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Cannon

THE WHITE HOUSE
WASHINGTON

June 12, 1975

MEETING WITH CONGRESSIONAL BIPARTISAN LEADERSHIP

Friday, June 13, 1975

8:00-9:30 a.m. (90 minutes)

The Cabinet Room

From: Max L. Friedersdorf *M.L.F.*

I. PURPOSE

1. To consult with Congressional leaders about regulatory reform and energy.
2. To obtain the leaders' agreement to choose 20 Members - 10 from each House - to meet with the President and various Administration officials on Wednesday, June 25, to discuss regulatory reform.
3. To alleviate Congressional fears that the Executive is interfering with the independence of the Regulatory Commissions.
4. To seek Congressional cooperation in dealing with the regulatory crisis and in setting priorities for legislative action.
5. To brief the leaders on unanimous recommendations of the President's Labor-Management Committee regarding legislative and administrative proposals to improve the construction and output of the electric utilities industry. (See Tab G)

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background:

1. The President desires to meet soon with Commissioners of the independent regulatory agencies. (See Tab A)
2. In the President's Chamber of Commerce speech, announcement was made of plans to convene a meeting of the Commissioners of the ten major independent regulatory agencies, key Members of Congress and Administration officials to discuss reform of regulation.
3. Later, the President decided to divide the proposed meeting into two separate meetings: 1) a meeting with 20 selected Congressional leaders, and 2) a meeting with the Commissioners of the Regulatory Commissions.

A. Background: (cont'd)

4. Congress is considering the Ways & Means Energy Bill this week which is likely to pass in unacceptable form.
5. Another bill embracing decontrol is moving through the House Interstate and Foreign Commerce Committee.
6. Despite the President's urging, and pledges of Congressional intent, no positive energy steps have been taken except the President's imposition of the first and second dollar on the foreign oil import fees.
7. The Elk Hills legislation has been hung up in a jurisdictional conflict between House Armed Services and Interior and Insular Affairs Committees. (See Tab B)
8. Secretary of Labor Dunlop is coordinator of the President's Labor-Management Committee which was established in 1974. Eight labor and eight management members have presented the President with their recommendations to improve the electric utility sector of the economy. The recommendations affect not only energy, but employment as well.

B. Participants: See Tab C

C. Press Plan:

Press Office to announce as a regular Bipartisan Leadership meeting. Press and White House photographers.

III. TALKING POINTS

1. Regulatory reform (See Tab A)
2. Energy (See Tab D)
3. Labor-Management Committee recommendations (See Tab E)

IV. AGENDA

See Tab F

TALKING POINTS ON REGULATORY REFORM

1. As you know, I am concerned that Federal Regulatory Agencies are frustrating our National goals.
2. Since the Economic Summit meetings last year, there has been broad and mounting concern that we take steps to insure that our Federal Regulatory Agencies are furthering the National interest.
3. To deal with the regulatory problem, I have sponsored or supported a number of pieces of legislation dealing with regulatory reform. I have:
 - * Asked Congress to establish a National Commission on Regulatory Reform.
 - * Submitted a Railroad Revitalization Act.
 - * Submitted the Financial Institutions Act.
 - * Submitted the Energy Independence Act.
 - * Supported legislation to remove the antitrust exemption for State Fair Trade laws.
 - * Supported and signed the Securities Act Amendments of 1975.
4. In my recent Chamber of Commerce speech I indicated that I would be convening a meeting with the Commissioners of ten Independent Regulatory Agencies to discuss the need to improve regulations and procedures in order to foster greater competition and reduce the inflationary impact of regulation.
5. Because of the unique relationship of these agencies with both Congress and the Executive, I would like to meet with a group of Members of Congress before I meet with the Regulatory Commissioners.
6. I would like you to select a delegation of 20 members -- 10 from each House - to meet with me.
7. Such a meeting will be an important first step toward reform of regulation.

