

The original documents are located in Box 7, folder: “Labor-Management Committee - Electric Utilities (2)” of the Frank Zarb Papers at the Gerald R. Ford Presidential Library.

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Questions & Answers

Q - The Billings, Montana Gazette quoted Montana's FEA state-federal coordinator as saying that the purpose of the survey effort was to recommend solutions to delay problems. How do you reconcile this with your assertion that the survey effort was a fact-finding one?

A - As I said, the survey teams were sent out to listen and learn about problems and concerns. They were instructed not to make recommendations or to "push" certain proposals. The Montana FEA representative made his statement in response to a press release issued by Montana Power. He inadvertently misstated the purpose of the survey. He was, however, trying to keep the public informed as much as possible and to squelch any rumors that the survey team was coming out to interfere with local decision-making.

Q - Why weren't state energy officials personally notified of the survey effort and invited to participate?

A - As I mentioned, we notified all public utility commissioners and asked them to notify interested state agencies. We considered this to be the most effective way of establishing contact with the states with the time frame allotted. We hoped

for as much state participation as possible, since so many power plant issues are local in nature.

Q - Demand is down and the financial condition of electric utilities has improved. Why do we even need more plants on line?

A - It is true that demand is currently down, but projections for the future are uncertain. Electric power needs must be planned for well in advance. And we cannot take the chance of planning for 1985 with the erratic demand data of 1975. In addition, the financial problems of utilities are long-range ones. Even though the immediate crisis is over, an uncertain situation still faces their future. Substantive modifications in rate structure and design must be made now to counteract and eliminate this uncertainty.

Q - What will be the function of the proposed task force? Do you envision it as encroaching on state and local activities?

A - The task force will use the information provided by the survey and its own communication with interested industry, consumer and environmental groups to devise proposals to alleviate construction delays. The task force may make legislative recommendations or it may concentrate on administrative proposals. Whichever direction it chooses, I can assure you that the task force will work as closely as possible with state and local

agencies and will in no way attempt to pre-empt them. This would only be self-defeating, since the task force is being set up to resolve problems, not create new ones.

Q - On what basis did the survey teams select certain plant sites to visit?

A - The survey teams tried to visit one coal ^{or} ~~and~~ one nuclear plant in each region. No definite criteria were established for the selection. The teams tried to visit as many sites as possible, given travel and time limitations. They felt that visiting actual sites gave them an additional slant on construction problems - a nuts and bolts perspective.

Q - Why were only 27 consumer and environmental groups invited to participate? Were these 27 selected for a particular reason?

A - First of all, these 27 were not selected on the basis of any set formula. Mainly, time and the convenience factor limited the number of invitations. FEA Regional Consumer Representatives tried to contact those groups which represented a cross-section of interests and which could attend the meetings with a minimum of disruption and expense. We tried to contact as many groups as possible. I hope that the task force continues this particular effort and establishes strong channels of communication with consumer and environmental groups around the country.

Q - Has your position on Title VII changed since the Labor-Management Committee recommendations were announced?

A - No, I still believe that the provisions of Title VII are valid and necessary. However, since Title VII has not progressed toward passage, I strongly support the Labor-Management Committee recommendations. The legislative proposals will go a long way toward relieving the financial uncertainty facing the utility industry. And the administrative recommendations offer a degree of flexibility necessary to resolve the diverse problems confronting the future development of electric power.

Q - If the survey produced, in your words, "no great surprises or revelations", why do you consider it a successful effort?

A - The survey made a significant step toward improving communication between all groups - industry, Government, consumer and environmental. It set the stage, so to speak. Only if these groups talk about their problems and concerns to each other, will we ever be able to reach any consensus. All interests must be heard, and if the survey did nothing else, it at least clearly illustrated this point.

Q - Do you think consumer and environmental groups will be any less skeptical about the task force than they were about the survey?

A - Probably not. But if the task force makes a sincere effort to

the problems and ideas of all interests, it should be able to overcome some of this skepticism. Resolving delay problems will require patience and compromise from all sides. But no group with a legitimate interest should be ignored.

Q - How have consumers fared on the Electric Utility and State Regulatory Advisory Committees?

A - Each of these two groups have a number of consumer representatives (3 on State Regulatory and 5 on Electric Utilities). These two committees have open meetings and the transcripts of these meetings are available. I have strongly encouraged consumer participation on our committees and I want them to forcefully express and advocate their positions. Electric power is not the domain of the industry - it is essential to the well-being of all citizens.

Q - The balance between environmental considerations and power plant construction is an important concern, particularly to Western states. Will the task force recognize this and how will it reconcile this concern with national goals and policies?

A - The task force must recognize and even endorse this concern. Local considerations cannot be ignored. I believe that national energy policy will benefit, not suffer, from strong local action. The energy future of this country depends on the

participation and support of all groups and individuals.

I am optimistic that we can achieve national goals while preserving and advancing legitimate local interests.

Q - Did the survey team hand out a questionnaire or did you send out questionnaires to utilities?

A - No, the survey teams had standard data sheets which they completed sometime after the interview was conducted. They were not handed out to or filled in by utilities. These data sheets were an efficient device for transmitting information from the field teams to the support staff in Washington.

Q - Do you mean to tell me that you conducted a survey on something as vital as the construction of power plants by interviewing utility executives and that you did not make any attempt to contact those very individuals whose lives would be severely affected by this activity? How can you justify this total disregard for the rights and responsibilities of state officials, Indians of all citizens?

A - This survey was simply an information - gathering effort. We wanted to know the problems impeding the construction of power plants on a plant specific basis. We were not investigating

the pros and cons of electric power development. We simply attempted to question those individuals and groups with an intimate knowledge of the particular situation we were investigating.

If we had met with consumer and environmental groups on a wide-scale basis it would have expanded the scope of the study beyond its intent. Given the time frame available, in-depth consumer interviews were infeasible and impractical.



FEDERAL ENERGY ADMINISTRATION

JUL 19 1975

MEMORANDUM

SUBJECT: Work Plan - 30-day Survey of Power Plant Problems

FROM : Donald S. Craven /s/

TO : Mr. Zarb
Mr. Hill
Mr. Zausner

After careful consideration of power plant construction problems, the Labor Management Committee recently recommended the establishment of a Task Force to take steps to relieve the delay problems impeding utility construction. The President has given his endorsement to this proposal.

In preparation for the Task Force effort, a 30-day survey of power plant problems has been inaugurated. The objectives of this survey are threefold: 1) to verify and expand the available data on power plant delays, 2) to identify current action plans and outline possible Task Force courses of action, and 3) to estimate the potential impact of these Task Force actions. Attached is a schedule outlining the tasks necessary to complete the study by July 19th. Also attached is the organization chart for the study group.

Industry support is absolutely essential to the success of this project. Before we begin to interview utility companies, we plan to contact several key groups and individuals to explain the program and request their cooperation. A meeting will be held here in Washington with representatives of EEI and industry executives to solicit their support. We will also contact NARUC to apprise them of our plans. Industry suppliers (i.e., G.E., Westinghouse, etc.) and architectural engineers will be contacted for necessary data. An essential part of this initial phase is a meeting with the Construction Advisory Group of the Labor Management Committee. We need to explain our efforts, gain their support and solicit their views on how their respective sectors can best be utilized to contribute to the Task Force goals.

CONCURRENCES							
SYMBOL							
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2
Our interviewees will be asked only if utility representatives
candid and open about their problems. It is necessary to convince
them that the long-term outcome of the project will be beneficial
to their future development and that we will use the information
obtained from them with reason and discretion. This last point
calls into question other considerations. The utility industry is
faced with many legal problems at this time. We must be well aware
of the requirements of the Freedom of Information Act and of other
legal complexities involving utilities.

We plan to survey utility companies in three ways:

- ° visit utilities with three or more "problem" plants,
- ° arrange meetings at the Regional FEA Offices with other key utilities,
- ° phone calls to those utilities, when time and resources do not permit meetings.

In all cases the plan is to cross-check the problems as defined by the utilities with the presumed sources of the problems.

It is estimated that 60 individuals full-time, plus support personnel, will be necessary to complete the study by the deadline of July 19th. Forty of the full-time personnel will be from ERD offices, 10 from the Regional Offices and 10 from other parts of FEA (C&E, P&A, etc.) Attachment 3 is a copy of the memorandum requesting personnel details from C&E, P&A and Management and Administration. Attachment 4 is a copy of the memorandum which was sent to the regional offices requesting their assistance.

Time limitations and the scope of the study require a large-scale dedication of personnel. Preliminary data gathering on each utility and plant must be completed this week. A trial "run-through" of the team interview is scheduled for Monday, June 30th, with Baltimore Gas and Electric. On July 1, the members of the field teams will be briefed on the substance and techniques of the planned survey. The teams will be composed of regional office and central office personnel. Team membership will be as balanced as possible, with coal, nuclear, oil and gas experts.

Central office support will be used to compile, cross-check and validate field data. Attachment 5 is a diagram of how the support activity will operate. This group will be housed in the Old Post Office for the duration of the project. Within-house expertise will be necessary, as well as continual contact with other Government agencies, industry representatives and public interest groups. From this data, recommended actions and potential impact will be developed and evaluated.



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Attachments

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TAB B
EXECUTIVE SUMMARY OF
FINAL REPORT

EXECUTIVE SUMMARY

From the turn of the century to the mid 1960's, the Nation's electric utilities experienced both stable growth and decreasing costs. At that time, several factors occurred which started the industry on the road to its present problems: the institution of environmental controls, a reversal in the earlier trend of decreasing costs per kilowatt hour, and a shift toward nuclear power. As a result of these changes, several of the traditional regulatory and accounting practices, which had once been helpful to the utilities, became disadvantageous. The effect of this combination of events became evident in the early 1970's in the form of an increase in the number and frequency of rate-hike requests. Finally, in 1973 came the Arab Oil Embargo and the resultant rise in fuel costs, inflation, and the cost of money, and a new "conservation ethic." The impact of the Embargo put the utilities in their present position -- namely, one in which they find it extremely difficult to construct new power plants to supply uncertain future requirements.

The survey of utilities experiencing delays in the construction of new facilities indicated that the three major delay-causing factors are financing difficulties, the uncertainties surrounding future demand, and Federal and state regulatory policies. These major problems may not be directly soluble by the Power Plant Acceleration Task Force, since they involve many complex issues. Several specific problem areas, however, can be effectively addressed by the Task Force.

Generally, the response to the survey and the proposed Task Force was very positive. Its formation is considered visible, affirmative action and a commitment, on the part of the Administration, to carefully examine all aspects of electrical power needs and power plant construction problems. While it is important not to overestimate the ability of the Task Force to achieve specific immediate solutions, its very existence, which reflects a determination to resolve utility problems, may well be a significant contribution.

In preparation for the Task Force effort, a 30-day survey of power plant problems was inaugurated by the Federal Energy Administration. The objectives of this survey were threefold: (1) to verify, update and expand the available data on power plant delays, (2) to identify current action and (3) to assess the potential impact of Task Force initiatives. The survey was fact finding in nature and did not try to resolve problems once they were defined. Because of the short time available to conduct the survey, much of the information obtained was simply an identification and clarification of the major problem areas within the industry.

METHOD OF OPERATION

A total of 10 teams composed of three or four members each were sent to visit 47 electric utilities. In addition, 25 utilities were asked to send representatives to meetings in nine Federal Energy Administration regional offices to discuss their problems.

The results of these field interviews were sent to the Federal Energy Administration in Washington, D.C., where a team of 32 technical specialists reviewed and analyzed the problems. Their research included detailed checks with other Federal agencies, local and state governments, financial and equipment companies, etc., to try to develop more definitive data on the problems and to identify general solutions wherever possible.

The results of this fact finding are summarized in this report. The report consists of general discussions of the generic problems facing electric utilities with a discussion of possible suggested solutions when applicable.

The aim of the survey and the report has been to identify the problem rather than accurately present details. The report is intended not as a reference document, but as a basic source of preliminary information on utility problems for the Task Force.

