

## **North Shore: Sunday – (Boston, MA ) Cover story**

*NOTE: This is the main piece of an investigative package that included six additional articles, two charts and three photographs. See New England Press Association announcement after text.*

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ITS ETHICS ARE IMPECCABLE, ITS OPERATIONS CLEAN, COMPANY OFFICIALS SAY. BUT IN COMMUNITY AFTER COMMUNITY, OTHERS CLAIM THEY ARE PAYING FOR WHEELBRATOR'S ...

# BURNING AGENDA

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**By Doug Herold**

North Shore: Sunday

The story is now commonplace at this end of Route 128: A company with a national profile arrives, with a boost for the local economy and a plug for the area's image as a corporate campus.

Yet even casual local observers might suspect that last April, Wheelabrator Technologies Inc. brought more to Danvers than 150 employees and a lease on 40,000 square feet at 55 Ferncroft Road.

The former New Hampshire company is known, after all, for its mammoth, some say troublesome, trash-burning plants in Saugus and North Andover.

A month of research by *North Shore: Sunday* has uncovered a contradictory picture: while industry and government officials are quick to back Wheelabrator's record, there is a preponderance of evidence suggesting poor marks on environmental and ethical issues. Newspapers, community leaders and environmental activists across the country have catalogued cases in which Wheelabrator's drive has burned not just garbage, but residents and the environment.

Cited:

- political maneuvers and relationships with government allegedly aimed at gaining favor for Wheelabrator's incineration projects and public bids;
- substantial ties to companies with debatable integrity - in particular Waste Management Inc., the country's largest disposal and landfilling firm;

- escalating garbage costs in communities where Wheelabrator incinerators have been built or planned;
- violations of air pollution limits;
- violations of hazardous chemical limits on ash;
- allegations of dangerous ash-dumping practices; and
- a disregard for dioxins, a group of carcinogens emitted by waste-to-energy incinerators.

Last year, a team of Fort Lauderdale (Fla.) News/Sun-Sentinel reporters tracked Browning Ferris Industries and Waste Management Inc. across 22 states. The result: a voluminous investigative series called "The Titans of Trash. "The two companies, according to the paper, had violated pollution laws, fixed prices and dumped toxic wastes. They had "taken control of nearly half the nation's private rubbish-removal market ... leaving a legacy of contaminated dump sites, soaring garbage collection bills - and nagging doubts about who will compensate the pollution victims."

The series touched on Wheelabrator Environmental Systems, (Wheelabrator's incinerator subsidiary), then developing a 2,250-ton/day trash-to-energy plant in Fort Lauderdale's Broward County. The project, incurring ever higher expenses, was barely a footnote to the story; Wheelabrator's Florida record hardly contained transgressions on the order of those committed by BFI. and Waste Management (or just "Waste," as it is called in the industry). But if BFI and Waste Management have earned the title Titans of Trash for their geographical scope (Waste Management operates in 46 states), Wheelabrator might well be called the behemoth of mass-burn incineration.

Originally Wheelabrator-Frye, the one-time New Hampshire company and a subsidiary called Rust developed a trash-to-energy incinerator in Saugus in the mid-1970s. Its purpose was two-fold - to provide backup, steam power for GE's Lynn River Works, while sending much of the North Shore's garbage up in smoke. Incineration, a popular alternative in the early part of the century, had all but died out by the 1960s, supplanted by landfilling. But the 1970sbrought a revival, typically in experimental and first-try plants like the Saugus facility, as disposal pressures increased the demand for alternatives.

Wheelabrator's initial - and continued - bid for the new market is a method called mass-burn in which pre-sorting of garbage is optional. Trash is burned in a furnace at a

temperature of 1,800 to 3,000 degrees, a level that destroys paper, cloth and petroleum products, but leaves metals and glass intact. Moisture is squeezed out of the refuse and oxygen added.

Heat from the burning garbage is used to drive a steam turbine, which can convert the energy into electricity, or leave it in steam form for delivery - as in the case of the Saugus facility until 1985. (Steam delivery stopped when GE's demand for it dropped; electricity is now delivered to New England Power.)

The process is said to reduce the volume of refuse by 90 percent or more. After the burning cycle, large pieces of metal are sifted out mechanically, while ferrous metal is removed from ash in a magnetic drum. The remaining ashes mixed with fly ash collected by one or more pollution control devices, then removed for disposal or, in experimental methods, reuse.

