The original documents are located in Box 16, folder "Federal Energy Administration - General (1)" of the Philip Buchen Files at the Gerald R. Ford Presidential Library.

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For Filing ro Fed. Encroy Commission

Monday 9/23/74

Meeting 9/23/74 2:00 p. m.

12:10 David Wilson, will accompany Robert Montgomery to the 2 o'clock meeting this afternoon (Monday 9/23).

worked for John Doon, 70-72
now is Deputy Counsel a was Danwooder on
Walker's staff at Cost of Living Council



MEETING Monday 9/23/74 9/23/74

Wm. dohnson head of W.S's energy office

JOPH MISS - LE 4 SELEV

9:35 Robert Montgomery, General Counsel of the Federal Energy 961. Administration, would like an appointment to see you this afternoon around 1:30 or 2;00. He is going to the Hill in five minutes but wanted you to know the matter the Mr. Sawhill wanted him to brief you on. A very sensitive conflict of interest matter that will be coming up before the Congress this week. Matter primarity involves an individual named Bob Bowen who is presently employed by FEO and formerly by Treasury. The hearings in question are before Cong. Dingell's subcommittee in the House.

Potential sensitivity involves Secretary Simon, Mr. Sawhill and numerous subordinates. displasition re

Secretary: Kathy

Meeting is scheduled for 2 p. m. this afternoon. 9:40

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Energy

THE WHITE HOUSE

WASHINGTON

September 24, 1974

MEMORANDUM FOR:

JERRY JONES

FROM:

PHILLIP AREEDA



With respect to the proposed Presidential statement on federal energy conservation, I see no objection to the underlying memorandum or to the proposed Presidential statement except one:

The final sentence calling upon all Americans to join in conservation efforts is simply too feeble. It may therefore be read as a statement that the President is not really very deeply concerned about energy conservation in the country at large. If a more comprehensive program of energy conservation is planned -- and it certainly should be -- the draft statement should refer to our future plans. In that context, the concluding exhortation of the present statement would be unobjectionable.



Date Sept. 21, 1974

TO:

PHIL BUCHEN

FROM:

JERRY H. J

Could I please have your comments and recommendations on the attached as soon as possible.

Thank you.



STATEMENT BY THE PRESIDENT ON FEDERAL CONSERVATION OF ENERGY

Dedicated efforts to conserve energy continue to be essential if our Nation is to achieve its goals of energy independence, conservation of resources and improvment of the quality of our environment.

Today, I have established an energy savings goal for the Federal Government for the current fiscal year. I have directed that agencies hold energy consumption to a level of 15 percent below the amount consumed in fiscal year 1973. In addition, I have instructed the administrators of the Federal Energy Administration and General Services Administration to recommend a multi-year program to assure that energy efficiency is considered in all decisions pertaining to Federal facilities and operations.

During the twelve month period ending June 30, 1974, Federal Government agencies achieved energy savings of more than triple the original 7 percent goal, and avoided costs of some \$725 million. Our accomplishments last year and our new goal for the coming year should serve as an example of the potential for serious energy conservation efforts.

I call upon all Americans to join in these efforts to conserve energy.

Gerald R. Ford

WASHINGTON

MEMORANDUM FOR HEADS OF DEPARTMENTS AND AGENCIES

SUBJECT: Energy Conservation by the Federal Government

Last year, Federal agencies were directed to reduce anticipated energy use during fiscal year 1974 by seven percent. I have now been advised that actual results for the year will show a reduction of about 24 % from anticipated energy demand -- more than tripling the original objective. This savings is equivalent to about 90 million barrels of oil and \$725 million in energy costs to the Federal taxpayer. Part of this savings was due to the severe petroleum shortages we experienced during the embargo and to the mild winter, but the total savings reflects serious and dedicated efforts to conserve energy.

I congratulate you and your employees for this fine achievement. The success of the Federal Energy Management Program provides an excellent example for all Americans, both of what can be accomplished in efforts to conserve energy and of the dedication and sacrifice which employees of the Federal Government are bringing to this important task.

I hereby direct that the Federal Energy Management Program be continued through fiscal year 1975. I am today establishing a new energy conservation goal for the Federal agencies for fiscal year 1975 of 15 percent savings below energy consumed in fiscal year 1973. This will result in energy savings equivalent to approximately 55 million barrels of oil during the year.

To achieve this new savings goal, it is imperative that all Federal agencies examine facilities and operations, including Government owned-contractor operated activities, for energy conservation potential during the remainder of this year. In addition, I am asking the Administrators of the Federal Energy Administration and General Services Administration to recommend a multi-year program to increase energy efficiency of all Federal facilities and operations. These two officials will also provide instructions and guidelines to assist you in evaluating the economic efficiency of energy conservation improvements.

I look forward to your continued cooperation and assistance in this energy conservation effort.

Energy

THE WHITE HOUSE

February 11, 1975

TO:

Frank Zarb

FROM:

Philip Buchen

The attached is forwarded for your information.

Attachment

TARARELO ROERATO

WASHINGTON

February 11, 1975

Dear Larry:

Thank you very much for your letter outlining a plan for combining an increase in gasoline tax with a rationing program.

I am passing your suggestion on to the people most concerned with energy conservation.

With best wishes.

