Federal Energy News
Federal Energy Administration Washington D.C. 20461

FOR IMMEDIATE RELEASE SEPTEMBER 8, 1975

ZARB ASSAILS CONGRESS FOR INACTION ON MANDATORY BUILDING STANDARDS

"Congress has once again failed to come to grips with the difficult decisions which must be made if the Nation is to have an effective and meaningful energy conservation program," Federal Energy Administrator Frank G. Zarb today said following the House of Representatives' rejection of the Administration's proposal for mandatory energy conservation standards for all new residential and commercial buildings.

The House today passed H.R. 8650, the Energy Conservation in Buildings Act of 1975, but turned down the Administration - favored mandatory building standards.

Zarb congratulated the House for acting on a very critical issue but expressed disappointment regarding the rejection of mandatory standards.

"The Congress has repeatedly criticized the Administration for relying on increased energy prices as the sole means of achieving energy conservation. As an alternative, Congress has advocated the adoption of mandatory energy conservation measures. However, when given an opportunity to enact building energy conservation legislation, the House chose to reject the Administration's mandatory proposal and to pass instead a bill that is little more than a resolution urging State and local governments to voluntarily conserve energy in new building construction."

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01856, 03010, 03144, 04004, 01732, 05888, 08936, 07032, 18288, Title II of the bill passed by the House calls for the Federal development of minimum energy conservation standards for new residential and commercial buildings. The bill, however, would not require the adoption of these standards by State and local code jurisdictions. The Administration's proposal, Title X of H.R. 2633, contained provisions which would have ensured adoption by forbidding Federally regulated or insured financial institutions to make loans for the construction of buildings in any area that had not adopted the standards within the prescribed time limits.

The Administration's proposal has received the support of numerous environmental and consumer groups, as well as the National Governors' Conference.

While Mr. Zarb criticized the House action on Title II of H.R. 8650, he commended the House for adopting Title I, the Weatherization Assistance Act. This title is for the most part identical to a proposal made by the President in his January 1975 State of the Union message. If enacted into law, the bill would establish a program to install insulation and make other energy conserving improvements in homes occupied by low-income persons. It would authorize $55 million for the Weatherization Program each of fiscal years 1976, 1977 and 1978. This level of funding would permit approximately 450,000 homes to be winterized each year.

"Although I welcome the passage of the Weatherization Assistance Act," Zarb said, "there remain numerous other critical energy conservation bills which await Congressional action. The House action on building standards clearly indicates that Congress has still not come to grips with the difficult decisions which must be made if we are to establish an effective energy conservation program. I hope that the Senate, and ultimately the Congress as a whole, will approve legislation that will ensure that acceptable building energy conservation standards are adopted by State and local governments."

-FEA-

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Press Room: 964-3538

Media Contact: Jim Merna

E-75-297

01732

Federal Energy News

Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE SEPTEMBER 12, 1975

FEA DEFERS COLLECTION OF IMPORT FEES

The Federal Energy Administration today announced that collection of supplemental import fees incurred on imports in July, 1975, originally due August 31, 1975, will be deferred until September 30, 1975.

On August 15, 1975, the President announced that he would indefinitely suspend the $2 supplemental fees on petroleum imports if the Emergency Petroleum Allocation Act was not extended beyond August 31, 1975. Thereafter, the Federal Energy Administration announced that collection of the supplemental fees due August 31 for imports made during July were to be deferred for up to fifteen (15) days pending Congressional action on an extension of the Act.

Wednesday, the Senate sustained the President's veto of S. 1849, which would have extended the Emergency Petroleum Act for six months. However, because the Congress has under consideration several bills which would extend the Act for a short term to allow Congress time to adopt a gradual decontrol plan, a short extension is still a possibility. Pending resolution of this situation, FEA will further defer collection of July import fees until September 30, 1975.

-FEA-

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Press Room: 964-3538

Media Contact: Ed Vilade

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Federal Energy News

Federal Energy Administration
Washington
D.C. 20461

FOR IMMEDIATE RELEASE   SEPTEMBER 15, 1975

FEA PROPOSES FINANCIAL REPORTING REQUIREMENTS FOR PETROLEUM COMPANIES

The Federal Energy Administration today proposed that "all petroleum refining companies and a random sampling of producing and marketing firms" be required to submit annual detailed statements on their financial operations.

According to Federal Energy Administrator Frank G. Zarb, the proposed reporting requirements would help provide to the public and Congress "comprehensive, consistent, and up-to-date information about the petroleum industry."

Zarb said the proposed reports would be particularly responsive to Congress which has long sought to obtain detailed financial information about the petroleum industry. He added that reporting forms would focus primarily on revenues and expenditures and would give FEA "a new and independent analytical basis for assessing the financial position of petroleum companies."

"This system," Zarb emphasized, "will provide a more uniform and functional approach than was previously available in the Federal Government."

The FEA Administrator said the reports would specifically help the Agency obtain important and reliable information on:

- The total profits of oil companies and the profits derived from certain functions within these companies.
- The cost of energy development by type of energy and geographic area.
- Cash flow (the expendable resources a company has for all its operations after operating expenses and taxes) by each company and by groups of companies.
- Competitive situations in various sectors of the petroleum industry.
- The effects of existing or proposed regulatory and legislative policies on costs, prices, and profits.

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07524, 07938, [illegible], 19232

Zarb said the information would also enable the FEA to examine selected aspects of the petroleum industry such as geographic areas of operation; exploration, development, and production; non-petroleum activities, involving coal, synthetic fuels, and nuclear energy; land development and refining.

The reporting system will focus only on the essential information. According to Zarb, the reports can also be linked by companies to annual financial statements in their annual reports and to reports they are already required to submit to the Securities and Exchange Commission.

Zarb said the reports would be due 135 days after the close of each fiscal year; however, for the year 1974, the submissions will be due 90 days after receipt of the Form. In addition, FEA will require a reduced version of the form to be submitted for 1971, 1972 and 1973.

A sample copy of the proposed report and instructions appears in today's Federal Register. Interested persons are invited to submit data, views, and arguments regarding the proposed reports to Executive Communications, Federal Energy Administration, Box EG, Washington, D.C. 20461. Comments should be identified on the outside envelope with the designation, "Form FEA P324-A-0". Fifteen copies should be submitted.

FEA will consider all comments received by Oct. 6 before making its final decision on the reporting forms. Meanwhile, a public hearing on the reporting requirements will be held beginning at 10 a.m., October 2, and if necessary, October 3, in Room 2105, 2000 M Street, Washington, D.C.

Written requests to speak at the public hearing should be submitted to Room 3309 Federal Building, 12th and Pennsylvania Avenues, Washington, between 8 a.m. and 4:30 p.m., Monday through Friday. All requests to speak at the hearing must be received by the FEA before September 22, 1975.

-FEA-

Media Contact: Bob White

Media Inquiries: (202) 964-4781
Press Room: 964-3538

E-75-306

OPENING STATEMENT
ON 1976 FUEL ECONOMY DATA

BY

THE HONORABLE FRANK G. ZARB, ADMINISTRATOR
FEDERAL ENERGY ADMINISTRATION
MONDAY, SEPTEMBER 22, 1975

Russ Train has gone over most of the specifics on the 1976 economy figures, but I want to add FEA's commendations to the auto manufacturers for the improvements they've made. This year, for the first time, we have an American-made car in the top ten models, and I'm sure that this is only the beginning for our domestic auto makers.

Achieving our national goal of energy independence depends on a two-pronged approach: increasing domestic energy supplies and conserving the energy which we do use. The President's agreement with Detroit last year to increase mileage efficiency by 40 percent between 1974 and 1980 is a big part of our conservation program.

Cars and trucks use 54 percent of the 9 million barrels of petroleum consumed daily for transportation. By 1980, a 40 percent increase in auto efficiency will mean a daily saving of 630,000 barrels of gasoline. By 1985, the saving could rise to more than 1.1 million barrels a day.

Last year's average new-car fuel economy was 15.6 mpg. This year's 17.6 mpg. average is a 12.8 percent improvement and will, by itself, save almost half a million barrels of gasoline a day, over the lifetime of the new cars.

Taken together with last year's 12.2 percent improvement in fuel efficiency, this year's improvement will mean a 26.6 percent improvement since 1974, keeping up with the President's schedule for improving new car fuel economy 40 percent by 1980.

The potential savings to the consumer from more fuel-efficient cars are also significant. Comparing a 15 mpg. car with a 20 mpg. car, over the auto's lifetime, the American car owner will save about a thousand dollars at current gasoline prices--and proportionally more as gasoline prices go up.

This is the reason that our new car buyer's guide is so important. It helps the consumer to make the right decisions when it comes to buying a new car, the right decisions for himself, and for our Nation's energy future.

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This year's guide improves its presentation of the data by adding a new "composite" figure combining the city and highway mileages. We think that this will further help the consumer in wisely purchasing a new car.

One development that we are particularly happy to see is the use of mileage figures in auto advertisements. We think that this type of advertising is not only legitimate, but it performs a valuable service to the buying public, when conducted in accordance with the new FTC interim guidelines.

But purchasing a fuel efficient new car isn't the only thing that the driver can do to help achieve fuel savings and reduce his energy costs:

--choosing equipment that conserves energy, such as radial tires, and manual transmissions, can result in big fuel savings.

--making sure that cars are kept in good repair is the most important fuel economy measure. This not only saves fuel, it extends the car's life and increases its value and reliability.

--staying within the 55 mph speed limit on the highway and avoiding jack rabbit starts and stops in the city can also improve your car's fuel economy.

Carpooling and vanpooling as frequently as possible, and consolidating auto trips so you get as much done as possible during one well-planned trip are other ways to travel more efficiently.

In conclusion, let me say that I am proud to be associated with the EPA in this undertaking. And I hope that next year, we will have even more good news to give you.

Now let's open the floor for questions.

Media Inquiry: 964-4781
Press Room: 964-3538

Media Contact: Jim Merna

S-75-310

Federal Energy News

Federal Energy Administration
Washington
D.C. 20461

EMBARGOED FOR RELEASE
UNTIL 6:00 P.M., SUNDAY, SEPT. 21, 1975

FEA ANNOUNCES COLLECTION OF
JULY AND AUGUST IMPORT FEES

Federal Energy Administration Administrator Frank G. Zarb announced today that import fees on crude oil and refined products imported during the months of July and August will become due and payable as of September 30, 1975, regardless of whether or not there is an extension of price controls.

Total fees for the two-month period to the government will be approximately $500 million for crude and product imports.

Zarb also announced that the Administration will suspend the 60-cent import fee on refined products effective September 1, also irrespective of whether Congress extends price controls.

A decision on whether the $2 import fee on crude oil will also be suspended effective September 1 is under consideration by the President and, according to Zarb, is still contingent on Congressional action regarding price controls. Zarb said that, if an extension seems unlikely by September 30, he expects the President to lift the $2 fee.

The President announced in Vail, Colorado, on August 15, 1975, that, if Congress did not extend the EPAA, he would remove the $2-per-barrel import fee on crude oil and the 60-cent fee on refined products in order to soften the price increases of immediate decontrol. It was further decided at that time that, if controls

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expired, suspension of the fees would be retroactive to July 1. The FEA deferred payment of fees for July and August until the legislative situation was clarified.

Zarb stated that the initial decision to suspend the fees retroactive to July 1 -- if they were suspended at all -- was predicated on the assumption that the FEA would not issue entitlements notices for crude oil refined in July and August if controls expire. Subsequently, however, the FEA determined that it will issue such notices for those months regardless of whether price and allocation controls are extended.

"Since the benefits of the entitlements program will apply to crude oil purchased in July and August," Mr. Zarb said, "there is no longer any need to make any possible suspension of import fees retroactive to July 1. The entitlements program will provide all of the economic softening effect that retroactive suspension of the fees was intended to have."

"Further," Zarb added, "since there is presently no assurance that Congress will clarify the price control situation in the relatively near future, prompt resolution of the issue of whether fees for July and August imports will be collected is necessary for sound administration of FEA programs and to eliminate confusion in the marketplace."

Zarb explained that the decision to suspend the fee on imported products effective September 1 was based on the fact that the 60-cent fee on refined products, coupled with the uncertainty of the legislative situation, was causing importers to withhold fuel oil from the domestic market pending a decision on the application of fees to such imports. "Failure to clarify the situation until Congress acted," Zarb explained, "might result in inadequate heating oil stocks to last through an unusually cold winter."

Removing the fee on products effective September 1 will also serve to offset the cost disadvantage for product importers created by the interaction of FEA's crude oil entitlements program and its Mandatory Oil Import Program. Zarb stated, "Removal of the fee will have particular significance in areas such as New England and the East Coast, which rely heavily or product imports."

-FEA-

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Media Contact: Gene Curella

E-75-309

Federal Energy News
Federal Energy Administration
Washington
D.C. 20461

FOR IMMEDIATE RELEASE SEPTEMBER 23, 1975

ZARB TO THE HILL AGAIN ON NATURAL GAS
CALLS FOR DEREGULATION NOT MORE REGULATION

The way out of the natural gas problem in the short and the long run is through deregulation, not more regulation, Federal Energy Administrator Frank G. Zarb told members of the House Subcommittee on Energy and Power this morning.

This was Zarb's second appearance on Capitol Hill in the past two weeks to explain and urge quick passage of the Administration's four-part Natural Gas Emergency Standby Act submitted 13 days ago, and comment on alternative proposals.

"With the winter's cold looming just ahead, there's little time to waste in getting the measures in place which will increase the flow of natural gas from producing to consuming states," Zarb said before the hearings.

The Administration's bill, S2330, would accomplish this by:

---Providing express authority for the Federal Power Commission to permit interstate pipelines whose high priority customers are experiencing curtailments to purchase gas at market prices from intrastate sources or from other interstate pipelines on an emergency 180 day basis.

---Allowing high priority consumers of natural gas experiencing curtailments to purchase gas from intrastate sources at market prices and arranging for its transportation through interstate pipelines.

---Extending the FEA's recently expired authority to require electric utilities and industrial boiler conversions from natural gas or oil to coal, and providing additional standby authority to require conversion from natural gas to where coal conversion is not practical.

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01344, 01742, 01960, 02825, 05946, 05963, 05944, 05952, 12128, 06112, 07027, 10048, 18880, 18912, 19232,

---Providing authority to allocate and establish price controls for propane in order to assure equitable distribution and reasonable prices as demand for the fuel increases due to switches to its use from natural gas.

Zarb estimated that the provisions allowing 180 day emergency sales at free market rates to interstate pipelines and permitting end users to shop for gas in uncontrolled intrastate markets could bring an additional 200-350 billion cubic feet (Bcf) of gas across state-lines into areas facing shortages. This would largely offset the 300 Bcf in additional shortages expected this winter over last.

In addition, Zarb said administrative actions to be taken by the FEA and the Federal Power Commission (FPC) to speed up construction of new pipelines, reduce inefficient natural gas use, change certain inefficient electric utility practices and encourage production from wells could free up another 100-200 Bcf of gas for essential uses.

"There's no dispute about the need to divert surplus supply from the intrastate market for use in the interstate market to ease shortages in the coming winter," Zarb said.

"The problem is whether we can best do this by partially removing existing regulations which is at the heart of the Administration's emergency proposals or by expanding regulations to the intrastate market as others have proposed," Zarb said.

Zarb criticized H.R. 9464, an alternative natural gas bill under consideration in the House, which would attempt to free up uncontrolled intrastate gas for sales through interstate pipelines by extending price controls to newly produced intrastate gas.

"Such an extension of regulations would not only be an administrative and legal nightmare to enforce, it would also encourage consumption and discourage production at the very time when the nation must begin to bring its use of natural gas into balance with the reality of our limited supplies," Zarb said.

Since 1968, the United States has been producing and consuming more natural gas each year than producers have been finding in the form of new reserves. Current natural gas reserves in the lower 48 States stand at 205.3 trillion cubic feet, the lowest level since 1952.

Zarb said that in the long run, only total deregulation of newly produced natural gas would provide producers with the incentive to develop new reserves in Alaska and the Outer Continental Shelf, and provide natural gas with a price level accurately reflecting its value in the economy.

Zarb's testimony is available to the press from the FEA Press Room (Room 220), Office of Communications and Public Affairs, Washington, D.C. 20461.

-FEA-

Media Inquiry: 964-4781
Press Room 964-3538

Contact: Bill Pearl

E-75-314

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE OCTOBER 1, 1975

FEA ASKS AMENDMENTS TO FEDERAL ENERGY ADMINISTRATION ACT TO EXTEND AGENCY LIFE FOR TWO YEARS

FEA Administrator Frank G. Zarb has sent to Congress proposed legislation extending the Federal Energy Administration Act of 1974 for two more years, to June 30, 1978.

The legislation takes the form of proposed amendments to the existing FEA Act, including the extension and several other technical changes which would enable the agency to carry out its functions more effectively.

In letters to Vice President Nelson Rockefeller, President of the Senate; and Speaker of the House Carl Albert, Zarb noted that the agency was formed to deal with energy shortages, to gather the information "necessary to formulate a coherent long-term energy program which will lessen this nation's dependence on foreign sources of energy," and to develop and implement energy resource development and conservation programs.

In a little over a year since its creation, Zarb added, FEA has managed the allocation program made necessary by the embargo and completed the complex analyses which led to the President's energy program, submitted to Congress in January.

"Though the embargo has ended," Zarb continued, "it is apparent that the nation yet has a significant distance to travel before attaining energy independence. Acute natural gas shortages are anticipated during the next two winters as curtailments continue to increase. Virtually all of the legislation proposed in the omnibus energy bill submitted in January has yet to be acted upon, and it is evident that much work remains to be done in the process of developing and attaining enactment of effective and mutually acceptable substantive energy legislation."

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The FEA Act in its present form requires a report to Congress by December 30 on recommendations for organization of the Federal government's energy functions, Zarb wrote. The two-year extension of the FEA Act, and the President's proposal for creation of an independent energy financing agency go a long way toward fulfilling that provision.

Other proposed amendments to the FEA Act would:

-- Amend the special FEA conflict of interest provisions to permit general exemption of holdings by FEA personnel in diversified mutual funds, a normal practice among other Federal agencies.

-- Provide for FEA review of proposed Environmental Protection Agency regulations affecting energy. EPA currently is mandated to review FEA regulations.

-- Clarify FEA's authority to require foreign firms with U.S. affiliates to provide information on their operations affecting the U.S.

-- Provide for civil and criminal penalties for violation of the information-gathering provisions of the FEA Act.

-- Change the agency's economic impact reporting requirement to Congress from every six months to once a year.

-- Require that only a sample file on petroleum and coal exports be kept, instead of the current comprehensive one, since the file maintenance is costly and other available data provides enough information to monitor exports.

-- Provide for appropriation of sums necessary to carry out the purposes of the Act, giving more flexibility to deal with energy programs that may be authorized by Congress in the future.