Since 1983, the Wheelabrator companies have been purchased twice and spun off twice. First, Wheelabrator-Frye was purchased by Signal Corporation, a diversified holding company. Two years later, Signal, in turn, was purchased by Allied Corp., becoming Allied-Signal. And half a year after that, it spun off 35 businesses, including Wheelabrator Companies, as The Henley Group.

In 1985, Henley spun off Wheelabrator Technologies - leaving it a similar, though much larger company, than Wheelabrator-Frye, the original. And last year, it re-established a majority ownership position, for tax and capital purposes.

The limited partnerships, subsidiaries and operating agreements created during the company's evolution have left Wheelabrator facilities connected with a confusing array of corporate pseudonyms, the acronym RESCO - or Refuse to Energy Systems Co. - being among the most common components of the incinerator plant operations, But echoes of other corporations show up too: Signal Capital, for instance, is a financing firm used by Wheelabrator that once was under the Henley Group, but last year was sold to Itel.

This might seem to make it distinct from Wheelabrator. But Henley spokesman Norman Ritter notes that it is still part of the Signal "extended family." After selling the subsidiary, Henley purchased 40-percent of Itel, bringing it -or a piece of it, anyway - back into the fold.

Signal Capital's connection to Signal Corp. has long since disappeared.

The name network has left some incinerator foes confused about corporate identities. Puzzles the Action Bulletin, a publication of the Arlington, Va., based Citizen's Clearinghouse for Hazardous Wastes Inc.: "First there was Allied and Signal; then Allied-Signal; then they spun off The Henley Group. Now they are spinning off these businesses again. Whod'ya sue?"

But the spin-off by Henley has grouped the waste-to-energy plants under a common parent with its own annual reports and business summaries.

Company officers say that in addition to other energy-related operations, Wheelabrator now owns, leases and/or runs nine mass-burn refuse-to-energy incinerators, has three under construction and is developing a dozen others (see chart).

The marketplace, which is authorizing more plants each year as landfills fill up and shipping prices threaten, seems certain to keep it wheeling in its business of choice.

Industry projections place the number of waste-to-energy plants - built by companies such as BFI, Blount, Westinghouse, Consumat, Ogden Martin and others - at 200 or more by the end of the next decade. By then, they will be burning no less than a third of the country's trash.

And Wheelabrator, which Managing Director for Technology Ronald Brogno says will keep up its pace of two new plants a year, already is undergoing considerable growth.

The company, which made an initial public offering last fall, recorded net income of \$25.1 million in 1987— up a phenomenal 519.2 percent from the previous year.

Refuse-to-energy is clearly a lucrative proposition for the company - an incinerator can generate \$100 million or more a year from tipping fees, electric sales and tax credits - but cities and counties where Wheelabrator plants have been built often find the operations don't exactly spout capital.

In fact, some Wheelabrator incinerators seem to be burning more money than garbage.

Last year, in a series called "The Rush to Burn," Newsday reported that the Wheelabrator plant in Peekskill - a 2,250 ton per day affair — has required numerous repairs since its startup in October 1984.

But the real pocket drain for the county has been its participation in electricity sales.

The county, eyeing a new source of revenue, signed energy-sale agreements with Consolidated Edison based on the utility's electric rates, which vary with the price of oil. The purchase price from Wheelabrator, however, was a guaranteed six cents per kilowatt hour.

The price of oil dropped, Consolidated's rates dropped, and the county ended up paying more than it was getting for energy — \$6 million in 1985, \$9 million in 1986 and \$14 million last year. Some towns dropped out of the contract.

The county, apparently, doesn't have that option.

In Broward County, Fla., where the News/Sun-Sentinel documented the effects of price fixing by BFI and Waste Management, incineration has proven an expensive proposition - and the plants have yet to be fired up. Wheelabrator and Waste Management won county bids to develop separate waste incinerators near Ft. Lauderdale, but with the affiliation of the two companies earlier this summer (see related story), both have become Wheelabrator projects.

Earlier this year, the county's tab defending the project bond sale hit \$3.5 million - which included legal fees as high as \$150 an hour.

The county, a circuit court judge ruled in February, mismanaged the financing move, selling \$521 million in bonds illegally.

Earlier in the project, Wheelabrator increased the \$214 million price tag on its plant, ostensibly because of changes in federal and state tax law and new environmental regulations requiring more stringent pollution control equipment. The homeowner garbage rate estimate, already pointing to an increase of \$74 a year, spiraled higher. And according to the Sentinel, Wheelabrator was less than diplomatic about its price hike.