Sincerely,

Philip W. Buchen Counsel to the President

Mr. Lawrence R. Van Til Butzel, Long, Gust, Klein & Van Zile 1881 First National Building Detroit, Michigan 48226



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ROCKWELL T GUST
VICTOR W. KLEIN
T. GORDON SCUPHOLM
ALFRED W. MASSNICK
MARTIN L. BUTZEL
PHILIP T. VAN ZILE, II
ADDISON D. CONNOR
GEORGE E. BRAND, JR.
JAMES D. RITCHIE JAMES D. RITCHIE
JOHN J. KUHN
WILLIAM M. SAXTON
HAROLD A. RUEMENAPP
LESLIE W. FLEMING.
ELEANOR S. PAYNE
WILLIAM L. POWERS
ROBERT J. BATTISTA
JOHN P. WILLIAMS
ROSERT M. KLEIN
XHAFER ORHAN XHAFER ORHAN
LAWRENGE R. VAN TIL
JOHN B. WEAVER
GEORGE H. ZINN, JR.
JOHN H. DUDLEY, JR.
ROBERT M. VERCRUYSSE
RICHARD E. RASSEL
REUBEN M. WATERMAN, JR.
JON H. W. CLARK
EDWARD M. KRONK
CHESTER E. KASIBORSKI, JR.
HERSCHEL P. FINK
PHILIP J. KESSLER
RICHARD U. MOSHER
THOMAS E. SIZEMORE THOMAS E. SIZEMORE
DELMER C. GOWING, III
DONALD B. MILLER
JOHN P. HANCOCK, JR.
JAMES E. STEWART

BUTZEL, LONG, GUST, KLEIN & VAN ZILE

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January 22, 1975

LEG M. BUTZEL 1874-1961

FRANK D. EAMAN 1877-1962

THOMAS S. LONG 1883-1973

PRED J. KENNEDY 1891-1969

DAVID W. KENDALL OF COUNSEL

CABLE ADDRESS STARZEL

FORN

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Philip A. Buchen, Esquire Counsel to the President The White House Washington, D.C. 20500

Dear Phil:

President Ford has indicated his adamant opposition to a gas rationing program primarily because it would be inequitable and do nothing to reduce consumption. I think his concerns are well founded. On the other hand a large increase in the price of gasoline can also work tremendous hardships.

My wife (she's Kay Felt of Dykema, Gossett, Spencer, Goodnow & Trigg) and I were discussing this dilemma when she came up with an ingeniously simple plan. I am attaching an outline of the plan. Its beauty is that it achieves the goals of the President's proposed tax, is not regressive, will cut consumption on a voluntary basis to the degree desired by the Administration and can apply equally to corporations and individuals. The basic structure could be applied to fuel oils and other products as well. From a public relations standpoint the plan has an advantage in that it can be called a gasoline tax 'rebate' program rather than a "rationing" program.

We cannot think of any insurmountable problems for its implementation. As an administrative matter it should be easy to operate. Legislatively, it might be adoptable as a compromise measure.

Very truly yours,

Lawrence R. Van Til

LRVT:gd Encl.

GASOLINE TAX REBATE PROGRAM

- - (2) Avoid regressive taxation;
 - (3) Avoid inherent inequities in rationing system;
 - (4) Reward drivers of low consumption autos.
- 1. Impose \$.10 .20/gallon gasoline tax.
- 2. Issue coupons entitling purchaser to buy gasoline without tax (or by rebate received directly from seller).
- - Issue coupons worth arbitrary amount to drivers who do not itemize such as 450 miles/month with possibility for increases if driver could document past consumption.
- 4. Grant rebates at the pump. The dealer could justify failure to pay tax by turning in coupons.



7.8 A

THE WHITE HOUSE

April 19, 1975

Dear Frank:

After receiving your letter of April 8 and your telephone call I tried to call you last week and since then I have been so busy I have not found the time until this weekend to write this letter.

Your Association has correctly sought to present its concerns to Messrs. Zarb and Smith.

Insofar as my office is concerned, I could be of no effective assistance in dealing with the problem, and I suggest that your Association continue to pursue the matter directly with the policy makers responsible.

Sincerely yours,

Philip W. Buchen Counsel to the President

Mr. Frank W. McCarthy Secretary - Treasurer Michigan Colprovia Company 2020 Chicago Drive Grand Rapids, Michigan 49509



WASHINGTON

June 2, 1975

Dear Mrs. Mink and Mr. Udall:

In reply to your joint letter of May 22, addressed to the President, this is to advise you that individuals from the Administration will be made available on June 3 for the scheduled hearings before the Subcommittees on Energy and Environment and Mines and Mining.

The basis for the President's veto of H.R. 25 was stated in his memorandum of May 20, and it would be inappropriate to furnish any further information about considerations which may have contributed to the President's decision. The action taken by the President and the Memorandum of Disapproval sent to the Congress constitute the information provided in regard to all such Presidential decisions.

In reply to a letter of May 30, 1975, on the same subject from Congressman Udall, I can report that I am advised that among the Administration witnesses available for testifying at your scheduled hearing of June 3, 1975, will be the following individuals who were responsible for developing the figures with which you are concerned:

John Hill Deputy Administrator, Federal

Energy Administration

Eric Zausner Acting Deputy Administrator, FEA

Dr. Tom Falkie Director, Bureau of Mines, Department

of Interior

Raymond Peck Office of General Counsel,

Department of Commerce

They will be accompanied by at least the following:

Al Cook Director, Economic Analysis, FEA

Dan Jones Office of Coal, FEA

Jim Paone Bureau of Mines, Department of Interior



The six additional individuals named with the letter of May 30 will also be available to testify to the extent of their participation, if any, in the development of the figures.

Also, I am advised that the Subcommittee staffs already have in hand materials which explain how estimates were made of the adverse impacts on production, reserves, and employment that enactment of H.R. 25 would produce. These materials were presented in the form of a letter on May 23, 1975, from Thomas V. Falkie, Director of the Bureau of Mines, to Senator Metcalf, along with two attachments, and copies have been furnished to your staffs.

Sincerely,

Philip W. Buchen

Counsel to the President

The Honorable Patsy T. Mink House of Representatives Washington, D.C. 20515

The Honorable Morris K. Udall House of Representatives Washington, D.C. 20515



THE WHITE HOUSE WASHINGTON

June 5, 1975

MEMORANDUM FOR:

Douglas Bennett

Max Friedersdorf

Vern Loen

FROM:

Phil Buchen W. 13.

SUBJECT:

Letter from

Congressman Bill Chappell

On May 23, 1975, I referred the May 19 letter to the President from Congressman Bill Chappell to Frank Zarb.

We have just received a memo from Frank Zarb attaching a copy of a letter dated May 29 to the Congressman from Gorman C. Smith. Copies of this exchange are attached.