-FEA-

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Federal Energy News
Federal Energy Administration
Washington
D.C. 20461

FOR IMMEDIATE RELEASE OCTOBER 20, 1975

PUBLIC SUPPORT FOR OVERALL NEED TO SAVE ENERGY,
REDUCE U.S. DEPENDENCE ON FOREIGN OIL IMPORTS,
CITED IN FEA CONSUMER SURVEY

Reflecting changing attitudes, the public now seems to recognize and accept the fact that the energy shortage is real and that the era of cheap energy is over, according to a survey announced by the Federal Energy Administration today.

The survey was conducted for the Federal Energy Administration by the Opinion Research Corporation, an Arthur D. Little company, of Princeton, New Jersey.

The survey showed that the overwhelming majority of people not only acknowledged the need to save energy, but also say that doing so is even more important than it was a year ago. Moreover, almost half (49%) of the public also think that this need will extend far into the future.

Public attitudes have also shifted significantly on the nature of the energy situation -- whether real or contrived. A year ago the public was divided over the issue: 32% believed the energy shortage to be real; 37% believed it to be contrived; 25% felt it to be some of both. By the middle of 1975, the bulk of Americans (45%) had concluded that the situation is real; 32% still thought it contrived; 17% felt it to be some of both.

Other major findings in the nationwide survey were:

- The public firmly believes that the time has come to reduce our consumption of foreign oil and to produce energy from our own resources.

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• The likelihood of another oil embargo is considered a distinct possibility by a majority of the public. (All segments of the population share this attitude, with very few (12%) discounting the possibility of another cutoff of oil imports).

• A similar proportion also believes that another oil embargo would lead to long gasoline lines -- a view shared almost equally by people in all parts of the country.

• Attitudes toward the possibility of a natural gas shortage have changed so that now a majority of the public believe there is a likelihood of such a shortage this winter.

• The fear of such a shortage is significant since natural gas is the fuel most widely used in the home, according to the testimony of the public itself. Yet in this winter's expected shortage, homes will get all the natural gas they need, but industries could run short -- thus, affecting people's jobs.

Further information about the Survey of Consumer Attitudes and Behavior, Volume XV, dated October 1975, can be obtained by contacting:

Dr. Jeffrey Milstein
Director, Marketing and Education Research
Office of Energy Conservation and Environment
Federal Energy Administration
Washington, D.C. 20461 (202) 961-7566

-FEA-

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Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE

October 20, 1975

ZARB GIVES U.S. ENERGY PICTURE MIXED REVIEW
ON SECOND ANNIVERSARY OF OIL EMBARGO

"The United States has produced less domestic oil and natural gas since the Arab Oil Embargo, while becoming increasingly dependent on imported energy sources," Federal Energy Administrator Frank G. Zarb said today.

"At the same time," Zarb added, "the Nation continues to export American dollars and jobs to foreign producers at unacceptable levels."

Zarb said failure to decontrol domestic oil prices and deregulate new natural gas prices has contributed to the worsening energy picture, but on the optimistic side, he noted that higher energy prices imposed upon the Nation since the embargo have encouraged energy conservation and stimulated oil and natural gas exploration.

"I'd have to give the U.S. energy picture a mixed review since the embargo," Zarb said.

"I'm disappointed that we have not been able to get the necessary legislation for a national energy program, but I'm pleased with the efforts of America's consumers and businessmen who have made energy conservation a vital new force in our economy," Zarb added.

On the debit side of the U.S. energy ledger, Zarb noted that, since the 1973 embargo:

--Crude oil production has continued to drop while dependence on OPEC sources of foreign oil has increased from 49 percent before the embargo to over 60% in 1975.

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--Natural gas production has decreased and is now running about 8 percent below 1973, with shortages expected this winter.

--Coal production has increased only slightly, with projections of some 640 million tons for 1975, compared to 590 million tons in 1973.

--The price per barrel charged by foreign producers for crude oil has risen from less than $3.00 to $11.50 in two years. Total U.S. expenditures for foreign oil went from $3 billion to $25 billion in the 1970-75 period.

On the credit side, Zarb made these points:

--U.S. petroleum consumption was 1.9 million barrels per day lower in 1974 than projected on the basis of pre-embargo growth rates. Of this decrease, about a million barrels per day is attributed to conservation effects. The remainder was due to mild weather and last year's economic downturn.

--U.S. resource development activity increased in response to free-market price incentives for newly produced oil under FEA regulations. The average number of rigs in operation rose 24 percent in 1974 over 1973, and 19.6 percent more wells were drilled.

--The Nation has increased the fuel economy of its new automobiles. Recent Environmental Protection Agency test results for the 1976 models indicate the auto industry is more than halfway to the Administration's goal of a 40 percent fuel-economy improvement by 1980. The 1976 models average 12.8 percent better fuel economy than the 1975 models, and 26.6 percent better fuel economy than the 1974 models. The 1976 model year marked the first time an American car made the list of top 5 models for fuel economy.

--Public opinion surveys show that Americans are coming to grips with the Nation's energy problem and realize that decisive action is imperative. Zarb cited a national poll taken this summer showing that a majority of citizens polled favored oil decontrol and natural gas deregulation, reversing results of a similar poll one year earlier. He also cited a recent public opinion study commissioned by FEA which shows that the public recognizes foreign oil dependence must be decreased.

"These surveys indicate that the American people are way ahead of some representatives in the Congress in recognizing the urgent need for a national energy program," Zarb said.

He noted that nearly 2,500 energy-related bills have been introduced in Congress since the first day of the oil embargo, but only a handful have been enacted.

Federal Energy News

Federal Energy Administration
Washington
D.C. 20461

FOR IMMEDIATE RELEASE OCTOBER 30, 1975

ZARB URGES ENERGY-SAVING HOLIDAY SEASON

Federal Energy Administrator Frank G. Zarb hasn't mailed out his Christmas cards yet, but he did extend early Seasons Greetings today to all Americans, coupled with suggestions for a "merry, but energy saving Christmas Season this year."

"Using more and brighter decorative lights than are needed to be effective, and keeping them on when nobody's around to enjoy them, wastes a lot of energy between Thanksgiving and New Year," Zarb said. We can ill afford to waste any energy, even during this joyous season, at today's cost to the individual and to the Nation."

Zarb strongly urges all Federal agencies and personnel to take the lead in the national holiday energy conservation effort. He hopes all American families, businesses, industries, community groups and units of government will also voluntarily observe a sensible -- not wasteful -- holiday season.

Among the energy-saving holiday measures recommended by Zarb are:

-- Use outdoor lighting sparingly. Fewer or softer decorative lights distributed tastefully can be even more beautiful than a brilliant display.

-- Turn off decorative outdoor lights at reasonable hours -- 10:00 to 10:30 p.m. often is late enough.

-- Be conservative about indoor holiday lighting, too. When the decorative lights are on, turn off the other lights in the room. If more room light is needed, augment it with candlelight.

-- Continue sound energy conservation practices throughout the holidays. Keep heating down to 68 degrees during the day and 60 degrees at night. Plan shopping trips to save gasoline, and car pool with friends when you can. And if there are any appliances on your Christmas gift list, make sure the ones you buy are durable and energy efficient. Choosing and using gifts wisely, such as home appliances, can save energy, time, and money.

-FEA-

Media Inquiry: 964-4781
964-4785
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Media Contact: Jim Merna

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Federal Energy News

Federal Energy Administration
Washington
D.C. 20461

FOR IMMEDIATE RELEASE   OCTOBER 30, 1975

FEA MEDIA RELATIONS OFFICE RELOCATES

The Federal Energy Administration announced today that its Office of Media Relations, a branch of the Office of Communications and Public Affairs, has relocated to Room 3104 of the Federal Building, 13th Street and Pennsylvania Avenue, N.W. in Washington.

Located for the past year in the Old Post Office Building, because of construction work in the Federal Building, the Office of Media Relations is responsible for providing prompt responses to press inquiries about FEA programs and activities.

The telephone number, (202) 964-4781, will remain unchanged.

Press releases may be obtained from Room 3138, telephone 961-8546.

Other branches of the Office of Communications and Public Affairs are now located as follows:

	Room	Phone
Community Relations	2107	961-8624
Special Projects	3121	961-6136
Research	3113	961-6262
Speakers Bureau	3111	961-8382
Freedom of Information	3120	961-6257
Publications	2121	961-7834
Visual & Electronic Communications	3132	961-8584
Administrative Operations & Distribution	2146	961-8244
Press Room	3138	961-8546

-FEA-

Media Inquiry: 964-4781
Press Room: 961-8546

Contact: Gene Curella

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Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE NOVEMBER 6, 1975

CONGRESS FIDDLING WHILE NATURAL GAS BURNS, SAYS FEA NATURAL GAS TASK FORCE CHIEF

The Federal Energy Administration's Deputy Administrator and Natural Gas Task Force Chairman, John Hill, told a House Government Operations Subcommittee this morning that the Congress must act immediately on pending natural gas legislation.

"More than ten months have passed since President Ford asked the Congress to deregulate new natural gas prices and...nearly two months have passed since emergency natural gas legislation was introduced," Hill said.

"The winter is now upon us and it is clearly time to stop testifying to get legislation and begin implementing it," Hill added.

Hill outlined the actions FEA has taken under existing authorities to deal with the natural gas problem including:

-- Publication last August of "The Natural Gas Shortage: A Preliminary Report" which examined shortages at the interstate pipeline level and identified 14 key problem States from New York to South Carolina and other States such as Ohio, West Virginia and Kentucky.

-- Establishment of a special Natural Gas Task Force within the FEA to coordinate data collection and legislative, public education, conservation, and assistance programs, and to provide liaison with State energy offices.

-- Submission to Congress on September 10 of the Natural Gas Emergency Standby Act of 1975 providing authorities for emergency purchases of natural gas by interstate pipelines and high priority end-users, plus other provisions to help reduce shortages this winter.

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-- Completion of the most comprehensive natural gas end-use data base ever assembled by government, derived from a survey of 11 pipeline companies, distributors and municipal gas companies which deliver natural gas to end-users.

-- Publication on October 31 of "Natural Gas Curtailments, 1975-76 Heating Season" which provides detailed data on deliveries, curtailments, and requirements at the end-user level plus information on the availability of alternative fuels in 21 key States.

-- Development of a natural gas conservation program and kit which has been provided to State energy offices, plus a multi-media public service conservation campaign for impacted States, which will begin shortly.

-- Development of an index of all Federal assistance programs which might be utilized by States and local communities facing natural gas shortages.

-- Assignment of regional natural gas representatives in each of FEA's 10 regional offices to channel information on local situations back to Washington and to coordinate with Federal Regional Councils in assistance activities.

-- Coordination of gas activities with other Federal agencies including providing alternative fuel data to the Federal Power Commission and assisting the Department of Commerce in its industrial conservation program.

"We are doing all that we can under existing authorities to deal effectively with the natural gas problem," Hill said.

"But in the final analysis, only the prompt passage of short- and long-term legislative measures now before the Congress can offer the American people the hope of putting this very critical problem behind us in the winters to come," Hill concluded.

-FEA-

Media Inquiry: 964-4781
Press Room: 961-8546
Natural Gas Task Force: 961-6095

Contact: Bill Pearl

E-75-368

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

EMBARGOED FOR RELEASE UNTIL
6:00 P.M., SUNDAY, NOVEMBER 9, 1975

FEA LAUNCHES CAMPAIGN ADVOCATING NATURAL GAS CONSERVATION; ZARB SAYS SAVING GAS MEANS SAVING JOBS THIS WINTER

"Save natural gas and you'll help save a job" is the theme of a Federal Energy Administration public service advertising campaign for States expecting natural gas shortages this winter.

"In many communities, the conservation of natural gas can make the vital difference between open factories and closed factories, between jobs and unemployment," FEA Administrator Frank G. Zarb said.

"The more residential customers conserve natural gas, the more gas will be available to industries which otherwise might shut down," Zarb added.

The FEA campaign begins this week with the mailing of two spot announcements to hundreds of radio stations in the mid-Atlantic States, from New York to South Carolina, and in other States such as Ohio, West Virginia, Kentucky, and California.

Phase two of the campaign will send the natural gas conservation message to impacted States via newspaper ads and TV announcements.

According to FEA data, turning down the home thermostat from 72 to 68 degrees can cut natural gas use for heating by 20 percent. Dialing down to 60 degrees at night can save an additional 10 percent.

Lowering the temperature setting on a gas-fired hot water heater from 140 to 110 degrees can cut natural gas use by 15 percent and still provide ample hot water.

-more-

Six added inches of insulation in the attic of a gas-heated home can save about 20 percent of use, while caulking, weather stripping, and storm windows and doors can boost savings another 10 percent.

While these figures represent average estimates which will not always hold true for every home in every area of the country, they do indicate that the Nation's 40 million residential gas customers can make a significant contribution to easing shortages this winter.

The average gas-consuming residence uses about 125,000 cubic feet of gas each year. The aim of FEA's ad campaign is to trim that figure down -- pushing shortage-related unemployment figures in the same direction.

Attached are transcripts of FEA's radio spot announcements.

-FEA-

Media Inquiry: 964-4781
Press Room: 961-8546

Contact: Bill Pearl

E-75-369

LARGE SOUNDING CHORUS OF MEN INDUSTRIAL WORKERS WHICH DIMINISHES NOTICEABLY IN NUMBERS AS THE SONG CONTINUES THROUGHOUT.

SONG:

WE'RE SHORT ON NATURAL GAS
BUT I AM WORKING CAN'T YOU SEE.
SO YOU CAN DO THE WORRYING
THE SHORTAGE WON'T GET ME.

REPEAT WITH FEWER AND FEWER VOICES.

SONG:

WE'RE SHORT ON NATURAL GAS
BUT I AM WORKING CAN'T YOU SEE.
SO YOU CAN DO THE WORRYING
THE SHORTAGE WON'T GET ME.

ANNOUNCER:

If you can hear my voice, you and I live where the expected natural gas shortage may cost jobs this winter. Maybe ours. Because when it hits, the places where we work will be shut off first, since regulations give homes top priority. But we can save jobs now. Most important -- keep home thermostats at 68 during the day, 60 at night. Seal off places where heat can escape. Please. Save natural gas now.

IT'S SOMEBODY'S JOB.
MAYBE YOURS.

VOICE

SONG:

SO YOU CAN DO THE WORRYING
THE SHORTAGE WON'T GET........

ANNOUNCER

A public service message from this station, your state energy office and the Federal Energy Administration.

"PACK OF LIES"

ANNOUNCER: The following message is a pack of lies. Because you may not be ready for the truth.

Here's the first lie: There will be no natural gas shortage this winter.

Number two: It can't happen here.

Three: A natural gas shortage can't cost thousands of jobs, certainly not yours.

Four: We can't save enough natural gas to matter anyway.

Now that you've heard the lies, are you ready for the truth?

There will be a natural gas shortage this winter.

If you can hear my voice, you and I do live where it will hit.

A natural gas shortage can cost thousands of jobs...yours, included...because, by regulation, homes get top priority, so places we work will be cut off first.

What we do to save gas will save jobs. Please keep thermostats below 68 during the day, 60 at night, seal off places where heat can escape.

Please...Start saving natural gas now.

IT'S SOMEBODY'S JOB.
MAYBE YOURS.

A public service message from this station, your state energy office and the Federal Energy Administration.

Federal Energy News

Federal Energy Administration
Washington
D.C. 20461

FOR IMMEDIATE RELEASE NOVEMBER 7, 1975

ZARB SAYS PRESIDENT WILL NOT ACCEPT CURRENT CONFERENCE ENERGY PACKAGE

FEA Administrator Frank Zarb said today that the pricing program adopted by the House-Senate conferees last night will not place this nation on a firm path of reducing its dependency on foreign oil and that he would have to recommend the bill be vetoed, unless further modifications can be made.

After meeting with the President this morning, Zarb pointed out that the key element of disagreement with the conferees remains the oil pricing provisions, even though there are other problem areas in the bill that must be corrected if a viable energy program is to be sent to the President.

Zarb stressed that the main problem with the pricing provision is the fact that it does not give us the tools necessary to promptly begin the process of reducing our dependency on foreign oil. "This legislation, as it now stands, does just the opposite -- it would result in significantly higher imports than under the current situation."

Zarb also stressed his concern over claims made by supporters of the bill that this provision would mean lower energy prices for consumers. "Not so," Zarb said.

"Over the long term, energy prices will be the same under this bill as they would be if various Administration proposals had been enacted. All this bill does is guarantee that the higher energy bills are paid to foreign producers and not used to insure production from our own resources here at home."

-more-

The FEA Administrator did express some optimism that the conferees might agree to modifications of yesterday's action that would enable the country to begin reducing its imports. "The House conferees accepted a provision at one point yesterday that would have done the job."

"Although this provision was rejected by the Senate conferees by a narrow margin, conversations with several Senators and staff since the vote indicate at least a willingness to sit down one more time and see if an agreement can be reached," Zarb said.

"I am hopeful that elements of the pricing formula as well as several other sections of the bill can be corrected when the conferees return on Monday. With appropriate changes we can produce legislation that will give our country the much needed energy program we all want," Zarb added.

-FEA-

Media Inquiries: (202) 964-4781
Press Room: 961-8546

Media Contact: Gene Curella

E-75-370

Federal Energy News

Federal Energy Administration
Washington
D.C. 20461

EMBARGOED FOR RELEASE UNTIL
MONDAY, A.M., NOVEMBER 17, 1975

FEA RESPONDS TO SENATE SUBCOMMITTEE REPORT ON FEA COMPLIANCE EFFORT

The Federal Energy Administration said today that concentration on negative aspects may have led to an unbalanced portrayal of FEA's compliance program in a report issued by the Senate Subcommittee on Administrative Practice and Procedure, chaired by Senator Edward M. Kennedy.

The report grew out of Subcommittee hearings held on June 19 and 20, 1975, and is critical of FEA policy, administrative practices, investigative targets, and utilization of personnel in the compliance area. The program's aim is to insure compliance with and detect violations of oil price and allocation controls mandated by the Emergency Petroleum Allocation Act.

FEA began its statement by acknowledging that the Subcommittee's inquiry was useful and that it had been conducted in a fair, thorough, and even handed way. It said the statement was to provide what FEA believed to be a better balanced picture of the total compliance program, to set out its views on areas where its judgments differed from those of the Subcommittee, and to reiterate its firm commitment to completing the needed improvements in its compliance program.

"The FEA applauds the Subcommittee's first conclusion in which it recognizes the emergency conditions leading to the agency's creation, the complexity of the regulatory responsibilities and the positive contributions made by FEA employees," FEA noted, in a statement of response to the report.

The Subcommittee report also correctly points out that during the past year, FEA has initiated measures in an attempt to improve its compliance program in many instances in direct response to recommendations by Congressional committees.

"However," FEA said, "we feel that insufficient weight was given to many of the pertinent facts presented by us in our very detailed responses to the Subcommittee's requests for information and in the comprehensive testimony given during the hearings."

"While the report on the whole describes fairly and accurately a number of the program's deficiencies up to the time of the hearings," FEA said, "some of the mitigating factors hampering the program during the early days of FEA, referred to in the body of the report, apparently had little impact on its conclusions. Too much reliance was placed on testimony and information provided by employees whose views, for one reason or another, may not have been representative of the great bulk of opinion within the agency," FEA said.