"They've given us an ultimatum," County Resource Director Tom Henderson said. The choice: Pay up or can the project. When county officials balked at the increases, protecting their constituents' pocketbooks, Wheelabrator officials criticized them for stalling construction. "What we have here is somebody doing a little bit of posturing in public," Project Director Jack Ritsau said. "It sounds like they're trying to shift the burden for the delay." County Commissioner Scott Cowan disagreed: "We've got to get these plants up and operating. But we don't have to get them up and operating at all costs."

The projects are still tied up over the bond issue, but Waste Management Spokesman Bill Plunkett doesn't doubt the eventual outcome. The plants will be built, he says.

Peekskill and Broward County are not isolated cases; nor are expensive incinerators the trademark of Wheelabrator alone.

But the company isn't setting any cost-reduction records in the industry, either. In Kansas City, where Wheelabrator is developing incinerator plans with the local utility, resident trash fees could jump 50 percent or more if the plant is built, according to the city's manager of solid waste.

Claremont, N.H. - the "epitome" of a community that did not want a plant but got one anyway, according to incinerator opponent Dr. Paul Connett tipping fees were projected at \$25 a ton. The actual tipping fee ended up at \$48 a ton.

In North Andover, the projection was \$17 a ton, the reality \$51 ton.

Even in Concord, where there has been little resistance to the Wheelabrator plant under construction, tipping fee estimates have risen from the high teens/low twenties to \$30 a ton and more. Planners had been expecting to use the Concord landfill for ash, but discovered it was near capacity. An expensive new ash fill in Franklin is pushing up costs.

Incinerator expenses, some municipal officials say, are the necessary price of changing the country's disposal practices.

And Wheelabrator boasts that is helping its communities do just that - by recycling metal and other material, using ash for experimental paving products ~ and reducing the load on a dwindling number of usable landfills. But such lofty aims are secondary, of course, in the company's annual reports. In the 1987 version, any doubts about the company's primary mission are cleared up in a section titled "taxes."

"Although the loss of certain... tax advantages could increase the cost to customers of future projects, Wheelabrator does not expect the changes in the tax law to have a material adverse effect on its project development business.

In Voltaire's best of all possible worlds, such business motivations might mesh with the offering of a needed, quality service.

Wheelabrator officials suggest that's being achieved at more than one incinerator plant:

Wheelabrator's 2,250-ton/day incinerator in Baltimore apparently co-exists well with the adjacent neighborhood. The facility replaced a breakdown prone, experimental trash incinerator that had plagued the area with ash and odors for the better part of a decade.

Despite the escalation of expected tipping fees, Concord's neighboring towns are excited about the project, says Ron Ford, project director for the local consortium. Less than a dozen residents, all homeowners in proximity, have opposed it.

At the Bridgeport, Conn., plant that recently went online, the ash has set a world record for low dioxin content among incinerators burning domestic refuse, says Wheelabrator Spokesman Dave Tooley.

But serious unanswered questions loom over even the best mass-burn incinerators, according to environmental groups. And Wheelabrator, if it truly has some of the best, must also be held to some of the worst. Even Wheelabrator officials concede that the RESCO plant in Saugus - the company's first project - was an experiment of sorts, a place for them to refine mass-burn by trial and error.

Unfortunately for the town of Saugus, the residents have served as lab rats.

In a peculiar, 1978 article, the Lynn item reported without comment a study by the state Division of Air Pollution Control on "unesthetic" ash problems from the RESCO plant in Saugus. The study apparently came in response to resident concern over long-term effects.

Soot particles in the air, the DAPC said, measured 10 microns, large enough to be filtered out by the follicles of the nose and throat.

"Coughing, swallowing or blowing the nose essentially remove this material from the respiratory system," a spokesman said.

There was no mention of the reason why such large particles were coming out of the plant; nor did the article discuss the long-term effects of hacking up or sneezing out the ashes of burned garbage.

Interestingly, the article concludes by reporting that ash samples were taken from precipitators at RESCO, as well as from Lynnway Dodge in Lynn, where it had collected on cars. The fine, black chips described sound like those still collecting on swimming pools and cars and homes in East Saugus today.

Last spring, Joseph W. McCarthy, resource recovery manager for Metcalf & Eddy, testified before the Rhode Island Department of Environmental Management, and alluded to what might have been going on at RESCO about the same time the Lynn Item article ran:

"I know at Saugus RESCO they had a real acute problem with their electrostatic precipitators (pollution control devices) and they literally had to run the plant based on the direction of the wind. In other words, if it was blowing inland, then they had to reduce the load. If it was blowing out to sea, then they could run it to design.