*See Memphis
Savvy
Speaker
John Rhodes*



8. The purpose of the meeting would be to explore areas where the Executive and Congress can work together to improve regulatory performance and to minimize the adverse impact of regulation on the economy.
9. I am hopeful that together we can develop a consensus on a set of principles and priorities to guide the regulatory reform effort. We must find ways:
 - * To expedite the regulatory process.
 - * To require that Agencies analyze and consider the inflationary cost of regulation.
 - * To insure that regulation does not impede increased domestic energy production.
 - * To promote a revitalized transportation system.
 - * To reduce the impact of regulation on small business.
 - * To restate and redirect the objectives of the Agencies.
10. I want -- and need -- Congressional guidance on how to achieve a sound regulatory system and how to discuss this regulatory problem with the Commissioners.
11. I have scheduled the meeting with your Congressional group on Wednesday, June 25, and will have my staff coordinate the arrangements.
12. I am appointing a Task Force consisting of the Attorney General, the Secretary of the Treasury, the Chairman of the Council of Economic Advisers, the Assistant to the President for Economic Affairs, the Director of the Office of Management and Budget, and the Assistant to the President for Domestic Affairs. Roderick Hills of the Counsel's office will be the Executive Director of the Task Force.

Wrote memo

Wagon - Hills
Productivity

Will be assigned from DC,
and ~~will be~~ ~~Wagon~~ ~~Hills~~ as
Productivity



Status of Energy Independence Act as of
June 3, 1975

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Senate: Commerce Committee held hearings. Several bills under consideration.

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Senate passed Interior Committee's S. 622 including objectionable mandatory conservation authorities.

House: Included in Dingell bill, awaiting full Committee action.

*Dingell Bill (H.R. 7014) subject to further negotiations to remove objectionable provisions.

PARTICIPANTS

The President

SENATE

Mike Mansfield
Hugh Scott
Bob Byrd
Bob Griffin
Frank Moss
Carl Curtis

HOUSE

"Tip" O'Neill
John Rhodes
John McFall
Bob Michel
Phil Burton
John Anderson


STAFF

Secretary of Labor Dunlop
Don Rumsfeld
Bob Hartmann
Jack Marsh
Max Friedersdorf
Phil Buchen
Jim Cannon
Bill Seidman
Alan Greenspan
Bill Baroody
Frank Zarb
Dick Cheney
Vern Loen
Bill Kendall
Rod Hills

REGRETS

The Vice President - out of town
Speaker Albert - breakfast commitment with Governor of Oklahoma
Jim Lynn - previous commitment with a Congressional group

TALKING POINTS (ENERGY)

1. I have given Frank Zarb direct instructions to cooperate in every way possible with the leadership to try and compromise on the Ullman bill and other energy legislation.
 2. Frank has been working diligently and will continue to work diligently with Al Ullman, John Dingell and others to come up with some energy bills that will help alleviate the problems we have.
 3. I hope we can avoid confrontation on this issue and work together.
 4. Frank is here and I will ask him to give us a review of the various energy initiatives.
- 

LABOR-MANAGEMENT COMMITTEE RECOMMENDATIONS

1. The Labor-Management Committee has made some unanimous recommendations designed to improve the electric utility sector of the economy.
2. These proposals involve both legislative and administrative actions.
3. Hopefully, these actions will assist in the energy situation as well as long range improvements in the employment situation.
4. Secretary Dunlop is here to provide a briefing on details of these recommendations which will be announced publicly later today. John, will you please brief the leaders now?

AGENDA

8:00-8:10 a.m. (10 minutes)	The President opens the meeting and discusses his views on regulatory reform.
8:10-8:15 a.m. (5 minutes)	The President calls upon Rod Hills to sum up Administration views on regulatory reform.
8:15-8:30 a.m. (15 minutes)	The President invites leaders' discussion and views on regulatory reform.
8:30-8:40 a.m. (10 minutes)	The President discusses the energy situation.
8:40-8:50 a.m. (10 minutes)	The President calls upon Frank Zarb for a summary of energy legislation.
8:50-9:10 a.m. (20 minutes)	The President invites leaders' discussion and questions on energy.
9:10-9:15 a.m. (5 minutes)	The President introduces subject of Labor-Management Committee recommendations and calls upon Secretary Dunlop to brief.
9:15-9:25 a.m. (10 minutes)	Secretary Dunlop briefs on the recommendations of the Labor-Management Committee
9:25-9:30 a.m. (5 minutes)	The President summarizes the meeting and concludes the meeting.

