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Federal Diary

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FBI Denies Authorizing Vepco to

By Phil McCombs

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The FBI denied yesterday that it approved for public release a statement issued by the president of the Virginia Electric and Power Co. about a criminal investigation at a Vepco construction site.

Vepco President Stanley Ragone issued the statement at a hearing Sept. 8, saying under oath that the statement "has been approved by the FBI." "It was reviewed by our people with them [the FBI] to make the statement," Ragone testified at a State Corporation Commission hearing on Vepco's request for a 25 percent electric rate increase.

Charles P. Monroe, the FBI agent in charge of the agency's Richmond office, said, "We've never commented

on the allegations" in the case and "never named any sources" of the allegations.

Both the allegations and the source were contained in the statement Ragone read under oath to the commission. He named the source of the allegations of "inferior materials and poor workmanship" at Vepco's pumped storage plant in Bath County near the West Virginia line as the National John Heavy and Highway Construction Committee, a labor organization that is trying to unionize 2,000 workers on the site.

"As far as the committee is concerned, we didn't want to publicize that we went to the FBI," said Terry G. Bumpers, administrative assistant for the labor organization. "It's scary to think how much power Vepco has

in that state... Do they have access to the FBI records? If so, then I'd like to see them [too]."

Ragone said in the Sept. 8 statement that the union organization "claimed they have interviewed about 300 people, ex-employees primarily."

"The FBI has located many of the alleged witnesses and interviewed them. No information has been developed that indicates that any of the alleged witnesses—has any direct knowledge of any wrongdoing by anyone on the [construction site]."

"Vepco is cooperating fully with the FBI in attempting to bring this matter to a logical conclusion."

After he left the witness stand later on Sept. 8, Ragone said to a reporter that the statement had been "reviewed and said correct by the

FBI. It's the FBI statement. "At the same time, Vepco public relations personnel were going around the SCC courtroom handing out typed copies of the statement."

When a reporter first called Monroe yesterday, he said, "I don't recall at all approving any such statement."

He said he is the top agent in charge of the investigation and added that "I can't imagine" who else in the agency might have issued such a statement.

Later yesterday Monroe telephoned The Washington Post to say that he had just talked with Vepco and thought the story "May be getting out of proportion."

"The information that Mr. Ragone gave is essentially correct, he said. It's just that we the FBI had not made

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that information public . . . I sat down with [Vepco's] director of security, Mr. Parker, on Sept 6 and we discussed the status of the investigation, and he wanted to be in a position to brief his president.

"If there was a misunderstanding, it was on how much we may have thought was proper to discuss publicly."

Sarah Demarest of Vepco's public relations department in Richmond said that the "Mr. Parker" referred to by Monroe is Walter Parker, Vepco's director of security.

Asked for Vepco's comment on Ragone's statement, Demarest said, "It was information that had been cleared by the FBI in the event that the question came up. It did. We used it."

A spokesman at FBI headquarters in Washington said, "We never put out a press release on an active case. We do when we're finished."

Monroe said yesterday that the investigation at the Bath County site is "still underway. We're still conducting some interviews [and reviewing] records." He said it will be two weeks before the FBI presents its findings to the U.S. Attorney's office, which will decide whether legal action should be taken against anyone.

Faye Ehrenstamm of the U.S. attorney's office in Roanoke, which has jurisdiction in the case, had "no comment" on the statement.

The Sept. 8 statement read by Ragone had named the U.S. attorney's office in Roanoke as the initial place

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where the labor organization had "made a complaint . . . on or about June 18." Bumpers said that Ehrenstamm was the assistant U.S. attorney to whom he had talked in making allegations of waste and mismanagement at the project. "FBI policy is not to make a statement in an ongoing investigation," Bumpers said. "I guarantee you, [Ragone's Sept. 8 statement is] wrong and if the FBI said that, they're wrong." Bumpers said they

were "wrong" in the sense that the labor organization can come up with witnesses to substantiate the allegations.

The \$751 million Bath County plant, scheduled for completion by 1983, has been a target of criticism by opponents of Vepco's rate increase request. Opponents say that if the company managed its present plants more efficiently, its \$600 million-a-year construction program could be trimmed and a large rate increase would not be needed.