The survey indicated the following general problem areas:

FINANCING

- * Lack of appropriate and expeditious rate relief
- * General economic conditions
- * Insufficient earnings to raise outside financing
- * Cost of external financing
- * Depressed market value of common stock
- * General uncertainty about the industry's future

DEMAND

- * Long-term effect of conservation
- * Effect of increased load management
- * Price elasticities of electricity
- * Effect of national energy goals on electrification
- * Effect of national energy goals on the use of generating fuels
- * Relation of energy growth to GNP

NUCLEAR LICENSING

- * Length and complexity of the licensing process
- * Continual revisions in engineering and safety standards
- * Limited application of standardization and replication processes

SITING AND REGULATION

- * Proliferation of Federal and state regulatory agencies with energy-related concerns
- * Lack of coordination of regulatory functions
- * Sequential, rather than concurrent, approval processes of various agencies
- * Complexities and uncertainties of the NEPA process
- * Limited public participation in siting and rate relief proceedings

ENVIRONMENT

- * Length of time involved in the preparation, submission and approval of environmental impact statements
- * Duplication of Federal and state regulatory requirements
- * Proliferation of air and water quality and solid waste disposal standards

LABOR

- * Routine collective bargaining disputes resulting in work stoppages
- * Reduced manpower productivity due to continual changes in nuclear plant specifications
- * Potential manpower shortages in engineers and skilled craftsmen

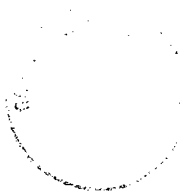
EQUIPMENT

- * General shortage in forgings, castings & alloy
- * Widespread shortages in most equipment expected by the industry when the economy turns upward

FEDERAL POWER COMMISSION (Re: Hydroelectric facilities)

- * Added requirements of NEPA
- * Increased public interest intervention

TAB C
PRESS CONFERENCE CHARTS



SURVEY OBJECTIVES

- Define and understand the explicit nature and status of current problems on a plant specific basis
- Determine what actions are now being pursued and what actions the task force could undertake (if appropriate) to alleviate the problem, and
- Determine the impact which would result from resolution of the problem(s).

SURVEY PARTICIPATION

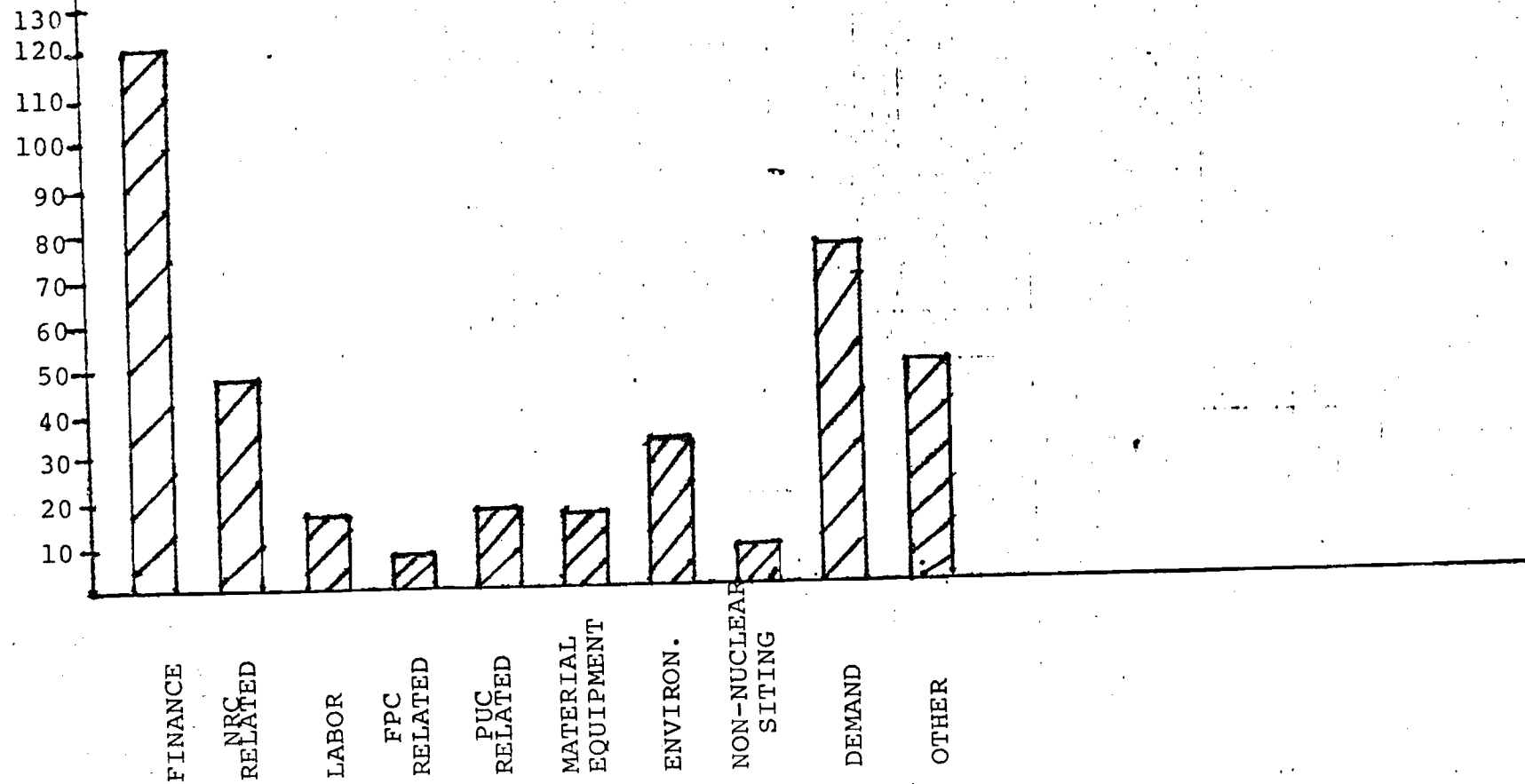
- 72 Electric Utilities
- 230 Generating Units
 - 130 Nuclear
 - 64 Coal
 - 36 Other
- 8 Financial Organizations
- 7 Power Plant Equipment Manufacturers and Architect/Manufacturers
- 27 Consumer and Environmental Groups

POWER PLANT ACCELERATION SURVEY COVERAGE NATIONALLY BY FUEL TYPE AND GIGAWATT CAPACITY

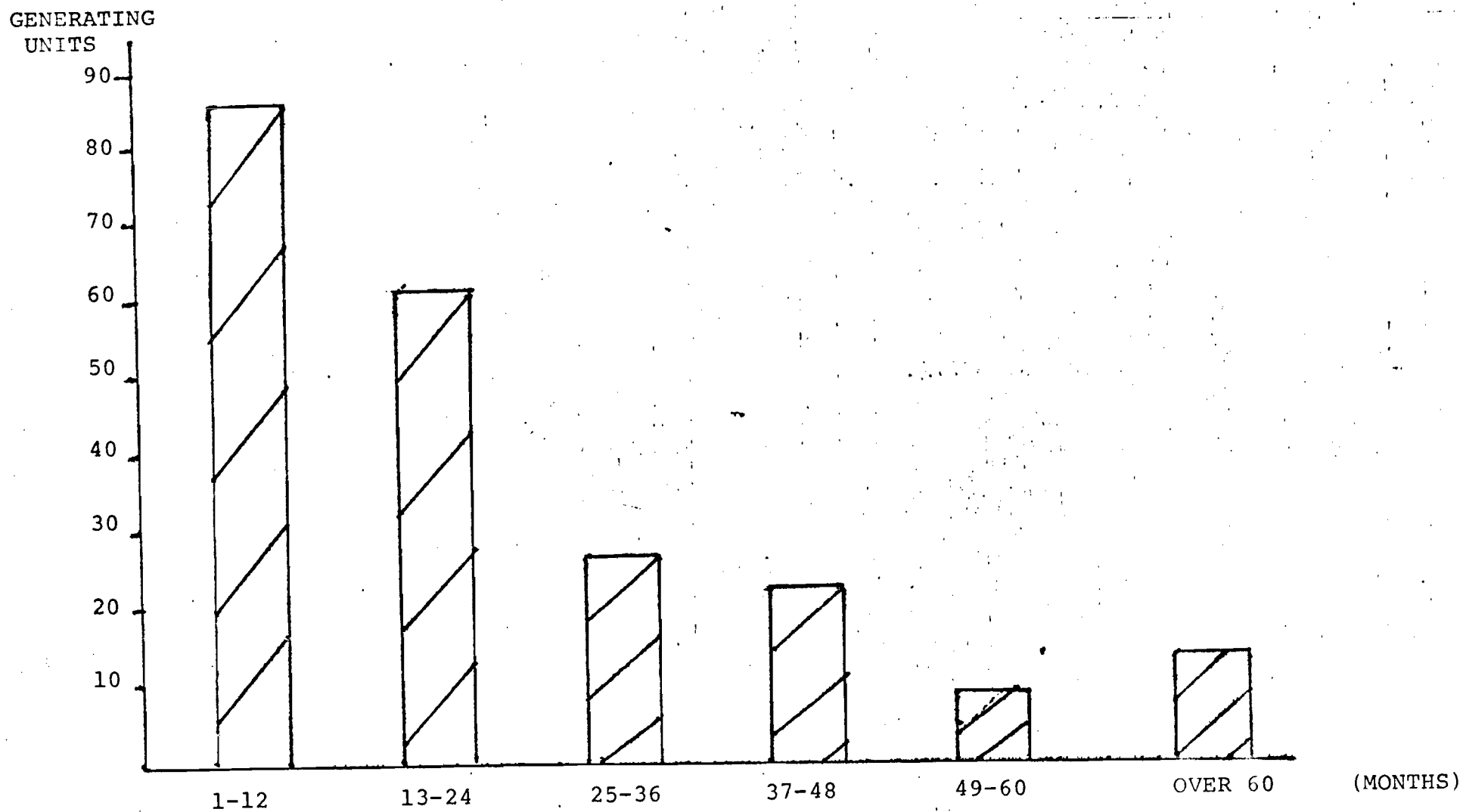
Categorization by Fuel Type

	UNITS		GIGAWATTS	
	No.	%	No.	%
Nuclear	130	56.1	135.4	70.8
Coal	64	28.0	37.3	20.0
Oil/Gas	18	8.0	9.8	5.0
Hydroelectric	14	6.0	8.1	4.0
Geothermal	4	1.9	.4	0.2
TOTAL:	230	100.0	191.0	100.0