The report concluded that FEA has placed disproportionate emphasis on compliance by utility suppliers and that not enough effort has been directed toward major refiners.

Intense public interest in electric utility rates, and public suspicion that they may have been caused by overcharges for fuel, was the main reason for the emphasis. Regardless of the potential for refunds and penalties, thorough investigation was needed to allay those suspicions. Moreover, most investigations remain open, so the figures on refunds and penalties available to the Subcommittee cannot possibly reflect the number of violations that may be uncovered when all results are in. The agency also feels that this area holds "the most opportunity for fraudulent and criminal practices" that must be corrected to protect the public interest. At the same time, FEA acknowledged the need to strengthen its refinery audits and pointed out that it has been in the process of doing so for some months.

One of the key contentions of the Report is that FEA regulations could reduce the level of competition in the industry. FEA responded that it has tailored its regulations to provide maximum benefit to the independent segment of the industry, allowing them the greatest operating flexibility possible within the narrow limits of EPAA provisions. Even so, the EPAA was created to deal with a shortage situation, and once the shortage was over, the freezing of supplier-purchaser relationships reduced the ability of oil companies, major and independent alike, to enter new markets and seek new business in existing markets through price reduction, thus threatening to reduce competition. FEA contended that it was the requirements of the EPAA itself, not simply its implementing regulations, that were responsible for this result.

"Once the shortage ended," FEA said, "the Administration realized that present regulations had outlived their usefulness and began to advocate a return of the industry to the free market which is most beneficial to the consumer in times of surplus." However, this in no way detracted from FEA's commitment, which has been frequently and publicly stated, to vigorously enforce these regulations.

-more-

The report charges FEA with "a pattern of more extensive enforcement directed more heavily against small independent firms than against refiners and the large integrated oil companies." It was true, the FEA statement explained, that during the embargo period itself, oil wholesalers and retailers were the targets of most FEA investigations. That was because while oil was in short supply, the potential for price-gouging at those levels was greatest and most readily discernible by consumers. Most FEA investigations during that time were in direct response to consumer complaints, many brought to FEA's attention through congressional offices.

The end of the embargo and greater availability of supply decreased the potential for wholesale and retail price violations, and allowed FEA to assign more of its limited investigative staff to the more complex task of investigating violations by refiners and crude producers. This redirection of the compliance program's emphasis was begun in late 1974.

Moreover, FEA has had teams of auditors in residence at the headquarters of the largest refiners since the beginning of the program. While the refinery audit program has been improved and still needs improvement, the report itself shows that the vast majority of the total dollar amount of violations discovered has been against refiners. Total violations closed as of October 9, 1975, in all compliance programs amounted to some \$622 million, of which \$491 million, or nearly 80%, was against refiners.

Even though the report correctly stated that no guidelines for some programs had been issued to the Regions, FEA explained that 49 individual written guideline and policy statements had been issued in the compliance area to insure uniform application of the regulations by the time of the Subcommittee's hearings. The report acknowledges that a comprehensive compliance manual, in preparation for months, has since been completed and issued.

The report stated that application of the regulations has been uneven among FEA's 10 Regions, and that penalties have been levied more frequently against small companies that against major oil companies. The report cites as evidence of unequal levying of penalties the fact that \$800,000 in penalties for price violations have been collected from smaller firms, and none from major oil companies. Yet the report itself acknowledges that \$450,000 in penalties have been collected from integrated companies for allocation violations. It also fails to point out that FEA has filed several suits and brought one criminal action against major oil companies for violations.

FEA pointed out that its refiner price regulations are far more complex than those imposed on other industry sectors, and that many disputed issues have taken some time to resolve. Moreover, as the report itself states, clearcut violations, as opposed to disputed interpretations, are less likely in the larger companies with their large legal and accounting staffs.

-more-

FEA noted that in every case under dispute it has insisted on its own interpretation being applied, often resulting in refunds, rollbacks, or adjustment to "banks" of unrecovered costs amounting to many millions of dollars. FEA's recent transfer pricing ruling disallowing more than $250 million in costs claimed by major refiners is but one example. Yet it is not clear that penalties are appropriate in such cases, since FEA had not earlier set out explicit standards for computing transfer prices.

FEA concluded its statement by saying that, despite its disagreements with some parts, the report is on the whole a useful guide to needed improvements, and its recommendations will be carefully considered with a view to implementing them, where appropriate, to further improve its compliance programs.

-FEA-

Media Inquiry: 964-4781
Press Room: 961-8546

Contact: Ed Vilade

E-75-379

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE NOVEMBER 19, 1975

U.S. NEEDS DOMESTIC ENERGY POLICY TO MAINTAIN
GLOBAL STRENGTH, ZARB TELLS STUDENTS

The United States must develop its own comprehensive domestic energy policy if it is to maintain its political and economic strength in the free world, according to Federal Energy Administrator Frank G. Zarb.

In remarks prepared for delivery today before 1,500 students and faculty representing 95 campuses at the 27th Annual Student Conference on U.S. Affairs at the U.S. Military Academy, West Point, Zarb said that too many people have regarded the energy issue in "narrow, domestic terms."

"We have concentrated on gasoline prices rather than seeing the problem in the context of a major power with unprecedented responsibilities throughout the world. Those obligations involve the maintenance of stable economic and political relationships for our good and that of our allies," he said.

Noting that most NATO countries are 100 percent dependent on OPEC oil, Zarb said, "The entire economies of our traditional allies in Europe are in a very real sense hostage to the supply of oil from the nations that make up OPEC, the major members of which have clearly defined political and economic motives."

When OPEC quadrupled its prices, "the shock waves in Europe reverberated throughout the alliance," Zarb continued. Italy, already running a trade deficit, was forced nearly to bankruptcy. Every other nation was hurt, either running similar drastic deficits or seeing once-healthy surpluses depleted.

-more-

"Those nations which make up the Organization for Economic Cooperation and Development ran a cumulative deficit of almost $30 billion when, at old oil prices, they would have run a surplus of more than $35 billion," Zarb said.

Zarb also called attention to the effects of the embargo on the capability of the American military. "The embargo introduced new problems into American military logistics," he said. "For instance, commanders of ships and planes in the Mediterranean, which often have to be fueled from the continental United States, had to begin worrying about supply reliability."

Zarb went on to say that without secure petroleum supplies in the future, "our range of responses would be limited. And, what is more to the point, the very perception of those limitations encourages more disturbances, more confrontations, and a more dangerous world."

"Our armed forces are thoroughly dependent on a strong industrial capacity to provide material support," Zarb continued. "That is why we must regard our dependence on OPEC oil with such alarm. We could, in any protracted conflict, find our industrial ability to support the operations of our military restricted by an embargo or the destruction of supplies in transit."

Pointing up the growing U.S. dependence on oil imports, regardless of what we do over the short-term, Zarb said that domestic oil production is at a nine-year low, down eight percent since the embargo, and dependence on OPEC sources -- "the oil that led to quadrupled world prices" -- had increased from 49 to 60 percent of imports. In addition, the cost of our dependence on OPEC and other foreign oil has more than tripled -- to $27 billion a year.

Zarb cited establishment of the International Energy Agency and arrangements for emergency sharing of energy supplies as the most meaningful steps that have been taken so far to assure the security of world energy supplies. "But the only way that kind of progress can be consolidated and continued is if the United States assumes the leadership of the free world by establishing its own domestic energy policy."

-FEA-

Media Inquiries: (202) 964-4781
Press Room: 961-8546

Media Contact: Kathy Litwak

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

EMBARGOED FOR RELEASE UNTIL
WEDNESDAY, NOVEMBER 26, 1975, 2:00 P.M.

FEA ANNOUNCES PROPOSED CONSUMER REPRESENTATION PLAN

A proposed Consumer Representation Plan to ensure more complete involvement of consumers in FEA's program and policy development was announced today by Federal Energy Administrator Frank G. Zarb.

Its aim is to strengthen the agency's machinery and techniques for assuring consumer representation that already exist within FEA, and to expand them into new areas.

"Due to the influence of energy on American life and the role that this agency plays in determining national energy policy, actions of virtually every office in FEA have some impact on consumers," Zarb said. He emphasized FEA's intent to solicit consumer opinion more actively and to make the agency's individual offices more responsive to the consumer.

A major recommendation in the plan calls for FEA Assistant Administrators or Office Directors to ensure that evaluations of major FEA policy and program proposals include an assessment of consumer impact.

The evaluation would include an analysis of the principal cost or direct price effects of the action on markets, consumers, businesses, regions of the country, and, where feasible, an analysis of secondary cost and price effects. These analyses would cover a time period sufficient to determine economic and inflationary impacts.

Specifically, the proposed plan would require all FEA Assistant Administrators and Office Directors to achieve maximum consumer participation in FEA program and policy development.

The Federal Energy Administrator will issue general guidelines for all Assistant Administrators and Office Directors to follow in obtaining consumer participation in the agency's policymaking process.

FEA's Office of Consumer Affairs/Special Impact, under the direction of Hazel Rollins, will be responsible for coordinating the implementation of this plan with other offices and will report directly to the Administrator.

Public meetings on FEA's proposed Consumer Representation Plan will be held in early 1976 to provide a forum for citizen comment.

Other recommendations include:

- FEA will reexamine the composition of the agency's Advisory Committees to ensure adequate consumer representation on each Advisory Committee.
- Each regional Consumer Affairs Officer will conduct State Consumer Energy Workshops in coordination with the National Office in order to obtain maximum input on FEA policies and programs from all interested groups and citizens.
- FEA Office of Consumer Affairs/Special Impact will institute a computerized consumer complaint/correspondence processing system to provide data on the energy problems of consumers by location and type of complaint. These data will be circulated routinely to all program offices for use in policy and program planning, implementation and evaluation.
- Media communications techniques will be utilized more fully to solicit consumer input and publicize agency decisions and their impact on consumers and organizations.

Copies of FEA's proposed Consumer Representation Plan are available in Room 3118, Federal Energy Administration, 12th and Pennsylvania Avenue, N.W., Washington, D.C. 20461.

-FEA-

Media Inquiries: (202) 964-4781
Press Room: 961-8546

Media Contact: Gerry Jackson

E-75-398

Federal Energy News

Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE

DECEMBER 18, 1975

CFC EXCEEDS ITS $9.5 MILLION GOAL
CAMPAIGN CHAIRMAN FRANK ZARB ANNOUNCES

Contributions to the 1976 Bicentennial Combined Federal Campaign have exceeded by $100,000 the goal of $9.5 million, CFC Chairman Frank G. Zarb announced today.

Zarb, who is Federal Energy Administrator, told 800 campaign leaders at a luncheon today, that some 258,000 federal employees gave an average of about $37.50. The average contribution was $2.35 more this year than last.

Zarb said that many contributions from federal employees stationed abroad have not been recorded yet. He said the total CFC figure will be known after a final audit in early 1976.

Contributions to the Combined Federal Campaign will be distributed to 137 voluntary organizations: 120 United Way agencies, 11 national health agencies, and six international service agencies.

"I am very pleased that we have gone over our goal," Zarb said. "I want to thank federal employees for their support. This is a fitting way for federal workers in the nation's capital to begin the Bicentennial Year."

-FEA-

Media Inquiry: 964-4781
Press Room: 961-8546

Contact: Diana Diamond

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE JANUARY 7, 1976

FEA PROPOSES NEW REGULATIONS FOR CRUDE OIL PRICING

New regulations governing first sale prices of all domestic crude oil were proposed today by the Federal Energy Administration, in the first of two major rounds of rule changes required by the Energy Policy and Conservation Act signed by President Ford on December 22. This first round of rule changes is scheduled to take effect no later than February 1.

The second major round of rulemaking will be held during February to consider proposals which will:

-- Determine whether adjustments should be made to the first sale prices of domestic crude oil in months subsequent to February to take account of inflation and as a production incentive.

-- Establish the amounts of these adjustments which should be applied to each classification of domestic crude oil.

Amendments adopted pursuant to the second rulemaking will be made effective not later than March 1.

FEA Administrator Frank G. Zarb announced that his agency will hold public hearings and accept written comments on the first-round proposals which would:

-- Establish a two-tier system that will result in a weighted average first sale price for February (composite price) of $7.66 per barrel as mandated by the new Act.

-- Set methods to determine the volumes of crude oil that may be sold from a particular property at the upper and lower tier ceiling prices.

-- Establish ceiling prices for both the lower tier and upper tier.

-- Determine how to monitor the actual composite price through an improved data collection system.

-- Establish improved incentives for enhanced recovery of additional crude oil supplies.

E-76-007 -- Reconsider whether an adjusted price differential should be allowed for heavy California crude oil.

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"We are moving promptly to carry out the law in accordance with Congressional intent and by means of the most sensible regulatory policy consistent with the law," Zarb said.

He explained that the $7.66 per barrel composite price is proposed to be arrived at by including at a lower tier average ceiling price of $5.25 per barrel "old" crude oil, which will account for an estimated 60 percent of February production, and at an upper tier average ceiling price of $11.28, crude oil which is presently selling at free market prices. FEA proposes that the precise upper tier ceiling will be based on actual prices charged for uncontrolled crude oil last September, when prices seemed to be relatively stable.

Under terms of the proposal:

-- Stripper well lease crude oil no longer would be exempt from price controls but would be regulated at the upper tier.

-- New crude oil production would be calculated as the current production level in excess of a revised base level for each property, eliminating the concept of "released" crude oil. The revised base will be the average monthly production and sale of old crude oil from the property in 1975.

-- The $5.25 lower tier average ceiling price would continue to be calculated as under current regulations which set a ceiling at the highest posted price on May 15, 1973, plus $1.35 per barrel.

-- The upper tier ceiling price would be based on the highest price actually charged in at least 25 percent of transactions during September, 1975 (estimated by FEA to average $12.46 nationally) less $1.18 per barrel. (An alternative proposal would set the price for all upper tier crude oil at $11.28 with quality adjustments to be determined by FEA.)

-more-

-- Alternative methods are proposed for computing upper tier volumes in units where enhanced recovery techniques are used, together with a discussion of eliminating possible disincentives to use of enhanced recovery techniques under current regulations.

-- "Property" is proposed to be redefined to allow increased production to be determined separately for each distinct producing reservoir covered by a lease or fee interest.

-- Comments are also requested on numerous alternatives to these proposals such as establishing three or more price tiers, use of the month of January 1975 as a reference month for determining upper tier prices, and use of different time periods to determine a new base level for old oil production.

FEA noted that the question of a price differential for heavy California crude oil is being reconsidered now because any special rule would affect the national composite price.

Public hearings on the proposals will be held at 9:30 a.m. January 22 and 23, 1976, in Room 2105, 2000 M Street, N.W., Washington, D.C. Requests to testify such should be delivered to Executive Communications, FEA, Room 3309 Federal Building, Washington, D.C. 20461 before 4:30 p.m. Tuesday, January 19.

Written comments will be accepted at the same address until 4:30 p.m. January 22. Fifteen copies should be submitted in an envelope designated "Domestic Crude Oil Prices."

The agency also announced that a subsequent rulemaking will be held during February on other topics, including use of production incentive and inflation adjustment factors to increase crude oil prices.

The EPCA permits such adjustments to the first sale price of domestic crude oil in months subsequent to February 1976, and the second rulemaking will consider proposals allowing these adjustments for different categories of crude oil during the remaining 39 months in which price controls on crude oil are in effect. Amendments adopted pursuant to the second rulemaking will be made effective not later than March 1, 1976.

-FEA-

Media Inquiries: (202) 964-4781 Media Contact: Allen Hoffard
Press Room: 961-8546

Federal Energy News
Federal Energy Administration
Washington
D.C. 20461

FOR IMMEDIATE RELEASE

JANUARY 26, 1976

FEA ORDERS GULF TO REPAY $2.2 MILLION TO VEPCO FOR OVERCHARGES

The Federal Energy Administration today ordered Gulf Oil Company to make an immediate refund of $2.2 million to the Virginia Electric Power Company because Gulf has overcharged the utility for fuel oil used to run its powerplants, in violation of FEA's pricing regulations.

"We are urging the Virginia State Corporation Commission and VEPCO to take every step possible to see that the Gulf overcharges are returned to consumers," FEA Administrator Frank G. Zarb said.

In a remedial order delivered to Gulf headquarters in Pittsburgh, FEA concluded that Gulf had improperly overestimated its selling price for fuel sold to the Richmond-based utility on May 15, 1973, the date which, under the law, must be used to calculate all later price adjustments.

As a result, FEA said, a consistent pattern of overcharges has resulted since late 1973 and is still continuing. For the 19-month period from October 1, 1973 to April 30, 1975, FEA calculated the overcharges at $2,017,969.89. With interest figured at $179,588.71, Gulf was ordered to:

-- "Make immediate restitution by refund to VEPCO of $2,197,558.60, an amount which reflects revenues received from VEPCO in excess of those permitted by CLC (Cost of Living Council) and FEA regulations."

-- "Immediately adjust prices in sale of No. 2 fuel oil to VEPCO to conform" with law and provisions of the remedial order.

-- "Compute the appropriate selling prices of No. 2 fuel oil to VEPCO for the period May 1, 1975 to the date of this order...and refund to VEPCO" all additional overcharges, plus interest.

In discussions with FEA since a Notice of Probable Violation was issued on June 13, 1975, Gulf had contended that a proposal submitted to VEPCO on May 2, 1973 involving increased prices for fuel to be delivered after July 1, should have governed computation of the base price.

FEA concluded, however, that the contract for future sales "is irrelevant to the calculation of Gulf's base prices to VEPCO as required by FEA price regulations."

Gulf has 10 days in which to appeal today's order. Additional daily penalties are prescribed in the law for noncompliance with the order.

-FEA-

E-76-024 Media Inquiry: 964-4781 Contact: Allen Hoffard 10158

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE January 30, 1976

FEA ESTABLISHES CANADIAN CRUDE OIL ALLOCATION PROGRAM

The Federal Energy Administration today announced the issuance of final regulations establishing an allocation program for U.S. refiners and other facilities dependent on decreasing supplies of Canadian crude oil.

Canada announced in 1973 its intention to gradually reduce exports to the U.S. until 1982, when they would be cut off altogether. The export level for the first half of 1976 is expected to be about 510,000 barrels per day and for the second half of this year 385,000 barrels per day. This contrasts with 1975 U.S. demand for Canadian crude of about 725,000 barrels per day.

The allocation program will cushion the effects of the cutback for refiners who lack alternative sources of supply. Under the proposal, U.S. refiners and consumers of Canadian crude oil will be separated into two priority classes based on their historical dependence on Canadian crude oil and current capability of replacing Canadian crude with oil from other sources.

First priority companies would be those without current replacement alternatives, and therefore most subject to serious economic harm.

Second priority companies would be those capable of replacing their Canadian crude supplies from other sources, such as domestic pipeline or year-round port facilities.

Under the regulations, a refinery or other facility would be allocated a six-month supply of Canadian crude oil calculated from the amount of crude oil used during the base period of November 1, 1974 to October 31, 1975. The first six-month allocation period began January 1, 1976.