The Labor-Management Committee recommendations provide four specific proposals:

1. An increase in the investment credit to 12% for the construction of non-oil and gas utility plants and transmission lines.
2. In view of the length of time required to complete the construction of electric utility installations, the Federal government should permit depreciation for tax purposes on construction expenditures as made, provided such costs are included in the rate base.
3. The five-year, fast write-off of pollution control facilities should be extended by legislation beyond its present expiration date of December 31, 1975. The fast write-off of pollution control facilities reduces the financing costs of the construction of electric utility units. Fuel conversion costs should receive the same treatment.
4. The urgent need for equity capital in the electric utility industry should be met by a legislative provision that dividends which are reinvested in new issue common stock of the company have tax deferral.

[June 1975]

1) IS ^{IT} STATE LAW, GENERALLY,
~~THE RATE THAT~~

~~IF~~ UTILITIES CANNOT

INCLUDE CONSTRUCTION
COSTS IN THE RATE
BASE UNTIL THE
PLANT IS DELIVERING
POWER?

yes



2) IF SO, WOULD THE
LABOR - MGMT COMMITTEE
PROPOSAL OVER-RIDE
STATE LAW? or can it
by giving depreciation

Members of the President's Labor-Management Committee

Participating in the Formulation of this Statement

Labor

I. W. Abel, President
United Steelworkers of America

Murray H. Finley, President
Amalgamated Clothing Workers of America

Frank E. Fitzsimmons, President
International Brotherhood of Teamsters

Paul Hall, President
Seafarers International Union

Lane Kirkland, Secretary-Treasurer
AFL-CIO

George Meany, President
AFL-CIO

Leonard Woodcock, President
United Auto Workers

Management

Stephen D. Bechtel, Jr., Chairman
Bechtel Group of Companies

Richard C. Gerstenberg
General Motors Corporation

John D. Harper, Chairman
Aluminum Company of America

Reginald H. Jones, Chairman
General Electric Company

R. Heath Larry, Vice Chairman
U. S. Steel Corporation

Rawleigh Warner, Jr., Chairman
Mobil Oil Corporation

Arthur M. Wood, Chairman
Sears, Roebuck & Company

Walter B. Wriston, Chairman
First National City Bank

May 21, 1975

Electric Utilities

At the end of 1974, it is estimated that electric utilities had deferred or cancelled the construction of 106 nuclear plants (114,000 megawatts) and 129 coal-fired plants (74,413 megawatts). This extensive postponement in construction schedules of coal and nuclear power plants that are needed to meet the nation's energy demands for 1980 and 1985 seriously jeopardizes our national objective of lesser dependence on imported oil. It also threatens continued economic growth, promises to restrain essential job creation and inhibits measures to reduce unemployment. Since electric utilities require a number of years to get new plants on stream, the current slippage of schedules and cancellation of new facilities may be expected to result in future energy shortages and serious restrictions to economic expansion. It is imperative that there be substantial restoration of construction of electric utilities at once. Special measures are needed to shorten significantly the very long lead time which now exists between the design of a project and its completion.

The President's Labor-Management Committee recommends a number of administrative and legislative measures to get this basic and strategic sector of the economy moving.



Special Legislative Proposals

1. The President's Labor-Management Committee earlier recommended that the investment tax credit for utilities be increased from 4 percent to 12 percent a year. The Congress increased the investment tax credit to 10 percent for a two-year period. The Committee still believes the 12 percent figure is appropriate and, in the case of electric utilities, this credit should be extended indefinitely and apply to construction work in progress to stimulate this vital sector which promises to present capacity problems for many years. This proposal is designed to stimulate non-oil and non-gas facilities.

2. In view of the length of time required to complete the construction of electric utility installations, the Federal government should permit depreciation for tax purposes on construction expenditures as made, provided such costs are included in the rate base.

3. The five-year, fast write-off of pollution control facilities should be extended by legislation beyond its present expiration date of December 31, 1975. The fast write-off of pollution control facilities reduces the financing costs of the construction of electric utility units. Fuel conversion costs should receive the same treatment.