Attachment



THE WHITE HOUSE WASHINGTON

June 3, 1975

MEMORANDUM FOR:

PHILIP W. BUCHEN

THRU:

MAX L. FRIEDERSDORF M 6-VERN LOEN /

FROM:

DOUGLAS P. BENNETT

SUBJECT:

Rep. Bill Chappell

Congressman Chappell has inquired as to the status of his request (copy of which is attached). Would you kindly advise.

Attachment





THE ADMINISTRATOR FEDERAL ENERGY ADMINISTRATION WASHINGTON, D.C. 20461 JUN 2 1975

MEMORANDUM FOR PHILIP W. BUCHEN
COUNSEL TO THE PRESIDENT

1

Congressman Bill Chappell's letter was answered on May 29, 1975, by Assistant Administrator Gorman Smith. A copy of the reply is attached.

Fram G Zarb

Attachment



FEDERAL ENERGY ADMINISTRATION WASHINGTON, D.C. 20461

MAY 29 1975

Honorable Bill Chappell House of Representatives Washington, D.C. 20515

Dear Mr. Chappell:

This is in response to your inquiry of May 2, 1975, concerning a reduction in Federal Energy Administration (FEA) Compliance staff allocated to Florida with particular reference to Mr. John A. Vaccaro, a former FEA employee.

The original FEA Compliance organization was established, staffed, and supervised by the Internal Revenue Service (IRS) beginning in January 1974. The initial program thrust was to concentrate on violations by gasoline, diesel, and propane retailers. The nature of these businesses and the type of investigation required made it possible to assign investigators with little or no auditing experience. Subsequent operating experience under the original IRS deployment of field compliance staff indicated that the original staffing levels and workload were unbalanced within Region IV, especially in the State of Florida. The following comparative data will illustrate the workload imbalance:

ATLANTA REGION Compliance and Enforcement Staffing As of July 1974

State	* Number Retailers	% of Total Workload	Authorized Total Staff	% of Total
Alabama Florida Georgia Kentucky Mississipp	7,813 8,597 10,299 6,122 i 5,027	13.4 14.7 17.5 10.5 8.6	9 32 18 11 8	7.8 27.6 15.5 9.5 6.9
North Carolina South	9,116	15.6	18	15.5
Carolina Tennesse	4,910 6,635	8.4 11.3	8 <u>12</u>	6.9 10.3
TOTAL	58,519	100.0	116	100.0

^{*} From National Petroleum News Survey



By October 1974, FEA and subsequently the General Accounting Office, concluded that FEA compliance priorities should be shifted from the retail level to Refiners, Crude Producers, and Wholesalers (see enclosures). On October 16, 1975, FEA ordered redeployment of the field Compliance staff accordingly. Staff levels allocated to regions with only a few refiners and crude producers (Boston, Atlanta, New York, etc.) were reduced while regions with large numbers of refiners and producers (Dallas, Kansas City, Denver) received increased staffing levels.

The Atlanta region, which has relatively few refiners and producers, was reduced to a total Compliance staff of 80 from a July 1974 authorized level of 116. The reduction of 36 (31 percent) had to be equitably distributed throughout the eight states in the Region.

The change in compliance program priorities also required some changes in skill mix in order to provide more accounting and auditing expertise. Approximately 27 percent (29) of the actual Regional Compliance staff were junior investigators with no accounting training and no prior formal investigator training. Another 35 percent (38) of that original staff was experienced and trained investigators; however, only 11 of those were also qualified accountant/auditors. Accordingly, the Region was required to alter the staffing skill mix so as to obtain up to 50 auditor/accountants and a minimum of 20 investigators.

Each state within Region IV was allocated its proportionate share of the revised staffing mix and level based on workload and skill levels required for that state. Because Florida has only one major refinery (Charter Oil Company) and only 10 crude producers whose records are located in Florida, the total staff assigned to that State was reduced. The revised staff distribution by state established in Region IV was as follows:

<u>State</u>	Compliance Staff Assigned	<pre>% Total Compliance State Allocated</pre>
Alabama	11	13.6
Florida	13	16.3
Georgia	8	10.0
Kentucky	8	10.0
Mississippi	7	8.8
North Carolina	7	8.8 FORO
South Carolina	4	5.0
Tennessee	10	12.5%
Regional Office	12*	15.Qt. \$\int \sqrt{\sq}}}}}}}}}}}}}}}}}}}}}}}}}}}}}}}}}}}}
TOTAL	80	100.0

*Includes management and nine persons working on criminal and other regional-wide investigations.

It should be noted that Florida still has a larger scale of the allocated personnel than any other state. In fact, it has 11, two more than its proportionate share of the available manpower. At the suggestion of Headquarters FEA, the Region IV redeployment decision was further revised to provide for the retention of personnel at three specific Florida locations as follows:

City	Number Assigned
· · · · · · · · · · · · · · · · · · ·	
Jacksonville	4
Orlando	8
Miami	1
TOTAL	13

In order to provide better management and reduce operating costs, the redeployment resulted in the closing of several area offices throughout the Region, including Tallahassee and Tampa. However, the Jacksonville office was not closed as part of the reorganization and we have no plans to close that office in the future.

The thirteen persons still assigned to the three remaining Florida offices will provide staff adequate to handle enforcement problems concerning importation of petroleum products into the State and will be assigned throughout the State as workload and priorities dicate.

We believe the former Assistant U.S. Attorney's request that we specifically retain Mr. John Vacarro for assistance with the JEA/Ven Fuel investigation resulted from a misunderstanding. Although Mr. Vacarro did do some prior investigative work regarding the firm, he was not involved after July or early August 1974. The present case involving Customs, the U.S. Attorney and FEA actually began with a joint decision to conduct a search which was made in early September. In response to a recent inquiry (May 19, 1975) by our Atlanta office, the Jacksonville U.S. Attorney's office has indicated they do not specifically require Mr. Vacarro's assistance on this or any other case at this time.

The Atlanta Region is prepared to provide additional assistance to the JEA/Ven Fuel investigation, and has communicated this willingness to the U.S. Attorney's office on numerous occasions. None has been required to date.



