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MEETING WITH THE STATE GOVERNORS
ON NATURAL GAS

Thursday, August 28, 1975
10:30 a.m.

Cabinet Room

DOMESTIC COUNCIL CLEARANCE SHEET

Anal

Date: August 27, 1975

JMC action required by: ASAP

4:00 pm
Today

TO: JIM CANNON

VIA: DICK DUNHAM _____

or

JIM CAVANAUGH ☒

FROM: JIM FALK 7

SUBJECT: Briefing Paper for the President's meeting with
the Governors on August 28, 1975.

COMMENTS:

Date: _____

RETURN TO: JIM FALK

Material has been:

____ Signed and forwarded

____ Changed and signed (Copy attached)

____ Returned per our conversation -

____ Noted

Jim Cannon



THE WHITE HOUSE
WASHINGTON

August 27, 1975

MEETING WITH STATE GOVERNORS

Thursday, August 28, 1975
10:30-11:30 a.m. (one hour)
The Cabinet Room

From: Jim Cannon

I. PURPOSE

To consult on the scope of the natural gas shortage this winter with a group of Governors representing States expected to have serious shortages and Governors of two of the major gas producing states.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background:

1. A Natural Gas Contingency Task Force of the Energy Resources Council was formed three months ago under the direction of the FEA to develop a report on the scope and nature of a potential natural gas shortage this winter. You were briefed August 7 by Frank Zarb on the material prepared by the Task Force.
2. The preliminary report of the task force has identified ten to fifteen states as having potential adverse impacts this winter, some possibly severe.
3. No decisions are required at this meeting. The discussion should focus on the general problem and the options available as solutions.
4. The natural gas industry has recently expressed concern that any emergency legislation designed to alleviate the problems this winter would lessen the chances of passage of your natural gas deregulation proposals.



B. Participants

See Tab A.

C. Press Plan

The meeting will be announced to the press and photographs will be taken as the meeting begins. Frank Zarb, Governor Ray, and Governor Salmon will brief following the meeting.

III. TALKING POINTS

1. Thank you for being here today. The subject we want to consult with you on is one of serious proportions. The people around this table represent not only the States most likely to be seriously affected but the leadership necessary to help us produce the right kind of solutions.
2. I was briefed recently by my energy advisors on the problems caused by natural gas curtailments that we will experience this winter and potential policy options to deal with the problem. I believe each of you has been given a briefing book which outlines the potential curtailment problem as we now see it.
3. Before making any final policy decisions, I feel it is important to meet with you as representatives of the most affected states as well as the major natural gas producing states, to discuss the problem as you see it and get your suggestions for solving the problems.
4. The states represented by the Governors invited to this meeting represent almost 50% of the United States population and almost 50% of the personal income generated in the country. Therefore, if the effect of a shortage is severe, it can have a significant impact on our economy which we want to take steps to avoid.
5. To begin, I would like Frank Zarb to briefly review the dimensions of the problems and then open the meeting to discussion. Frank, would you please begin?



PARTICIPANTS

I. GOVERNORS

Republicans: James A. Rhodes (Ohio)
Christopher S. Bond (Missouri) (Republican Chairman)
James E. Holshouser (North Carolina)
James B. Edwards (South Carolina)
Mills E. Godwin (Virginia)
Robert D. Ray (Iowa) (Chairman, National Governors' Conference)

Democrats: Brendan T. Byrne (New Jersey)
Milton J. Shapp (Pennsylvania)
Marvin Mandel (Maryland)
Julian Carroll (Kentucky)
Sherman W. Tribbitt (Delaware)
Dolph Briscoe (Texas)
Edwin W. Edwards (Louisiana)
Thomas Salmon (Vermont) (Chairman, Energy Committee)
Philip Noel (Rhode Island) (Democratic Chairman)
David Boren (Oklahoma)

II. ADMINISTRATION

Donald Rumsfeld
John O. Marsh
Robert Hartmann
William Seidman
Frank Zarb
Alan Greenspan
James Cannon
James Falk
Eric Zausner, FEA
Bruce Pasternak, FEA

*Cory
Brown
Moore*

III. REGULATORY AGENCIES

John Nassikas, Federal Power Commission




THE WHITE HOUSE

INFORMATION

WASHINGTON

August 25, 1975

MEMORANDUM FOR: JIM CANNON
FROM: JIM CAVANAUGH 
SUBJECT: Meeting with Governors on Natural Gas

Sometime over the weekend, the President approved a proposal to meet with the Governors of those states that could be affected by natural gas curtailments this winter. The meeting will be held at 10:30 this Thursday, August 28.