DISTRIBUTION OF CURRENT PROBLEMS AS
INDICATED BY UTILITIES EXPERIENCING PLANT DELAYS

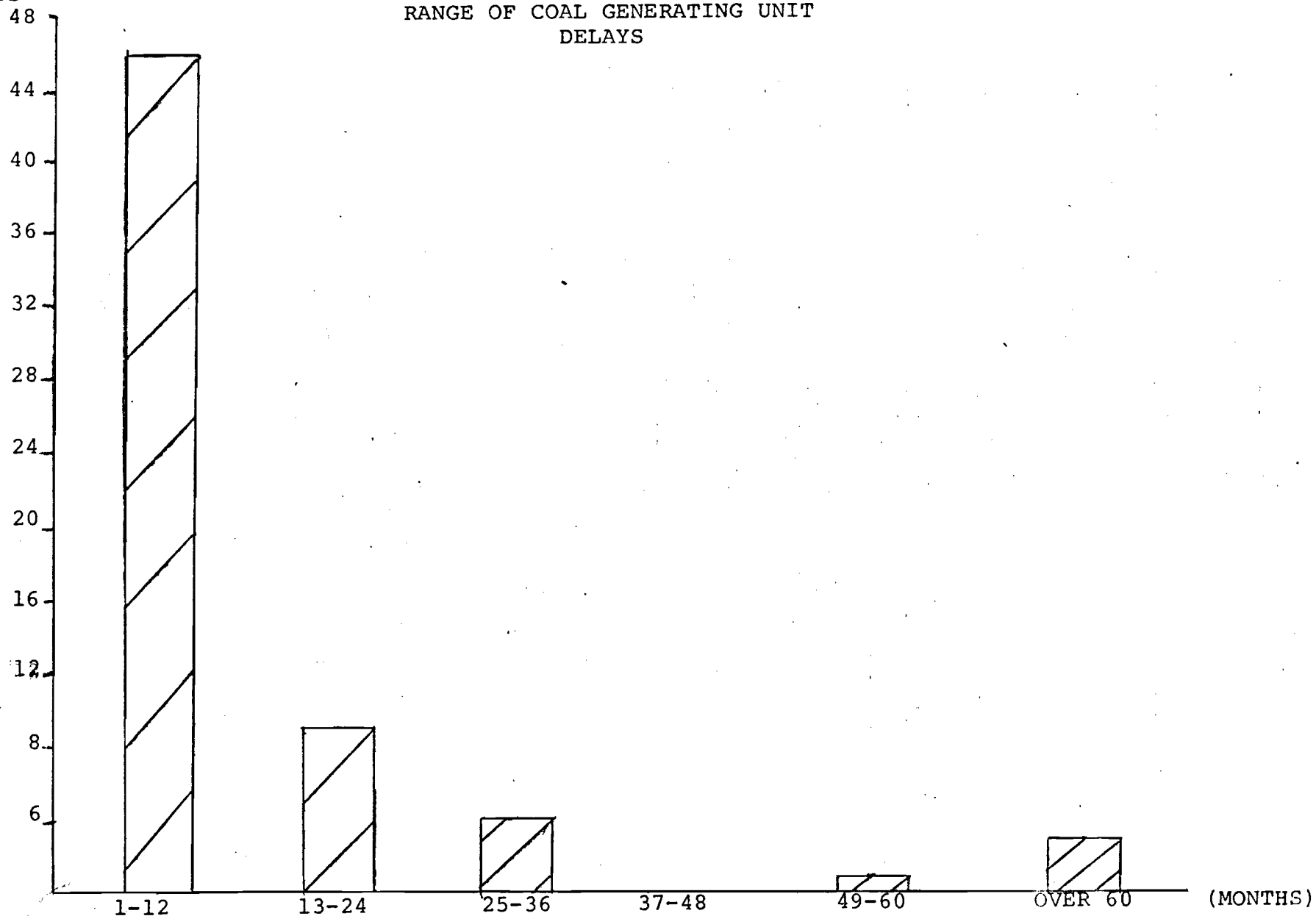


RANGE OF GENERATING UNIT DELAYS



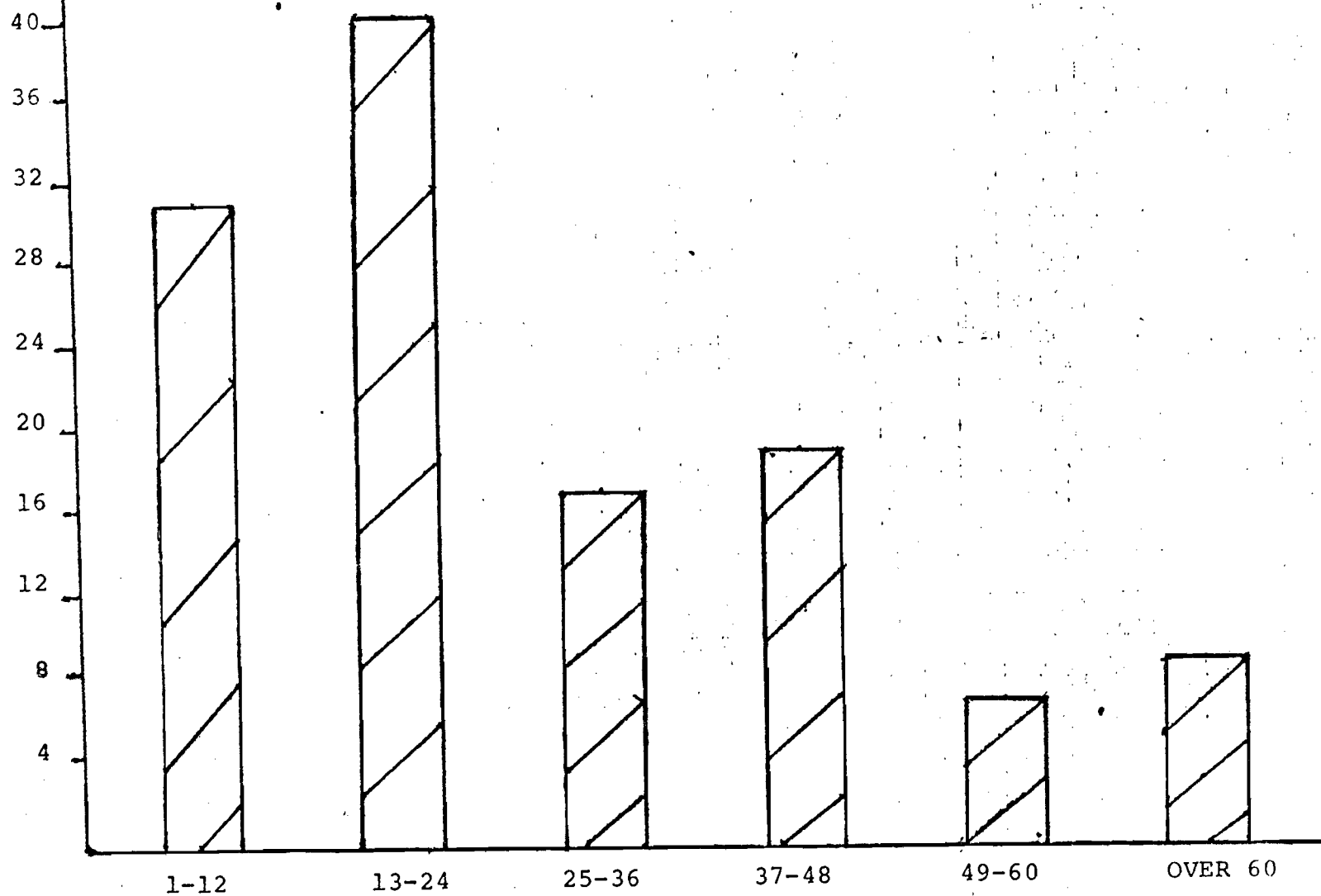
GENERATING
UNITS

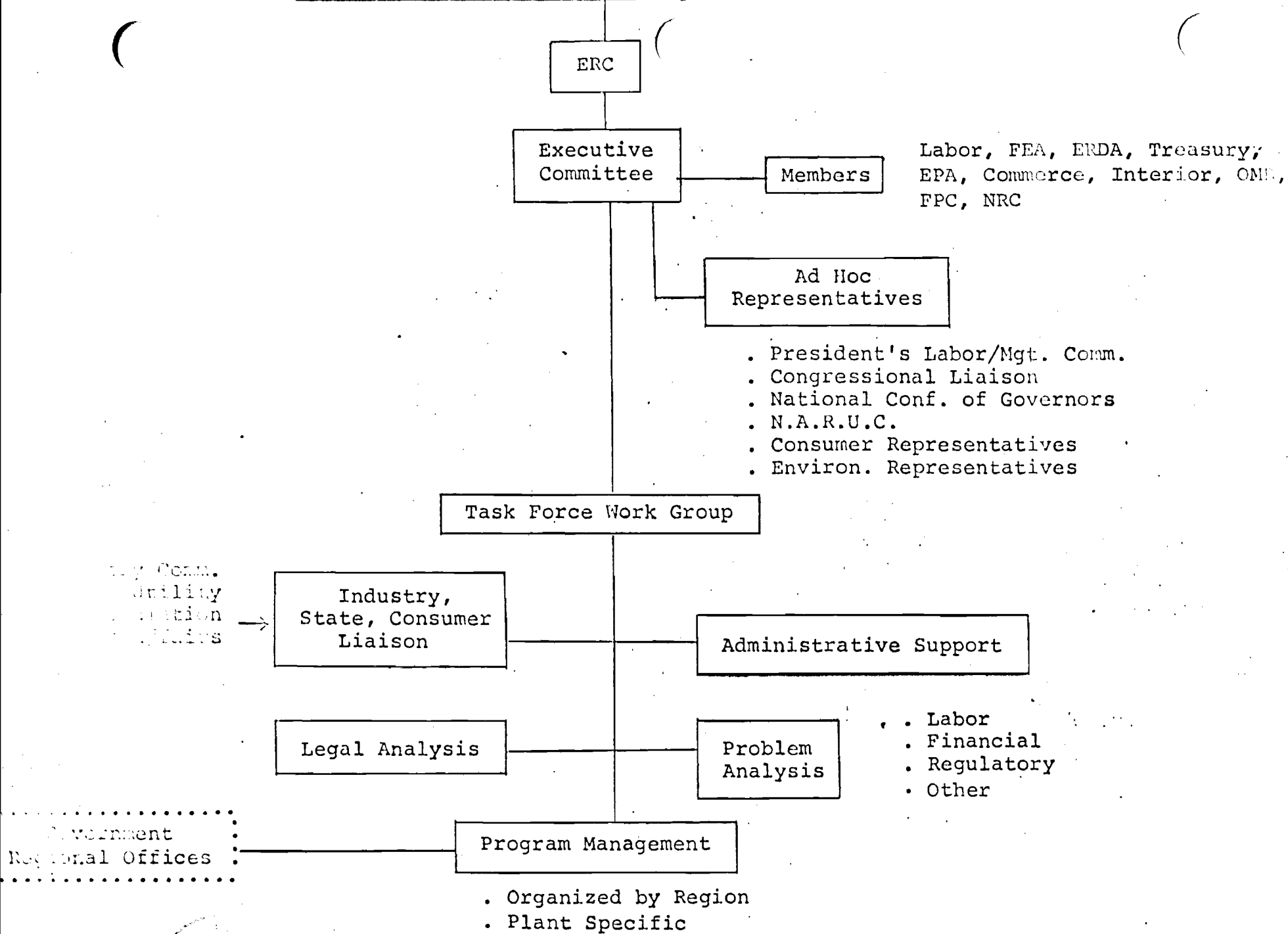
RANGE OF COAL GENERATING UNIT
DELAYS



GENERATING
UNITS

RANGE OF NUCLEAR GENERATING UNIT
DELAYS






TAB D
LIST OF UTILITIES AND
PLANTS INTERVIEWED

UTILITIES/PLANTS

1. NORTHEAST UTILITIES
Montague #1 & #2
Millstone #3
Connecticut
2. BOSTON EDISON COMPANY
Pilgrim #2
Massachusetts
3. NEW ENGLAND POWER COMPANY
Canal #3
Massachusetts
4. PUBLIC SERVICE OF NEW HAMPSHIRE
Seabrook #1 & #2
New Hampshire
5. UNITED ILLUMINATING COMPANY
New Haven Harbor
Connecticut
6. TAUNTON MUNICIPAL LIGHTING
Cleary Flood #9
Massachusetts
7. CENTRAL MAINE POWER COMPANY
Wyman #4
Sears Island
Maine
8. NEW YORK STATE ELECTRIC & GAS
Homer City #3
Cauuga Lake
New York
9. JERSEY CENTRAL POWER & LIGHT
Forked River
New Jersey
10. PUBLIC SERVICE ELECTRIC & GAS
Hope Creek #1 & #2
Salem #1 & #2
Atlantic #1 & #2
New Jersey
11. CENTRAL HUDSON GAS & ELECTRIC
Roseton
New York
12. AMERICAN ELECTRIC POWER
D. Cook #2
New York



13. LONG ISLAND LIGHTING COMPANY New York
Jamesport #1 & #2
Shoreham
14. NIAGARA MOHAWK POWER COMPANY New York
Nine Mile Point #2
Osnego #6
15. ROCHESTER GAS & LIGHT New York
Sterling #1 & #2
Sterling Nuclear
16. PHILADELPHIA ELECTRIC COMPANY Pennsylvania
Limerick #1 & #2
Fulton #1 & #2
Peach Bottom
17. PENNSYLVANIA POWER & LIGHT Pennsylvania
Susquehanna #1 & #2
18. METROPOLITAN EDISON COMPANY Pennsylvania
Three Mile Island
19. PENNSYLVANIA POWER COMPANY Pennsylvania
Bruce Mansfield #1, #2, #3
20. DUQUESNE LIGHT COMPANY Pennsylvania
Beaver Valley #2
21. POTOMAC ELECTRIC POWER COMPANY Maryland/D.C.
Chalk Point #4
Douglas Point #1 & #2
Dickerson Point #4
22. VIRGINIA ELECTRIC POWER COMPANY Virginia
North Anna #1 - #4
Chesterfield #1 - #3
Passum #1 & #2
Portsmouth #1 & #2
Surry #3 & #4
Bath County
- 