-more-

Under the program, FEA will issue a number of Canadian crude oil rights to each company for each six-month allocation period based on the volume of Canadian oil used during the November 1, 1974 to October 31, 1975 base period.

Since the total Canadian crude oil supply to U.S. consumers is less than the amount of oil needed to fulfill total U.S. consumer base period requirements, only first priority companies will receive their full six-month oil allocations.

Second priority companies will receive the remaining volume of Canadian crude oil imports, distributed on a pro-rata basis.

When Canadian crude oil imports drop below the total needs of first priority companies, the resulting shortfall would be shared on a pro-rata basis within this group, and second priority companies would receive no allocations.

To qualify for first priority status, a refiner must demonstrate that during the base period it processed at least 25 percent Canadian crude oil of its total volume. It also must show that at least that 25 percent is not replaceable with crude oil from other sources. The 25 percent requirement applies only to refineries.

Public utilities and other non-refinery firms must demonstrate that their Canadian crude oil cannot be replaced with other crude, residual oil, or other fuel.

Because Canada announced oil export reductions began on January 1, 1976, the Canadian crude allocation program will be retroactive to that date. Allocation of Canadian crude oil to first and second priority users for the January through March 1976 period will be based on export licenses issued by the Canadian National Energy Board, giving the FEA allocation program time to be set up.

For the three remaining months of the first six-month allocation period and for the duration of the program, FEA will assign allocation amounts according to the provisions of the rulemaking.

First priority refiners are prohibited from exchanging of selling Canadian crude oil received through the program except where equal volumes of Canadian crude oil are received in return.

Second priority refiners can exchange or sell Canadian crude oil to first priority refiners or others in return for non-Canadian oil.

These exchange and sale provisions are intended to encourage exchanges between first priority firms and also make additional Canadian crude oil available for first priority firms through transactions with second priority firms.

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Canadian export levels as presently announced would probably result in supply cutbacks to second priority companies over the next two years, with complete cutoff occurring in 1978, when first priority companies would begin to experience crude supply cutbacks.

FEA noted that the allocation plan is only a temporary solution to the crude supply problem for refiners in the first priority category. Such refiners will have to begin now to arrange for alternative crude oil supplies.

The phaseout schedule announced last November by the Canadian National Energy Board is not final and would be updated yearly using a formula based on Canadian oil production levels, domestic demand and effects of conservation on consumption.

For 1975 the allowable export level was 800,000 barrels a day.

The U.S. is Canada's only customer for crude oil exports and until recently has purchased 50 percent of total production. Canadian oil currently represents approximately 10 percent of U.S. crude and product imports.

The entire Notice will be published in the Jan. 30, 1976, (Friday), Federal Register.

-FEA-

Media Inquiry: 964-4781
Press Room: 961-8546

Contact: Donald Creed

E-76-031

Federal Energy News

Federal Energy Administration
Washington
D.C. 20461

FOR IMMEDIATE RELEASE FEBRUARY 3, 1976

COMPUTER HOME ENERGY SAVINGS PLAN STARTED BY FEA;
MASSACHUSETTS AND NEW MEXICO SELECTED TO PARTICIPATE

All single-family homeowners in the States of Massachusetts and New Mexico -- one million, one hundred and fifty thousand in all -- will be able to have a free personal assessment of how well their houses conserve energy, Federal Energy Administrator Frank G. Zarb announced today as he kicked off the two-State test of Project Conserve.

Project Conserve is a computerized cost and savings questionnaire system that will analyze a home's energy use, heating and cooling bills, and thermal characteristics. An evaluation will be made, based on local utility rates and construction costs, which will tell the homeowner how much he could save in terms of energy and money by taking a few simple conservation actions such as adding insulation or storm windows.

The Federal Energy Administration (FEA) estimates that nearly 80 percent of the Nation's 47 million single-family homes are inadequately insulated. Home heating and cooling account for 13 percent of total national energy use, and, therefore, reduction of energy consumption in the single-family residential building sector is a major goal of FEA.

Homeowners who follow the cost-effective recommendations of Project Conserve could expect to save between 15-30% of their total home energy consumption, FEA estimates.

Zarb invited participation in Project Conserve in a letter sent to State Governors on November 5. He told the Governors, "Project Conserve is an important tool that can assist in reducing energy consumption in homes and help homeowners avoid higher utility bills."

Proposals were received from 24 states. Massachusetts and New Mexico were selected on the quality of the proposals they submitted to carry out the program. State characteristics such as the severity of heating/cooling, and the number of single family homes, were also important factors in the selections made.

Massachusetts has played an extremely active role in energy conservation, with its program, in many respects, a "model for the Nation." With three percent of the Nation's population, it burns a total of 210 million barrels of oil every year (almost 5% of the national consumption). Seventy percent of this amount is imported from foreign sources.

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Such a large dependence on oil means the people of the Bay State are paying extremely high prices to heat their homes. In 1972, home heating oil cost the Massachusetts' homeowner 21.9 cents a gallon. Today, that price is nearly double, having risen to 41.9 cents. Massachusetts presents a strong case for energy conservation in its residential sector for two reasons: (1) the escalating costs of electricity and oil to heat and light its homes; (2) compliance with Federal policy of decreasing reliance upon foreign oil.

Its mixture of urban and rural housing, and its wide variety of climatic conditions, present an excellent opportunity for Massachusetts to participate in Project Conserve under a variety of conditions that are representative of much of the United States.

Based upon 1970 Census figures, there are approximately 924,000 single-family houses in Massachusetts. The State will receive $231,000 from FEA to help carry out Project Conserve.

New Mexico, the Land of Enchantment, will operate as a "flexible laboratory" for testing the statewide effect of Project Conserve for energy conservation by its 226,000 single-family homeowners.

The program will be coordinated by a single state agency, the Energy Resources Board, which has broad statutory authority for all energy-related functions within the State. The population is small enough to conduct a statewide program of this type at a relatively small cost, and represents a variety of cultures and styles of living, both urban and rural.

The wide variety of climatic conditions represented within the State simulate conditions found throughout the Southwest and much of the Rocky Mountain Region.

New Mexico will receive $56,500 from FEA to conduct Project Conserve as an integral part of its State conservation program.

FEA's consumer research and retrofit experiments reveal that the major barrier to significant consumer response to energy conservation is the lack of specific, detailed, technical and financial information made available to the homeowner.

Under Project Conserve, a homeowner completes a questionnaire comprised of 29 questions, and receives in return a free analysis of his home and specific recommendations for relatively inexpensive improvements that will help him save money and energy. He will also receive a range of cost estimates for either having the work done by a contractor or by himself, and an estimate of potential savings.

Some of the questions asked: what's the total square footage of your heated living area?; how much insulation is in the floor of your attic?; do your windows rattle?; what type fuel is used by your heating system?; what was the total cost of energy used for heating during the last twelve months?

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The participating States are responsible for conducting the program. FEA will provide technical guidance and support, and will mail the questionnaires directly to all single-family homeowners. The States will provide support distribution to supplement the direct mailings, conduct a major media campaign to stimulate public awareness, initiate the involvement of community leaders and volunteer groups, and conduct a follow-up evaluation of the program.

The program is scheduled to begin in March, 1976. Later this year, FEA plans to test alternative programs for retrofitting existing homes in other States.

-FEA-

Media Inquiries: (202) 964-5781
Press Room: 961-8546

Media Contact: Jim Merna

E-76-036

Federal Energy News

Federal Energy Administration
Washington
D.C. 20461

FOR IMMEDIATE RELEASE

February 19, 1976

GULF OIL AND GULF OFFICIAL
PAY PENALTIES FOR VIOLATING
FEA REGULATIONS

The Federal Energy Administration today announced that Gulf Oil Corporation has pleaded guilty to four counts of a five-count criminal indictment charging it with willfully violating the Agency's Old Oil Entitlements Program.

In a related civil case, Gulf and the President of its U.S. operations, Z.D. Bonner, also agreed to pay civil penalties for the same violations.

U.S. District Judge Daniel Snyder today accepted the guilty pleas in Pittsburgh and immediately imposed a fine on the company of $20,000, which was the maximum penalty allowed under the statute in effect at the time the violation occurred. The fifth count of the indictment, alleging the same violation on another day, was dropped by the Government.

In the civil case, Gulf agreed to pay an additional $10,000 in civil penalties, which is also the maximum for the four days of violation involved in the criminal case, and Bonner agreed to pay personally a civil penalty of $2,500. In turn, the Government agreed to drop a five-count criminal indictment brought against Bonner personally.

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The criminal indictment, which was returned by a Pittsburgh Grand Jury on August 5, 1975, charged Gulf and Bonner with having willfully refused to purchase entitlements during the first five days of February 1975, when the FEA entitlements program commenced. Under FEA rules, each day that a violation continues is considered a separate violation.

The Federal Energy Administration referred the matter to the Department of Justice for prosecution by the United States Attorney in Pittsburgh. Gulf was the first major oil company to be criminally indicted and convicted for violations of FEA rules.

Under the recently enacted Energy Policy and Conservation Act, violators will in the future be subject to substantially greater penalties.

The Old Oil Entitlements Program is designed to equalize the cost of crude oil for all U.S. refiners by granting each of them access to an equal amount of "old" crude oil, the price of which is controlled at an average of $5.25 per barrel. In comparison, "new" domestic oil today sells for about $11.28 per barrel and imported oil sells for over $12 per barrel.

Each month companies like Gulf having more than the monthly national average of price-controlled old oil are required by FEA to buy entitlements from those refiners having less than the national average. Gulf had been charged with failing to purchase its entitlements for the month of November 1974 by the January 31, 1975, deadline established by FEA.

-FEA-

Media Inquiries: (202) 964-4781 Media Contact: Gene Curella
Press Room: 961-8546

E-76-050

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE MARCH 25, 1976

ZAUSNER SAYS ALASKAN GAS BILL COULD PREVENT PIPELINE DELAYS

The President's proposed Alaskan Natural Gas Transportation Act would prevent potential delays in the construction of the transportation system needed to deliver North Slope gas to the lower U.S., FEA Deputy Administrator Eric Zausner told a Senate panel today.

Zausner recommended neither the trans-Alaska nor the trans-Canada pipeline route currently under consideration by the Federal Power Commission. Rather he urged Congress to adopt legislation that would ensure a final decision on a route no later than October 1, 1977.

Zausner testified before a joint session of the Senate Interior and Commerce Committees.

Without the means to expedite the decision-making process -- much as with the trans-Alaskan oil pipeline law -- many decisions required by various governmental bodies would be subjected to numerous delays, Zausner pointed out.

He noted that natural gas remains a vital source of U.S. energy, accounting for about 30 percent of our energy consumption. He said that domestic production peaked at 22.6 trillion cubic feet per year in 1973 and is declining yearly.

Zausner cited deregulation of new natural gas as the single most important action to improve the Nation's natural gas situation, but he added that it is also imperative to develop all possible secure sources of natural gas.

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He said Alaska's North Slope has proved gas reserves of 26 Tcf, and some estimates are that another 76 Tcf might be found. Zausner predicted that by 1985 Alaskan gas could replace 500,000 barrels of oil per day, thus reducing U.S. reliance on imports

Zausner said that initial cost estimates of gas pipeline construction -- now between $9 billion and $12 billion -- could increase 40 percent if the project is postponed five years.

Key provisions of the bill are:

-- The Federal Power Commission would complete its review and make a recommendation to the President by January 1, 1977.

-- By February 1, 1977, other Federal agencies, as the President deems appropriate, will report their recommendations to the President.

-- The President will make the final determination no later than August 1, 1977.

-- If after a 60-day Congressional review period, no action has been taken to overturn the President's decision, the FPC and other relevent agencies are mandated to issue promptly the necessary certificates, permits, leases, rights-of-way, and other authorizations.

-- No authorization may be issued unless a final Environmental Impact Statement has been completed.

-- The bill would limit the scope and timing of judicial review, consistent with constitutional safeguards.

-FEA-

Media Inquiry: 964-4781
Press Room: 961-8546

Contact: Diana Diamond

E-76-084

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE FEBRUARY 27, 1976

FEA ELIMINATES PROFIT MARGIN LIMITATION ON PASSTHROUGH OF INCREASED NONPRODUCT COSTS BY REFINERS

The Federal Energy Administration today eliminated a secondary profit margin limitation on the passthrough of increased nonproduct costs by refiners. The principal profit margin constraint on refiners which limits unit profits on refined petroleum products to May 15, 1973 level, however, is continued without change.

Federal Energy Administrator Frank G. Zarb said that this action was in accordance with directives from the President and Congressional intent, to review and remove all unnecessary or counterproductive price and allocation regulations. In response, FEA held hearings and received written comments on the need for and effectiveness of the profit margin limitation as a price control mechanism. FEA has concluded that the profit margin limitation serves essentially as a secondary -- and therefore somewhat redundant -- price control mechanism and should be eliminated from the price regulations.

The profit margin limitation applied to refiners' passthrough of increased nonproduct costs. The limitation was defined essentially as the ratio of a refiner's operating income to net sales and was computed using all sales of all domestic divisions of the entire firm. Refiners subject to the limitation could not exceed their base period profit margin, which was calculated using, at the option of the firm, any two fiscal years ending after August 15, 1968, other than the current fiscal year.

To encourage the production of domestic crude oil, FEA proposed in an earlier proceeding that revenues and costs attributable to activities unrelated to products within the scope of the Emergency Petroleum Allocation Act and crude oil production activities should be excluded from the profit margin calculation. After reviewing the comments in that proceeding, FEA concluded that the profit margin limitation on the passthrough of increased nonproduct costs should apply, if at all, only to refiners' refining and marketing activities.

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With respect to refining and marketing activities, FEA further concluded that the regulations for computing the maximum lawful selling price for petroleum products, are adequate for purposes of regulating the passthrough of increased nonproduct costs and controlling profit margins on refined petroleum products. These regulations allow refiners to pass through in their selling prices, as price increases above the May 15, 1975 selling price, only nonproduct cost increases actually incurred. The dollar-for-dollar limitation on the passthrough of increased nonproduct costs in effect serves to restrict refiners' absolute dollar per unit profit margin for refining and marketing activities. Accordingly, the profit margin limitation is a secondary and largely unnecessary regulation.

Deletion of the profit margin limitation is retroactive to January 1, 1976. A firm subject to the profit margin limitation during any fiscal year completed before January 1, 1976 must comply with the profit margin rules for that completed fiscal year.

-FEA-

Media Inquiry: 964-4781
Press Room: 961-8546

Contact: Allen Hoffard

E-76-058

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Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE

APRIL 12, 1976

SOCAL AGREES TO REFUND $2,888,910

Standard Oil Company of California has agreed to refund nearly $3 million to Time Oil Company under terms of a consent order announced today by the Federal Energy Administration.

SOCAL's agreement to refund $2,888,910 followed an audit by FEA investigators that challenged prices charged to Time by SOCAL and the appropriateness of the "class of purchaser" category into which Time was placed. SOCAL will be required to refund both the overcharges and interest.

SOCAL and Time had entered into an exchange agreement on June 1, 1971. Time delivered foreign jet fuel to SOCAL in Hawaii and received gasoline from SOCAL on a gallon-for-gallon basis in Portland, Oregon. The exchange was in effect on May 15, 1973 and was terminated on January 1, 1974. As a result of the Mandatory Petroleum Allocation Regulations, effective January 15, 1974, SOCAL was ordered to resume supplying Time with gasoline in Portland.

FEA will receive comments from interested persons, on this Consent Order, which appeared in the Federal Register April 9, 1976. Although the Consent Order has been signed and tentatively accepted by FEA, based upon comments received, FEA may withdraw its acceptance and negotiate an alternative order.

Interested persons may submit written comments, by 5 p.m. April 30, 1976, to William C. Arntz, Regional Administrator, 111 Pine Street, San Francisco, California 94111, Attention: Dave Wharton III Regional Counsel. Copies of the Consent Order may be received by written request to this same address or by calling (415) 556-7216. Confidential information and data must be identified as such.

-FEA-

Media Inquiries: (202) 964-4781
Press Room: 961-8546

Media Contact: John Donnelly

Federal Energy News

Federal Energy Administration
Washington D.C. 20461

EMBARGOED FOR RELEASE UNTIL
5 P.M., EST, APRIL 22, 1976

FEA EARLY STORAGE RESERVE PLAN SENT TO CONGRESS

A 150 million barrel reserve of stored crude oil will be on tap by the end of 1978 to protect the Nation in the event of a future embargo, according to an Early Storage Reserve (ESR) Plan sent to Congress today by Federal Energy Administrator Frank G. Zarb.

The plan is part of a larger Strategic Petroleum Reserve mandated by Congress which will store up to a billion barrels of crude oil by 1982.

"If we had had 150 million barrels of crude in domestic storage two years ago during the embargo, we could have replaced half the shortage we faced," Zarb said. "That embargo threw a half million Americans out of work and cost the economy a $35 billion loss in GNP."

"With domestic oil production declining and our dependence on foreign sources increasing, we'll need a viable oil storage program to protect us from the increasingly dangerous consequences of a future embargo," Zarb said.

He said the FEA has requested budget authority for $300 million in fiscal 1976 to buy oil storage facilities and $550 million in fiscal 1977 to buy the first 50 million barrels of crude oil for the ESR.

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"This represents the largest commitment of energy funds since the establishment of the Energy Research and Development Administration," Zarb said.

Crude oil for the ESR will be purchased by the FEA at prices equivalent to the national average, which FEA calculates over the life of the storage fill at $11.00 a barrel.

Oil will be stored in salt domes on the Gulf Coast and salt and limestone mines in the South and Midwest. Storage facilities with ultimate capacity of 200 to 300 million barrels will be purchased by the FEA initially to allow the early storage reserve to reach 150 million barrels in place by the end of 1978.

FEA estimates existing salt caverns have a capacity greater than 200 million barrels, 127 million of which could be converted and filled by December 1978. Existing underground mines have an estimated capacity of 170 million barrels, of which 75 million could be utilized in time for the ESR.

If facility preparation remains on schedule and necessary Congressional appropriations are made, FEA plans to store 60 million barrels in calendar 1977 and 90 million barrels the following year.

Oil placed in storage will fall into one of nine categories of sulfur content and gravity so the specific crude needs of refiners likely to be affected by an embargo can be met.

FEA will manage the ESR through a system of controls, regulations, and allocation procedures. Oil would be withdrawn and enter the market only through regulations established under the Emergency Petroleum Allocation Act of 1973 or similar regulations authorized as a result of an emergency.

The rate at which crude oil will be withdrawn from the ESR would depend on:

-- the nature of the supply interruption

-- size of a particular reserve facility

-- amount of petroleum left in the reserve

-- projected duration of the supply interruption

-- estimated size of the supply shortfall in relation to U.S. consumption

-- whether other emergency measures authorized by law have been activated.

The ESR is one of a three-part Strategic Petroleum Reserve (SPR) program mandated by Congress under the Energy Policy and Conservation Act of 1975. The other two parts are the Industrial Petroleum Reserve (IPR) and the Regional Petroleum Reserve (RPR). Decisions regarding these other aspects of the SPR have been deferred pending further analysis.