I hope we have responded to your question and I apologize for the delay. It was occasioned by developing the specific data with respect to these actions in conjunction with our Atlanta regional office. Please advise if we can assist you further in any way.

Sincerely,

Gorman C. Smith
Assistant Administrator
Regulatory Programs

Enclosures

WASHINGTON

chapped,

May 23, 1975

MEMORANDUM FOR

THE HONORABLE FRANK G. ZARB ADMINISTRATOR, FEDERAL ENERGY ADMINISTRATION

Enclosed is a copy of a letter to the President dated May 19 from Congressman Bill Chappell which refers to a conversation by him with Mr. Tom Noel on April 23 and a letter to you on May 2.

I have been asked to prepare a response in behalf of the President and I would appreciate your suggestions.

Philip W. Buchen
Counsel to the President

Enclosure

CC: Mike Duval



May 20, 1975

Dear Mr. Chappell:

This will acknowledge receipt and thank you for your May 19 letter to the President in reference to the Grand Jury investigation of alleged oil price fixing in Jacksonville, Florida.

You may be assured your letter will be called to the attention of the President and the appropriate members of the staff at the earliest opportunity.

With kind regards,

Sincerely,

Vernon C. Loen Deputy Assistant to the President

The Honorable Bill Chappell House of Representatives Washington, D.C. 20515



Mcc: w/incoming to Philip Buchen for appropriate handling bcc: w/incoming to Mike Duval - for your information

VCL:EF:VO:vo

BILL CHAPPELL 4TH DISTRICT, FLORIDA

1124 LONGWORTH OFFICE BUILDING WASHINGTON, D.C. 20515 (202) 225-4035

> COMMITTEES: APPROPRIATIONS

SUBCOMMITTEES:
HUD-SPACE-SCIENCE-VETERANS
FOREIGN OPERATIONS
DISTRICT OF COLUMBIA

Congress of the United States House of Representatives

Washington, D.C. 20515

May 19, 1975

DISTRICT OFFICES:

258 FEDERAL BUILDING OCALA, FLORIDA 32670 (904) 629-0039

523 NORTH HALIFAX
DAYTONA BEACH, FLORIDA 32018
(904) 253-7632

P.O. Box 35086 400 W. Bay Street—Room 727 Jacksonville, Florida 32202 (904) 791-3675

ne

The President
The White House
Washington, D.C. 20005

Dear Mr. President:

It is particularly disturbing to read in this morning's <u>Washington Post</u> that the House Subcommittee on Oversight and Investigations has uncovered interference by both the Federal Energy Administration and the Department of State in a Grand Jury investigation of alleged oil price fixing in Jacksonville, Florida.

I wish to bring your attention to a personal phone conversation with Mr. Tom Noel on April 23rd and a letter I wrote to Energy Administrator Frank Zarb on May 2nd regarding these matters. To date I have received no response. It seems incredible to me that FEA would be reducing its investigative staff from 32 to 10 at this time and consolidating offices in a city far removed from Florida's deep-water ports. Even more amazing is the fact that 6 of the 12 cases referred to the Justice Department nationwide were from the Jacksonville Office and had been investigated by Mr. John A. Vaccaro, a long time professional investigator and government employee on loan from GSA. FEA has denied the request of the U.S. Attorney in Jacksonville that Mr. Vaccaro be allowed to complete his investigation regarding the Venezuelan oil allegations and, has transferred Mr. Vaccaro back to GSA where he is now working as a building guard in the Federal Office Building in Jacksonville.

Mr. President, the people of Northeast Florida have seen their electric bills double and triple during the past year, attributable to the increase in the cost of imported oil. Surely this investigation into irregularities which may have cost my constituents thousands of dollars must be pursued with full force and vigor. Moreover, the investigative resources of FEA Ishould not in any way be curtailed but rather increased.



PLEASE RESPOND TO:

OCALA

WASHINGTON

DAYTONA BEACH

JACKSONVILLE

I urge your personal attention to see that this situation gets back on track, that the FEA consolidation plan be scrapped in favor of an increased investigative staff in Florida, and that FEA and the State Department lend their full cooperation and support to the ongoing Grand Jury investigation of this vital matter.

With warm regards.

Sincerely,

Bill Chappell, M.C.

BC:pfy



Congress of the United States House of Representatives Washington, D.C. 20515

OFFICIAL BUSINESS



The President

The Whitehouse

Washington, D.C. 20005

materials. Please contact the Gerald R. Ford Presidential Library for access to

Some items in this folder were not digitized because it contains copyrighted

these materials.

you just correte to him (see attached) Thought you might have misad it San Skanles **Business Profile**

TUESDAY, JUNE 17, 1975

Gas From Alaska May Warm Us

By John Holusha
Washington Star Staff Writer

A \$6.11 billion proposal to build a 2,600-mile pipeline to bring natural gas from Alaska's North Slope to the area's growing gas short-

"COLUMBIA has an option on 20 to 25 percent of the gas in the field. That's a very substantial amount



FEA

THE WHITE HOUSE

WASHINGTON

June 17, 1975

Dear Mr. Brackett:

Thank you for your letter of May 20, 1975, bringing to my attention information regarding the proposed Arctic Gas Pipeline Project and the advantages with respect to our energy supply that would result from its adoption.

I appreciate having the benefit of this information and have taken the liberty of passing this material on to the FEA for appropriate consideration.

With best wishes,

Sincerely,

Philip W. Buchen

Counsel to the President

Mr. William W. Brackett Vice Chairman Alaskan Arctic Gas Pipeline Company Suite 230 1730 Pennsylvania Avenue, NW. Washington, D.C. 20006





May 20, 1975

Mr. Philip W. Buchen
Counsel to the President
The Executive Office of the President
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. Buchen.

I am writing on behalf of the Arctic Gas Project, to transmit some definitive information to you and your colleagues with regard to a matter of United States energy policy which can make a major contribution to the energy needs of the nation.