STATE

- Summit
Delaware
24. DOVER ELECTRIC DEPARTMENT
Delaware
McKee Run #3
25. CAROLINA POWER & LIGHT
North Carolina
Brunswick #1
Harris #1
Roxboro #4
26. SOUTH CAROLINA ELECTRIC & GAS
South Carolina
Sumner #1
27. SOUTH CAROLINA PUBLIC SERVICE
AUTHORITY
South Carolina
Wynyah #2
28. NEBRASKA PUBLIC POWER DISTRICT
Nebraska
Gentleman #1
29. GEORGIA POWER COMPANY
Georgia
Wansley #2
Central Georgia #1, #2, #3, & #4
Vogtle #1, #2, #3 & #4
Rocky Mount
Hatch #2
Wallace Dam
30. ALABAMA POWER COMPANY
Alabama
Barton #1 - #4
Farley #1 & #2
Harris Dam
Mitchell Dam
Martin Dam
31. MISSISSIPPI POWER COMPANY
Mississippi
Jackson County #1



UTILITIES/PLANTSSTATE

32. MISSISSIPPI POWER & LIGHT Mississippi
Grand Gulf #1 & #2
33. FLORIDA POWER CORPORATION Florida
Chrystal River #3
An Clate #2
34. FLORIDA POWER & LIGHT
Palatka
Manatee #1 & #2
Martin #1 & #2
St. Lucy #1 & #2
35. NORTHERN STATES POWER COMPANY Wisconsin
Tyrone #1 & #2
Sherburne #3 & #4
36. WISCONSIN ELECTRIC POWER Wisconsin
Pleasant Prairie
Koshkonong
37. ILLINOIS POWER COMPANY Illinois
Clinton #1 & #2
38. COMMONWEALTH EDISON Illinois
LaSalle County #1 & #2
Collins #1 - #5
Byron #1 & #2
Braidwood
WATER QUALITY REPORT
39. NORTHERN INDIANA PUBLIC SERVICE Indiana
Bailey
Schaefer #1 & #2
40. DAYTON POWER & LIGHT
Killen #1 & #2
41. CINCINNATI GAS & ELECTRIC COMPANY Ohio
Zimmer #1 & #2
Miami Fort #8
West End
East Bend #1 & #2

UTILITIES/PLANTSSTATE

42. CLEVELAND ELECTRIC ILLUMINATING CO. Ohio
Perry #1 & #2
43. DETROIT EDISON Michigan
Fermi #2
Greenwood #1 & #2
44. CONSUMERS POWER COMPANY Michigan
Campbell #3
Karn #1
Midland #1 & #2
45. TOLEDO EDISON COMPANY Ohio
Davis Bessee #1 - #3
46. OHIO EDISON COMPANY Ohio
Erie #1 & #2
47. COLUMBUS & SOUTHERN OHIO
ELECTRIC COMPANY Ohio
Conesville #1 - #6
Poston #5 & #6
48. INDIANAPOLIS POWER & LIGHT COMPANY Indiana
Petersburg #4
49. SOUTHERN IDIANA GAS & ELECTRIC Indiana
A. B. Brown #1
50. PUBLIC SERVICE OF INDIANA, INC. Indiana
Gibson #1 & #2
51. GULF STATES UTILITIES COMPANY Texas
Blue Hills #1 & #2
52. GULF STATES UTILITIES COMPANY Louisiana
Nelson #5 & #6
River Bend #1 & #2



UTILITIES/PLANTS

53. HOUSTON LIGHT & POWER

Allens Creek
Green Bayou
W. A. Parish #5 & #6

54. LOUISIANA POWER & LIGHT

Louisiana

Waterford #1 & #2 & #3
St. Rosalie #1 & #2

55. ARKANSAS POWER & LIGHT

Arkansas

Arkansas Nuclear #2
White Bluff #1 - #4

56. ARKANSAS ELECTRIC COOP., CO.

Arkansas

Flint Creek #1

57. PUBLIC SERVICE COMPANY
OF OKLAHOMA

Oklahoma

Black Fox #1 & #2

58. CENTRAL POWER & LIGHT COMPANY

Texas

Laredo #3
Coleto Creek #1

59. TEXAS UTILITY GENERAL COMPANY

Texas

Holding Co. for Dallas
Power & Light, Texas
Electric Service & Texas
Power & Light (No delayed projects)

60. TEXAS POWER & LIGHT

Texas

61. UNION ELECTRIC COMPANY

Missouri

Rush Island #1 & #2

62. KANSAS GAS & ELECTRIC COMPANY

Kansas

Wolf Creek #1



UTILITIES/PLANTSTATE

63. MONTANA POWER Montana
Colstrip #3 & #4
64. PORTLAND G. E. COMPANY Oregon
Trojan
Boardman
Pebble Springs #1 & #2
65. WASHINGTON PUBLIC POWER SUPPLY Washington
WPPS Units #1 - #5
66. PUGET SOUND POWER & LIGHT COMPANY Washington
Skagit #1 & #2
67. PACIFIC GAS & ELECTRIC California
Diablo Canyon #1 & #2
Geyser #12 - #15
Helmes
East Stonislaus
68. SOUTHERN CALIFORNIA EDISON California
Kaiparowits #1 - #4
San Onofre #2 & #3
69. SAN DIEGO GAS & ELECTRIC California
Encina #5
Sun Desert
Kaiparowits
70. SACRAMENTO MUNICIPAL UTILITY DISTRICT California
Rancho Seco #2
71. SALT RIVER PROJECT Arizona
Coronado #1 & #2
Hayden #2



UTILITIES/PLANTSSTATE

72. PUBLIC SERVICE COMPANY
OF COLORADO
Fort St. Vain
(no problems)
Colorado
73. GENERAL PUBLIC UTILITIES
Holding company for
Metropolitan Edison Co.,
and Jersey Central Power
& Light. Also Pennsylvania
Electric
New York
74. DAIRYLAND POWER COOPERATIVE
Alma #6
Wisconsin
75. OKLAHOMA GAS & LIGHT
Muskona #4
Oklahoma
76. PACIFIC POWER & LIGHT
Wyodex
Jim Bridger #4
Oregon
77. UTAH POWER & LIGHT
(No problem)
Utah
78. ALLEGHENY POWER SYSTEM
Pleasants #1 & #2
New York
79. CONSOLIDATED EDISON OF N.Y.
Waterside #4 - #9 & 14 & 15
Cornwall
New York
80. ONTARIO HYDRO TRANSLINE
Subsidiary of Consolidated
Edison of N. Y.
New York
81. NEW ENGLAND POWER COMPANY
Charleston
Salem #5
Rhode Island
82. IDAHO POWER COMPANY
Pioneer #1 & #2
Idaho



UTILITIES/PLANTS

STATE

83. DUKE POWER COMPANY

North Carolina

McQuire #1 & #2
Catawba
Duke
Perkins
Cherokee

84. MIDDLE SOUTH, INC.

Lousiana

Holding company for
Lousiana Power & Light

85. TENNESSEE VALLEY AUTHORITY

Tennessee

Raccoon Mountain #1 - #4
Browns Ferry #3
Sequoyah #1 & #2
Watts Bor. #1 & #2
Belle forte #1 & #2
Hartsville #1 - #4



PLANTS VISITED BY SURVEY TEAMS

<u>Plants Visited</u>	<u>Date</u>
Shoreham-- Long Island Lighting	7/9
Sumner 1 & 2 - South Carolina Gas & Electric	7/7
McGuire 1 & 2 - Duke Power	7/16
Davis Besse - Toledo Power & Light	7/9
LaSalle County - Commonwealth Edison	7/11
Fort St. Vain - Colorado Public Service	7/14
Rancho Seco 2 - Sacramento Municiple	7/8
Colstrip 1 & 2 - Montana Power	7/8



TAB E
CONSUMER, ENVIRONMENTAL
FINANCIAL AND SUPPLIER
MEETINGS

and Environmental Groups

Island Consumers Council
Citizens for Lower Utility Bills
Connecticut Citizens Action Group
Vermont Public Interest Research Group
New Jersey Public Interest Group
Massachusetts Consumer Protection Board
North Carolina Consumer Center
North Carolina Consumer Council
Sierra Club
Citizens for a Better Environment
League of Women Voters
Public Interest
Minnesota Public Interest Group
Greater Kansas City Consumers Association
Missouri Consumer Association
Mid-America Coalition for Energy Alternatives
Utilities Consumer Council
Environmental Action of Colorado
League of Women Voters
Utilities Information Service
Northern Plains Resource Council
Toward Utility Rate Normalization (TURN)
Environmental Defense Fund
Washington Environmental Council
Friends of the Earth
Sierra Club
Washington Consumer Council

Region I - Boston

Region II - New York

Region IV - Atlanta

Region V - Chicago

Region VII - Kansas City

Region VIII - Denver

Region IX - San
Francisco

Region X - Seattle

Construction Industry and Equipment Manufacturers

General Electric
Westinghouse
Bechtel
Combustion Engineering
United Engineers
Stone and Webster
Babcock and Wilcox

Financial Groups

The First Boston Corporation
Reis and Chandler, Inc.
Merrill Lynch, Pierce, Fenner and Smith, Inc.
Goldman Sachs and Company
Mitchell, Hutchins, Inc.
Kidder Peabody and Company
Arthur Anderson and Co.
Morgan, Stanley and Co., Inc.



TAB F
TELEGRAMS AND LETTERS
SENT BY FEA

JUNE 30

TELEGRAM

On June 13, 1975, President Ford endorsed a recommendation by his Labor-Management Committee that a task force be established "to discover impediments to the completion of electric utility plants and to take steps to relieve this particular situation whenever possible." This task force effort will begin on August 1, 1975.

To guide the formation and direction of this effort, the Federal Energy Administration (FEA) is making a survey of utilities which have experienced delays or cancellations in plant construction. The purpose of this survey is to:

- a. define and understand the explicit nature and status of current problems on a plant-specific basis,
- b. determine what actions are now being pursued and what actions the task force could undertake to alleviate the problem, and
- c. determine the impact (such as increased employment, earlier on-line date, etc.) which would result from resolution of the problem(s).

I need the results of this survey by Saturday July 19, 1975. To achieve this objective, we would like to send an FEA survey team to meet with appropriate members of your staff during the week of July 7, 1975. Within the next few days, an FEA representative will call your office to obtain the name of your designee who can make the necessary meeting arrangements. If you have any questions regarding this program, please call Don Craven at (202) 961-8471, or Robert Hanfling at (202) 961-8454, who are directing the effort on my behalf.

Your cooperation and assistance in this first step of a positive, action-oriented program, are appreciated.

Sincerely,

Frank G. Zarb



JUNE 30

On June 13, 1975, President Ford endorsed a recommendation by his Labor-Management Committee that a task force be established "to discover impediments to the completion of electric utility plants and to take steps to relieve this particular situation whenever possible." This task force effort will begin on August 1, 1975.

To guide the formation and direction of this effort, the Federal Energy Administration (FEA) is making a survey of utilities which have experienced delays or cancellations in plant construction. The purpose of this survey is to:

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- b. determine what actions are now being pursued and what actions the task force could undertake to alleviate the problem, and
- c. determine the impact (such as increased employment, earlier on-line date, etc.) which would result from resolution of the problem(s).

I need the results of this survey by Saturday July 19, 1975. To achieve this objective, we would like to arrange a meeting in the FEA region office with the appropriate members of your staff on July 14 or 15th.

Within the next few days, an FEA representative will call your office to obtain the name of your designee who can make the necessary meeting arrangements. If you have any questions regarding this program, please call Don Craven at (202) 961-8471, or Robert Hanfling at (202) 961-8454, who are directing the effort on my behalf.

Your cooperation and assistance in this first step of a positive, action-oriented program, are appreciated.