4. The Nuclear-Indemnity Coverage law (Price-Anderson Act) should be extended.



5. The urgent need for equity capital in the electric utility industry should be met by a legislative provision that dividends which are reinvested in new issue common stock of the company have tax deferred.

The Committee recommends that the above legislative proposals be incorporated in a single piece of legislation in view of the special need for greater electric utility capacity and the long lead time required to complete plants and get them in operation.

Administrative Action

The Federal government should establish a small task force of experts, with assistance drawn from labor and management with experience in the field of utility construction, to serve as troubleshooters, to discover the impediments to the completion of electric utility plants and to take steps to relieve the particular situation wherever possible. The difficulties will vary from case to case; the problems may include unreasonable environmental restrictions and delays in processing papers, financing, regulatory delay, collective bargaining disputes, production delays in component parts, scheduling of manufactured components, design issues, etc. This task force can expedite the completion of electric utility plants and getting power on stream.



Immediate Improvement in the Policies and Actions
Regarding the Usage of Coal and Nuclear Energy

1. Coal

- a. Make a major effort toward increasing the domestic production and use of coal to generate power, including the development of economic means of moving either western low-sulphur coal, or the generated power, to the required market areas.
- b. A timetable should be considered for the conversion of oil/gas fueled power plants to coal.
- c. The government should reduce the uncertainties on coal usage by encouraging the development of technology to minimize pollution and environmental concerns regarding coal mining and coal use and by reducing the economic uncertainties in the mining and use of coal. This should encourage increased long-term investment in mining which in turn should stimulate employment.

2. Nuclear Energy

- a. The nation should make every effort to capitalize on the benefits of two decades and billions of dollars of public and private efforts in nuclear power development. While the initial investment costs for nuclear energy are high, it offers the cheapest form of electricity in the long run. Every effort must be made so that the percentage of electric power generation derived from



nuclear sources by 1980/1985 is greatly increased from current levels. It is estimated that 10 to 15 million construction labor hours are required for each nuclear unit installed.

b. Specific government action is required in the following areas:

- Promote the public acceptance of nuclear power.
- Resolve the uncertainties regarding the nuclear fuel cycle, e.g., long-term nuclear waste disposal, plutonium usage, spent fuel storage and reprocessing.
- Streamline the nuclear regulatory licensing process to reduce the lead time for getting plants into production. The current lead time is about 8 to 10 years.

Review and Articulate the National Energy
Interest with State Regulatory Agencies

- a. The Federal government needs to find an appropriate and realistic approach to get the national energy issues and interests before state regulatory agencies when they have their hearings on utility needs.
- b. We must provide for prompt and reasonable action on rate applications.
- c. New and innovative rate schemes, such as peak load pricing and rates designed to foster conservation, should be thoroughly studied and evaluated to determine the true impact on the various



sectors of the economy.

Environmental Considerations

Stretch out, as necessary, present environmental restrictions on energy production and use to reduce energy consumption and facilitate expansion of domestic energy output. This is basically a matter of timetables, not of objectives. The advance of technology and development of clean energy sources can permit realization of environmental objectives.



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P

Congressional Bicentennial Workshop

July 13, 1975

Regulations - W put together, do this
that add cats, with other,
other things that go beyond
original intention.

Create from environment for
discussion. - met with me
and members next week

Next - meeting on 25th
White House & The Hill.
to

met with general counsel
with an update of
the open

from all this
update

agenda - better copy out of the



know one of open

2 ~~hrs~~ Wednesday, Am.

fall - Carpenter attendees
at 8~~am~~ x in morning.

Other Actions Thursday:

Supper - Commencement & Govt open
area in secret papers to
get into this area.

P. can't wait for unit to
hit us!

Jim Rhodes -

- ① talk w/ ERDA
- ② talk w/ Rep on drug committee -
- ③ talk w/ other Govs on this
- ④ talk w/ Rep re patients



→ Ken in Ohio - - meeting w/ SPD,
John Kane & Bryman on
what he is doing to
get more natural gas.

ask SPDA keep?
ask

Carter - simplify regulation -
moving on energy
We are way on environment
to speed up and
give flexibility to business

do everything to simplify
get problem days on
w/ legislation and changes



11 Jan
DP A

Don't want to destroy EPA's
capability to do right thing,
but once decision made,
want it to be final.