I refer, of course, to the need for prompt governmental approval of a transportation system to carry the very large quantities of developed natural gas reserves in Northern Alaska to energy markets throughout the United States. It is the largest single available source of domestic energy, and can be made available to markets relatively quickly – once the need for deferral to secure government approvals is over – without the need to develop new technology.

The documents which are here transmitted to you show two basic facts:

- 1. That the nation will benefit greatly, in economic terms, from access to Alaskan gas, and from the Arctic Gas construction project which will give that access to the gas.
- 2. That the Arctic Gas Project utilizing an all pipeline transmission system across a land route will confer more benefits on the United States than any other method.

The advantages of the Arctic Gas Project over the only other system which has been actively proposed are shown in the documents: the pipeling gas liquefaction plant, port, ocean going tanker, regasification plant and pipeline project which El Paso Natural Gas Company proposes to be carried out by a yet to be formed Project Group, to carry Alaskan gas by tanker to California, suffers by comparison in several respects.

A study of the Arctic Gas Project, describing the need for the pipeline and its advantages over the (liquefied) gas tanker project, accompanies this letter. The first five pages of the study is a summary of the need and advantages.

This document shows that:

- I. The Arctic Gas Project is the most environmentally sound transportation method for Arctic Gas.
- 2. The Arctic Gas Project will provide a much lower transportation cost than an LNG tanker scheme, producing savings of hundreds of millions of dollars per year over \$845,000,000 per year, based on third year rates. These transportation cost savings will be realized for all market areas: western, as well as midwestern and eastern.
- 3. The LNG tanker project would consume over 78% more energy in transporting natural gas to markets than the Arctic Gas Project. The additional daily energy consumption amounts to almost four times the average daily consumption of Washington, D.C.: more than the residential consumption of each of 39 states. There is no reasonable basis for sanctioning such needless waste of this premium energy supply.
- 4. The Arctic Gas Project provides significantly greater reliability and security of service than the other methods can provide.
- 5. The Arctic Gas Project can be placed in operation sooner than alternative systems.
- 6. The Arctic Gas Project provides the only feasible access to Canadian arctic gas, which could come to the United States if declared surplus, and in any event will help support existing exports to the United States, as well as provide supply for Canada.
- 7. The Arctic Gas Project provides for direct delivery to the market areas served by shippers utilizing the project. In sharp contrast, the LNG tanker project would involve an extremely complex displacement scheme, posing substantial technical and rate problems and delays.

8. The Arctic Gas Project will provide employment and business activity to United States labor and industry, and will provide a modest balance of payment benefit.

The paper also shows that the accusations that the above advantages should be given up by the United States because it is alleged that Canada cannot be trusted – even after it has approved the Project – to allow the Alaskan gas to cross its country, and without discrimination against it, are simply not supported by Canadian policy, law, ethics or self interest. Canada has honored its agreements in the past, including the agreement to allow United States goods to pass through Canadian territory, as in the St. Lawrence Seaway and in oil and gas pipelines. Canada has offered to enter into a specific agreement to guarantee uninterrupted passage of United States oil and gas, without discrimination, through Canada. And Canada is heavily dependent upon its trade with the United States, and specifically upon the very large proportion of the oil and gas which is produced in Canada and transported through the United States before returning to Canada for consumption.

l also enclose a definitive study of the proposed LNG project which we have had prepared by the independent consulting firm of Purvin and Gertz, Inc. It was necessary for us to have that study done, in order that we could compare the LNG project, in the above paper, with the Arctic Gas Project.

Finally, I enclose a copy of a study of the effect of the Arctic Gas Project on the United States economy, which has been prepared by Dr. Ezra Solomon, a distinguished professor of economics and former member of the United States Council of Economic Advisors.

Arctic Gas would very much appreciate your support in achieving governmental approval of its project on a time schedule which will allow prompt construction of the pipeline for this essential gas. If you believe it would be desirable to arrange an appointment with you and your colleagues, to see if we can further explain the status and advantages of the Arctic Gas Project, we would be pleased to do so.

Very truly yours,

William Brack

William W. Brackett Vice Chairman

ACTION MEMORANDUM

WASHINGTON

LOG NO .:

· 在 2000年 | 1984年 | 1

Date:

June 19, 1975

Time:

FOR ACTION:

Julie 17, 1713

Phil Buchen

Bill Seidman Bernt Scowcroft

John Marsh

FROM THE STAFF SECRETARY

DUE: Date:

Fridat - JUNE 20, 1975

Time:

cc (for information):

NOON

SUBJECT:

Frank Zarb Memo of 6/19/75 re - House Naval Petroleum Reserves Legislation

ACTION REQUESTED:

For Necessary Action

X For Your Recommendations

Prepare Agenda and Brief

____ Draft Reply

X For Your Comments

____ Draft Remarks

REMARKS:

The objection to recommendation P. W.B.

R. FORO

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

- Jim Connor
For the President



FEDERAL ENERGY ADMINISTRATION WASHINGTON, D.C. 20461

June 19, 1975

OFFICE OF THE ADMINISTRATOR

MEMORANDUM FOR THE PRESIDENT

Frank Zarb FROM

THRU: Rogers C. B. Morton SUBJECT: House Naval Petroleum Reserves Legislation

The House is scheduled to take up in concurrent debate both the Armed Services Committee (H.R. 5919) and the Interior Committee (H.R. 49) bills authorizing NPR development and production. Debate is scheduled for Wednesday, but probably will not take place until Thursday at the earliest, depending upon the progress of the Ways and Means Committee energy bill on the Floor this week.

Background

As you know, the Hebert bill places more restrictions on NPR development than contained in your proposed program.

- NPR production would be limited to 200,000 barrels per day for only a three-year period. The Navy estimates this to be a maximum of 122 million barrels.
- While exploration and development of the Alaskan Reserves are authorized, production would be contingent upon future Congressional authorization.
- Action on a Strategic Petroleum Reserve (Military) is restricted to a study to be submitted within one year.
- Funds from the sale of NPR production would be used only to explore and to develop NPR's 1, 2, and 3, and only to explore NPR-4 in Alaska. There is no commitment or link to fully produce Alaska or to fund both the Civilian and Military Strategic Reserve Systems.