Sincerely,

Frank G. Zarb



4-20-75
Mr. Paul Rodgers
Administrative Director
and General Counsel
National Association of
Regulatory Utility Commissioners
Washington, D.C. 20044

Dear Mr. Rodgers:

For your information, I am enclosing a copy of a teletype, dispatched to all Public Utilities Commissions in the continental United States, concerning a survey being conducted by the Federal Energy Administration of utilities which have experienced delays or cancellations in plant construction.

Sincerely,

15/
Robert G. Davis
Deputy Director
Office of Intergovernmental, Regional
and Special Programs

Enclosure

7/3
FIA-15aymour:kc:7/3/75



J. S. Smith

Mr. Elwood F. Royner
Energy Project Director
National Governors' Conference
1150 - 17th Street, N.W.
Washington, D.C. 20036

Dear Mr. Royner: I have enclosed a memorandum for your information.

For your information, I am enclosing a copy of a teletype, dispatched to all Public Utilities Commissions in the continental United States, concerning a survey being conducted by the Federal Energy Administration of utilities which have experienced delays or cancellations in plant construction.

Sincerely,

15/1
Robert G. Davis
Deputy Director
Office of Intergovernmental, Regional
and Special Programs

Enclosure

cc: Rodgers
Nat. Assoc. of Regulatory
Utility Commissioners

7/3

WPA:JG:mont:7/3/75



GRAPHIC MESSAGE

NAME OF AGENCY Federal Energy Administration Office of Intergovernmental, Regional and Special Programs 12 & Penn. Ave. N.W., Wash. D.C. 20461	PRECEDENCE ACTION INFO.	SECURITY CLASSIFICATION
ACCOUNTING CLASSIFICATION	DATE PREPARED July 3, 1975	TYPE OF MESSAGE <input type="checkbox"/> SINGLE <input type="checkbox"/> BOOK <input checked="" type="checkbox"/> MULTIPLE-ADDRESS
FOR INFORMATION CALL	PHONE NUMBER 202-961-6041	
NAME Robert Davis, Deputy Director, IRSP		
THIS SPACE FOR USE OF COMMUNICATION UNIT		

MESSAGE TO BE TRANSMITTED (Use double spacing and all capital letters)

TO: PUBLIC UTILITIES COMMISSIONS (SEE ATTACHED LIST)

On June 13, 1975, President Ford endorsed a recommendation by his Labor-Management Committee that a task force be established "to discover impediments to the completion of electric utility plants and to take steps to relieve this particular situation whenever possible."

This task force effort will begin on August 1, 1975.

To guide the formation and direction of this effort, the Federal Energy Administration (FEA) is making a survey of utilities which have experienced delays or cancellations in plant construction. The purpose of this survey is to:

- a. define and understand the explicit nature and status of current problems on a plant-specific basis,
- b. determine what actions are now being pursued and what actions the task force could undertake to alleviate the problem, and
- c. determine the impact (such as increased employment, earlier on-line date, etc.) which would result from resolution of the problem(s).

SECURITY CLASSIFICATION

PAGE NO. NO. OF PAGES

Continuing Monday, July 7, I am sending FEA survey teams to meet with executives of those utilities where preliminary information indicates power plant delays or cancellations have occurred. The survey is expected to be completed by July 19.

Since state regulatory agencies having jurisdiction in this area may be contacted by FEA personnel regarding the fact-finding and verification effort, I feel that you should be aware of the background and purpose of this project. If you need any additional information, please call Mr. Arthur M. Hughes, the Director of our Operations Center for this project. His number is (202) 961-3213.

Your cooperation and assistance in this program will be appreciated.

John Hill
Deputy Administrator



TAB G
FEA PRESS RELEASE



FOR IMMEDIATE RELEASE

JULY 8, 1975

TEAMS TO SURVEY POWERPLANT CONSTRUCTION PROBLEMS

Seventy utility companies which are experiencing delays in construction of vital new facilities will be surveyed to determine the source of their problems, the Federal Energy Administration announced today.

Utilities with three or more problem plants will be visited by FEA survey teams this week, and representatives of other major utilities will meet with agency officials at FEA regional offices July 14 and 15, to provide needed data.

FEA Administrator Frank G. Zarb said, "the purpose of this survey is to provide a comprehensive base of information for a task force (members yet to be named) on utility construction problems which will begin operation on August 1."

The task force was recommended by the President's Labor-Management Committee in its recent meeting at the White House, and the recommendation was adopted by President Ford.

"Because powerplant expansion is a necessary forerunner of an improved national electrical energy capacity, these construction problems take on major significance," Mr. Zarb said. "We are pleased to assist the task force in gathering this necessary information."

Key executives of major utilities have pledged their support to the data collection effort. Other Federal agencies, including the Departments of Labor, Commerce and Interior, the Office of Management and Budget, the Federal Power Commission and the Environmental Protection Agency, are providing vital assistance. Industry suppliers, architectural engineering firms, and investment bankers will meet with FEA representatives this week.

Cooperation from the public and private sectors will make this program a major step toward resolving the long-range problems confronting the future development of utilities, Administrator Zarb noted.

-FEA-

Media Inquiries: (202) 964-4781
Press Room: 964-3538

Media Contact: John Donnelly

2-75-226; 07027, 07029

TAB H
SAMPLE DATA COLLECTION
SHEET

UTILITY DELAY DATA SHEET

UTILITY _____

I. GENERAL INFORMATION

1. Names of plants or units in delay status. (Place in table below)
2. For each delay plant, ask and fill in below.
 - a. Original and revised commercial operating date.
 - b. Name of engineer, constructor, and boiler or nuclear steam generator vendor.
 - c. Principle cause of delay (Load growth, finance, labor, equipment, regulatory, other)

Plant/Unit	Orig.	Rev.	Month Delay	Engineer Construct.	Vendor NSSS/ Boiler	Cause

II. DEMAND/SUPPLY INFORMATION

1. Will delay(s) cause difficulty in having adequate capacity available to meet projected loads? yes no

If yes, continue with the following questions:

- a. Can additional firm supplies be purchased from power pool or other sources? _____
- b. What impact will delays or alternative sources of supply have on cost of electricity to consumers and to availability of power? _____

c. What impact will delay have on planned retirements of existing units? Identify specific plants to remain operation

d. What impact will delay have on use of gas turbines as alternative energy source? _____

e. Have there been any recent revisions in load forecasts?

_____ If so, what were these revisions and the reasons for them? _____

g. To what extent has your generating capacity been affected or appear likely to be affected by:

(1) Reduction in availability of oil or gas? _____

(2) Full compliance with state or EPA air quality standards? _____

(3) Full compliance with EPA water quality standards? _____

(4) Full compliance with licensing procedures? _____

(5) Slowness in rate adjustments? _____

2. What was your average system plant availability factor last year? _____ What was average capacity factor of your system? _____
3. Are any load management or adjustment practices under consideration? yes no If yes, please specify: _____
4. Does the state utilities commission confirm need for plant/unit? _____
5. In general, what help is needed to deal with supply/demand problems? _____

III. GENERAL FINANCIAL INFORMATION

1. Cost of Capital. What is your current yield to maturity of most recent senior debt issue? _____
2. What is your current P/E ratio of common stock? _____
3. What is the range of common price for 1974 and first half of 1975? _____
4. What is the current price? _____
5. What was the book value per share for mid 1974? _____
Mid 1975? _____

6. What was the earning per share for 197
1974? _____ First half of 1974? _____
First half of 1975? _____
7. What was the return on common equity b
reported earnings for 1973? _____ 197
First half of 1974? _____ First hal 5?
8. What were the terms on most recent iss
debt (coupon - term - call date)? _____
9. What were MOODYS and S&P ratings on mo
senior debt? _____
10. What were changes in MOODY's and S&P ra 3
the last 2 years? _____
11. What is the current debt coverage ratio
Coverage requirement? _____
12. What were the common dividends for 197
1974? _____ Most recent quarter? _____
13. What underwritings were cancelled or p
1973, 74, and 75 (date, debt or equity)?

14. What was the cash flow generated in 1

15. What is the estimated cash flow for 1975 and 1976?
-

UNIT SPECIFIC QUESTIONS

IV. FINANCIAL ANALYSIS

1. Does _____ unit have delay related to financial problems?

yes

no

(If no, go to #2)

If yes, the problem is in which of the following categories:

a. Capital availability -----

yes

no

If yes,

1. Discuss problem

2. Cause

3. How to correct

b. Cost of capital-----

yes

no

If yes,

1. Discuss problem

2. Cause

3. How to correct

c. Low common stock prices-----

yes

no

If yes,

1. Discuss problem

2. Cause

3. How to correct

d. Lag on rate changes----- yes no

If yes,

1. Discuss problem

2. Cause

3. How to correct

e. Other ----- yes no

Please list - _____

If yes,

1. Discuss problem

2. Cause

3. How to correct

Financial Data Questions (Always address these even if there is no problem in the category.)

1. What will plant/unit cost? _____
2. What is the interest rate on construction? _____
3. What is the escalation rate on the plant/unit? _____
4. How is the plant/unit financed? _____

Debit Equity Combination Other

FOR ANALYSIS

Does _____ unit have delay related to labor type problems?

yesno

If yes, the problem is in which of the following categories:

a. Shortage of skilled crafts ---

yesno

If yes,

1. Discuss problem
2. Cause
3. How to correct

Productivity -----

yesno

If yes,

1. Discuss problem
2. Cause
3. How to correct

c. Jurisdictional disputes -----

yesno

If yes,

1. Discuss problem

2. Cause

3. How to correct

d. Apprenticeships ----- yes no

If yes,

1. Discuss problem

2. Cause

3. How to correct

e. Other ----- yes no

Please list - _____

If yes,

1. Discuss problem

2. Cause

3. How to correct

VI. EQUIPMENT AND MATERIALS ANALYSIS

1. Does _____ unit have delay related to equipment and materials analysis problems?

yes

no

If yes, the problem is in which of the following categories:

- a. Equipment shortages in general-

yes

no

If yes,

1. Discuss problem

2. Cause

3. How to correct

- b. Quality control - especially on nuclear components with strict Q-A -----

yes

no

If yes,

1. Discuss problem

2. Cause

3. How to correct

- c. Concrete -----

yes

no

If yes,

1. Discuss problem

2. Cause

3. How to correct

d. Structural steel ----- yes no

If yes,

1. Discuss problem
2. Cause
3. How to correct

e. Chemicals ----- yes no

If yes,

1. Discuss problem
2. Cause
3. How to correct

f. Pumps ----- yes no

If yes,

1. Discuss problem
2. Cause
3. How to correct

g. Valves ----- yes no

If yes,

1. Discuss problem

2. Cause

3. How to correct

h. Reactor vessels----- yes no

If yes,

1. Discuss problem

2. Cause

3. How to correct

i. Steam generators ----- yes no

If yes,

1. Discuss problem

2. Cause

3. How to correct

j. Other (Specialty items) ----- yes no

Please list - _____

If yes,

1. Discuss problem

2. Cause

3. How to correct

If yes,

1. Discuss problem
2. Cause
3. How to correct

d. NEPA review status ----- yes no

If yes,

1. Discuss problem *
2. Cause
3. How to correct

e. Intervenor ----- yes no

If yes,

1. Discuss problem
2. Cause
3. How to correct

f. Other ----- yes no

*a. Is there any redundancy or overlap in Federal and State environmental review, if so, specify: _____

b. Is environmental impact assessment better handled at State or Federal level. _____

1. Discuss problem

2. Cause

3. How to correct

Non-Nuclear Siting and Licensing Data Questions (Plant/unit specify)

a. Has plant/unit at this site received all Federal & State approvals necessary? _____

b. Has the site had a complete baseline survey regarding following parameters:

- o Meterology _____
- o Ecology _____
- o Water quality _____
- o Air quality _____
- o Geological _____
- o Others _____

c. Will plant/unit comply with all air and water quality
standards? Federal _____
State _____
yes _____ no _____

If not, indicate which ones it may not fully comply with

d. Will unit use

high cooling?

