

The original documents are located in Box 14, folder “Federal Energy Administration - Meeting with Frank Zarb, July 14, 1976” of the James M. Cannon Files at the Gerald R. Ford Presidential Library.

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MEETING WITH ZARB ON FEA
EXTENSION

Wednesday, July 14, 1976
5:00
Roosevelt Room



Monday, July 12

JMC:

Frank Zarb would like you to attend a meeting he is having on Wednesday, July 14, in the Roosevelt Room, 5:00 to 6:00 p.m. on the FEA extension and reorganizational issues.

Other attendees are: Greenspan, Richardson, Kasputys, Lynn, and Zarb

Yes I will attend _____

No I will not attend _____

cameron

peggy (6450)



THE WHITE HOUSE
WASHINGTON

July 13, 1976

Jim Cannon
Max Friedersdorf

The original of the attached report
has been forwarded to the President.
This is for your information.

Jim Connor





FEDERAL ENERGY ADMINISTRATION

WASHINGTON, D.C. 20461

July 13, 1976

OFFICE OF THE ADMINISTRATOR

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: ELLIOT RICHARDSON *ER*
FRANK ZARB *FZ*

SUBJECT: STATUS REPORT ON THE EXTENSION OF FEA



As you know, the Conference Committee considering the House and Senate passed bills extending the FEA failed to complete its work before FEA's statutory expiration on June 30 and the Congressional recess. FEA was consequently extended for 30 days (until July 30) to give the Committee additional time to resolve key differences between the two bills.

I. Senate and House Bills

A list of the House and Senate amendments is attached, along with brief comments on each (Tab A). In general, the amendments fall into several categories:

- desirable amendments from the Administration's point of view (e.g., the Bartlett and Montoya amendments to exempt stripper wells and enhanced recovery from price controls; several measures included in your original energy program, including several conservation provisions;
- amendments favored by many of the conferees that are objectionable, in varying degrees, to the Administration because they are unworkable, duplicative of existing law, or inappropriate policies for the Federal Government (e.g., some of the conservation amendments offered by Kennedy, part of the provisions requiring new data submissions from industry);
- minor amendments that are either acceptable or can be easily fixed in conference.

We intend to continue to work with the House and Senate conferees and their staffs in an effort to delete or modify those provisions that are objectionable to the Administration,

and to keep those provisions that are favored or acceptable.

II. Possible Outcomes

Four possible outcomes are apparent: (1) a bill that will have to be vetoed; (2) no action by the Conference; (3) another 30-day extension of FEA; and (4) a bill that you can sign.

- ° In the event you veto the bill, or if Congress does not complete action on a long-term extension before July 30, you have decided to continue FEA's functions intact in an FEO created by Executive Order; that Executive Order has been staffed and is ready.
- ° There is no need to decide at this point how to handle a Congressional request for another 30-day extension; should that eventuality appear likely, a decision paper will be prepared.
- ° If you sign an extension, you may wish to combine signature with another initiative, for example, a request for improved Executive Branch energy organization (organizational alternatives are being analyzed by OMB/ERC).

Regardless of which course you finally take, your action should be accompanied by a strong statement outlining the energy measures that your Administration has asked the Congress to enact and which have not yet received Congressional approval. This is especially true if the bill that finally emerges must be vetoed because of the Kennedy conservation provisions. It will also be important for your statement to summarize your own conservation initiatives, explain why those initiatives are superior to the Congressional proposals, and thereby demonstrate your leadership in this area. That statement will be ready for your review the week before final action becomes necessary.

Max Friedersdorf agrees with the strategy outlined above.

Attachment

	House Bill	Senate Bill	Comment
1. Length of extension	18 months	15 months	Either is acceptable.
2. Authorization for 1977 funding	Basically, same as Pres. bud., but authorizes \$62.5M for regulatory programs instead of \$47.8M, and \$13.1M for rate demos as opposed to \$0.	Basically, same as Pres. bud., but auth. \$40.6M for conservation instead of \$12.6M, and \$10M for rate demonstrations.	Conference Committee (CC) has completed action - took whichever was higher for each function in each bill; no cause for veto.
3. \$3 million solar commercialization authorization	Stricken from bill on the floor.	Amendment adopted by Senate.	No cause for veto; likely to be retained in conference.
4. Computer services to public on Project Indep. Eval. Model	Approved by House. FEA required to provide computer time on reimbursable basis for those who want to run PI model on computer.	No provision	Creates resource and management problems; no cause for veto.
5. Transfer of FEA functions if Act expires.	No provision.	<ul style="list-style-type: none"> ◦ storage to Interior ◦ policy analysis to ERC* ◦ data collection to Commerce ◦ voluntary and mandatory conservation to Commerce ◦ coal conversion to EPA * ◦ price controls to FPC* ◦ allocation to Interior* ◦ international programs to State 	Prefer House bill - Senate distribution unacceptable, particularly those noted with asterisks; House sympathetic to FEA concerns.
6. Appliance labelling program	No provision.	Transferred to Commerce	Richardson has sent letter expressing opposition to Senate bill.
7. Plan and report on energy and natural resources reorganization.	No provision	Due to Congress by 12/31/76.	No problem
8. ERC extension.	No provision.	To Sept. 30, 1977.	No problem.