The Melcher bill would transfer the NPR's, along with other Federal lands, to the Secretary of the Interior for development. It would authorize unlimited production of NPR's 1, 2, and 3, subject to a 60-day Congressional veto. However, the Melcher bill does not provide for a special fund or for a Strategic Storage System. A Committee floor amendment would allow you to place up to 25% of this production into a Strategic Storage System. It would also authorize the exploration of NPR-4, but full development would require further Congressional authorizations.

Current Status

Last month, at your request, Rogers Morton and I met with Congressman Hebert to discuss the Administration's support of the Armed Services Committee bill. At that time, Mr. Hebert appeared amenable to allowing NPR production of 300,000 barrels per day and deleting the three-year time limit.

- Elk Hills currently could produce 300,000 barrels per day; this would increase if,
 as expected, additional reserves are found with an all-out development program.
- Unlimited Elk Hills production is needed to increase domestic production in the short term, as well as to fund both Alaskan development (which could provide up to two million barrels of oil per day by 1985) and the Strategic Reserve System.
- Even though it will take one to two years to construct sufficient pipeline capacity to (accommodate full Elk Hills production, we need full authorization at this time to adequately plan for the Strategic Reserve System.

Mr. Hebert also indicated some willingness to accept further changes:

1. Alaskan NPR-4 exploration, development and production, with the provision that such production would take place only after a comprehensive plan would be submitted to Congress.



- of If we are going to make a commitment to fully develop and produce NPR-4, we must not be put in the position of having to go back to Congress to ask for additional legislation.
- Because of the long lead times involved in bringing these reserves on line, it is necessary to have the authority to explore and to produce NPR-4 as soon as possible.
- 2. Special Fund. The proceeds of NPR production would go into a special fund which would be used to explore, develop and produce all of the NPR's (including Alaska) and to finance both the Military and Civilian Strategic Reserve Systems.
 - A special fund would link the Elk Hills production with a Strategic Petroleum Reserve Program, thus assuring that the NPR oil would be replaced with a system which would provide adequate protection to the country in times of emergencies (up to three million barrels of oil per day).
 - Congressman Hebert is concerned that such a special fund not be the sole source of funding for NPR and Strategic Reserve development and that other monies be appropriated. This should pose no problem, as at least initially the proceeds from NPR production would not be sufficient to fund the entire program.

Recommendation

I believe that with these changes, H.R. 5919 would come close to approximating Title I of your Omnibus Energy Bill. I recommend that you call Mr. Hebert in order to get his firm commitment to all of the above changes. We should also secure his active support in implementing the terms of the understanding, probably in the form of committee-sponsored Floor amendments.

We would, of course, be willing to assist the Committee in drafting the appropriate language amendments. If he fails to agree, we should indicate that we might be forced to accept the Melcher bill, with appropriate amendments.

If you agree, talking points are attached.

SUGGESTED TALKING POINTS

- 1. We need a commitment to a Military Strategic Reserve System, not simply a study of its feasibility.
 - Such a system, when fully developed would deliver much more oil during an emergency than Elk Hills could, even if it were fully developed (three million barrels a day, versus 300,000-400,000 barrels per day).
 - The Strategic Reserve System (1.3 billion barrels), along with the Defense Production Act, would be more than sufficient to meet any possible defense requirements during an emergency situation.
- 2. Allow NPR production of at least 300,000 barrels a day for an unlimited period of time.
 - Such production would provide the major source of increasing our domestic supplies in the short term, thus decreasing our vulnerability to foreign sources of oil.
 - secause of the tight budgetary situation, we need the proceeds of NPR production to develop NPR-4 in Alaska and to implement the Strategic Reserve System (both Civilian and Military).
- 3. Authorize Alaskan production, as well as exploration and development, with the provision that it would take place only after a comprehensive plan is submitted to Congress.
 - This huge area of untapped domestic reserves could provide as much as two million barrels day by 1985.
 - Because of the long lead times involved in bringing these reserves on line, it is necessary to have the authority to explore and to produce NPR-4 as soon as possible.
 - o If we are going to make a commitment to fully develop and produce NPR-4, we must not be put in the position of having to go back to Congress to ask for additional legislation.

- 4. Proceeds of NPR production should go into a Special Fund which would be used to explore, develop and produce all of the NPR's and to finance both the Civilian and Military Reserve Systems.
 - A special fund would link the Elk Hills production with a Strategic Petroleum Reserve Program, thus assuring that the NPR oil would be replaced with a system which would provide substantially greater protection to the country during an emergency.
 - A special fund would provide flexibility in administering both NPR development and the Strategic Reserve Program.
 - Congressman Hebert is concerned that such a special fund not be the sole source of funding for NPR and strategic reserve development and that other monies be appropriated. This should pose no problem, as at least initially the proceeds from NPR production would not be sufficient to fund both Alaskan development and the Strategic Storage System.



I am today returning, without my approval, H.R. 14225, the Rehabilitation Act and Randolph-Sheppard Act Amendments of 1974, and the White House Conference on Handicapped Individuals Act. I am advised by the Attorney General and I have determined that the absence of my signature from this bill prevents it from becoming law. Without in any way qualifying this determination, I am also returning it without my approval to those designated by Congress to receive messages at this time.

The Vocational Rehabilitation Amendments of 1974 pose some fundamental issues which far transcend this particular bill. No group in our country is more in need of supportive services than the Handicapped. Our handicapped citizens have demonstrated time and again that, given a fair break, they can lead as full and productive lives as other citizens.

Throughout my years in Congress I consistently supported good Federal programs designed to assist the handicapped.

During the last two years spending on the basic grant programs for Vocational Rehabilitation has grown from \$589 million to \$680 million. The key issue posed by this bill is not how much money will be spent. The issue posed is how well the programs will be run.

This bill passed the House of Representatives without any hearings. Had hearings been held we would have explained the disruption that would result from such a massive legislative incursion into the administration of a program.