The FEA is also studying potential environmental impacts from the ESR and will make a draft environmental impact statement for the entire program available to the public shortly. In addition, FEA is preparing environmental impact statements on potential storage sites which have been under study.

The Early Storage Reserve Plan is available to press and public from the Federal Energy Administration Press Room, (room 2136) 12th and Pennsylvania Ave., N.W., Washington, D.C. 20461.

-FEA-

Media Inquiry: 964-4781
Press Room: 961-8546

Contact: Bill Pearl

E-76-106

Federal Energy News

Federal Energy Administration
Washington
D.C. 20461

FOR IMMEDIATE RELEASE APRIL 27, 1976

NEIL ADAMS, NATIVE OF KANSAS, NAMED
FEA ADMINISTRATOR IN KANSAS CITY

The Federal Energy Administration today announced the appointment of Neil Adams, an official of the Federal Power Commission and native of Sun City, Kan., as Regional Administrator for FEA's Region VII with headquarters in Kansas City, Mo.

Adams will replace James Newman who is now assigned to the national office as Deputy Assistant Administrator for Compliance.

"We're most fortunate to have a man of Neil Adams' experience in electrical engineering and other vital energy areas to serve in this important post," said Federal Energy Administrator Frank G. Zarb in announcing the appointment. "He is a native of the region in which he will serve and as such is well equipped to handle the energy projects and problems peculiar to his home area."

Adams will administer all FEA programs at the regional office level, including those for conservation, energy resource development, regulatory enforcement, allocations, operations, and related management functions.

Since June, 1975, Adams has served with the Federal Power Commission as Assistant to the Division Chief in the Bureau of Power. At FPC, he has directed special projects and conducted engineering tasks in connection with the Commission's continuing National Power Survey. He also has conducted regional and world power surveys.

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Adams' specialty areas at the FPC have included the operation and maintenance of power facilities, fuel uses and problems, environmental effects of power facilities, electric retail rates, and research relating to the electric power industry.

From 1971 to 1975, Adams headed his own engineering consulting firm in Springfield, Missouri, and for nine years before that was general manager of a statewide electric power cooperative headquartered in Springfield.

From 1956-62, he was Chief of the Division of Rates and Customer Service for the Department of Interior's Southwestern Power Administration in Tulsa, Oklahoma, and directed its marketing program for Federal hydroelectric power.

Mr. Adams received his Bachelor of Science degree in Electrical Engineering from Kansas State University and is a Registered Professional Engineer.

FEA's Regional Office is located at 112 East 12th Street in Kansas City and has jurisdiction over the States of Missouri, Kansas, Iowa and Nebraska.

-FEA-

Media Inquiries: (202) 964-4781
Press Room: 961-8546

Media Contact: Bob White

E-76-110

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE MAY 28, 1976

FEA PUBLISHES DRAFT STANDBY EMERGENCY PLANS REQUIRED BY ENERGY LEGISLATION

If the Nation were hit by another oil embargo, the potential disruption of the economy would be far greater than occurred during the 1973-4 embargo. In order to prepare for such an emergency, the Energy Policy and Conservation Act (EPCA) requires that FEA prepare standby plans for mandatory conservation actions and for rationing gasoline and fuel oil, and submit those plans to Congress for review.

FEA today published for public comment, a draft rationing and five draft energy plans. Following public review and comments these standby emergency plans will be submitted to Congress.

If approved by the Congress, a plan would be given standby status until the President finds that putting the plan into effect is required by energy emergency such as another embargo. Such a finding would put a conservation contingency plan into effect, but for the rationing plan to become effective the President would in addition, be required to submit a request to the Congress which neither House disapproves.

"It is important to understand," said FEA Administrator Frank Zarb, "that these plans are required by the Energy Policy and Conservation Act as an emergency measure, and that they are neither acceptable nor legitimate ways of dealing with the Nation's long-term energy problems. They only have utility if we face another embargo situation. The plans being published today are only a part of a broader approach that would be needed in the event of another embargo. In effect, we would have the flexibility to tailor our response to the severity of the oil import short-fall, and the projected duration of the embargo."

The first counter-measure to be employed, Zarb said, would be a call for voluntary conservation. Citizen response would result in "significant" energy savings, he added, and could deal with a "limited" embargo.

Reimposition and alteration of mandatory allocation regulations, draw-down of the Strategic Storage Reserves FEA is now setting up, and efforts to replace imports from other sources would be the next steps that FEA would take if the emergency persisted and required savings beyond the voluntary measures.

A more severe energy supply interruption would require imposition of one or more of the conservation contingency plans. While these might cause inconvenience, Zarb said, they would be necessary to preserve jobs, and to minimize impacts by restricting use of fuel for non-essential purposes.

The conservation contingency plans include the following five measures:

1. Emergency Heating, Cooling, Lighting and Hot Water Restrictions
2. Emergency Commuter Parking Restrictions and Carpooling Incentives
3. Emergency Weekend Gasoline and Diesel Fuel Distribution Restrictions
4. Emergency Boiler Combustion Efficiency Requirements
5. Emergency Restrictions on Illuminated Advertising and Outdoor Gas Lighting

Even in an emergency, all these measures might not be needed. They are designed to be implemented singly or in combination to restrict energy demand. Additional plans may be developed by FEA for later submission to Congress.

If the supply disruption was of such duration (e.g., a year) and depth that these voluntary and mandatory measures were insufficient to mitigate massive economic and social dislocations, the rationing program would then be considered.

The gasoline and diesel fuel rationing plan calls for each holder of a valid driver's license to receive an equal allotment of gasoline coupons. Local boards could grant supplemental ration rights to handicapped persons, migrant workers, low-income long-distance commuters and others suffering hardships.

Firms, including nonprofit organizations, would receive ration credits based on their placement in one of three categories:

-- Strategic defense, emergency services such as police, fire and ambulance companies, agricultural production, and passenger transportation services would receive 100 percent of current needs.

-- Vehicles involved in sanitation services, energy production and telecommunications would receive 100 percent of the volume of gasoline they consumed during a prior base period to be established.

-- All other firms would receive 90 percent of the volume consumed during the base period.

Firms would use ration credit checks in much the same manner as individuals would use ration coupons. FEA would deposit a firm's allotment of ration credits in a special ration credit account on the first of each month. Firms would then draw on these accounts by issuing ration credit checks redeemable by gasoline suppliers.

Coupons and ration checks ("ration rights") would be freely exchangeable in an unregulated ration rights "white market." Gasoline dealers would obtain resupplies through the existing allocation system provided they had received sufficient ration rights from their customers. Dealers would account to their suppliers by drawing checks against a special redemption checking account into which they would deposit all ration rights received from customers.

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Because 70 percent of diesel fuel consumption is by wholesale purchasers, a market already governed by FEA's middle distillate allocation program, the proposed rationing plan would apply only to diesel sales at retail sales outlets. Diesel automobile drivers would use their gasoline ration coupons to buy diesel fuel.

A national public hearing will be held in Washington, D.C. beginning at 9:30 a.m. on Wednesday, June 23, 1976 on the conservation contingency plans and at the same hour on Thursday, June 24, 1976 on the gasoline and diesel fuel rationing contingency plan. Both hearings will be held in Room 2105, 2000 M Street, N.W, Washington, D.C. Requests to testify at either hearing should be delivered to Executive Communications, FEA, Room 3309 Federal Building, 12th and Pennsylvania Avenue, N.W., Washington, D.C. 20461 before 4:30 p.m. June 16. Written comments on the plans will be accepted at the same address through June 28. Fifteen copies of comments should be submitted.

Regional public hearings will be held beginning at 9:30 a.m. on Monday, June 21, 1976 with respect to the conservation contingency plans and at the same hour on June 22, 1976 with respect to the gasoline and diesel fuel rationing contingency plan. The hearings will be held at the following locations:

FEA, 1655 Peachtree St.
5th Floor Conference Room
Atlanta, Georgia

Federal Bldg., 911 Walnut St.
Room 302
Kansas City, Missouri

Post Office and U.S. Court of Appeals Bldg.
Court Room 14
7th and Mission Sts.
San Francisco, California

Z. J. Loussac Library
427 F St.
Anchorage, Alaska

Requests to testify at the regional hearings should be delivered to the appropriate regional office before 4:30 p.m. local time June 14 for the conservation contingency plans and before 4:30 p.m. local time June 15 for the rationing contingency plan.

-FEA-

Media Inquiry: 964-4781
Press Room: 961-8546

Contact: Ed Vilade

E-76-141

Federal Energy News
Federal Energy Administration Washington D.C. 20461

FOR IMMEDIATE RELEASE JUNE 17, 1976

ZARB SEES ENOUGH GASOLINE FOR SUMMER,
BUT URGES CONSERVATION

Federal Energy Administrator Frank G. Zarb said today that Americans should find enough gasoline to meet summer driving needs, but urged motorists to "go easy on the gas pedal" in the coming months.

"Demand for the first quarter of this year and for the month of April was higher than we expected," Zarb said. "And, of course, driving will be heavier during this Bicentennial summer. Although we are not forecasting any gasoline demand that cannot be met, we do urge drivers to obey the speed limit and be frugal in their driving habits."

Zarb also said that gasoline prices can be expected to rise about two cents during the summer, which is the traditional seasonal increase. (Some companies have begun to increase prices a penny a gallon.) The national average retail price for gasoline in May was 57.4 cents per gallon, including taxes.

"FEA will be watching gasoline prices again this summer," Zarb said. "We will be looking for signs of erratic market behavior and will respond as necessary to complaints of excessively high prices."

The FEA still controls the prices of all petroleum products covered by the Emergency Petroleum Allocation Act (EPAA) except residual fuel oil, which was recently decontrolled when Congress accepted an FEA plan submitted in accordance with provisions of the Energy Policy and Conservation Act. Basically, FEA's petroleum product price controls limit oil refiners, wholesalers, and retailers to the price for which the product sold on May 15, 1973, plus increased product costs and certain limited allowances for non-product price increases (such as for rent, salaries, etc.).

-more-

E-76-158 04176,09216

Refiners, wholesalers, and retailers are, however, allowed to pass through dollar-for-dollar increases in the prices they pay for the materials they buy for resale. Crude oil producers are also limited in the prices they can charge for crude oil.

Gasoline demand for the first quarter of 1976 was 5.5 percent higher than for the same period last year. Demand for April was 7.4 percent over April 1975, and demand for May was nearly 6 percent higher than for May 1975. The highest monthly demand on record was 7.26 million barrels per day (mmb/d), in August 1973.

The peak months for gasoline demand usually are June, July, and August. Demand in those months last year was 7.08, 7.04, and 7.01 mmb/d, respectively. The peak weekly demand usually comes in the week including the Independence Day holiday. Demand for the week ended July 4 last year was 7.55 mmb/d.

Zarb noted that gasoline stocks at the end of May were at 219 million barrels, or 30.7 days' supply at the May demand level of 7.11 mmb/d. Stocks at the end of May 1975 were equal to 31.7 days' supply.

"Even if gasoline demand should continue to grow at the current rate -- and we do not expect this to happen -- the demand could be met because U.S. refinery capacity is adequate," Zarb added. Refinery capacity currently is estimated at 15.7 mmb/d.

"If refineries were operated at 90 percent of capacity, which is a reasonable peak rate, and historic gasoline yields prevailed, we should be able to meet such a greater-than-anticipated demand this summer," Zarb went on. "Drivers should observe the 55-mile-per-hour speed limit and be conservative in their driving, to help ensure that we see no supply problems this summer."

-FEA-

Media Inquiry: 964-4781
Press Room: 961-8546

Contact: Kathy Litwak

E-76-158

Federal Energy News
Federal Energy Administration Washington D.C. 20461

FOR IMMEDIATE RELEASE JULY 1, 1976

FEA ORDERS ELECTRIC UTILITY POWERPLANTS TO BURN COAL

Increased reliance on coal to generate electricity is expected to result from a series of actions announced today by Federal Energy Administrator Frank G. Zarb.

Zarb said that FEA yesterday made effective orders to 30 powerplants in 17 states, requiring that they be constructed with coal burning capability. The 30 plants will have a combined generating capacity of 15,000 megawatts with the capability to use 43.4 million tons of coal per year, which is the equivalent of 155 million barrels of oil.

The FEA Administrator also announced that his agency has sent preliminary notices to 48 other powerplants, now in the planning stages in 22 states, indicating intent to issue orders requiring coal burning capability, pending results of public comment on the proposed actions.

If final orders are issued to all 48, a generating capacity of more than 29,000 megawatts will be affected, with the capability to use 84.4 million tons of coal per year, equivalent to 301.6 million barrels of oil. All plants which burn coal must meet applicable federal and state environmental regulations.

The Energy Supply and Environmental Coordination Act of 1974 (ESECA) authorizes FEA to take steps to increase the use of coal in powerplant boilers so that scarce oil and natural gas may be redirected to higher priority uses for which no substitute is feasible.

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Preliminary notices were issued a year ago to 74 powerplants, including the 30 for which orders were made final yesterday. Final orders are expected soon for the remaining 44.

All of the plants involved in the 78 notices issued yesterday plan to build with coal-burning capability, but the orders will preclude future backsliding to dependence on oil. In the past two years, about half of the planned coal-fired plants have been deferred or cancelled. These orders are designed to prevent changes to building of plants which can burn only oil.

"Compared to oil, coal for electricity generation is clearly the better option for consumers," Zarb commented. "If oil were used instead of coal in all 78 of these powerplants, consumers would be paying $1.5 billion more per year for electricity. Also, if all of that oil had to be imported, we would be paying foreign sources another $5.9 billion a year for their oil."

"These powerplants will be able to consume 127 million tons of coal per year. That is the energy equivalent of 1.25 million barrels of oil per day, equal to the projected production of the Prudhoe Bay oil field in Alaska," Zarb added. "The impact of these orders is important in helping reach the goal of reducing imports of foreign oil."

A summary of the actions and lists of the affected powerplants are attached.

-FEA-

Media Inquiries: (202) 964-4781
Press Room: 961-8546

Media Contact: Allen Hoffard

E-76-168

FACT SHEET ON CONSTRUCTION ORDER NOE'S AND NOI'S ISSUED ON 30 JUNE 1976

	NOTICES OF EFFECTIVENESS	NOTICES OF INTENT	TOTAL NOE & NOI
Powerplants	30	48	78
Companies	21	30	-
States	17	22	31
Capacity Affected (megawatts MW)	14,961	29,079	44,040
Coal Consumption per year (mil. tons)	43.4	84.4	127.8
Equivalent oil consumption (mil. bbls.)	155.0	301.6	456.6
Equivalent oil cost @ $13 per bbl ($)	$2.0 billion	$3.9 billion	$5.9 billion
Coal Consumption per day (tons)	119,000	231,000	350,000
Equivalent oil consumption (bbls.)	425,000	826,000	1,251,000
Equivalent oil cost @ $13 per bbl ($)	$5.5 million	$10.7 million	$16.2 million
Capital required to construct plants ($)	$5.7 billion	$11.6 billion	$17.3 billion
Amount of power produced per year (kilowatt hours)	91.7 billion	178 billion	269.7 billion
Increased annual consumer cost if oil were used instead of coal ($)	$.5 billion	$1.0 billion	$1.5 billion

POWERPLANTS ISSUED NOTICES OF EFFECTIVENESS OF CONSTRUCTION ORDER 30 JUNE 1976

Docket No.	Owner	Powerplant Number	Generating Station	Location	Capacity (MW)	Expected Coal Use (Million tons) per year	Equivalent Oil Use (Million Bbls.) per year
OFU-001-N	Alabama Power Co.	2	J.H. Miller	W. Jefferson, Alabama	660	1.9	6.8
OFU-002-N	Alabama Power Co.	3	J.H. Miller	W. Jefferson, Alabama	660	1.9	6.8
OFU-003-N	Alabama Power Co.	4 (formerly 1981 Unnamed)	J.H. Miller	W. Jefferson, Alabama	660	1.9	6.8
OFU-009-N	City of Painesville, Ohio	-	Painesville Municipal	Painesville, Ohio	25	.1	2.6
OFU-027-N	Southwestern Electric Power Co.	2	Welsh	Cason, Texas	510	1.5	5.3
OFU-028-N	Southwestern Electric Power Co.	3	Welsh	Cason, Texas	510	1.5	5.3
OFU-029-N	The Cincinnati Gas & Electric Co.	2	East Bend	Boone County, Kentucky	600	1.7	6.2
OFU-033-N	Central Illinois Public Service Co.	2	Newton	Jasper County, Illinois	550	1.6	5.7
OFU-034-N	Central Power & Light Co.	1	Coleto Creek	Goliad County, Texas	570	1.7	5.9
OFU-035-N	Dairyland Power Cooperative	6	Alma	Alma, Wisconsin	367	1.1	3.8
OFU-036-N	Iowa Southern Utilities Co.	1	Ottumwa	Chillicothe, Iowa	275	.8	2.9

Docket No.	Owner	Powerplant Number	Generating Station	Location	Capacity (MW)	Expected Coal Use (Million tons) per year	Equivalent Oil Use (Million Bbls.) per year
OFU-037-N	Kansas City Power & Light Co.	1	Iatan	Iatan, Mo.	674	2.0	7.0
OFU-045-N	Montana-Dakota Utilities Co.	1	Coyote Station	Beulah, N.D.	415	1.2	4.3
OFU-048-N	Oklahoma Gas & Electric Co.	1	Sooner	Noble County, Oklahoma	510	1.5	5.3
OFU-049-N	Oklahoma Gas & Electric Co.	2	Sooner	Noble County, Oklahoma	510	1.5	5.3
OFU-050-N	Portland General Electric Co.	-	Boardman	Boardman, Oregon	400	1.2	4.1
OFU-051-N	Public Service Co. of Colorado	- (formerly	Pawnee Plant Northeastern 1)	Brush, Colorado	500	1.5	5.2
OFU-052-N	Public Service Co. of Oklahoma	3	Northeastern	Oologah, Oklahoma	475	1.4	4.9
OFU-053-N	Public Service Co. of Oklahoma	4	Northeastern	Oologah, Oklahoma	475	1.4	4.9
OFU-054-N	Public Service Co. of New Mex. & Tucson Gas & Electric Co.	3	San Juan	Waterflow, New Mexico	515	1.5	5.3
OFU-055-N	Public Service Co. of New Mexico & Tucson Gas & Electric Co.	4	San Juan	Waterflow, New Mexico	515	1.5	5.3
OFU-056-N	Sierra Pacific Power Company	1 (formerly	N. Valmy #1 Unnamed)	Humboldt County, Nev.	250	.7	2.6
OFU-061-N	Southern Illinois Power Cooperative	4	Southern Illinois	Marion, Illinois	173	.5	1.8