yes

no

If yes, what is
of Federal Water

of compliance with section 316(a)
Air Pollution Control Act? _____

e. What method will
SO₂ emission be

plants use to comply with

If scrubbers,
manner for di

type of scrubbers and
waste products. _____

f. If site has been
permits and/or
these and who
cause delay in

but other construction
licensing are pending, indicate
or appear likely to

- a. PUC certificate
- b. local building
- c. State air
- d. State water
- e. NRC construction
- f. Corp of Engineers
- g. Other _____

permits _____
permits _____
operating license _____
and const. permits _____

Is any Federal NEPA EIS required for project? _____

If so, indicate status of this and which Federal
agency is responsible. _____

NUCLEAR SENSING AND IS (NUCLEAR PLANT)

1. Do _____ have design related nuclear licensing
type problems? _____
no

If _____ the problem is in which of the following categories
Design changes causing change in standards
and criteria _____
no

If yes,

1. Discuss problem

2. Cause

3. How to correct

b. Safety issues _____
no

If yes

Discuss problem

Cause

How to correct

c. Fuel cycle uncertainties _____

no

o Enrichment

o Processing

o Reprocessing

o Disposal

If yes,

1. Discuss program
2. Use
3. How to complete

Other --

Please list

If yes,

1. Discuss program
2. Use
3. How to complete

4. Nucl. Licensing Data Quest

If already granted construction permit:

- o Are there any design features which must be added or modified as a result of new requirements? _____
- o Could any of these affect cost and schedule for completing construction? _____

- b. If construction permit application, has it been granted? ☐ not yet
- o When was application filed? _____
- o What is the projected completion date for lining steps on construction? _____
_____ appl _____ on?
1. Staff safety analysis _____
2. Draft environmental impact statement _____
_____ at sta _____ at _____
3. Advisory Committee factor by Review _____

4. Public Hearings _____
- o Has above schedule changed since application was submitted? ☐ yes ☐ no
- If so, for what reason? _____

- o Are interveners involved? what their objections and what actions have been taken? _____

- o What future delays do you foresee? _____

MONTANA
INFORMATION



TAB I
INTERVIEW INFORMATION
SHEET

c. Principal cause of delay (Load growth, finance, labor, equipment, regulatory, other)

Plant/Unit	Orig.	Rev.	Month Delay	Engineer Construct.	Vendor NSSS/ Boiler	Cause
Colstrip #3	7/78	7/79	1 yr.	Bechtel-both	Turbine-Westinghouse CE	regulatory
Colstrip #4	7/79	7/80	1 yr.	Bechtel-both	Turbine-Westinghouse CE	regulatory

b. What impact will delays or alternative sources of supply have on cost of electricity to consumers and to availability of power? 40 million 1 year; 50 million another year
50 for another year; would require renegotiation of contracts.

c. What impact will delay have on planned investments of existing units? (Identify specific plants to remain open)

No

d. What impact will delay have on use of gas turbines as alternative energy source? possible - not viable alternative

e. Have there been any recent revisions in load forecast
yes If so, what were these revisions and the reasons for
them? 6 months ago - water shortage conservation effort

dropped load - 5% per year

approved plans on only 150 Federal acres

g. To what extent has your generating capacity been affected or appear likely to be affected by:

(1) Reduction in availability of oil or gas?

•some - 1 60 watt unit peak load

(2) Full compliance with state or EPA air quality standards; think Federal should review; should go on simultaneously

(3) Full compliance with EPA water quality standards?

no problem

(4) Full compliance with licensing procedures?

state - two early to tell - 6,000 acres application for Federal Coal Licensing -BIM June 1972. Impact statement dormant, tied to 344.

(5) Slowness in rate adjustments?

unknown - have filed rate application for gas and electricity
March 1975 - hearings Sept. 1975

2. What was your average system plant availability factor last year? 95% What was average capacity factor of your system? 68%
3. Are any load management or adjustment practices under consideration? x yes no If yes, please specify:
if 3 & 4 go will sign contract with Boneville to supply energy for them-
will be peak
4. Does the state utilities commission confirm need for plant/
no - Board of National Reserves
5. In general, what help is needed to deal with supply/demand problems? Need improve regulatory system State and Federal

GENERAL FINANCIAL INFORMATION

1. Cost of Capital. What is your current yield to maturity of most recent senior debt issue?
7/7/75 35 million 9.6%
2. What is your current P/E ratio of common stock?
8.16
3. What is the range of common price for 1974 and first half of 1975? 20 1/4, 34 5/8 - 1975 22 1/8L - 28 1/2h
4. What is the current price? 26 1/2
5. What was the book value per share for mid 1974?
22.4 Mid 1975? 23.73

6. What was the earning per share for 1973? 2.87
 1974? 2.98 First half of 1974? 1.32
 First half of 1975? 1.53
7. What was the return on common equity based on
 reported earnings for 1973? _____ 1974? _____
 First half of 1974? _____ First half of 1975? _____
8. What were the terms on most recent issue of senior
 debt (coupon - term - call date)? _____
9. What were MOODYS and S&P ratings on most recent
 senior debt? AA - AA
10. What were changes in MOODY's and S&P ratings during
 the last 2 years? no
11. What is the current debt coverage ratio? 2.77
 Coverage requirement? 2 times
12. What were the common dividends for 1973? 1.80
 1974? 1.80 Most recent quarter? 45¢
13. What underwritings were cancelled or postponed in
 1973, 74, and 75 (date, debt or equity, and amount)
postponed March '74 underwriting of 60 million, two with delay
intermediate debt issue.
14. What was the cash flow generated in 1973, 1974?
1974-\$27,000,000 1975-\$40,750,000

15. What is the estimated cash flow for 1975 and 1976

1976-\$42,000,000



UNIT SPECIFIC QUESTIONSIV. FINANCIAL ANALYSIS

1. Does Colstrip #3 unit have delay related to financial problem

$\frac{X}{\text{yes}}$ $\frac{\text{no}}{\text{no}}$
 (If no, go

If yes, the problem is in which of the following categories

- a. Capital availability ----- $\frac{X}{\text{yes}}$ $\frac{\text{no}}{\text{no}}$

If yes,

1. Discuss problem None now; could have one in future, depending on need for capital.
2. Cause
3. How to correct Take hard look at non tax dividends to stockholders.

- b. Cost of capital----- $\frac{X}{\text{yes}}$ $\frac{\text{no}}{\text{no}}$

If yes,

1. Discuss problem Cost of long term debt issue.
2. Cause Inflation
3. How to correct Need to stabilize internal supply and reduce effect of foreign market

- c. Low common stock prices----- $\frac{X}{\text{yes}}$ $\frac{\text{no}}{\text{no}}$

If yes,

1. Discuss problem



2. Cause stock drop with inflation

3. How to correct induce incentives in equity capital formation.

d. Lag on rate changes----- $\frac{x}{\text{yes}}$ $\frac{\quad}{\text{no}}$

If yes,

1. Discuss problem last case 13 months

2. Cause delay in pricing application

3. How to correct need incentive for state to put plant under construction in rate base; need definitive period to process applications

e. Other ----- $\frac{\quad}{\text{yes}}$ $\frac{\quad}{\text{no}}$

Please list - _____

If yes,

1. Discuss problem

Amend Public Utility Holding Company Act to allow formation of joint ventures to improve financing would allow holding company to have 85% debt & 15% equity.

2. Cause

3. How to correct

Financial Data Questions (Always address these even if there is no problem in the category.) \$479.00

1. What will plant/unit cost? 670 Million-1400 MW

2. What is the interest rate on construction? 7%

3. What is the escalation rate on the plant/unit? 7%

4. How is the plant/unit financed?

$\frac{\quad}{\text{Debit}}$ $\frac{\quad}{\text{Equity}}$ $\frac{x}{\text{Combination}}$ $\frac{\quad}{\text{Other}}$
Both debt and equity

V. LABOR ANALYSIS

1. Does 3 and 4 unit have delay related to labor type problems?

yes X
no

If yes, the problem is in which of the following categories

a. Shortage of skilled crafts --- yes no

If yes,

1. Discuss problem
2. Cause
3. How to correct

b. Productivity --- yes no

If yes,

1. Discuss problem
2. Cause
3. How to correct

c. Jurisdictional disputes --- yes no

If yes,

1. Discuss problem



2. Cause

3. How to correct

d. Apprenticeships ----- yes no

If yes,

1. Discuss problem

2. Cause

3. How to correct

e. Other ----- yes no

Please list - _____

If yes,

1. Discuss problem

2. Cause

3. How to correct



VI. EQUIPMENT AND MATERIALS ANALYSIS

1. Does 3 and 4 unit have delay related to equipment and materials analysis problems? yes X
no

If yes, the problem is in which of the following categories?

- a. Equipment shortages in general- yes no

If yes,

1. Discuss problem

2. Cause

3. How to correct

- b. Quality control - especially on nuclear components with strict Q-A ----- yes no

If yes,

1. Discuss problem

2. Cause

3. How to correct

- c. Concrete ----- yes no

If yes,

1. Discuss problem

2. Cause

3. How to correct



d. Structural steel----- yes no

If yes,

1. Discuss problem
2. Cause
3. How to correct

e. Chemicals ----- yes no

If yes,

1. Discuss problem
2. Cause
3. How to correct

f. Pumps ----- X yes no

If yes,

1. Discuss problem
2. Cause
3. How to correct

With small foundries on
1 and 2

g. Valves ----- X yes no

If yes,

1. Discuss problem



2. Cause

3. How to correct

h. Reactor vessels----- yes no

If yes,

1. Discuss problem

2. Cause

3. How to correct

i. Steam generators ----- yes no

If yes,

1. Discuss problem

2. Cause

3. How to correct

j. Other: (Specify item) ----- yes no

Please list - _____

If yes,

1. Discuss problem

2. Cause

3. How to correct



VII. NON-NUCLEAR PLANT/UNIT SITING AND LICENSING INFORMATION

1. Does 3 and 4 unit have delay related to siting and licensing type problems? X
yes no

If yes, the problem is in one or more of the following categories

- a. Site approval permits ----- X
yes no

If yes,

1. Discuss problem Application filed with State in June 1973.
2. Cause Hearings started May 1975-1st plants to be sited under Siting Legislation. State law gives 600 days to study-could be waived-didn't think need just filed & standards being met with Fed.
3. How to correct Fed should not wait & State have been delayed going for state action. hearings.

- b. Baseline studies ----- X
yes no

If yes,

1. Discuss problem
2. Cause
3. How to correct

- c. Compliance with air and water quality regulations

- | | | |
|-------------------------------------|------------|-----------------------|
| o SO ₂ emission criteria | <u>yes</u> | <u>X</u>
<u>no</u> |
| o Closed cycle cooling | <u>yes</u> | <u>X</u>
<u>no</u> |



If yes,

1. Discuss problem State says company can't meet standards; company says it can.
2. Cause
3. How to correct

d. NEPA review status ----- $\frac{X}{\text{yes}}$ $\frac{\quad}{\text{no}}$

If yes,

1. Discuss problem * BLM formed a team for EIS one year ago, then disbanded team until state review was completed.
2. Cause
3. How to correct Need both involved simultaneous

e. Intervenor ----- $\frac{X}{\text{yes}}$ $\frac{\quad}{\text{no}}$

If yes,

1. Discuss problem There is environmental concern by Cheyenne Indians, Northern Great Plains Resource Council Labor supports project.
2. Cause Concern over damage to environment.
3. How to correct Should limit right of intervention those with direct relationship to project.

f. Other ----- $\frac{\quad}{\text{yes}}$ $\frac{\quad}{\text{no}}$

*a. Is there any redundancy or overlap in Federal and State environmental review, if so, specify: believe should be reviewed simultaneously
 b. Is environmental impact assessment better handled at State or Federal level. Fed's have expertise & are more objective than states.

Please list - Corps of Engineers

If yes,

1. Discuss problem Need one license to cross the river with transmission lines & one for intake structure.
2. Cause
3. How to correct Application has been filed

Non-Nuclear Siting and Licensing Data Questions (Plant/unit specify)

- a. Has plant/unit at this site received all Federal & approvals necessary? No
- b. Has the site had a complete baseline survey regarding following parameters:
 - o Meteorology yes
 - o Ecology yes
 - o Water quality yes
 - o Air quality yes
 - o Geological yes
 - o Others Vegetation & archaeology have been done.
- c. Will plant/unit comply with all air and water quality standards?