The Congress has the responsibility to legislate, but I have the responsibility for the successful administration of the programs they enact. This bill is an attempt to administer through legislation. It transfers a program from one part of HEW to another for no good reason - indeed for very bad reasons. It dictates where in HEW minute decisions must be made, it creates independent organizational units at subordinate levels that are wasteful and duplicative and it sets up a monitoring process for the construction and modernization of Federal facilities that would force me to create a new 250-man bureaucracy in HEW to duplicate functions carried out elsewhere in the Executive Branch.

livered to Clock of House 10/09/24 (5:25pm)

Most importantly, the bill blurs accountability. I cannot be responsible for the good management of all Federal programs if I cannot hold my Cabinet Secretaries accountable. Under this legislation accountability would be diffused. I find myself obliged to return to the Congress unsigned a bill that would disrupt existing Federal programs and ill serve the needs of our Nation's handicapped citizens. The present Vocational Rehabilitation legislation does not expire until mid 1975. Plenty of time remains for us to work out a bill which will improve Federal programs for the handicapped rather than create the disruptions that will inevitably result from this hastily drawn piece of legislation. I have requested HEW Secretary Weinberger to meet with congressional leaders immediately upon their return to initiate this process.

Herald R. Frol

THE WHITE HOUSE,

October 29, 1974.



I am advised by the Attorney General that H. R. 14225 did not become law when Congress purported to override it. To be sure, Congress did muster the two-thirds vote required to override legislation vetoed and returned to it within an ordinary session of Congress. But the Constitution does not provide for such a return, and hence does not provide for any override, when the Congress disperses in a major adjournment shortly after forwarding proposed legislation to the President. The attempted override is therefore ineffective. This is not a matter over which I have any control -- either as to the manner of my veto or as to the effect of the attempted override. I do not have the power to implement a bill that has not become law in the manner prescribed by the Constitution.

As I stated in my veto message, however, I continue to support reasonable and effective efforts on behalf of the handicapped. In the spirit of cooperation with the Congress and of compassion for the blind and the handicapped, I am therefore asking the affected departments and agencies of the government to consider using their discretion under existing law to make appropriate changes in the directions contemplated by H. R. 14225.

When I vetoed H. R. 14225 it was clear to me that some disagreement was inevitable over whether the election recess constituted an "adjournment" within the meaning of Article I, Section 7, paragraph 2 of the Constitution. A Constitutional theory adopted by a recent Court of Appeals decision would permit a return of proposed legislation, and hence an override, with respect to bills forwarded to the President prior to any intra-session adjournment. That theory conflicts with accepted practice since 1867 and with principles enunciated by the Supreme Court. Nevertheless, because of the doubts which the Court of Appeals' statements created, I also returned H. R. 14225 to the Clerk of the House, so as to assure the effectiveness of my veto regardless of whether that recess is or is not ultimately held by the courts to have been an "adjournment" within the meaning of the Constitution. Pending such a judicial determination, however, I cannot regard the attempted override as effective.

If Congress wishes to avoid this legal dilemma, which I did not seek, and if Congress wants H. R. 14225 to be implemented fully before an ultimate judicial resolution, it should pass a new law. It would be even better if Congress and the Administration would work closely together, as I originally suggested, to produce a better bill that I could sign into law. Such action would remove the burden of uncertainty about the differing Executive and Legislative Constitutional interpretations from those members of society least able to bear such burdens.

Cleared by Ebner, Scalia, Cole

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THE WHITE HOUSE

WASHINGTON

November 21, 1974

MEMORANDUM FOR:

JOHN MARSH

PHIL BUCHEN
PHIL AREEDA
BILL TIMMONS

KEN COLE

FROM:

LARRY SPEAKES

In response to press inquiries concerning Senate action on the Vocational Rehabilitation Bill, I am using the following statement:

"The action of Congress has created legal uncertainty and in due course we will receive the advice of the Attorney General."



FIEA

FYI to Ken Lazarus.

1.

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THE ADMINISTRATOR FEDERAL ENERGY ADMINISTRATION WASHINGTON, D.C. 20461

July 16, 1975

MEMORANDUM FOR PHIL BUCHEN

FROM:

FRANK G. ZARB

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Thank you for the tip.

Attachment

FORDLIBRAD



FEDERAL-ENERGY ADMINISTRATION WASHINGTON, D.C. 20461

OFFICE OF THE ASSISTANT ADMINISTRATOR

July 8, 1975

MEMORANDUM FOR: FRANK ZARB

FROM

Tom Noel

SUBJECT:

Employee Financial Statements

I have examined FEA's procedures for reviewing employee financial statements. As you know, the existing system is inadequate and needs revision.

Together with Bob Montgomery, I am setting up a procedure by which these forms are processed routinely when new employees join FEA and for insuring that the forms are again reviewed under the conditions specified in the Conflict of Interest directive. My office will be responsible for administering the new system; however, substantive review of the financial statements by the employee's supervisor and by the General Counsel will continue.

To insure that the system presently covers all employees and is current, we will be sweeping the entire financial statement file over the next couple of weeks, requesting each employee to submit an updated form or to indicate no change.

cc: General Counsel



THE WHITE HOUSE WASHINGTON

July 18, 1975

Dear Mr. Andersen:

Thank you very much for sending me a copy of your letter to the President on the subject of promoting the use of solar heating and cooling devices. My understanding is that there is no lack of interest in this potential source of energy but that it is too early in the developmental work for the President to risk creating undue expectations as to the feasibility of this source as a major replacement for existing sources of energy.

I very much appreciate knowing of your interest in this subject.

Sincerely,

Philip W. Buchen Counsel to the President

Mr. Niels T. Andersen Publisher Cedar Springs Clipper 90 Main Street Cedar Springs, Michigan



Cedar Springs
CLIPPER
PUBLISHERS & COMMERCIAL PRINTERS SINCE 1869

NIELS T. ANDERSEN
Publisher

90 MAIN STREET

Cedar Oprings, Michigan
PHONE: 696.9010

June 20, 1975

President Gerald R. Ford White House Washington, D. C.