Byrd - This Congress wants
15 tons - every - 5 minutes

need more money in mining technology

25-30 per annual ton

Coal coo hesitant to invest -
3-4 years get eyes for -
that they will be able to
sell coal

P. Before August session, hope we

have a full plate of every
legislation down here



P. Proposal To me - all by labor-union
Committee - coordinates is Drulep -

uniquely - got together on a program

I endorse them.

I think you will get labor & union to
testify together on them.

Propd - course meeting too

If the mechanism when
called would pick up
man of the job, I don't
see how one can ask
him to do that.

Pres. very dense - crisis severe
EASTON - MGMT REC UNANIMOUS

MOSS - APPROX several, dia,



mean mouth
deon - held up 6 yrs

now state of Wash.
going to look out of
originating water

Anderson - SAID of 8 sites approved
from

was you would to get

SITING & licensing in
one pkg?

Duke - Point to water

Siting & licensing would
be separate, so to
different countries

Woz - Canyon been trying to
be the same force



Pr - That's going to be the
thrust of 1st speech —

Both legs & there to
determine to get them going.



June 13, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

Today, I am releasing the text of the Labor-Management Committee's recommendations for legislative and administrative measures to increase electric utility construction and output.

Having carefully reviewed these recommendations, I accept and endorse them because they can make a significant contribution in reducing the Nation's dependence on oil imports and in conserving scarce natural gas supplies.

Additionally, an expansion in electric utility construction and production will provide solid, long-range employment which will be highly beneficial to the country. An increase in electric utility capacity will also contribute significantly to economic expansion.

I will take steps promptly to create the task force the Committee recommends to tackle the problem of delays in the completion of utility plants. In view of the long lead time on construction, completion of plants now in advanced stages of planning or under construction must have top priority.

I appreciate the constructive contribution of labor and management working together. The time has come for Government to cooperate in the same spirit in addressing and resolving the Nation's problems. I thank the Committee for its continuing work and appreciate its efforts in the national interest.

(A list of the President's Labor-Management Committee members participating in the formulation of this statement and the Committee's statement on May 21, 1975, is attached.)

#

Members of the President's Labor-Management Committee

Participating in the Formulation of this Statement

Labor

I. W. Abel, President
United Steelworkers of America

Murray H. Finley, President
Amalgamated Clothing Workers of America

Frank E. Fitzsimmons, President
International Brotherhood of Teamsters

Paul Hall, President
Seafarers International Union

Lane Kirkland, Secretary-Treasurer
AFL-CIO

George Meany, President
AFL-CIO

Leonard Woodcock, President
United Auto Workers

Management

Stephen D. Bechtel, Jr., Chairman
Bechtel Group of Companies

Richard C. Gerstenberg
General Motors Corporation

John D. Harper, Chairman
Aluminum Company of America

Reginald H. Jones, Chairman
General Electric Company

R. Heath Larry, Vice Chairman
U. S. Steel Corporation

Rawleigh Warner, Jr., Chairman
Mobil Oil Corporation

Arthur M. Wood, Chairman
Sears, Roebuck & Company

Walter B. Wriston, Chairman
First National City Bank

May 21, 1975

Electric Utilities

At the end of 1974, it is estimated that electric utilities had deferred or cancelled the construction of 106 nuclear plants (114,000 megawatts) and 129 coal-fired plants (74,413 megawatts). This extensive postponement in construction schedules of coal and nuclear power plants that are needed to meet the nation's energy demands for 1980 and 1985 seriously jeopardizes our national objective of lesser dependence on imported oil. It also threatens continued economic growth, promises to restrain essential job creation and inhibits measures to reduce unemployment. Since electric utilities require a number of years to get new plants on stream, the current slippage of schedules and cancellation of new facilities may be expected to result in future energy shortages and serious restrictions to economic expansion. It is imperative that there be substantial restoration of construction of electric utilities at once. Special measures are needed to shorten significantly the very long lead time which now exists between the design of a project and its completion.

