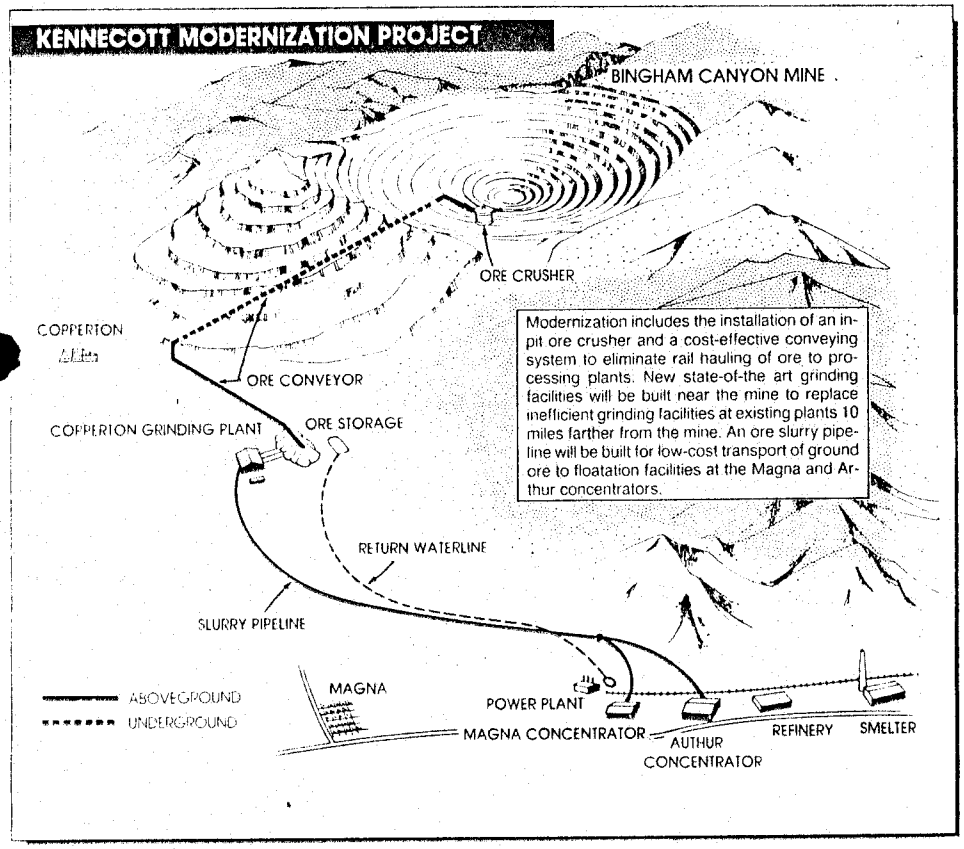
136th YEAR — NO. 196 SALT LAKE CITY, UTAH TUESDAY, DECEMBER 3, 1985



Modernization includes the installation of an in-pit ore crusher and a cost-effective conveying system to eliminate rail hauling of ore to processing plants. New state-of-the art grinding facilities will be built near the mine to replace inefficient grinding facilities at existing plants 10 miles farther from the mine. An ore slurry pipeline will be built for low-cost transport of ground ore to floatation facilities at the Magna and Arthur concentrators.

Kennecott planning to reopen its copper division by mid-1986

Will modernize, seek labor concessions

■ *Reaction stories on A-2.*

By Larry Weist
Deseret News business writer

Kennecott could be back to work by next spring.

Kennecott President G. Frank Joklik said Tuesday the copper company will invest $400 million in modernizing its Utah Copper Division and will seek labor concessions early next year that will allow it to reopen its existing facilities by mid-1986. The modernized division will be opened by the end of 1988, regardless of union concessions, making a non-union labor force possible.

Joklik said once Kennecott is fully operating again the total work force would be about 2,100 employees, some 400 fewer than the total number employed when the shutdown was announced last March.

In the surprise press conference early Tuesday, Joklik said, "Even though a lot of people didn't believe us, we said we would reopen someday."