Almost a decade after the Lynn Item piece, when Wheelabrator was trying to sell some wary residents in Millbury on another trash-to-energy incinerator, the Millbury-Sutton Chronicle took down Signal Resco spokesman Kevin Stickney's public explanation for the debacle in Saugus:

"Stickney readily admitted that Signal Resco experienced problems in technology, economics and environment, to the extent that it is known as the 'University of Resource Recovery, where we learned what to expect in this new business.

"Signal Resco had to learn many lessons the hard way, according to Stickney. He stated that one of the problems occurred because the plant was built according to European models where the question of pollution control is not a primary concern."

Millbury eventually ended up with its own \$150 million plant, equipped with Wheelabrator's supposedly space-aged pollution control equipment — dry scrubbers in addition to electrostatic precipitators. Nine months after it began burning the garbage of Millbury, Worcester and eight nearby towns, the Department of Environmental Quality Engineering found it was exceeding permit limits on emissions of carbon monoxide and sulfur dioxide (an ingredient in acid rain) - the latter by as much as 714 percent.

Residents had already complained about odor problems. And the plant generated a visible plume, which Wheelabrator officials had promised would not occur.

Air-born pollutants such as the ones recorded in Millbury are just half the problem at troubled incinerator plants. While the industry boasts of shrinking the trash flow by 90 percent or more, the result is a potentially more toxic, albeit smaller, amount of waste. Incineration doesn't destroy toxic metals, but releases them from waste material such as car batteries, for eventual adhesion to fly or bottom ash. Some of the worst of these include lead and mercury (potential neurotoxins), arsenic (a carcinogen), and cadmium (a

neurotoxin, carcinogen and mutagen). Worse still are dioxins, a group of probable carcinogens formed from the combustion of some plastics and wood. The Environmental Protection Agency, as the result of a lawsuit by the Natural Resources Defense Council, only recently began setting standards for dioxin emission levels.

Through its RESCO subsidiary, Wheelabrator has been dumping the ash from the Saugus incinerator near a saltmarsh, a practice the state considers "storage" (see related story). The company is now conducting a study of the practice, on DEQE orders.

In New York, environmentalists are playing more serious pool. In January, the Environmental Defense Fund filed suit in U.S. District Court, alleging the ash generated by the Peekskill plant constitutes "hazardous waste" under federal law, and that by depositing it in an ordinary landfill, the company is violating the Resource Conservation and Recovery Act.

The suit makes the same allegation about a Chicago incinerator operated by Metcalf and Eddy. The Sprout Brook Landfill in Westchester, which received some 165,000 tons of ash from Peekskill a year, was shown in independent tests to contain lead ~ at a level 500 times the allowable federal hazardous waste level, according to Connett's New York based group, Work on Waste. The group's report said children have been seen riding motor bikes on top of the fill.

Ash from the Claremont, N.H., incinerator failed EP (extraction 1- procedure) toxicity tests for lead and other toxic metals during several months in the spring of 1987.

And Connett believes the testing program for the ash has inherent problems.

"If the samples fail, that's an indication for them to do the test in more detail. Meanwhile, the ash (from which the sample was taken) is buried, and a new batch is sampled for more tests. People who are interested in protecting the environment are in a no-win situation. Either way, the ash keeps going into the landfill."

The ash from the Claremont plant is tested by an independent laboratory, but Wheelabrator pays for the work.

"To believe the tests, you have to believe the company is giving the lab real ash samples that came from the plant.

There are so many places where a company could fiddle with the results ...

"That's a cynical way to look at it, a suspicious way, but it reflects the enormous amount of money that's involved."

Broglio's response: "That is a very dangerous statement to make ... We have to adhere to the same testing protocol in all states. And for us to screw with that process would be suicidal."

But it's not the first time Wheelabrator's integrity has been questioned.

Critics of waste-to-energy have called Wheelabrator's Peekskill, N.Y., incinerator "the sweetheart deal of the country" because of its advantageous terms for the company. And the suggestion of a relationship between county and company was raised in January 1985, when Westchester ordered an independent counsel to investigate the recruiting practices of Signal - developer of the project - as they related to county personnel.

As deputy commissioner for solid waste in Westchester County, Edward Davies helped implement a garbage incinerator plan that eventually resulted in the 2,250-ton per day Wheelabrator incinerator. When emission tests performed in July 1984 showed the plant was releasing excess sulfur dioxide and nitrogen oxide, he negotiated a relaxation of operating permits with the EPA. The alternative: Install dry scrubbers, a multimillion project.

During the same period, Davies had conversations with Signal about possible employment. In 1985, he went to work for the company.

Soon after Davies' employment, Alfred DelBello, a former lieutenant governor of New York and a former Westchester County executive, was hired at Signal by Paul Montrone, now CEO and managing director of Wheelabrator Technologies.