9. Annual report on Federal conservation programs	No provision.	Approved by Senate. 1st report due 7/1/77.	ERDA and OMB oppose; FEA favors.
10. Joint annual report by FEA-ERDA	No provision.	Single report required to maximum extent feasible.	FEA not opposed; ERDA opposes.
11. 15-day EPA review of FEA regulations affecting the quality of the environment	No provision.	Percy amendment to delete was approved. Review period remains at 5 days.	No problem.
12. 60-day Cong. review of FEA rules and regulations.	Adopted on floor by 226 to 147. Congress can veto any FEA regulation by concurrent resolution within 60 days.	No provision.	Cause for veto, but should be dropped in conference since House and Senate conferees oppose.
13. Separate plans to exempt price and allocation decontrol of petroleum products	Adopted on floor by 200-175.	No provision.	Problematical, but not cause for veto; likely to be retained by CC.
14. Restrictions on retroactive use of new interpretations of regulations to bring civil actions or remedial orders against marketers of petroleum products	Adopted on floor in objectionable form.	Percy amendment adopted.	Provision can be improved in CC to be acceptable to FEA.



15. Voluntary rate structure guidelines for State regulatory commissions	No provision.	FEA required to prepare such within 180 days and update annually.	Likely to be retained by CC; OMB has minor problems; but should be acceptable.
16. Grants to States for consumer office representation at State rate hearings	No provision.	\$2M in 1977..	Unacceptable; opposed by FEA OMB; Dom. Council, Commerce, Justice.
17. TVA consumer services office (Brock amendment)	No provision.	Independently operated consumer services office established by TVA would qualify for assistance under #15 above.	Unacceptable; opposed by FEA, OMB, Dom. Council, Commerce, Justice.
18. Uniform system of standards, procedures, and methods for the accounting for and measurement of all phases of production and marketing of crude oil.... (Dole)	No provision.	Adopted on Senate floor.	Unacceptable; likely to be dropped by CC.
19. Entitlement subsidy for new refineries (Wallace & Wallace)	No provision.	Adopted on Senate floor.	Unacceptable; likely to be eliminated or rendered harmless by CC, even though supported by Javits, Buckley, and Cong. Brown.
20. Extension of coal loan program to expanded and abandoned mines.	No provision	Adopted on Senate floor.	Likely to be accepted by CC; unacceptable, but not cause for veto.

21. Exemption from price controls (including composite) of stripper production and some enhanced recovery production

No provision.

Adopted on Senate floor.
(Stripper by a vote of 61-29).

Although opposed by some conferees, provision could be retained by CC as part of a compromise.

22. Separate Data Office in FEA and new data requirements.

No provision.

Adopted on Senate floor by vote of 46-45.

Separate data office is acceptable, but amendment includes other objectionable provisions; problem areas are likely to be fixed by CC, however.

23. Kennedy Conservation Amendments

No provisions

Adopted on Senate floor.

(1) Thermal efficiency standards for new buildings.

Virtually identical to legislation submitted by President in January 1975.

(2) Weatherization assistance for low income population.

Similar to President's proposal, but authorization is higher (\$200 vs. 165) and has role for CSA opposed by FEA and Administration; bill passed earlier by House (but locked in another conference committee) is preferable; problems can probably be eliminated in conference.

(3) State Conservation grant program.

Duplicates existing State grants program, with additional mandatory actions; can probably be made to conform to existing law in conference.



(4) Loans and loan subsidies for homeowners

Program is a complicated, and less efficient attempt to replicate President's tax credit proposal; would "duplicate" tax credit if credit is passed; although objectionable and likely to be ineffective, program is not cause for veto in-and-of itself. Opposed by all relevant agencies.

(5) Loans and loan subsidies for small businesses

See comment on (4) above; in addition, energy savings from program would be negligible.

(6) \$4 billion in loan guarantees for industrial conservation

Unacceptable - program is unmanageable, ineffectual and costly. Although CC would be amenable to changes to improve program, staff currently sees no way to solve problems. Tax credit or accelerated depreciation preferred by FEA and Treasury if alternative proposal should be advanced.

July 14, 1976

The Frank Zarb meeting today is on:

FEA Extension

Reorganizational Issues

Glenn Schleede will be attending with you



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