On March 26, Joklik announced that the company would indefinitely close its Utah operations. Some 2,500 Kennecott workers lost their jobs by the time the shutdown was complete in September. The state's economy lost the company's $100 million annual payroll.

When Kennecott announced the complete shutdown of the Utah Copper Division last March, Joklik cited two reasons: low copper prices causing losses of about $25 million a quarter and a failure to offset losses through labor cost reductions. The modernization is expected to cut Kennecott's production costs by more than 20 cents per pound, he said.

Kennecott and other western copper producers met with their unions last January for a week, but talks broke down when the two sides couldn't agree on labor concessions.

"We did say at that time, and I'm aware that there were quite a few people who did not believe us, that copper production at Utah Copper would resume. We were not able to put a time frame on that, and the reason for our conviction was that the mine out there still contains one of the best copper ore bodies in the world, and we knew there would be renewed copper production provided the production costs could be reduced to a reasonable level," Joklik said.

"And we said at that time that we would complete the planning for the replacement of the antiquated facilities at Utah Copper. Not only have we completed the planning, but we have obtained the approval from our parent company, the Standard Oil Co. of Ohio, to proceed with a major engineering and construction plan." The modernized Utah Copper Division will be capable of processing 77,000 tons of ore per day, about 26,000 tons per day less than the capacity of the division before it shut down.

Two-thirds of the $400 million will be spent to replace the old ore reduction facilities at the Magna, Arthur and Bonneville concentrators, Joklik said. "We plan to build a new mill at Copperton which will be equipped with the latest state-of-the-art semiautogenous grinding mills and ball mills. This new mill will be fed from the mine with a new in-pit crushing and conveying system. The ground ore from the new concentrator will be transported to the flotation facilities at Magna and Arthur through a slurry pipeline replacing the existing high-cost rail operations.

"The implementation of this project demonstrates the dedication of Sohio to Kennecott, but I believe we also have to do our part by reducing costs further, and I'm referring particularly to labor costs. And with that in mind, we plan to initiate negotiations with our unions early next year.

See KENNECOTT on A-2

Here are project's major components

Kennecott's $400 million modernization project at its Utah Copper Division will employ 1,200 construction workers at the peak of construction in 1987, according to Kennecott officials.

The major components of the project are:

■ A 60-inch by 109-inch gyratory ore crusher installed within the pit of the Bingham Canyon mine. The crusher is designed to be movable and will be relocated in the mine as a function of the mining plan.

■ A five-mile conveyor belt system will move the ore from the mine to the new grinding facilities one mile north of Copperton. The 72-inch main ore conveyor will exit the mine through an existing railroad tunnel at the 5,490-foot level.

■ The grinding plant will consist of a coarse ore stockpile and a grinding building, which will house three grinding lines, each consisting of one semiautogenous grinding mill (34 feet in diameter by 15 feet long) and two ball mills (18 feet in diameter by 28 feet in length).

■ Two pipelines will be constructed between the Copperton grinding facilities and existing Magna and Arthur plants. A 48-inch concrete line will move the ore slurry from Copperton to the flotation portion of the Magna and Arthur concentrators. Reclaimed water from the tailings

See COMPONENTS on A-2

NASA chief, 3 former colleagues at General Dynamics are indicted

LOS ANGELES (UPI) — NASA Administrator James Beggs and three former col-

The indictment alleges that the four managers at General Dynamics' Pomona Divi-

"The issue is a highly sophisticated regulatory and accounting matter which should be

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REPORT

0003

Economic index up 0.3%

The government's main forecasting gauge of future economic activity rose 0.3 percent in Oc-

bold move.

"Kennecott's modernization is is the best economic news the valley will receive in 1985. It is a bold move on Kenne-

about this way."

Kennecott will still be employing only a fraction of what in better years.

opportunity Tuesday to demonstrate its faith in the U.S. copper industry.

"W vote on the textile trade act, containing provi-

park," he sai
for years. "I'
live in West

PHOTOGRAPHY/ GARRY BRYANT

Kennecott President G. Frank Joklik announces plans to invest $400 million in copper division.