The President's Labor-Management Committee recommends a number of administrative and legislative measures to get this basic and strategic sector of the economy moving.

Special Legislative Proposals

1. The President's Labor-Management Committee earlier recommended that the investment tax credit for utilities be increased from 4 percent to 12 percent a year. The Congress increased the investment tax credit to 10 percent for a two-year period. The Committee still believes the 12 percent figure is appropriate and, in the case of electric utilities, this credit should be extended indefinitely and apply to construction work in progress to stimulate this vital sector which promises to present capacity problems for many years. This proposal is designed to stimulate non-oil and non-gas facilities.

2. In view of the length of time required to complete the construction of electric utility installations, the Federal government should permit depreciation for tax purposes on construction expenditures as made, provided such costs are included in the rate base.

3. The five-year, fast write-off of pollution control facilities should be extended by legislation beyond its present expiration date of December 31, 1975. The fast write-off of pollution control facilities reduces the financing costs of the construction of electric utility units. Fuel conversion costs should receive the same treatment.

4. The Nuclear-Indemnity Coverage law (Price-Anderson Act) should be extended.

5. The urgent need for equity capital in the electric utility industry should be met by a legislative provision that dividends which are reinvested in new issue common stock of the company have tax deferred.

The Committee recommends that the above legislative proposals be incorporated in a single piece of legislation in view of the special need for greater electric utility capacity and the long lead time required to complete plants and get them in operation.

Administrative Action

The Federal government should establish a small task force of experts, with assistance drawn from labor and management with experience in the field of utility construction, to serve as troubleshooters, to discover the impediments to the completion of electric utility plants and to take steps to relieve the particular situation wherever possible. The difficulties will vary from case to case; the problems may include unreasonable environmental restrictions and delays in processing papers, financing, regulatory delay, collective bargaining disputes, production delays in component parts, scheduling of manufactured components, design issues, etc. This task force can expedite the completion of electric utility plants and getting power on stream.

Immediate Improvement in the Policies and Actions
Regarding the Usage of Coal and Nuclear Energy

1. Coal

- a. Make a major effort toward increasing the domestic production and use of coal to generate power, including the development of economic means of moving either western low-sulphur coal, or the generated power, to the required market areas.
- b. A timetable should be considered for the conversion of oil/gas fueled power plants to coal.
- c. The government should reduce the uncertainties on coal usage by encouraging the development of technology to minimize pollution and environmental concerns regarding coal mining and coal use and by reducing the economic uncertainties in the mining and use of coal. This should encourage increased long-term investment in mining which in turn should stimulate employment.

2. Nuclear Energy

- a. The nation should make every effort to capitalize on the benefits of two decades and billions of dollars of public and private efforts in nuclear power development. While the initial investment costs for nuclear energy are high, it offers the cheapest form of electricity in the long run. Every effort must be made so that the percentage of electric power generation derived from

nuclear sources by 1980/1985 is greatly increased from current levels. It is estimated that 10 to 15 million construction labor hours are required for each nuclear unit installed.

- b. Specific government action is required in the following areas:
 - Promote the public acceptance of nuclear power.
 - Resolve the uncertainties regarding the nuclear fuel cycle, e.g., long-term nuclear waste disposal, plutonium usage, spent fuel storage and reprocessing.
 - Streamline the nuclear regulatory licensing process to reduce the lead time for getting plants into production. The current lead time is about 8 to 10 years.

Review and Articulate the National Energy
Interest with State Regulatory Agencies

- a. The Federal government needs to find an appropriate and realistic approach to get the national energy issues and interests before state regulatory agencies when they have their hearings on utility needs.
- b. We must provide for prompt and reasonable action on rate applications.
- c. New and innovative rate schemes, such as peak load pricing and rates designed to foster conservation, should be thoroughly studied and evaluated to determine the true impact on the various

sectors of the economy.

Environmental Considerations

Stretch out, as necessary, present environmental restrictions on energy production and use to reduce energy consumption and facilitate expansion of domestic energy output. This is basically a matter of timetables, not of objectives. The advance of technology and development of clean energy sources can permit realization of environmental objectives.