Federal	<u>X</u>	
State	<u>X</u>	
	<u>yes</u>	<u>no</u>

If not, indicate which ones it may not fully comply with _____

d. Will unit use once-through cooling? yes X
no

If yes, what is status of compliance with section
of Federal Water Pollution Control Act? _____

Closed cycle - will be in compliance

e. What method will fossil plants use to comply with
SO₂ emission criteria? Scrubbers

If scrubbers, indicate what type of scrubbers and
manner for disposing of any waste products. _____

Venturi Wet Scrubbers; will use towers & holding ponds for ash
be reclaimed when full.

f. If site has been approved, but other construction
permits and/or operating licensing are pending, list
these and whether they are or appear likely to
cause delay problems. Site not approved.

- a. PUC certification Board of Natural Resources & Board
- b. local building permits Hex
- c. State air discharge permits
- d. State water discharge permits
- e. NRC const. permit or operating license
- f. Corp of Eng. dredge and const. permits yes
- g. Other _____



g. Is any Federal NEPA EIS required for project? _____

yes

If so, indicate status of this and which Federal agency is lead. BLM - states holding - began study and discontinued.



VIII NUCLEAR LICENSING ANALYSIS (NUCLEAR PLANTS ONLY)

1. Does _____ unit have delay related to nuclear licensing type problems? yes no

If yes, the problem is in which of the following categories

- a. Design changes caused by changing NRC standards and criteria yes no

If yes,

1. Discuss problem
2. Cause
3. How to correct

- b. Safety issues yes no

If yes,

1. Discuss problem
2. Cause
3. How to correct

- c. Fuel cycle uncertainties

- o Enrichment
- o Reprocessing
- o Recycle
- o Waste disposal

yes no

If yes,

1. Discuss problem
2. Cause
3. How to correct

d. Other _____ yes no

Please list - _____

If yes,

1. Discuss problem
2. Cause
3. How to correct

2. Nuclear Licensing Data Questions

- a. If already granted a construction permit:
 - o Are there any design features which must be added or modified as a result of new NRC requirements? _____
 - o Could any of these affect the cost and schedule for completing construction? _____

b. If construction permit applied for, but not yet granted:

o. When was application filed? _____

o. What is the projected schedule for remaining steps on construction permit application?

1. Staff safety analysis _____

2. Draft environmental impact statement _____

3. Advisory Committee on Reactor Safety Review _____

4. Public Hearings _____

o. Has above schedule changed since application was submitted? yes no

If so, for what reason? _____

o. Are interveners involved -- what are their objections and what actions have they taken?

o. What future delays do you foresee?

Date 7/15/75

FEDERAL ENERGY ADMINISTRATION

Analyst J. Rosen

UTILITY FOLLOW-UP SHEET

Plant Name	State	Contact Name	Telephone		
1strip #3 & #4	Montana	Gordon Bollinger 1) Chairman, Mon. PSC	406	449	3017
Short Title of Problem Addressed: Siting		2) Mr. Manning, BLM	202	343	5537

Follow Up Results and Analysis:

The State of Montana administers power plant siting thru the Department of Natural Resources and Conservation. The State completed its EIS in late 1974, and public hearings are still in progress. The hearings are running into much legislative red tape, with several intervenors, and are not expected to be concluded until early 1976. After the hearings are concluded, the State Commission will then prepare a recommendation, which is sent to the Governor for approval. Unless further delays are encountered, the State process will probably be concluded by mid-1976. Only after the State has concluded its report and approved a site will the Bureau of Land Management prepare their own EIS and consider the plant's application for a Federal coal lease. This process will probably take at least a year. Thus, construction of this facility will not begin until mid-1977 or early 1978, if no further problems are encountered. However, if BLM will also conduct public hearings, additional delays will be unavoidable.

Solutions Suggested:

A time limit should be set on the hearings, and there should be procedures adopted concerning the activities of intervenors. BLM should be making their site evaluation along with the State, rather than after the State has finished.

General Problems Illustrated By This Case:

1. Intervenors lengthening the hearing process

Isolated, rather than cooperative, efforts of State and Federal Regulatory Agencies

Plant Interview Sheet

Date of Interview 7/6/75		Interviewer McCool, Howell		Phone No. 202-201-9501	
Plant Name Colstrip #3 & #4		City Colstrip		State Montana	
RRC WPP					
Megawatts 700 ea.	Company Name Montana Power Co.		Contact Names 1) McElwain, J.	Specialty President	Phone 406-723-542
Date in Service Certificate of Necessity: Filed 6/73		Current Date On line #3--1979		2) Schmechel, W. Vice Pres. 406-723-542	
As of Jan. 1, 1974: Pending		#4--1980		3) Rogers, J.E. Const. Sup. 406-748-2	
Months Behind Original Schedule: 12 Months			Type <input checked="" type="checkbox"/> Coal <input type="checkbox"/> Oil <input type="checkbox"/> Gas <input type="checkbox"/> Hydro <input type="checkbox"/> Nuclear		
Pblm. Sumry: Currnt. Pblms. Priority #1 Is Urgent Antsptd. Pblms. Priority #A Is Urgent					
<input type="checkbox"/> FPC <input type="checkbox"/> NRC <input type="checkbox"/> PUC <input type="checkbox"/> LABOR <input type="checkbox"/> FINANCE					
<input type="checkbox"/> Mtrls. & Equip. <input type="checkbox"/> Environment <input type="checkbox"/> Non Nucl. Siting					
<input type="checkbox"/> Demand <input checked="" type="checkbox"/> Federal Coal Leasing					
Status: <input type="checkbox"/> On-Time <input type="checkbox"/> Late, But O.K. Now <input checked="" type="checkbox"/> Continuing Delay <input type="checkbox"/> Deferred <input type="checkbox"/> Cancelled			Years		

Current Status and Present and Anticipated Problems:

- 1) Non-Nuclear Siting: First units attempted to be sited under Montana's new siting legislation which designates Department of Natural Resources as the lead State Agency.
- 2) Federal Coal Leasing: Application filed with BLM, in 1972, for 6499.91 acres--application still pending.
- A) Non-Nuclear Siting: Another year's delay if permit not issued by Fall. New legislation requires application to be filed 2 years prior to construction and the Dept. has 600 days to report on a generating facility application plus there is a lengthy hearing process involved. Intervenor may cause delays in the hearing process.

.../

Commitment: Will Delay Seriously Affect Reserve Margin? ☒ Yes ☐ No
Is The Utility Anxious to Build This Plant Now? ☒ Yes ☐ No Why?

Reserve margin will not become serious until 1979-80. Utility unable to purchase additional power.

Federal Government: Can Federal Government Actions Speed Up Construction of This Plant? ☒ Yes ☐ No. Within What Time Frame? Immediate What Action?
(1) Finalize Federal Coal Leasing policy so action can occur. (2) Have BLM continue work on EIS which was discontinued (withdraw pending State's approval of application).

Solutions Suggested:

State and Federal licensing procedures should run concurrently. Examine and resolve states air pollution regulations which are more stringent than Federal. Amend Public Utility Holding Co. Act to assist joint ventures.

One-Sentence Summary:

.../

FOR INTERNAL PEA USE ONLY

Colstrip #3 & #4

Current Status and Present and Anticipated Problems:

- B) Federal Coal Leasing: Construction of these Units depends upon securing Federal coal lease; otherwise coal mining operation will be difficult and economically unfavorable.

One-Sentence Summary:

Delays in State's regulatory process and lack of a definitive coal leasing policy has and is causing continuing delays in bringing these Units on-line.

FEDERAL ENERGY ADMINISTRATION

GENERAL INFORMATION INTERVIEW SHEET

Name of Utility and Interviewee Colstrip, Resident Western Power Company	Interviewer Jones, M. A., Hesselberger McCool, Newell	Date 7/8/75
--	---	----------------

FINANCIAL INFORMATION

Price to Book Ratio 115 8
Bond Rating Moody, AA S&P, Aa
Any Recent Derating none
Coverage Ratio 2.77
Date of Last Capital Offering shares 7/75
Type of Last Capital Offering \$1.5M Common; \$35.1M bonds
AFDC % 39 M 18.2% (first 5 mo of 75)
Terms on Most Recent Debt 9.6%, 30-year maturity
Dividend Payout Ratio 55.7% (first 5 mo of 75)
Postponed or Cancelled Underwritings in 3/74: underwriting of \$600 MM
put off for 2 months

DEMAND/SUPPLY INFORMATION

520 hydro +
Present Generating Capacity 240 steam = 760 total MW
Estimated '75 Peak Demand 911,000 KWhr
Plants to be Retired by 1984:

Name	Fuel Type	Year Retire	Plant Capacity
None			

Plants Currently Under Construction:

Name	Fuel Type	Year Operation	Plant Capacity
Colstrip #1	coal	Sept 1975	350 MW
Colstrip #2	coal	1976	350 MW

Plants in Planning Stage:

Name	Fuel Type	Year Operation	Plant Capacity
Colstrip #3	coal	1979*	700 MW
Colstrip #4	coal	1980*	700 MW
Pleasant Valley + Mountain Sheep	hydro	**	2,700,000 KW h
Buffalo Rapids	hydro	***	240,000 KW h

Indicate any periods when it appears reserves may be below 15% for utility period: after 1978, if units #3&4 not also when reserves may be low for power pool same as above built (name of participating power pool Northeast River Pool).

* Will have additional year delay if construction not started by 9/75.

FOR INTERNAL FEA USE ONLY

**Application made 1954.

***Application made 1965.

TAB J
METCALF & MANSFIELD
LETTERS W/REPLIES

United States
Office of the Assistant Secretary
Washington, D.C. 20540

July 15, 1975

Frank Zarb, Administrator
Federal Energy Administration
The White House
Washington, D. C.

Dear Frank:

Senator Metcalf has already been in contact with your office regarding the recent visit of a FEA survey team to Colstrip, Montana, to investigate details in construction of the proposed Colstrip coal generating units 3 and 4. .:

The Governor of Montana has indicated his desire to see this process expedited, and I am somewhat concerned about reports to the effect that the team has only contacted utility personnel, that the State officials were given no advanced notice of the visit.

I would like to have a detailed report on the intended purpose of the team's visit to Montana and any reports or results that developed therefrom. Your cooperation will be appreciated.

With best personal wishes, I am

Sincerely yours,

Mike Mansfield



Honorable Michael J. Mansfield
United States Senate
Washington, D.C. 20510

Exec. Sec. (2)
Official File
Reading File
Signature File
GINIHN Originating Ofc. File
RMAN:ling Masterson:eld:07/
28/75:Rm. 3355:X8454

Dear Mike:

Thank you for your letter of July 15, regarding the Federal Energy Administration's recent survey of power plant problems.

On June 13, 1975, President Ford endorsed a recommendation by his Labor-Management Committee that a task force be established "to discover impediments to the completion of electric utility plants and to take steps to relieve this particular situation whenever possible."

To provide a valid information base for this effort FEA undertook a survey of utilities which have experienced delays or cancellations in plant construction. This effort began on June 18, and was scheduled to conclude on June 19 with a report to me. The purpose of the survey was to:

1. Define and understand the explicit nature and status of current problems on a plant specific basis;
2. Determine what actions are now being pursued and what actions the task force could undertake (if appropriate) to alleviate the problem; and
3. Determine the impact which would result from resolution of the problem(s).

It was not the purpose of the survey to push the construction of power plants on an individual or wholesale basis.

In undertaking this survey FEA made a sincere effort to contact and meet with representatives of all groups and individuals with an interest in the construction of power plants. Although the primary definition of problems was to be obtained directly from the utilities,



the survey attempted to cross-check the data with other informed sources such as the financial community or state and Federal regulatory agencies. This "cross-check" effort included environmental and consumer organizations.

On June 30, I sent telegrams to 72 utilities requesting their cooperation in meeting with the FEA survey teams, either at the utilities' offices or at FEA regional offices. Due to the July 4th holiday, meetings could not begin until July 7. This permitted only twelve days to gather and analyze information. Ten survey teams were sent out, roughly corresponding to the ten FEA regions. Each team attempted to visit one coal plant and one nuclear plant under construction in addition to their general utility meetings.