Kennecott planning to reopen copper division in spring of '86

Continued from A-1

Now, whether or not the existing facilities out there will be operated prior to the completion of the modernization project in 1988 will depend, to a large extent, on the outcome of these labor negotiations," Joklik said, adding he would not comment on whether the company would reopen the modernized copper operation with non-union labor.

The modernization of Utah Copper Division and the reduction of labor costs are the two key elements of Kennecott's turnaround strategy, Joklik said. "We are breaking even at our copper operations in Arizona and New Mexico. We believe that once the modernization is completed and the labor cost reductions are in place, Kennecott will be a mining company with a long, profitable future."

Once the modernization is complete, and if the company gets its labor concessions, it should be able to compete with most of the world's copper producers, "and we anticipate being able to operate the modernized facility under any foreseeable economic circumstances."

Joklik said Kennecott will negotiate in good faith with its 14 unions in to replace the contracts expiring June 30, 1986. But he said the Utah division would operate once the modernization is complete regardless of whether the company has new contracts with its unions. In Albuquerque, Kennecott and the other copper companies asked for concessions amounting to about $6 per hour. The unions said they were willing to give up between $4 and $4.50 an hour.

Even as it was laying off copper workers, Kennecott was going ahead with its plans to bring its turn-of-the-century operations into the 1980s. The company sought zoning changes that allowed it to build a new ore concentrating plant one mile north of Copperton. When it sought the zoning changes, Kennecott said it expected the concentrator to be ready to operate in 1988.

The new concentrator was to replace the Magna concentrators built in 1904, the Arthur concentrator built in 1906 and the Bonneville concentrator built in the mid-1960s.

The company also received zoning approval in December 1984 for construction of the conveyor that would bring ore to the new concentrator.

"This investment coupled with reduced labor costs will enable the Utah division to be one of the lowest cost copper operations in the free world. Labor costs are presently too high and during our labor negotiations next year, we will address that situation. In further efforts to reduce operating costs, Kennecott's staff organizations are being streamlined in the context of a Sohio-wide review," Joklik said.

Joklik blamed heavy financial losses, depressed world copper prices and uncompromising unions for the closure announced in March. Kennecott lost an estimated $40 million in the first quarter of 1985.

Although the copper workers were stunned by the closure, they were not surprised. In June 1984, the company announced it was cutting back its Utah operations by two-thirds unless union negotiations brought a substantial cut in labor costs. When that did not happen, 2,000 Kennecott workers were laid off, bringing the total work force to 2,200.

The company had been scaling down its labor force since the beginning of the decade. In 1981, Kennecott had 7,400 employees and a $250 million annual payroll, but the last time Kennecott earned a profit was 1980.

The company's closure has been hard on Kennecott families, especially younger copper workers who saw their dreams for a home of their own and a comfortable income disappear. Many lost their homes and faced divorces.

However, the shutdown did not hit the state's economy as hard as it might have. While the state's largest employer for several years, Kennecott never had more than a 3 percent share of the labor market.

When Joklik made his announcement in March, he emphasized that the shutdown was temporary but could not say how long that might be. The company president said lower labor costs combined with better market conditions, more efficient production and balanced environmental regulations could speed up the reopening.

Ex-workers greet news with suspicion or indifference

By Lee Davidson
Deseret News staff writer

Many former Kennecott workers received the news Tuesday of Kennecott's planned modernization and reopening with suspicion and indifference.

Union members said the the shutdown and modernization is a scheme to break Kennecott's several unions. Others, weary of the ups and downs of copper, said they no longer care what happens to the company.

"Personally, I think they're trying to break the union," said Bill Privett of Kearns, who retired before the shutdown after 42 years of work at Kennecott's Magna mills. "But I'd still like to see them reopen to provide jobs for some of the younger guys."

"When SOHIO bought Kennecott, it was like they wanted it just as a tax writeoff," Privett said. "They even brought in new bosses that didn't even know how to grind rock at the mills."

