authors, apparently hadn't been asked that question. City Attorney Michael Bernard demanded that they reinterview Greenblum and draft a new version, which hasn't been delivered to the board.

Perhaps sensing that the first draft might embarrass the mayor, Hennigan called for immediate full disclosure in a memo to fellow board members. The mayor has now moved to call his bluff, though he probably should have done so sooner.

Geis, meanwhile, has only added to the credibility problem at CPS, telling the Express-News this week that the mayor never asked her to resign. His office quickly produced a voicemail she left on his phone in which she discussed that very request.

All this leaves us with the same mess we've been in for quite some time: Trust in CPS is a shambles, the credibility problem seems to be spreading, and the shift to a culture of transparency can't happen soon enough.

CPS leak makes case for openness

Scott Stroud: A last-minute revelation about the nuclear plant costs strikes a blow for transparency.

By Scott Stroud

In the aftermath of this week's news that the cost of building two new nuclear plants in South Texas could rise by as much as \$4 billion, CPS Energy interim general manager Steve Bartley was in a contemplative mood.

"We are in an ever-changing world that demands more accountability and more openness about major decisions like this that affect many people's lives," he told the Express-News Editorial Board Thursday. "There's no doubt about that. And I have mentioned on more than one occasion that, from my perspective, we need to err more on the side of openness."

But if Bartley wants to be the force bringing light to darkness, he needs to realize - and soon - that CPS has a long way to go. This isn't the first time they've been caught being less than candid.

The purpose of Bartley's visit was to more publicly express regret that Mayor Julián Castro and members of the City Council had to learn about the cost increase through a back-channel leak only days before they were scheduled to vote on \$400 million in bond financing on the nuclear project.

Bartley's mea culpa seemed sincere enough, but it came with some startling revelations.

First, his main regret seemed to be the leak.

"What is unfortunate about how this has played out is that I believe that confidential information may have been placed in the public domain, in my opinion inappropriately, because we have had discussions with our partner and our contractor under cover of confidentiality."

Second, he admitted knowing as early as the summer that Toshiba Inc., the main contractor on the project, was talking about much higher numbers than the \$13 billion figure that had been paraded before the public all summer long - and didn't tell the mayor and the CPS board much more than that there were "gaps" in the negotiations.

CPS Board Chairwoman Aurora Geis, who accompanied Bartley to the meeting, stopped short of saying she was miffed by the lack of information coming from Bartley and CPS. Castro was diplomatic, too, but in a more pointed way.

"The CPS Energy culture needs to shift towards greater transparency," he said.

What's not clear now is whether Bartley would have let the City Council sign off on the \$400 million without knowing what was percolating if the information hadn't trickled out. Bartley said no, but he wasn't very convincing.

We've already seen CPS Energy shade the truth on other aspects of the project - how much of its recommended 40 percent investment in the project the city actually needed for its customers, for one, and the actual rate increase CPS would eventually seek.

At best, both were over-simplified, but in the end, they looked like fudges.

But the other significant revelation Bartley made Thursday was the "silver lining" he saw in all the turmoil. Without confirming the \$4 billion, he said Toshiba officials were concerned because the context was wrong, yet added, "it helps in the negotiations."

That may not be enough to settle the question of whether contracts should be hashed out in public. Still, it makes a better case than anything else Bartley said for erring on the side of openness.

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Melt down at CPS nuke vote

“Hey hey! Ho ho! We want clean energy and we want it today!”

It was made-for-TV outside and in CPS Energy’s downtown offices as dozens of protestors from Austin to Kingsville pumped up and down the street chanting, waving signs. They drew many honks of support from passing motorists and guarded stares from commuters at the opposing bus stop. The television cameras divided the turf and devoured the spectacle. But what worked for cameras in the street didn’t do so well indoors after TV crews abandoned the color shot to stake out positions inside the meeting room.

Upon entering the building, the protestors were stopped at the front desk. Though many had already signed up to address the board about their concern over CPS plans to invest in two new nuclear-power plants, the group found themselves instead being directed to a corner of the front hall where they were expected to observe piped-in proceedings on television. The meeting room, they were told, was full. They erupted.

About 30 minutes of bullhorn-enhanced chanting created a buzz in the boardroom, but only after the group rushed the double doors beyond the security stile did it get serious.

The suits had just finished praising years of faithful service and were preparing to talk pollution control devices when a security guard rushed into the chambers and slipped the deadbolt behind. Then came the muffled sound of pounding.

On the other side, CPS security officer Dan Akeroyd braced his leg against the first set of double doors. He joked about his new job description (official doorstep) before signaling to a colleague to phone the San Antonio PD.

“Are those the crazies from Austin?” asks a CPS employee. Another, clutching a minutes-old board award, asks after alternative exits, visibly shaken. “I’m not sure I’d get through there alive,” he says, as he’s escorted down a side hallway.

While a few “Austin crazies” peppered the bunch, the majority of these excluded are from San Anto. Others had driven up from Goliad and Kingsville, where uranium mining has already claimed the drinkability of several water wells.

“Let the CPS employees out, so the people can come in!” comes the repeated request from the other side.

As SAPD and Parks Police arrive, the utility’s deputy general manager appears with an offer: space in the media room adjoining the chambers with a complete view of the meeting, “But y’all have got to promise to behave,” says Steve Bartley.

Then as the nukes are taken up there is a long chain of objections to the utility’s plans (and a couple proud endorsements thrown in by the likes of the local manufacturer’s association) before the board disappears upstairs to, presumably, grant the masses the appearance of deliberations. Two hours and counting...

“Hey hey. Ho ho.”