Jim Falk sent telegrams over the weekend to the Governors extending invitations on the President's behalf. Frank Zarb is working on the substantive side of the meeting.

I'll be working with Falk and Zarb on a press plan.

The list of invited Governors is at TAB A.



LIST OF GOVERNORS FOR THURSDAY, AUGUST 28, MEETING:

The Honorable Hugh L. Carey (New York)
The Honorable Brendan T. Byrne (New Jersey)
The Honorable Milton J. Shapp (Pennsylvania)
The Honorable James A. Rhodes (Ohio)
The Honorable Christopher S. Bond (Missouri)
The Honorable James E. Holshouser (N. Carolina)
The Honorable James B. Edwards (S. Carolina)
The Honorable Marvin Mandel (Maryland)
The Honorable Mills E. Godwin, Jr. (Virginia)
The Honorable Robert D. Ray (Iowa)
The Honorable Julian Carroll (Kentucky)
The Honorable Arch A. Moore, Jr. (West Virginia)
The Honorable Sherman W. Tribbitt (Delaware)
The Honorable Edmund G. Brown, Jr. (California)
The Honorable Dolph Briscoe, Jr. (Texas)
The Honorable Edwin W. Edwards (Louisiana)
The Honorable Thomas Salmon (Vermont)

Natural Gas w/ Greens

8/28/75

* Copy of Book to VP

Salmon

Must be mediated - P. -
Congress - -
Greens - -

De Regulation of
Natural Gas
is essential

Ask for Cong. input

~~Salmon~~ - critical divisions on
re to energy petition
not - exacerbate gas
shortage -

Ray = - De.

Would welcome an opportunity
to speak up to Congress on
this?

Proven: 1. Short-Term - 180-day sales
2. Long-Term - loan



In older - w/ deReg - interstiti
~~the~~ scattered bones up only
4.7% yearly.

Suspension of regulation on an
new gas coming on line for
5 yr period. - permanently

~~As an~~ old K's stri regulated.

P. Am were better common law could
Contract for sale at any price.

Boen reasonable market ground

Went to corner next mid
used to make
a 1/2 off for best
gas w/ an mid
produce and then
then that gas properties
in a pipeline w/ open
chances to pt of use



Could pay a price
comparable to your intra-
state rate --

Market - we need a national policy
on ~~wholly~~ energy -
as a totality.

Sometimes, sometimes got to
be done to make some body move

P - Energy problem in a cross
country one 73
Evolved before
Been trying get total phy one free.
Emphasis on overall.

All of us then other go
assist in energy
legislation.



Shapp - Do we have a cut to anything
This year -

Do shutters real or continued?

White House investigation of situation
to see if real or continued.

Not sure Democratic best interest
of industry in nation?

Need for a crash program for
energy research.

70% of Appalachian economy
owned by oil co.

P - attention must be
concentrated, this way

unfortunate, a lot on new
of Appalachian legislative enactment

We're going to make poker
business work

Need your help to solve your
acute problem now



contracted
Zab -- that you study and
study was
crime costs up

unsub from people as to
why Bill's going up

NA D \$ - ducts of SADA
to know when
putting money.

The reason they don't have comment!
Can't find their ass in telephone
Booth, with both hands!



Kit - contain sketches in
Fed of - which
Hept then so
law not known
to see and sell
it =

Support Terrorism
de - leg -

Support Gov Boren

Ed Edwards - Henry Bur @ 5¢

Pauli Wink -

company 90%. EPA Requirements

Ed Wink 11 pt program



Noel: If people gave energy
to it - energy would
reenergize the energy
industry.

Gov. Sen. Commission -
1st work done in public
education

- 1) How and work
- 2) energy inspiration

Born - ^{Fed} Any vote in allocation

P - I don't believe that is the
way to solve the problem

Congressional Commission -

Comm - Great to have people
on

1980 - with this writer.

P - work on the members
of the House



from now & middle
of October

Jim Edwards -

Shuman Thibbitt -

This winter -

P - PRC Decisions -

Get 180-day

legis to

confirm & validate

What PRC has

done



Nail - reports here out of me
16% \checkmark 7% moving in state.

Can't accept that kind of
a projection.

reports diff states from
differently

very spread problem in NE

Can't accept that decrease
won't have that negatively
impact

I'll do big cut Acbs

P - I just don't understand
why the 4 key
aided take a phase
de central program
1 ~~to~~ 3% per month



Went -- . Myson goes
to leave me in
that direction

Spencer - I support yourself
instructs on you
to get job done

✓ Appmt - Rep
Get you to
work on this
issue