His brother, Alvin Privett, who also retired after 41 years at Kennecott, said he hates to see the company ask for concessions from the union to reopen at the same time implying it may open up as a non-union company if negotiations fail.

"We fought long and hard for what we got. I hate to see the men give up too much to reopen. I think 95 percent of the people in Utah owe the benefits and wages they have now to the employees at Kennecott. No other companies gave them until we went out on strike for months to fight for them."

Still, Alvin Privett thinks modernization is needed and in fact long overdue. "The machinery they have is obsolete. They should have started a plan for modernization 20 years ago."

Ex-Kennecott employee Ivan Davenport, who lives near the Privetts, said even if modernization is needed, it is another tool to help break the union.

"They are using modernization so they can operate with fewer men." He said plans such as using an in-pit ore crusher, shipping the ore via conveyor belt to a concentrator and then via slurry pipe to smelters in Magna will cut out the need for the Kennecott railroad and many of its truck drivers.

"I think they just want to break the union, get the wages down and cut out jobs," Davenport said.

Bob Anderson, who operated heavy machinery at Kennecott until he was laid off in July 1984, isn't as concerned about the union issue as he was that some people might get to return to jobs they had worked at for years.

"I'll keep my fingers crossed and hope it'll do me some good."

Anderson, who works for a non-union company now, has mixed reactions to going back to work at a union-free Kennecott.

"It doesn't matter much. I manage to get along either way," he said. "I don't get rich, but I get by."

Tom Hoover of Kearns expressed the feelings of many former workers.

"I really don't care what Kennecott does any more." He received a partial retirement from Kennecott and said no matter what happens it is unlikely he would ever work for the company

Appeals get broa over co

WASHINGTON (AP) — The
preme Court Tuesday gave fed
appeals courts broad power to o
rule state judges who decide that
fessions in criminal cases were g
voluntarily.

By an 8-1 vote, the justices ord
a federal appeals court to conduc
ditional hearings to determine wh
er a New Jersey man was coe
into confessing to a 1973 murder.

Justice Sandra Day O'Connor, w
ing for the majority, said a findin
a state court that a confession
voluntary should not be presu
correct.

"The ultimate question whether
der the totality of the circumstan
the challenged confession was
tained in a manner compatible
the requirements of the Constituti
a matter for independent federal
termination," O'Connor said.

The court ordered further hear
in the case of Frank M. Miller,
victed of murdering Deborah Ma
lin, 17, on Aug. 13, 1973, near her h
in East Amwell Township. Her
was found in a creek, her throat
breast cut.

Miller, who had been convicted
viously of carnal abuse, was
tioned for about one hour by a
police detective who told the sus
"I want to help you, because you a
my mind, you are not responsible

The detective promised to
Miller "proper help" wit
psychiatrist.

Miller gave increasingly dama
statements and passed out
confessing.

The New Jersey Supreme C
ruled that the confession was vo
tary and said the detective's "frie
cop" approach did not violate Mil
rights.

Miller was told that he was ent
to a lawyer and any statemen

Aquino

Continued from A-1

special election to pick a single ca
date for a regularly scheduled vo
1987. A split opposition is regarde
a major benefit for Marcos.

Calling herself "the best known
tim of Marcos' long list of victi
Aquino said she would offer hop
the 1.2 million Filipinos who si
petitions urging her candidacy.

On Monday, Marcos reinstated
bian C. Ver as armed forces c
hours after a court acquitted the
eral and 25 others in the 1983 ass
nation of Aquino's husband, who
been Marcos' main political foe.

Three civilian judges said in
90-page verdict that Rolando Gal
a purported communist agent, k
Benigno Aquino on Aug. 21, 1983, a
Manila airport. Aquino was retur
from voluntary exile in the U
States. Soldiers escorting him im
diately shot Galman.

The court rejected a year of inv
gation by a fact-finding board

Components

Continued from A-1

pond, together with make-up water, will be pumped back to the grinding

Quebec gives quietus to separatist notions