Docket No.	Owner	Powerplant Number	Generating Station	Location	Capacity (MW)	Expected Coal Use (Million tons) per year	Equivalent Oil Use (Million Bbls.) per year
OFU-062-N	Southern Indiana Gas & Electric Co.	1	A.B. Brown	West Franklin, Indiana	265	.8	2.7
OFU-063-N	Southwestern Electric Power Company	1	Flint Creek	Gentry, Ark.	511	1.5	5.3
OFU-065-N	The Dayton Power & Light Company; and The Cincinnati Gas and Electric Co.	1	Killen	Adams County, Ohio	613	1.8	6.4
OFU-066-N	The Dayton Power & Light Company; and The Cincinnati Gas and Electric Co.	2	Killen	Adams County, Ohio	613	1.8	6.4
OFU-069-N	The Kansas Power & Light Company	2	Jeffrey Energy Center	St. Marys, Kansas	720	2.1	7.5
OFU-070-N	The Kansas Power & Light Company	3	Jeffrey Energy Center	St. Marys, Kansas	720	2.1	7.5
OFU-071-N	The Kansas Power & Light Company	4	Jeffrey Energy Center	St. Marys, Kansas	720	2.1	7.5
				TOTAL	14,961	43.4	155

POWERPLANTS ISSUED NOTICES OF INTENT TO ISSUE CONSTRUCTION ORDERS
JUNE 30, 1976

Docket No.	Owner	Powerplant Number	Generating Station	Location	Capacity (MW)	Expected Coal Use (Million tons) per year	Equivalent Oil Use (Million Bbls.) per year
OCU-075-N	Appalachian Power Co.	-	Project 1301	New Haven, W. Va.	1300	3.8	13.5
OCU-076-N	Arizona Public Service Co.	-	Intermediate 1983 Unit	Arizona/New Mexico *	350	1.0	3.6
OCU-077-N	Basin Electric Power Coop.	1	Beulah Plant	Beulah, N. Dakota	438	1.3	4.5
OCU-078-N	Basin Electric Power Coop.	2	Beulah Plant	Beulah, N. Dakota	438	1.3	4.5
OCU-079-N	Basin Electric Power Coop.	1	Laramie River	Wheatland, Wyo.	621	1.8	6.4
OCU-080-N	Basin Electric Power Coop.	2	Laramie River	Wheatland, Wyo.	621	1.8	6.4
OCU-081-N	Basin Electric Power Coop.	3	Laramie River	Wheatland, Wyo.	621	1.8	6.4
OCU-082-N	Big Rivers Electric Corp.	R-2	Robert Reid	Near Sebree, Ky.	240	0.7	2.5
OCU-083-N	Central Illinois Light Co.	2	Duck Creek	Banner Township, Illinois	400	1.2	4.1
OCU-084-N	Central Illinois Light Company	3	Duck Creek	Banner Township, Illinois	500	1.5	5.2
OCU-085-N	Central Louisiana Electric Co., Inc.	3	Rodemacher	Near Boyce, La.	520	1.5	5.4

Docket No.	Owner	Powerplant Number	Generating Station	Location	Capacity (MW)	Expected Coal Use (Million tons) per year	Equivalent Oil Use (Million Bbls.) per year
OCU-086-N	Cincinnati Gas & Electric Co.	3	East Bend	Near Rabbit Hash, Ky.	800	2.3	8.3
OCU-087-N	Columbus & Southern Ohio Electric Co.	5	E.M. Poston	Athens, Ohio	413	1.2	4.3
OCU-088-N	Columbus & Southern Ohio Electric Co.	6	E.M. Poston	Athens, Ohio	413	1.2	4.3
OCU-089-N	Consumers Power Co.	-	Unassigned Unit, 1984	Michigan*	800	2.3	8.3
OCU-090-N	Consumers Power Co.	-	Unassigned Unit, 1985	Michigan*	800	2.3	8.3
OCU-091-N	Brazos Electric Power Cooperative, Inc., & South Texas Electric Cooperative, Inc.	1	San Miguel	South of Christine, Texas	409	1.2	4.2
OCU-092-N	Georgia Power Co.	2	Scherer	Juliette, Ga.	818	2.4	8.5
OCU-093-N	Georgia Power Co.	3	Scherer	Juliette, Ga.	818	2.4	8.5
OCU-094-N	Georgia Power Co.	4	Scherer	Juliette, Ga.	818	2.4	8.5
OCU-095-N	Hoosier Energy Div., Ind. State-wide REC, Inc.	1	Merom	Near Merom, Ind.	490	1.4	5.1
OCU-096-N	Hoosier Energy Div., Ind. State-wide REC, Inc.	2	Merom	Near Merom, Ind.	490	1.4	5.1
OCU-097-N	Idaho Power Co.	1	Pioneer	Orchard, Idaho	511	1.5	5.3
OCU-098-N	Idaho Power Co.	2	Pioneer	Orchard, Idaho	511	1.5	5.3

Docket No.	Owner	Powerplant Number	Generating Station	Location	Capacity (MW)	Expected Coal Use (Million tons) per year	Equivalent Oil Use (Million Bbls.) per year
OCU-099-N	City of Independence (Mo.), Power & Light Dept.	4	Blue Valley	Independence, Mo.	120	0.3	1.2
OCU-100-N	Indianapolis Power & Light Co.	1	New Plant	Indiana*	650	1.9	6.7
OCU-101-N	Intermountain Power Project	1	Intermoutain Power Project	Near Caineville, Utah	820	2.4	8.5
OCU-102-N	Intermountain Power Project	2	Intermountain Power Project	Near Caineville, Utah	820	2.4	8.5
OCU-103-N	Intermountain Power Project	3	Intermountain Power Project	Near Caineville, Utah	820	2.4	8.5
OCU-104-N	Intermountain Power Project	4	Intermountain Power Project	Near Caineville, Utah	820	2.4	8.5
OCU-105-N	Kentucky Utilities Co.	3	Ghent	Ghent, Ky.	550	1.6	5.7
OCU-106-N	Lower Colorado River Authority	2	Fayette Power Project	LaGrange, Tex.	569	1.7	5.9
OCU-107-N	Northern States Power Co.	-	1981 Fossil-Fueled Unit	Becker, Minn.	860	2.5	8.9
OCU-108-N	Northern States Power Co.	-	1983 Fossil-Fueled Unit	Becker, Minn.	860	2.5	8.9
OCU-109-N	Pacific Power & Light Co.	1	Roosevelt	W. Roosevelt, Wash.	500	1.5	5.2
OCU-110-N	Pennsylvania Electric Co. & Jersey Central Power & Light Co.	7	Seward	Seward, Pa.	800	2.3	8.3

Docket No.	Owner	Powerplant Number	Generating Station	Location	Capacity (MW)	Expected Coal Use (Million tons) per year	Equivalent Oil Use (Million Bbls.) per year
OCU-111-N	Potomac Electric Power Co.	4	Dickerson	Dickerson, Md.	813	2.4	8.4
OCU-112-N	San Antonio City Public Service Board	-	Not Determined	South or South Central Tex. (Indefinite)	375	1.1	3.9
OCU-113-N	South Carolina Public Service Authority	3	Winyah	Georgetown, S. C.	277	0.8	2.9
OCU-114-N	Southwestern Public Service Co.	1	South Plains	Lubbock Co., Tex.	565	1.6	5.9
OCU-115-N	Southwestern Public Service Co.	2	South Plains	Lubbock Co., Tex.	565	1.6	5.9
OCU-116-N	Tampa Electric Co.	1	Beacon Key	Hillsborough Co., Fla.	465	1.3	4.8
OCU-117-N	Tampa Electric Co.	4	Big Bend	Ruskin, Fla.	465	1.3	4.8
OCU-118-N	Texas Power & Light Co., Texas Electric Service Co., and Dallas Power & Light Co. (Texas Utilities Generating Co. - agent/operator.)	1	Forest Grove	Near Athens, Texas	750	2.2	7.8
OCU-119-N	Texas Power & Light Co. and Aluminum Co. of America (Texas Utilities Generating Co. - agent/operator.)	4	Sandow	Near Rockdale, Texas	575	1.7	6.0

Docket No.	Owner	Powerplant Number	Generating Station	Location	Capacity (MW)	Expected Coal USe (Million tons) per year	Equivalent Oil Use (Million Bbls.) per year
OCU-120-N	Texas Power & Light Co. and Aluminum Co. of America (Texas Utilities Generating Co. - agent/operator.)	1	Twin Oak	Near Franklin, Texas	750	2.2	7.8
OCU-121-N	Texas Power & Light Co. and Aluminum Co. of America (Texas Utilities Generating Co. - agent/operator.)	2	Twin Oak	Near Franklin, Texas	750	2.2	7.8
OCU-122-N	Wisconsin Power & Light Co.	5	Edgewater	Sheboygan, Wisc.	400	1.2	4.1
				TOTAL	29,079	84.4	301.6

*Site Not Yet Selected

Federal Energy News

Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE JULY 16, 1976

FEA PROPOSES REVISION OF OIL IMPORT FEE PROGRAM

The Federal Energy Administration announced today a proposed revision of the Mandatory Oil Import Program. FEA Administrator Frank G. Zarb stated that, "the proposed changes are necessary to provide a higher level of long-term protection for domestic refinery capacity and to eliminate existing inequities in the oil import program."

Under FEA's proposal, a new, higher level of long-term protection for domestic refiners could go into effect about 1980. This change is based on findings that domestic cost increases would make the present 63-cent per barrel level of protection provided by the program inadequate after domestic price controls expire in 1979. FEA studies show that protection of $.80-1.00 per barrel would be necessary in 1980 to offset the cost advantage of foreign refiners.

"The phased decontrol program of domestic crude oil prices will allow for the possible short-term suspension of the current 63-cent fee on imported petroleum products -- a move that, if adopted, would simplify an extremely complex, burdensome program," Zarb said.

"Changes in the relationship between world oil markets and the U.S. market, the several-fold increase in world oil prices, and the results of the domestic price control program which keeps U.S. prices below world market oil prices, make the present fee system obsolete," Zarb explained.

"Domestic refiners receive enough benefits through FEA's crude oil cost equalization (entitlements) program to provide adequate protection from foreign competition, making the product fee system unnecessary and excessively burdensome on consumers dependent on imported products while controls remain in effect," Zarb said.

Zarb emphasized that this change, coupled with a long-term protection plan for domestic refiners, would provide geographically uniform fees on imported petroleum product and crude oil, greatly simplifying the Mandatory Oil Import Program, and removing existing inequities.

Under the proposal, product fees would be suspended until the current domestic price controls expire in May 1979. Then a new product fee would be imposed at $1.05 per barrel, an increase over the current 63-cents product fee designed to assure long-term protection to domestic refiners.

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The 21-cents per barrel fee on crude oil imports would be continued.

Under FEA's proposal, crude fees would be applied uniformly to all importers, except for "starter" allocations that would exempt new refineries and petrochemical plants from a portion of the fee for five years. The product fee would remain suspended so long as the level of protection provided to domestic refiners through domestic price controls exceeds 84-cents per barrel in 1980 dollars.

The system of import fees of 63-cents per barrel on product and 21-cents per barrel on crude oil was imposed by Presidential proclamation in April 1973 to offset the cost disadvantages of locating refineries abroad and to encourage development of new refining capacity in the U.S.

The President in early 1975 directed FEA to conduct a major reevaluation of the Mandatory Oil Import program. Preliminary findings of that study include a recommendation that the product fees be suspended. Other recommendations include applying the crude oil import fee in a uniform manner, separating import fees and import tariffs, and simplifying the program's administration.

FEA's final recommendations after hearings and public comment will become effective if adopted by the President.

A public hearing on the fee suspension and related proposals will be held at 9:30 a.m. August 19, 1976, in Room 2105, 2000 M Street, N.W., Washington, D.C., and continued on August 20 if necessary. Requests to testify should be delivered to Executive Communications, FEA, Room 3309 Federal Building, 12th and Pennsylvania Avenue, N.W., Washington, D.C. 20461 before 4:30 p.m. August 12.

Written comments will be accepted at Box HX at the same address, until 4:30 p.m. August 16. Fifteen copies should be submitted in an envelope designated "Modification of the Mandatory Oil Import Program."

-FEA-

Media Inquiry: 964-4781
Press Room: 961-8546

Contact: Donald Creed

E-76-176

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE JULY 30, 1976

ZARB ANNOUNCES ACTION TO CONVERT FEA TO
THE FEDERAL ENERGY OFFICE

The President today signed an Executive Order establishing the Federal Energy Office (FEO) in the Executive Office of the President, and transfering to the FEO all of the functions, personnel and other resources of the Federal Energy Administration.

"Although Congress has apparently resolved the difference between the House and Senate versions of legislation extending the Federal Energy Administration, that legislation has not yet been enacted or sent to the President for consideration," FEA Administrator Frank G. Zarb said. "Since the FEA expires on July 30, swift action by the President in signing the Executive Order was needed to maintain continuity and to give him time to consider the extension legislation."

Zarb emphasized that:

-- the work of the FEA would continue unchanged in the FEO mode.

-- no employees would be adversely affected by the temporary FEO status.

-- compliance activities and all other FEA programs will continue unchanged.

-- no changes in authorities or funding will result.

"This action will prevent disruption and provide continuation of energy programs that the President is required by law to carry out," Zarb explained. He said inefficiencies, bureaucratic complexity, and added expense would result if the agency were allowed to lapse.

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"The FEA organization was set up to provide us with an energy management structure responsible for formulating, shaping, and executing national energy programs," Zarb continued, "and that hasn't changed."

"The purpose of FEA is to act as a catalyst in drawing together energy efforts within the Federal Government, in coordination with the private sector and the American public, to move us toward better energy planning for the future," Zarb explained.

"I call upon the Congress to end debate and move toward agreement on policies for America's energy future. It is only through concerted and committed action that this Nation will achieve its energy goals," Zarb said.

A Presidential Executive Order originally established the Federal Energy Office on December 4, 1973. Public Law 93-275, signed June 27, 1974, established FEA as an independent agency to assume all FEO functions. On December 22, 1975, the President signed the Energy Policy and Conservation Act, giving extensive additional responsibility to FEA. These programs will be continued under the new FEO organization.

-FEA-

Media Inquiry: 964-4781
Press Room: 961-8546

Contact: Donald Creed

Federal Energy News

Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE

AUGUST 2, 1976

FEA PROPOSES CHANGES IN REFINERS' NON-PRODUCT COST PASSTHROUGH REGULATIONS

The Federal Energy Administration today announced proposed changes to the refiner price regulations relating to passthrough of increased non-product costs. The proposed changes will provide for more equitable cost passthrough and encourage expansion of refining capacity and energy conservation.

Refiners would be permitted to pass through in prices essentially all increased costs of doing business. Present regulations permit only a portion of increased costs to be passed through. Expansion of refining capacity and energy conservation would be encouraged under the proposal by permitting costs of new capital investments to achieve those objectives to be passed through in setting prices.

FEA's initial regulations required prenotification by refiners before non-product costs increases could be passed through. This proved to be an extremely cumbersome method of regulation, so in December, 1974, the regulations were amended to define eight categories of increased non-product costs that could be passed through by refiners without prenotification, subject to a profit margin limitation. These categories were: refinery fuel costs, labor costs, marketing costs, additive costs, utility costs, pollution control costs, interest costs and container costs.

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E-76-196

The proposed regulation changes would create three new categories of non-product costs: depreciation costs, maintenance costs, and federal, state and local taxes. Increases in costs in these three categories would be permitted to be passed through in setting prices along with increases in the existing eight non-product cost categories.

The method of computing non-product cost increases in the 11 categories would be altered, to simplify it in cases where refinery output is substantially the same as it was in May 1973, the base month against which allowable cost increases are computed. In cases where refinery output is significantly different, a more complex method which adjusts for changes in refinery output would be used.

Additionally, the proposed regulations would allow a refiner which has crude oil processed by another refiner to treat a portion of the processing fees as a non-product cost increase. That portion of the fees would have to be deducted from the non-product cost increases of the processing refiner, however.

The proposal invites comments on the issue of allowing taxes levied by any locality to be passed through in prices charged in that locality rather than nationwide. In particular, the rulemaking proposes that the Puerto Rican tax on imported oil consumed in Puerto Rico be permitted to be passed through as a non-product cost solely in prices of petroleum products sold in Puerto Rico.

A public hearing on the proposals will be held on August 24, 1976 at 9:30 a.m. in Room 2105, 2000 M Street, N.W., Washington, D.C. Those wishing to testify should make requests in writing to Room 3309, Federal Building, 12th and Pennsylvania Avenue, N.W., Washington, D.C., by August 18, 1976. Those selected will be notified, and should be prepared to submit 100 copies of their testimony.

Written comments will be accepted until August 18, 1976. Comments should be identified on the outside envelope and on documents submitted with the designation "Increased Non-Product Costs and Allocation of Increased Costs to Exempt Products." Fifteen copies should be submitted, to Executive Communications, Room 3309, Federal Energy Administration, Box ID, Washington, D. C. 20461.

-FEA-

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Press Room: 961-8546

Media Contact: Ed Vilade

E-76-196

Federal Energy News
Federal Energy Office
Washington
D.C. 20461

FOR IMMEDIATE RELEASE AUGUST 5, 1976

ERC ANNOUNCES LNG IMPORT POLICY

The President's Energy Resources Council (ERC) today announced an elaboration of his previously announced policy on liquefied natural gas (LNG) imports.

Frank G. Zarb, Federal Energy Administrator and Executive Director of the ERC, said, "This policy will reduce the potential for natural gas shortages in the U.S., while limiting our vulnerability to supply interruption."

Liquefied natural gas is a natural gas that has been cooled into a liquid. In liquid form, the gas volume is reduced substantially, and can be shipped from sources abroad. The Federal Power Commission (FPC) has approved projects amounting to 0.4 trillion cubic feet (Tcf) of LNG imports by 1980.

The ERC's conclusions, the results of analyses made by a Federal Interagency Task Force established in March, are as follows:

Import Dependence

The ERC believes that LNG imports are needed as a supplemental source of natural gas, but that the U.S. must limit its dependence on imports from any particular country. The ERC has decided to recommend to the FPC that LNG imports from a single country be limited to 0.8 to 1.0 Tcf per year for national security reasons. Further, about 2 Tcf per year is an acceptable national level of total LNG import dependence. This level is not a quota, but rather an acceptable level of national dependence which could change, depending on domestic policy.

-more-

Another recommendation is that the FPC act expeditiously on those projects with the most desirable pricing and price escalation provisions for U.S. consumers, and those which provide the greatest assurance of uninterrupted supply.

Pricing

The ERC has concluded that LNG imports intended for current high priority residential and commercial customers should be priced at "rolled-in" or averaged prices at the retail level. Further, expensive, relatively insecure LNG imports probably should be incrementally priced for lower priority domestic users, or to meet new demand. Incremental or marginal pricing would pass through to the user the full economic cost of each new supply source.

The pricing policy is intended as a recommendation for the FPC and for State and local authorities and will be reviewed continuously by the ERC, along with the pricing of other supplemental sources of natural gas.