When the hirings caught attention of the county legislature, Westchester commissioned an investigation that eventually produced a four-volume analysis of recruiting practices and problems at the Peekskill plant, including traffic flow and lack of capacity.

The reports cleared Davies and DelBello of wrongdoing, the latter because his employment discussions occurred long after his term with the county.

Still, the report was not without criticism:

"Despite (the) finding that Davies was not corrupted, we believe that Davies' discussion of employment with Signal reflected poor judgment and was violative (sic) of the spirit of the

county's conflict-of-interest statutes." Peekskill, meanwhile, was left with an expensive proposition.

In 1984, Roan Creque studied Wheelabrator-Frye's tax windfalls from the Peekskill project for the legislature of the U.S. Virgin Islands, which was then considering its own incineration program.

The Inter-Municipal agreement between the participating communities and the company, Creque said, allowed Wheelabrator-Frye to assess unpaid fees and charges against "the real property within the boundaries of the participant," or town.

"The county," Creque concluded, "together with Wheelabrator-Frye, arranged to have each town 'hock' the family farm each time the taxpayer's garbage can is emptied. This is how, according to county officials, 'Wheelabrator-Frye will take upon itself to build and operate this project at its own risk.'"

In 1984, Allied-Signal (a short-term owner of Wheelabrator) hired Brenda Davis away from the New Jersey Department of Environmental Protection, where she had worked for two years under Commissioner Robert Hughey, encouraging private industry to invest in garbage incineration. Two years later, she returned to state government as director of policy and planning.

There are now 18 incinerator projects by a variety of companies under development in New Jersey.

Alden Howard, an electrical engineer in the incinerator division of Signal, was appointed by New Hampshire Gov. John Sununu to head his new Department of Environmental Services in 1986 - less than a month before the subordinate Air Resources Agency approved the 200-ton per day incinerator in Claremont. Criticized about the decision by state Democrats, Sununu — referring to the upcoming election — quipped "'Tis the season."

A state executive council found Howard qualified, although members questioned his inexperience in state government and his ability to regulate an industry for which he had worked.

In the spring of 1986, New York City Mayor Ed Koch ordered an investigation of former city Sanitation Commissioner Norman Steisel. Steisel — involved in the New York's selection

of Signal to build a 300-ton per day incinerator in Brooklyn - left the government to work for Lazard Freres, described by the New York Times as a "longtime financial adviser" to Signal Environmental Systems.

Deputy Mayor Alair A. Townsend enjoined Lazard Freres from underwriting the project bonds "to avoid any appearance of a conflict of interest."

Dan Brogho, managing director for technology at Wheelabrator, says firms involved in public bidding often hire consultants or lawyers without realizing their employees might have public-service backgrounds. But Connett is suspicious of these coincidences, and those at other incinerator companies.

"Most of the highly paid consulting firms brought in by communities to advise them on their solid-waste crisis appear to be acting as rubber stamps for the mass-burn incineration industry. Their endorsement of the industry shouldn't really surprise us, since many of the consultants come from the same stables as the incineration industry itself," he says.

David L. Schmitt, general counsel for Wheelabrator, says he knows of only three instances during "Wheelabrator's 20 years in the industry" in which there have been employee moves between the company and local or state government - those involving Howard, Davies, and DeBello - and he asserts the executives' integrity in all three. But in the past, Wheelabrator, under prior corporate structures, conceded very definite political aims. In 1986, the Albany Times Union reported far-flung contributions by company-operated PACs.

Another move - again in New York City - was less subtle.

Ruling on a 1986 suit brought by the New York Public Interest Research Group, a state supreme court justice blocked the state from holding hearings on the Brooklyn incinerator project under an arrangement in which Signal was to pay the salary of the presiding administrative law judge.

"At the very least," state Justice Irving Kirschbaum wrote, "the situation at hand presents an appearance of impropriety and involves the potential for a conflict of interest."

Conflict of interest is not one of Brogho's worries. In fact, he and Tooley say their interview with *North Shore: Sunday* is the first time they have heard it alleged. Wheelabrator's real

problem, they say, is NIMBYism, or the Notin-My-Backyard syndrome that supposedly arrived on the American scene some time last year or the year before.

Siting, Tooley says, is the most difficult process involved in developing a waste-to-energy plant. Connett agrees. In the past two years, he says, community opposition has stopped no less than 50 incinerator projects around the country.

"NIMBY is the new word that people in government and industry have for the democratic process. They just can't deal with it," Connett says.

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