Dear Mr. President:

I was gratified to read in the June issue of "Energy Reporter" that FEA Administrator Frank Zarb is supporting the immediate institution of a Selar Energy-Government Buildings Project "requiring designers of new Federal buildings to consider using selar heating and cooling." He also advecates the installation, where possible, of selar heating and cooling equipment on existing government buildings.

The Energy Reporter says, "More significantly, the project would initiate mass production techniques triggering additional fuel savings from the private sector."

I'm cheering.

I appeal to you, Mr. President, to make a major policy speech turning Mr. Zarb's "support" for selsr heating and cooling of government buildings, from his wish, to your order that it be done.

points out, stimulate mass production, thus lowering prices which would put the equipment within reach of private citizens. It would also create a new and growing job market.

Your recent speech on energy showed your efforts to give the energy issue momentum and direction. It speke of higher gasoline prices and its related sacrifices. Those sacrifices would be easier to accept if a positive, hopeful approach to energy independence accompanied them.

Oil reserves are deindling and, at present rates of usage, probably will be deplaced to very low levels by the year 2000. Oil is not only a fuel, it is a precious resource for the manufacture of many products. Conservation of oil as a resource for manufacturing should be a high priority.

Coal reserves are vast, but coal is not a clean fuel and tends to foul the atmosphere. Also it is a resource for manufacturing and should be conserved over the long pull.

Solar energy, geothermal, tidal and wind power are non-polluting and limitless power sources.

A national long term energy policy must include the sun as a key source. The United States should take a determined stand to preserve its fossil fuel/manufacturing resource deposits and to bring solar energy into the national energy grid as quickly as possible.

You and your administration are to be congratulated for demonstrating your understanding and support of solar energy's vast and immediate potential. My hope is that your growing private conviction will soon appear in a strong, determined public policy declaration.

Waim po recenal regards,

Hiels T. Anderson

co: Frank Zarb, Administrator Federal Energy Administration

A. FOROLISENAP

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO .:

KIA

Date:

July 24, 1975

Time:

FOR ACTION: Phil Buchen

cc (for information):

Jim Cannon

Jim Lynn

Bob Hartmann

Max Friedersdorf

Bill Seidman

FROM THE STAFF SECRETARY

DUE: Date:

July 30, 1975

Time:

Noon

SUBJECT:

Proposed White House Conference on Energy Conservation

ACTION	REQUESTED:
TO TION	7777 CTO 7 TTO "

For Necessary Action

X For Your Recommendations

Prepare Agenda and Brief

Draft Reply

X For Your Comments

Draft Remarks

REMARKS:

July 25, 1975

I concur in the proposal provided we can be fully geared-up for decisive follow-up action over an extended period so we do not have the same experiences as we had with the WIN program.

Philip Buchen

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jim Connor For the President



FEDERAL ENERGY ADMINISTRATION WASHINGTON, D.C. 20461

July 18, 1975

OFFICE OF THE ADMINISTRATOR

MEMORANDUM FOR JACK MARSH

FROM:

Frank G. Zarb Administrator

SUBJECT:

White House Conference on Energy

Conservation

I concurred with Bill Baroody's proposal to the President that there be a White House Conference on Energy Conservation on the grounds that if it were substantive and well-planned, such a Conference could focus national attention on the need for public support of voluntary energy conservation programs. An all-out appeal to the public by the President would be immensely helpful to our efforts.

I feel strongly that such a Conference must produce some hard news, in the form of a Federal commitment to voluntary energy conservation, or it will be perceived as a cosmetic public relations gesture.

As a result, I have changed the Baroody memo to reflect the most recent deliberations by the ERC at Camp David concerning voluntary conservation. With these changes in the memo to the President, I would be happy to take responsibility for the Conference and will assign Roger W. Sant, my Assistant Administrator in charge of Energy Conservation to the task.

Attachment



MEMORANDUM FOR THE PRESIDENT

THRU: JACK MARSH

FROM: WILLIAM J. BAROODY, JR.

SUBJECT: WHITE HOUSE CONFERENCE ON ENERGY CONSERVATION

PROPOSAL: That a White House Conference on Energy Conservation be held in Washington in early September 1975, and that you personally participate as fully as your schedule will permit.

PURPOSE: To focus national attention on the need for citizens to conserve energy, voluntarily; to provide Presidential leadership; to elevate voluntary energy conservation above the legislative battle; to provide a potential launching pad for an ongoing community-based citizens energy conservation program.

BACKGROUND: Although there is no disagreement between the Congress and the Administration on the need to reduce our wasteful consumption of energy, the concentration on legislative and/or executive actions to achieve that end has overshadowed the need for citizens and industry to take voluntary steps to manage their energy consumption more efficiently.

There is an abundance of Federal programs, aimed at persuading the public to conserve energy. However, recent public opinion surveys conducted by FEA indicate that only 37% believe there is a serious energy problem. Accordingly, at Camp David recently, FEA, as the lead Federal agency, presented a proposal for a much expanded voluntary effort incorporating seven specific programs directed towards the homeowner, the building owner, the plant manager, and the utility operators. These programs were approved in principle by the ERC, and could become the focal point of the Conference.



PLAN: For this one-day Conference, you may wish to involve the Congress as co-sponsor. The Conference is timed to coincide with the re-convening of Congress following the August recess.

The general plan is to invite approximately 1,000 leaders who are or should be deeply involved with energy conservation. As in the regional White House Conferences, the emphasis will be on dialogue between government and the people. Presentations, panel discussions and audience interaction will be utilized.

RECOMMENDATIONS: That you authorize the Federal Energy Administration to implement, with the appropriate White House and Cabinet offices, these actions:

		APPROVE	DISAPPROVE
1.	Announce Conference & date		
2.	Announce your participation		The state of the s
3.	Obtain Congress' co-sponsorship		**************************************
4.	Assemble invitation list & issue invitations		**************************************
5.	Obtain funding & staff support for Conference from appropriate Departments and Agencies		FOROUSERAN.