Government Financing

The Maritime Administration (MarAd) and the Export-Import Bank historically have provided funds for LNG projects. MarAd provides subsidies for ship construction and guarantees for U.S.-built LNG tankers to aid the competitiveness of the U.S shipbuilding industry. However, since tankers would be available elsewhere if U.S. subsidies were unavailable, MarAd support is not essential to LNG ventures. Thus, the ERC has chosen not to recommend modification of current MarAd policies regarding LNG tankers.

Loans and guarantees for overseas LNG projects, such as gas field facilities and pipeline compressor stations, are provided by the Export-Import Bank. The Bank's support for transactions is subject to approval by an interagency advisory committee to ensure that loans meet national policy objectives. The ERC believes that this process provides a timely, comprehensive project review and need not be modified.

Contingency Planning

The ERC believes there is a need for contingency plans prior to the FPC's approval of prospective projects, and that such plans should be required by the FPC. The plans, which could go into effect in case of a supply interruption, could entail underground LNG storage, conservation, curtailments of lower priority users, availability of supplemental gas sources, and other appropriate procedures.

Siting and Safety Concerns

Although the FPC has jurisdiction over site selection for LNG import facilities, there still are overlapping responsibilities for LNG siting and safety among Federal agencies and some State governments. The Interagency Task Force will work with the FPC and with State and local authorities to resolve any administrative, technical, and legal problems associated with siting and safety. The Task Force then will report its findings to the ERC.

-FEA-

Media Inquiry: 964-4781 Contact: Kathy Litwak

E-76-197

Federal Energy News
Federal Energy Office
Washington
D.C. 20461

FOR IMMEDIATE RELEASE AUGUST 5, 1976

FEO ADOPTS SPECIAL SET-ASIDE PROCEDURES FOR MIDDLE DISTILLATES

The Federal Energy Office today announced adoption of a special set-aside procedure for heating oil and other middle distillates to ensure that no marketer is unable to obtain supplies during the transitional period following the exemption of middle distillates from the Mandatory Price and Allocation Regulations on July 1, 1976.

The other step FEO is taking to ensure supply and price stability following decontrol is a system to monitor actual average prices of heating oil and diesel fuel. FEO proposes to take appropriate remedial action to lower prices if they exceed an index price calculated by FEO. Public hearings on this proposal were completed yesterday and a final regulation will be issued following evaluation of comments presented. The two steps result from commitments made to Congress at the time of the exemption of middle distillates from controls.

FEO held a hearing on the special set-aside proposal (Special Rule No. 3) on July 23, and received 48 written and oral comments. As a result, the final plan differs from the proposal in several important respects.

The most important is that, instead of being administered by FEO's regional offices, as proposed, the middle-distillate set-aside will be administered by the states. State Offices have been running set-aside programs for covered products since the inception of mandatory allocation regulations.

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Federal Energy Office
Washington
D.C. 20461

FOR IMMEDIATE RELEASE AUGUST 5, 1976

FEO STREAMLINES TOP STAFF FUNCTIONS

Federal Energy Administrator Frank G. Zarb today announced the reorganization of several FEO managerial and staff functions. Zarb said the changes will assure "prompt and effective acceleration of programs assigned to the agency under the Energy Policy and Conservation Act of 1975" (EPCA).

The key changes, approved by both the Administration and Congress, include:

- Establishment of a separate Office of Strategic Petroleum Reserves to be headed by an Assistant Administrator. The new office was formerly part of the FEA Office of Energy Resource Development. Tom Noel, currently FEO's Assistant Administrator for Management and Administration, has been selected to head the new office. Since Noel is moving from one Assistant Administrator post to another, he will not formally assume his new duties until the transfer has been reviewed with the Senate Interior Committee.

- Establishment of an Office of Energy Information and Analysis headed by Assistant Administrator John D. Christie, former Assistant Administrator for Policy and Analysis. The new program will continue all the data and analysis functions of the former Office of Policy and Analysis.

- Transfer of the agency's policy development to a new staff function in the immediate Office of the Administrator. The new office will be combined with a new program review and evaluation function and directed by an Associate Administrator, Bruce A. Pasternack. Pasternack formerly served as Deputy Assistant Administrator for Policy.

- Transfer of the Office of Management and Administration to the immediate Office of Administrator Zarb. This reorganized function, the Office of Management, will be headed by an Associate Administrator, Martin D. Howell, the former Deputy Assistant Administrator for Management and Administration.

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Zarb said the changes announced today will "achieve several important results, including the undivided attention of a senior high level FEA manager to the large and complex Strategic Reserves Program."

That Program, created under the EPCA last Dec. 22, is a two-stage activity which calls first for an Early Storage Reserve of 150 million barrels of oil by 1978. The second stage involves a larger reserve of up to a billion barrels stored in salt dome caverns or underground mines by 1982.

Zarb said today's reorganization would also separate data and analysis activities from policy development activities, thus "insuring independence of these functions" and would "consolidate at the top of the agency all FEA policy, planning, program review and budgeting efforts."

The Office of Energy Information and Analysis will serve as a national energy data clearinghouse, provide supply and demand forecasting, and assess the economic impact of energy policy alternatives. The Office of Policy and Program Evaluation will coordinate energy-related programs, policies, and legislation and provide liaison with the Energy Resources Council.

Brief biographical sketches follow of the newly-assigned executives:

- Thomas E. Noel, Assistant Administrator for Strategic Petroleum Reserves--Noel, 38, previously served FEA as Assistant Administrator for Management and Administration, Executive Assistant to Administrator Frank G. Zarb, and Special Assistant to former Administrator John C. Sawhill. Before joining FEA, Noel served 14 years in the U.S. Army. He is a U.S. Military Academy graduate and holds a Masters Degree from Duke University.

- Martin D. Howell, Associate Administrator for Management--Howell, 49, joined FEA in September, 1974, to serve as Deputy Assistant Administrator for Management and Administration. Also a U.S. Military Academy graduate and career Army officer, he holds a Ph.D. in Government from New York University. Howell received 37 military awards including the Distinguished Service Medal, the Silver Star with Oak Leaf Clusters, and the Legion of Merit with Oak Leaf Clusters. He is an experienced speaker and writer and is fluent in the German language. He resides in Alexandria, Va., with his wife.

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• Bruce A. Pasternack, Associate Administrator for Policy and Program Evaluation --Pasternack, 28, formerly served as Deputy Administrator for Policy and as Director of FEA's Office of Policy Evaluation. He directed efforts to prepare the National Energy Outlook, the analytical framework for development of a National energy policy. Before joining FEA, Pasternack was a staff member for energy programs at the Council on Environmental Quality. He lives with his wife and daughter in Silver Spring, Md. Pasternack received a Bachelor of Engineering degree from The Cooper Union in New York and a Masters degree in systems engineering and operations reaseach from the University of Pennsylvania. He has completed course work for a Ph.D. in environmental management and public administration from Drexel University.

• John D. Christie, Assistant Administrator for Energy Information and Analysis--Christie, 39, formerly served as Assistant Administrator for Policy and Analysis. In that position, he has been responsible for determining the economic impact of policy options and gathering and assembling energy data. He has also been charged with developing and coordinating energy-related policy options and recommendations and performing energy policy analyses. Prior to joining FEA, he was Principal Deputy Assistant Secretary of Defense for Program Analysis and Evaluation. A native of Greensburg, Pa., he holds Bachelor of Science, Master of Science, and Doctor of Science degrees in mechanical engineering from Massachusetts Institute of Technology. Christie lives with his wife, Deborah, in Arlington, Va.

-FEO- E-76-201

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Federal Energy News
Federal Energy Administration Washington D.C. 20461

FOR IMMEDIATE RELEASE SEPTEMBER 2, 1976

FEA PROPOSES REGULATION ON TANKER TRANSPORTATION COSTS

The Federal Energy Administration today proposed regulations which would prescribe standards for the determination of the portion of the landed cost of imported crude oil which oil companies may attribute to the cost of tanker transportation for foreign crude oil shipped to this country.

Under the proposed regulations, a company would use either a method based on the actual cost to it of the transportation, or a method based on that transportation's market value. The method a company could use would depend on its past method of accounting for tanker transportation costs.

FEA proposed on March 9 of this year a regulation having the same intent as the regulations proposed today. Today's proposed rulemaking reflects the comments received on that earlier proposal.

A public hearing on the regulation proposed will be held in Washington, D.C. beginning at 9:30 a.m. on Thursday, September 23, in Room 2105, 2000 M Street, N.W., Washington, D.C. Requests to testify at the hearing should be delivered to Executive Communications, FEA, Room 3309, Federal Building, 12th and Pennsylvania Avenue, N.W., Washington, D.C. before 4:30 p.m., September 15. Written comments will be accepted at Box IL at the same address through September 21. Fifteen copies of comments should be submitted.

-FEA-

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E-76-218

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE SEPTEMBER 2, 1976

FEA TO EXTEND HOLD ON CRUDE OIL PRICE INCREASES

The Federal Energy Administration today announced that it will continue to hold the first sale price of domestic crude oil at June levels for the months of September, October and November.

FEA had previously held prices for the months of July and August at June levels.

Under the temporary hold on prices, the lower tier first sale price would average approximately $5.15 per barrel and the upper tier first sale price would average approximately $11.62 per barrel.

The action is being taken following receipt of FEA's final actual first sale price data for the months of February through May 1976, and preliminary data for June.

Under the Energy Policy and Conservation Act (EPCA), FEA is required to control the composite first-sale price of domestic crude oil at levels specified in the Act. On February 1, FEA adopted regulations intended to reach the EPCA-mandated $7.66 per barrel composite price for domestic crude oil during February.

Those regulations were based on estimates of an average lower tier price of $5.25 per barrel, with lower tier oil comprising 60 percent of total domestic production; and an average upper tier price of $11.28 per barrel, with upper tier oil comprising 40 percent of total domestic production.

On April 13, FEA published a schedule of upward adjustments in the composite price schedule for 39 months beginning as of March 1.

The schedule called for price increases of about 6 cents per month from the initial $7.66 composite price. The increases were based on a maximum 3 percent per year production incentive, and an inflation rate during the fourth quarter of 1975, as calculated by the Commerce Department, which governed the allowable price increase for the months of March, April and May.

In publishing the initial monthly price schedule, FEA noted that the schedule would be revised if necessary to compensate for changes in the inflation rate and for amounts by which the actual composite price fell short of or exceeded allowable levels. FEA noted that such adjustments were probable, since its initial price calculations were based on estimates, rather than actual price data, and might prove inaccurate.

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In June, FEA's preliminary data indicated that the actual composite price for February was $7.82 per barrel, exceeding the statutory limit of $7.66 by 16 cents; and the actual price for March was $7.79 per barrel, 7 cents above the adjusted limit of $7.72 for that month. This resulted in the collection of about $67 million in excess revenues by crude oil producers in those two months.

The problem of the pricing excesses for the first two months was compounded by the fact that the inflation rate for the first quarter of 1976, which governed the allowable price increases for June, July and August, had dropped to 3.5 percent. This lowered the allowable monthly price increase from about 6 cents per month, to about 4 cents per month.

Based on these data, FEA has concluded that a continuation of the hold on price increases is necessary to avoid the risk of having to roll back prices later. Such a rollback would have a disruptive effect on production and planning in the industry.

Recent amendments to price control legislation have removed some of the constraints of the composite price requirements. The amendments remove the 3 percent limit on the production incentive, effective September 1, requiring only that the production incentive and inflation offset combined not exceed 10 percent per year. Previously, an inflation rate of 3.5 percent would limit the total allowable increase to 6.5 percent.

FEA intends to utilize this increased flexibility to provide price incentives for tertiary recovery and to provide adjustments to certain gravity differentials. Also, by separate rulemaking, FEA is proposing regulations to implement the stripper-well exemption contained in the recent legislation.

These changes, and the recently-announced change in the definition of "property", effective September 1, make it impossible for FEA to determine if any of the increased pricing flexibility will be available to offset the amounts by which actual prices exceeded the statutory limits during the first six months of the program.

Until these determinations are made, FEA has determined that the three-month hold is necessary. A crude oil price schedule for months after November will be issued in late November.

Final actual data for February, March, April, and May 1976 crude oil prices and preliminary data for June 1976 are as follows:

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DOMESTIC CRUDE OIL PRICES

Month	Lower Tier Percent	Lower Tier Price	Upper Tier Price	Statutory Composite Price	Actual Composite Price	Cumulative Excess Receipts (Mils.)
Feb.	56.13	5.05	11.47	7.66	7.87	49
Mar.	56.93	5.07	11.39	7.72	7.79	67
Apr.	56.69	5.07	11.52	7.78	7.86	86
May	57.04	5.13	11.55	7.84	7.89	97
Jun.*	56.05	5.15	11.62	7.88	8.00	120

* Preliminary data

-FEA-

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E-76-220

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE SEPTEMBER 8, 1976

SAVINGS RESULT FROM WORK OF POWER PLANT ACCELERATION TASK FORCE

By helping to reduce construction delays, a special Presidential Task Force has contributed to the saving of an estimated $300-million to $500-million by 17 electric utilities and their customers, FEA Administrator Frank G. Zarb said today.

The Presidential Task Force on Power Plant Acceleration was established last September, at the recommendation of the President's Labor-Management Committee, to assist in removing impediments to the completion of construction of electric utility power plants. It has provided, when requested, expert technical advice to aid utilities and State and Federal bodies in expediting the construction of approved projects that were delayed.

An interim report released today indicates that delays were reduced an average of three months for each power plant examined by the Task Force. Accompanying the report is an inventory of major U.S. power plants now in planning, licensing or construction. It describes the status of 436 electrical generating units, 143 of which were found to be delayed or cancelled.

Zarb said the Task Force would be extended for an additional six months to continue its work. "The types of problems which the Task Force has addressed will continue to exist," said Zarb. "Therefore, operations of this group will be extended to assure that future adequate supplies of electricity are forthcoming with minimum delay and cost." The program is administered within FEA's Office of Utility Projects under the overall direction of Robert I. Hanfling, Deputy Assistant Administrator, Energy Resource Development.

The Task Force is inter-agency in nature, calling upon the expertise of nine different energy-related federal institutions. The participating federal agencies are the Federal Power Commission, Department of the Treasury, Energy Research and Development Administration, Environmental Protection Agency, Department of Labor, Nuclear Regulatory Commission, Department of the Interior, Department of Commerce and the Federal Energy Administration. Mr. Zarb, as Executive Director of the Energy Resources Council, was directed by the President to organize the Task Force, and staff support is provided by FEA.

A limited number of copies of the report, "Review and Evaluation: Presidential Task Force on Power Plant Acceleration" and the inventory are available in the FEA Press Room 2134, Federal Building, 12th and Pennsylvania Avenue, N.W., Washington, D.C. 20461.

-FEA-

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E-76-223

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE SEPTEMBER 9, 1976

FEA CUTS PAPER LOAD 33 PERCENT

The Federal Energy Administration announced today that it had reduced its public reporting burden 33 percent since January, for an estimated savings of 4.2 million hours of paperwork.

The elimination of 12 forms and simplification of 3 others required of the energy industries is in keeping with the President's government-wide paperwork reduction program. At the same time FEA is continuing to refine and upgrade the remaining reporting requirements to insure the receipt of adequate data needed to carry out its various monitoring and forecasting responsibilities.

"Whenever FEA collects data, we are complying with one of several laws that govern our activities, and our reporting requirements have been extensive," FEA Administrator Frank G. Zarb explained. "However, we have been able to eliminate some forms and streamline others to ease the paperwork burden on respondents. The smaller firms and dealers have especially benefited from this effort."

Zarb noted that nearly half of the paperwork reduction can be attributed to less frequent reporting, as in the case of FEA's natural gas survey questionnaire which now is required semiannually instead of quarterly. Another substantial reduction resulted from elimination of a suppliers' allocation worksheet, which was outdated.

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About 10 percent savings has been realized due to the decontrol of certain petroleum products, Zarb said. "Decontrol is making it possible for us to monitor the industry based on sampling techniques rather than requiring the entire industry to report," he continued. "For instance, as the result of decontrol of middle distillates we will be sampling 600 dealers of number 2 heating oil instead of requiring reports from approximately 8,000 firms.

Additional savings have resulted from the Joint Petroleum Reporting System operated by FEA and the Bureau of Mines. Under this system the Bureau of Mines collects monthly data from the petroleum industry on refinery production, stocks, and oil imports. FEA then processes and publishes the data. Previously, FEA and the Bureau of Mines had been collecting similar information.

"This system has eliminated duplicate reporting by the petroleum industry, while providing timely and accurate forecasting of petroleum statistics," Zarb stated.

Zarb also announced that FEA is conducting an ongoing review of additional forms that might be eliminated or simplified. "We hope this review will result in further reductions in reporting requirements and even more manageable reporting systems," he said.

-FEA-

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E-76-227

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE

SEPTEMBER 15, 1976

FEA ANNOUNCES RESULTS OF REFINER SURVEY ON RECOVERY OF NON-PRODUCT COSTS

The Federal Energy Administration today announced the results of a survey of 104 refiners it has made to determine whether to allow a proposed class exception to its pricing regulations, and called for comments from consumers and other purchasers on this proposed class exception to assist FEA in making its final decision.

The agency also requests specific comments on whether the sequential interpretation rule is inequitable in application because the data indicates that it operates to prevent refiners from recovering $1.9 billion of the $4.3 billion of FEA-defined allowable increased non-product costs.

The proposed class exception would allow all refiners a "proportional" pass-through of non-product costs, whereas regulations had previously been interpreted to allow only a "sequential" pass-through.

Should the proportional pass-through not be allowed by the Agency, $1.3 billion in non-product costs which have already been accrued as cost justification by refiners during the period January 1975 through January 1976 would be disallowed. The $1.3 billion could have been used to justify an increase in petroleum product prices of .6 cents per gallon above what otherwise could have been charged during this period.

The Agency proposed this exception to the price regulations after finding that a large number of refiners had been taking the "proportional" pass-through, and discovering that FEA regulations and compliance audit manuals may have been in conflict as to whether "proportional" recoupment of costs was allowable.

Under FEA regulations, refiners are permitted to raise prices to reflect certain increased costs of doing business over May 15, 1973 levels. These are termed "increased non-product costs." Increases in the cost of crude oil over May 15, 1973 levels are termed "increased product costs."

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FEA regulations have been interpreted to allow recovery of non-product costs by refiners only after all increased product costs have been recovered, (the "sequential" recovery method). The regulations, however, have apparently been misunderstood by many refiners to authorize equal portions of increased product and non-product cost increases to be recovered, (the "proportional" recovery method).

Use of the proportional order of recovery method allows refiners to carry forward or "bank" larger amounts of increased costs for later recovery than the sequential method which causes these increased costs to be lost if not recouped in the month after they were incurred.

FEA has aggregated the data received to date from 104 respondents regarding amounts of increased non-product costs which is set forth below. The cents per gallon figure in parentheses relates the aggregated dollar amounts to the total volume of domestic refinery output over the same period and provides a close approximation of the cost impact on consumers during this thirteen month time period resulting from the different interpretations applied by refiners.

