

The original documents are located in Box C3, folder “Presidential Handwriting, 9/17/1974” of the Presidential Handwriting File at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

THE PRESIDENT HAS SEEN....

THE WHITE HOUSE

WASHINGTON

MINUTES OF

SENIOR ECONOMIC ADVISERS MEETING

September 17, 1974

2:00 P.M.



Present: The President
Governor Burns
Chairman Greenspan
Counsellor Rush
Director Sawhill
Mr. Seidman - *MS*
Secretary Simon

Subject: Federal Government responses to utilities industry problems

The basic problem facing the utilities industry is an inability to earn enough in the current inflationary environment to attract new capital. This difficulty is reinforced by high interest rates and capital shortage. The lack of earning power is the result of the failure to get increased rates from state regulatory agencies sufficient to cover increased costs.

The Ways and Means Committee tax bill raises electric utilities (but not telephone) tax investment credit from 4 to 7 percent. This measure should be supported.

The problem of the costs to utilities of implementation of the Water Pollution Act by EPA by September 25 under court order was reviewed. Costs in the billions will occur if old plants are required to eliminate thermal pollution. Mr. Sawhill will prepare a position paper and meet with Mr. Train of EPA to argue for reduction of these costs. The President will support if necessary. The President stated that other than those steps required before September 25, the major effort to reduce costs in this area will come after the election.

The Clean Air Act will prevent use of about one-third of the coal supply used by utilities unless two amendments now in Congress are passed. With a coal strike possible, their passage becomes even more important. Mr. Sawhill will prepare a memo on this issue.

The need for increased utility capacity in the light of a decreased rate of growth in demand due to higher prices was reviewed. The possibility of increased capacity by storage to reduce peak load requirements was also discussed. Industry reluctance to set capital spending plans due to uncertainty of power sources has been mentioned at several recent pre-summit conference meetings.

The memorandum for the conference prepared by Treasury was reviewed with the decisions as related on the attached copy.

Attachment