- Total amount of FEA-defined increased non-product costs incurred (i.e., most increased operating costs, but excluding certain costs such as increased taxes, depreciation over-head, insurance, and maintenance costs other than labor): $4.3 billion (2.0 cents per gallon)

- Amount of increased non-product costs actually recovered in prices: $3.7 billion (1.7 cents per gallon)

- Amount permitted to be recovered under the "proportional" interpretation of the regulations advanced in the proposed class exception: $3.6 billion (1.7 cents per gallon)

- Amount permitted to be recovered under the "sequential" interpretation of the regulations, requiring passthrough of all increased product costs first: $2.4 billion (1.1 cents per gallon)

- Difference between "proportional" and "sequential" interpretation: $1.3 billion (.6 cents per gallon)

Assuming the proposed "proportional" interpretation is adopted:

- Amount "underrecovered" by those refiners which used FEA's "sequential" interpretation: $195 million.

    - Major refiners: $134 million
    - Small and independent refiners: $61 million

- Amount "overrecovered" by those refiners which calculated increased non-product costs to have been recovered first: $284 million.

    - Major refiners: $261 million
    - Small and independent refiners: $23 million

    (the above figures are rounded and thus do not necessarily correspond)

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Finally, FEA by separate notice extended the time for the public hearing previously announced on the proposed class exception. The public hearing will be held on October 13, 1976 in Room 2105, 2000 M Street, Washington, D.C.; requests to participate must be received by FEA on or before September 30, 1976 by writing FEA, and designating "Passthrough of Increased Non-product Cost", Box IC. Written comments should be submitted by October 7, 1976.

-FEA-

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E-76-233

Federal Energy News

Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE NOVEMBER 9, 1976

FEA RELEASES FIRST ROUND OF MIDDLE DISTILLATE PRICES UNDER NEW MONITORING SYSTEM

The Federal Energy Administration (FEA) today released its first set of middle distillate index prices and actual heating oil and diesel fuel survey prices developed under the Agency's special monitoring system.

According to the FEA survey, the average heating oil price to all end-users in June (Table I) ranged from 34.3 cents per gallon in the South to 38.2 cents per gallon in the Northeast and West. Corresponding index prices ranged from 36.3 cents per gallon in the South to 40.2 cents per gallon in the Northeast and West. The national average price to all end-users was 36.6 cents per gallon, and the corresponding index price is 38.6 cents per gallon.

The national average heating oil price to residential users in June was 39.3 cents per gallon. Average residential prices for the regions ranged from 37.4 cents per gallon in the North Central region to 41.5 cents per gallon in the West (see Table II). Prices varied considerably within regions; for instance, prices in the Northeast ranged from about 36 to 44 cents per gallon.

Actual July prices remained nearly the same as in June, while August prices increased about 0.4 cent per gallon over July.

Index values through September and survey prices through October for No. 2 diesel fuel oil sold at truck stops and service stations are presented in Table III. No. 2 diesel fuel survey prices were well below index prices in all regions for July through September. October survey prices for diesel fuel remained approximately at their June through September levels.

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The Northeast regional heating oil index price for July declined by 0.6 cent from its June level, and the U.S. average index price declined by 0.5 cent per gallon. Index prices in the other regions declined by 0.4 cent per gallon. These lower index prices resulted from declines in average crude and refiner nonproduct costs from April to May. The greater decline in the Northeast and the U.S. average was due to a decrease in the price of imported distillates.

Heating oil index prices for August rose above their June levels by 0.5 cent per gallon in the Northeast, 0.4 cent per gallon in the South, and 0.3 cent per gallon in the two other regions and for the U.S. average. Index prices rose due to higher crude oil and refiner nonproduct costs.

The changes in the diesel fuel indexes from June to September were greater than the changes for the heating oil indexes because diesel fuel distributors take a higher markup and because diesel fuel price indexes do not have a seasonal fluctuation.

The No. 2 heating oil survey covers sales of fuel oil to residential users and lower priced sales to industrial, institutional/utility, and other large-volume users. Table II provides average prices during June for the different types of sales. Fixed percentages of the types of sales used in the calculation of the survey price are listed in Table IV.

The middle distillate monitoring mechanism fulfills a commitment made to Congress by FEA Administrator Frank G. Zarb that the Agency would take measures maintain reasonable price levels for middle distillate fuels during the transition period following their decontrol July 1. A sample of almost 600 firms provide the price data, including at least two firms in each State and at least 50 in each of the four Census regions: Northeast, North Central, South, and West.

Actual national and regional average prices are being measured against the indexes, and should any actual average price exceed the corresponding index price, FEA will hold public hearings on appropriate remedial action within 10 days and take whatever action is needed to restore prices to levels at or below the index price..

The June prices provide the basis for regional and national index values. Crude and nonproduct cost increases are added to these prices, which then are adjusted for seasonality and import variations. A two-cent per gallon flexibility factor also is added. Actual prices are then compared to the index prices.

FEA will publish actual average regional and national prices for heating oil on a weekly basis. Diesel fuel prices will be published monthly.

-FEA

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E-76-276

Table I
Heating Oil Survey Price/Index Price
(Figures in cents per gallon)

Date	Northeast	South	North Central	West	U.S.
Jun 76	38.2/40.2	34.3/36.3	35.0/37.0	38.2/40.2	36.6/38.6
Jul 76	38.1/39.6	34.1/35.9	35.2/36.6	38.1/39.8	36.5/38.1
Aug 76	38.6/40.7	34.4/36.7	35.4/37.3	38.7/40.5	36.9/38.9
Sep 76	/41.0	/37.0	/37.7	/40.9	/39.3

Table I shows the results of the FEA's system for postexemption monitoring of middle distillate prices. The "index price" (right of the slash) is FEA's best estimate of what prices would have been under controls plus two cents per gallon. The "survey price" (left of the slash) for heating oil is calculated from an FEA survey of refiners and heating oil marketers. A detailed explanation of the monitoring system is provided in the September 21, 1976, Federal Register notice.

Table II

No. 2 Heating Oil Prices for June 1976
(Figures in cents per gallon)

Type of Customer	North East	South	North Central	West	U.S.
Residential	40.3	38.3	37.4	41.5	39.3
Industrial	34.0	32.1	32.4	37.9	33.7
Institutional/ Utility	32.0	32.2	30.4	36.1	32.4
Other	34.5	33.5	32.4	34.4	33.6
Weighted Average Prices	38.2	34.3	35.0	38.2	36.6

The survey prices are representative of the price of sales to all end-users of heating oil. They are weighted averages of residential sales and lower-priced industrial, institutional/utility, and other sales which are shown above.

Table III
Diesel Fuel Survey Price/Index Price
(Figures in cents per gallon, ex. tax)

Date	Northeast	South	North Central	West	U.S.
Jun 76	41.7/43.7	40.7/42.7	39.3/41.3	39.2/41.2	39.9/41.9
Jul 76	41.7/43.3	40.9/42.5	39.0/41.1	39.4/41.0	40.0/41.6
Aug 76	41.7/44.4	41.0/43.4	39.1/42.0	39.4/41.8	40.0/42.6
Sep 76	41.7/44.6	40.9/43.6	39.1/42.2	39.4/42.1	40.0/42.8
Oct 76	41.7/	40.1/	39.4/	39.7/	39.9/

Table III shows the results of the FEA's system for post-exemption monitoring of middle distillate prices. The "index price" (right of the slash) is FEA's best estimate of what prices would have been under controls plus two cents per gallon. The "survey price" (left of the slash) for diesel fuel is calculated from an FEA survey of truck stop operators and service stations. A detailed explanation of the monitoring system is provided in the September 21, 1976, Federal Register notice.

Table IV

No. 2 Heating Oil Post Exemption Monitoring System Fixed Weights
(Figures are fractions of column totals)

Type of Customer	North East	South	North Central	West	U.S.
Residential	.6851	.3191	.5610	.2736	.5334
Industrial	.2344	.2972	.2774	.4032	.2755
Institutional/ Utility	.0623	.2390	.1227	.2259	.1322
Other	.0182	.1447	.0389	.0973	.0589
Total	1.0000	1.0000	1.0000	1.0000	1.0000

The above fixed weights are used to calculate the survey prices. They are based on heating oil sales to ultimate consumers during 1975, as reported to the U. S. Department of the Interior, Bureau of Mines. The four regions shown correspond to the four major Bureau of the Census regions. The four broadly defined types of customer categories are derived from the final end usage of each heating oil sale. Residential sales are for the specific purpose of heating use within a home. The Industrial category is for the operating and space heating of businesses including sales to factories, service industries, apartment buildings and office buildings. The Institutional/Utility breakdown includes sales to public utilities, state supported universities, the Federal government, and for military uses. The other category includes sales of heating oil not considered to reasonably fall within the other three categories.

Federal Energy News
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FOR IMMEDIATE RELEASE NOVEMBER 23, 1976

FEA PROPOSES GASOLINE DECONTROL

The Federal Energy Administration today published for comment amendments exempting motor gasoline from price and allocation controls and will hold public hearings on the proposal on December 14 and 15 in Washington, D.C., and in headquarters cities of six FEA Regions.

In the hearings and written comments FEA is seeking comment on FEA's preliminary conclusion that decontrol of motor gasoline will have no adverse price or supply effects. If FEA's preliminary conclusions are confirmed, it could submit a decontrol proposal to Congress, which would take effect if neither House passed a resolution disapproving the measure within a 15-day review period.

The motor gasoline decontrol proposal is the fifth initiated by FEA under provisions of the Emergency Petroleum Allocation Act. Congress did not disapprove any of the earlier four. Residual oil decontrol took effect June 1, middle distillate decontrol became effective July 1, a variety of special products were released from controls September 1, and naphtha jet fuel was exempted October 1.

Decontrol of motor gasoline would leave only aviation gasoline, kerosene jet fuel, natural gas liquids, propane, butane and natural gasoline under price and allocation controls. These represent less than 5 percent of the products refined from a barrel of crude oil.

"This is obviously the most important category of product to be considered for an exemption," said FEA Administrator Frank G. Zarb in announcing the proposal. "Our preliminary findings and views indicate that gasoline decontrol would create no adverse price of supply situations, and would greatly reduce the costly and time-consuming burden of complying with current regulations--a burden that falls most heavily on the 200,000 small businessmen who run service stations. The purpose of the hearings is to gather other facts and views before deciding whether to submit the issue to the Congress."

"FEA's evidence to date on the post-decontrol market for four separate categories of oil products," said Zarb, "discloses virtually no complaints or problems. It confirms our belief that the free market works better than the Federal Government in protecting consumers' interests when supplies are adequate and markets are effectively competitive."

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To assure a smooth transition to an unregulated market in the event gasoline decontrol is proposed and not disapproved, FEA proposed a special set-aside similar to the one currently in effect for middle distillates. The proposed set-aside would be administered by individual states. Each prime supplier (the supplier who first brings the product into the state, either by refining or transporting it) would have to set aside three percent of his total motor gasoline supply each month. Gasoline marketers unable to obtain supplies elsewhere would be assigned supplies from the set-aside for periods up to 90 days, or longer if required to avoid hardship to their customers.

The proposed set-aside would be in effect from the effective date of decontrol through September, 1977.

FEA is also seeking comment on whether a monitoring system, like that in effect for middle distillates, is required to inhibit unwarranted price increases in the transition period and the most effective manner of implementation of such a system if one is required.

"I made a commitment to Congress when we submitted middle distillate decontrol that we'd install safeguards for both price and supply to get us through the transition to decontrol smoothly," Zarb said. "I am prepared to make the same commitment for gasoline if it is determined to be necessary. I'm very pleased to report, incidentally, that very few distillate marketers have been unable to find adequate supply. And, of course, the middle distillate "trigger" in the monitoring system has not yet been activated."

In its preliminary findings and views on motor gasoline decontrol, FEA tentatively concluded that no price rises would result solely from decontrol. However, the Agency noted, current pricing regulations do not permit unleaded gasoline prices high enough to reflect its higher cost of refining. Accordingly, unleaded gasoline prices may rise about 2 cents per gallon under decontrol, but this would be offset by a possible drop in leaded gasoline prices, since unleaded gasoline costs would no longer have to be recovered in part in leaded gasoline prices.

Even if price controls were to continue, FEA plans to propose amendments to its regulations that would allow higher allowable prices for unleaded gasoline to reflect the additional refining costs.

Hearings on the motor gasoline decontrol proposal will be held December 14 and continue December 15, if necessary, at 9:30 a.m., e.s.t., in the Departmental Auditorium, Constitution Avenue, between 12th and 14th Sts., N.W., Washington, D.C. Anyone wishing to testify should make a request in writing by December 8 to: Executive Communications, FEA, Room 3309, Federal Building, 12th and Pennsylvania Avenues, Washington, D.C. 20461. Those selected will be notified by December 9.

Regional hearings will be held December 14, and continue December 15, if necessary, beginning at 9:30 a.m., local time, except for the New York hearing on December 14 which will begin at 1:00 p.m., local time.

A list of cities, hearing sites and addresses for submission of requests to testify is attached.

Written comments will be taken until December 15. Comments should be identified both on the outside envelope and on documents with the designation "Exemption of Motor Gasoline." They should be sent to: Executive Communications, Room 3309, Box JP, Federal Energy Administration, Washington, D.C. 20461.

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Media Inquiries: (202) 566-9833
Press Room: 566-9948

Media Contact: Ed Vilade

FEA Region	Submit Request to Testify and Questions to:	Hearing Location
Atlanta, GA	FEA, 1655 Peachtree St., Atlanta, GA 30309	Atlanta Civic Center Room 104 395 Piedmont Ave. N.E. Atlanta, GA
Chicago, Ill.	FEA, 175 W. Jackson Blvd. Room A333 Chicago, Ill.	Everett McKinley Dirksen Building Room 2525 219 S. Dearborn, St., Chicago, Ill.
Dallas, Texas	Mr. Gary Andrews FEA 2626 West Mockingbird Lane Dallas, Texas 75235	Executive Inn Jubilee Room 3232 West Mockingbird Lane Dallas, Texas 75235
Denver, Colo.	FEA Regional Administrator P.O. Box 26247, Belmar Branch 1075 S. Yukon Street Lakewood, Colo. 80226	United States Post Office Building 1823 Stout Street Room 269 Denver, Colo. 80202
New York, N.Y.	FEA Regional Administrator 26 Federal Plaza New York, N.Y. 10007	Conference Room Room 305 26 Federal Plaza New York, N.Y. 10007
San Francisco, Calif.	FEA Regional Administrator 111 Pine Street San Francisco, Calif.	P.S.A. Hotel Franciscan 1231 Market Street San Francisco, Calif. 94103

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FEA'S ALASKA OIL DISPOSITION STUDY AVAILABLE

A Federal Energy Administration study outlining the several alternatives for transportation and distribution of Alaskan crude oil has been sent to all interested States and members of Congress and will be made available for public comment and review, FEA Administrator Frank G. Zarb said today.

The draft study was prepared by the FEA with assistance from other Federal agencies at the request of the President's Energy Resources Council. The States of Alaska, Arizona, California, Hawaii, Oregon, and Washington also participated in the effort.

After the review by the States is completed, the final report will be prepared and policy recommendations will be provided to the ERC. If legislation is required, proposals would be put forward after the ERC's final consideration.

Major findings of the draft study include:

1. Beginning in early 1978 when production through the Trans-Alaskan Pipeline is scheduled to reach 1.2 million barrels per day, an excess of crude oil should be available on the West Coast for use by other parts of the country.

2. As additional production from Alaska and the Pacific offshore area materializes in the 1980 to 1985 period, more than 500,000 barrels per day of crude oil should be available for movement from the West Coast.

3. The supply and demand projections for the West Coast represent a major change from forecasts prepared at the time the Trans-Alaskan Pipeline was authorized. The principal factors which have brought about this change include:

- The decision to commence full production from Naval Petroleum Reserve #1 at Elk Hills, California.
- A reduction in energy usage as a result of conservation practices.

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- Lower petroleum demand due to higher prices resulting from OPEC actions, and

- Greater incentives, due to higher petroleum prices, to use enhanced or additional recovery techniques at existing California fields.

4. Some foreign imports -- principally light, low sulfur Indonesian crude -- will continue to be required by West Coast refineries due to inability of existing processing equipment to handle the heavier, high sulfur Alaskan North Slope crude oil.

The FEA draft study analyzes the principal transportation alternatives proposed for the movement of Alaskan crude oil from the West Coast to other portions of the country. These alternatives include:

1. The Trans-Provincial Pipeline, proposed to run from Kittimat, British Columbia, to Edmonton, Alberta, where it will connect with existing pipeline systems serving the Northern Tier States, which include Washington, Montana, North Dakota, Minnesota, Wisconsin, and Michigan.

2. The Northern Tier Pipeline, proposed to run from Port Angeles, Washington, to Clearbrook, Minnesota, which also will serve the Northern Tier States, as well as being capable potentially of supplying Puget Sound refiners and delivering crude oil into the Chicago area.

3. The SOHIO project, which would involve construction of a marine terminal in California and utilize an existing natural gas pipeline for which an abandonment proceeding is underway before the FPC. This project would terminate in Midland, Texas, where it would connect with existing pipelines serving Texas and Oklahoma refining centers.

4. The Central American Pipeline project, proposed for construction across Guatemala to the Gulf of Mexico.

Other transportation alternatives include the use of tankers through the Panama Canal or around Cape Horn to deliver Alaskan oil to the U.S. Gulf and East Coasts. The Maritime Administration has concluded that sufficient U.S. flag capacity exists to carry the expected surplus of Alaskan crude oil through the Panama Canal subject to competitive rates and the redeployment of U.S. flag tankers from current trade patterns. The Cape Horn route would require foreign flag "supertankers" to be economically competitive.

The report discusses the potential for the exchange of Alaskan crude oil between United States and foreign refiners. This alternative has been suggested by some as a potential interim solution until transportation systems are in place for delivery of Alaskan crude oil to all parts of the United States. This is not an acceptable solution and further appears to be inconsistent with national policy to reduce foreign oil dependency and to insure supply security. Furthermore, the exchange or export of Alaskan oil is not required since U.S. tanker capacity does exist to deliver the oil directly to U.S. ports.

The report provides analysis associated with the consideration of transportation alternatives, including such factors as economic considerations, logistical and timing implications of alternative routes, environmental impacts, international matters, regional needs, and financing prospects.

In the process of analyzing the factors which will influence the selection of transportation alternatives and the level of Alaskan crude oil which will be available for delivery to other parts of the country, the following issues have been identified:

- The pricing of Alaskan North Slope crude to West Coast refineries will determine the extent of potential investment in refinery equipment required to process Alaskan crude oil.

- The pricing regulations will influence both the supply and demand of oil and natural gas.

- Requirements of such statutes as the Clean Air Act and Coastal Zone Management Act will determine the timing and location for construction of a crude oil terminal on the West Coast.

- Decisions affecting Alaskan crude oil will be closely related both to other energy issues such as coal utilization, LNG siting and the Alaskan Gas Pipeline; and to economic and political policies dealing with Canada and other countries of the Pacific basin.

Copies of the 800-page study are available for reading at Rm. 2107 FEA Headquarters, Regional Offices in San Francisco and Seattle and the branch office in Anchorage.

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