To inform as many people as possible about our actions, we communicated with the National Governors' Conference, the National Association of Regulatory Utility Commissioners, and the Chairman of FEA's Utility and Regulatory Advisory Committees. A press release was issued on July 8, copies of which were delivered to Congressional offices by FEA personnel.

In addition, the FEA Consumer Affairs/Special Impact Representative in each of our regional offices was requested to contact major environmental and consumer groups within the respective region and schedule meetings at their convenience. The FEA consumer specialists contacted those organizations which they considered to be representative of a cross-section of interests in each region. The survey teams met with 27 consumer/environmental organizations, and in two instances made special visits after the formal survey had ended, to accommodate several other interested groups.

In Region VIII, which includes Montana, meetings were held with Environmental Action of Colorado, the League of Women Voters, and Utilities Information Service. The director of Colorado's state energy office attended the meeting. We regret that other interested groups, such as the Northern Plains Resource Council, were not also contacted directly by FEA. (FEA's survey team did, however, have lunch with several members of the Council.) Within the time frame available, we tried to meet with as many groups and individuals as possible.

Let me emphasize that the purpose of the survey was not to solve construction problems or to interfere with local actions. It was to compile and validate factual information from all sources. The



information gathered on the Colstrip plants is attached for your information. (I have also attached copies of telegrams, lists of meetings, etc. that will assist you in evaluating our efforts).

Nationally, the survey data indicate that current delays in construction are primarily due to financing problems, demand uncertainties, and regulatory processes based on legislative requirements.

None of these problem areas is amenable to rapid solution by the task force. Other areas, such as labor and equipment shortage problems, were cited infrequently as the causes of delay. If, however, the economic situation changes, these problems could increase in importance. When the report is ready for distribution, I will forward a copy to you.

We greatly appreciate the input we have received from those who participated in the survey. With their continued cooperation and assistance, the future development of electric power will be channeled in a positive manner to the benefit of all groups.

Sincerely,

Frank G. Zarb
Administrator

Attachments



Exec.Sec.(2)
Official File
Reading File
Originating Ofc. File
Signature File
Hasterson:acg:07/28/75
Rewrite: DBC/RHanfling:eld:07/29/75:X8454
Rm.3355

Honorable Lee Metcalf
United States Senate
Washington, D.C. 20510

Dear Senator Metcalf:

Thank you for your letters of July 9 and 16 on behalf of the Northern Plains Resource Council regarding the Federal Energy Administration's recent survey of power plant problems.

On June 13, 1975, President Ford endorsed a recommendation by his Labor-Management Committee that a task force be established "to discover impediments to the completion of electric utility plants and to take steps to relieve this particular situation whenever possible."

To provide a valid information base for this effort FEA undertook a survey of utilities which have experienced delays or cancellations in plant construction. This effort began on June 18, and was scheduled to conclude on July 19 with a report to me. The purpose of the survey was to:

1. Define and understand the explicit nature and status of current problems on a plant specific basis;
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We greatly appreciate the input we have received from those who participated in the survey. With their continued cooperation and assistance, the future development of electric power will be channeled in a positive manner to the benefit of all groups.

Sincerely,

Frank G. Zarb
Administrator

Attachments



TAB K
LETTER FROM NORTHERN
PLAINS RESOURCE
COUNCIL

NORTHERN PLAINS RESOURCE COUNCIL

421 STATE HOUSE BUILDING
BILLINGS, MONTANA 59101

July 9, 1975

Senator Lee Metcalf
Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Metcalf:

This is a follow-up letter to the telegram we sent to your office on July 7 concerning the visit of a Federal Energy Administration survey team to Colstrip. We thank you for your continuing help and for the help we received from Brit Englund.

As we said in our telegram, the July 5 Billings Gazette carried an Associated Press story quoting Montana Power Company President Joe McElwain as saying that an FEA survey team would be here in Montana to begin an investigation for President Ford's Labor/Management Committee into delays in construction of Colstrip units 3 and 4. According to McElwain, the survey team would discover "a pile of red tape as high as Montana's big sky" and that he hoped the President's task force would find a way to cut it. (a copy of the Gazette story is enclosed)

On Monday, July 7, we called state officials and other citizens' organizations to ascertain what others knew of the FEA survey team and their activities in Montana. To our great dismay we discovered that no one in Montana knew any more than was in the newspaper article. That evening we discussed this matter with Ray Dockstader and Brit Englund. Again, neither of them knew anything of the visit, although Brit said he would get in touch with FEA the next day. In the meantime, the word had gotten around Colstrip that Western Energy Vice President Paul Schmechel would be in Colstrip on July 8 with the FEA survey team.

On July 8, Brit discovered that the FEA was in Montana to do preliminary work for the Labor/Management task force and would be seeing only MPC officials. That same morning, I called Colstrip Project Manager Martin White and requested to be included in the tour and discussion. White checked with his superiors and called me back with an "invitation." Don Baily, NPREC Board of Directors' member, Bill Gillin, President of the Rosebud Protective Association, and I went to see the FEA officials upon their arrival in Colstrip. There were five people from FEA: Curt Jones, team leader from the Washington, D.C. office, two staff members from the Denver office and two from the Seattle office. Accompanying them were Martin White, Paul Schmechel, Jim Rogers and Joe McElwain. McElwain informed us that we had only ten minutes to talk with the FEA people. We first asked what they were doing in Montana. They said that the President was very concerned about jobs and energy development. Mr. Jones said that for that reason, the President has created the Labor/Management Committee. I pressed Jones on this point until he admitted to me that he was more concerned about energy than about jobs. He also said that his primary interest was in Colstrip 3 and 4. McElwain immediately interjected that FEA was also very interested in Colstrip 1 and 2 and in the Buffalo Rapids hydroelectric project.

We then asked Mr. Jones about the propriety of having an FEA survey team in Montana while the state was in the process of deciding the fate of Colstrip 3 and 4. We also asked if Mr. McElwain's statement that they were here to cut through the red tape was

Senator Metcalf

7/9/75

Page 4

accurate. Jones evaded that question by stating that there were many types of red tape, including, for example, financial difficulties. McElwain said that one of the things they had been discussing with the FEA officials was a way the federal government could help finance operations like Colstrip 3 and 4.

Jones also said that FEA was preparing a report for the Labor/Management Committee based on a questionnaire which was recently sent to utilities all over the country. I asked to see a copy of that questionnaire, but was told that I would receive a copy of the report only. Jones told me that once the report was completed, it would be analyzed, then they would determine what agencies of state government they would contact.

We are very concerned about the FEA survey team's visit to Montana and about the way FEA allowed Montana Power to use this visit for MPC's gain. First of all, by allowing McElwain to announce the visit, the implications in the July 5 story are that the executive branch of the federal government is attempting to interfere in state matters. This veiled threat of federal intervention imposes not only overt pressure on state government, but also subtle pressure upon state officials and citizen boards who are now in the process of making decisions related to energy development in the State of Montana. FEA has allowed itself to be grossly manipulated by Montana Power. It wasn't until the day after the visit that FEA provided any public information.

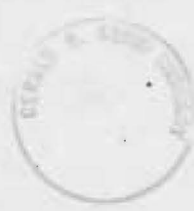
Second, according to survey team leader Jones, FEA's report on impediments to energy facility construction will be based upon utility company information only. Along these same lines is the fact that no state officials or citizens in Montana were informed of the visit. Quite frankly, the only reason we were allowed to participate at all is because we pressured power company officials: FEA insisted that its report was being prepared for the Labor/Management Committee. Yet one of the first organizations with which we talked was the Montana State AFL-CIO, who like everyone else in the state knew nothing of the visit. The only conclusion we can draw is that FEA is only concerned with the utilities' opinions regarding state laws constraining their activities. By receiving only one point of view, FEA will be unable to establish the basic parameters of this important issue. As I am sure you know, there are many knowledgeable people in this state who could assist FEA in determining basic problem areas.

We also question the designation of FEA as staff for the Labor/Management Committee. Clearly, FEA's executive authority and basic commitment is to expedite energy development and to alleviate any possible obstructions including labor negotiations, material supply, state laws and availability of capital. This commitment, coupled with their apparent lack of concern for state and local jurisdiction, makes us very uneasy about the role the federal government may be taking in regard to Montana's future energy development and the future of our state.

Anything you can do to help us in this matter would be greatly appreciated.

With best regards,

Wallace D. McRae
Wallace D. McRae
Chairman



TAB L
NEWS CLIPPINGS

PLAINS RESOURCE COUNCIL
421 STAPLETON BUILDING
BILLINGS, MONTANA 59101

The Billings Gazette

State

Saturday, July 5, 1975

5-A

Colstrip delay to be probed

BUTTE (AP) — A Federal Energy Administration (FEA) survey team will begin investigation next week into delays in construction of Montana electric generating plants, specifically in the area of proposed Colstrip units three and four.

The team, said Montana Power president Joe McElwain, will gather information for use by a federal task force formed by President Gerald Ford "to discover impediments to the completion of electric utility plants and to take steps to relieve this particular situation whenever possible."

Colstrip is the site of two 350,000-kilowatt generating units and the proposed site of two additional units of 700,000-kilowatts, planned by the Montana Power Company and four other northwest utilities.

McElwain pointed out that delays in construction of generating plants were being investigated throughout the nation. "Utilities are experiencing

delays, caused by problems that range from regulatory foot-dragging to financial, to unreasonable environmental restrictions."

The power company president pointed out that his company would be bound twice by the 1973 Utilities Act, which would require compliance with environmental standards before operation, as well as during it.

McElwain said he believed that investigation by the FEA survey team would discover a "pile of red tape as high as Montana's big sky," and that

he hoped the President's task force could find a way to cut it.



The Billings Gazette

State

Wednesday, July 9, 1975

5-B

More state news on Page 12, Section A.

Zarb may head attack
on utility-siting delays

HELENA (AP) — The Ford administration, at the reported end of a powerful business and energy drive, could be gearing for an assault on nationwide utility-siting delays.

And there are indications that by a drive could be spearheaded by a maturing Federal Energy Administration now administered by Frank Zarb.

Earlier this year, Ford assembled a 15-member labor-management committee report — asked to investigate nationwide delays in the construction of energy facilities.

The committee, which included Raleigh Warner Jr., chairman of Mobil Oil Corp., and Steelworkers Union president I.W. Abel, recommended creation of a presidential task force to combat the delays.

Other advisory committee members included Teamsters union president Frank Fitzsimons, AFL-CIO chief George Meany and United

Auto Workers president Leonard Woodcock.

Management representatives included Richard Gerstenberg, president of General Motors Corp.; John D. Harper, president of the Aluminum Co. of America and R. Heath Larry, vice-chairman of U.S. Steel.

Committee objectives, as outlined at the recent National Governor's conference in New Orleans, called for expanded data on utility-construction delays; talks with delay-affected industrial organizations; an outline of possible anti-delay actions and an estimate of the benefit of those actions.

The first step began this week, with FEA teams, armed with lengthy questionnaires, visiting the sites of utility-construction delays throughout the country.

In Montana, a five-member team visited Colstrip, the site of a proposed \$1 billion mine-mouth generating complex. Construction of the two gener-

ating plants at Colstrip has been hamstrung in lengthy hearings before Montana's Board of Natural Resources and Board of Health.

Permission to construct the twin 700-megawatt, coal-fired generators is sought by the Montana Power Co. and four Pacific Northwest utilities. The consortium contends that so-called Colstrip units 3 and 4, which would generate enough electricity to power a city of one million, are needed to meet future regional energy demands.

Prior to arrival of the team, Zarb sent a telegram to Montana Power officials, according to Montana Power information officer Robert Amick.

Amick said Zarb's July 1 telegram stated: "Your cooperation in this first step of positive, action-oriented program is appreciated."

After visiting the proposed construction site on the eastern

Montana plains, the FEA team was to interview Montana Power officials, said Jack Hollowell, Montana's state-federal FEA coordinator.

The teams, which Hollowell said were scheduled to visit the sites of Colstrip-type delays throughout the country, are to report back to Ford by July 19.

"They have to recommend to the President by July 19 what they see in the way of a solution or possible solutions or some possible action for the President to recommend," Hollowell said.

"Then, I understand he is to appoint a task force to carry out the recommendations," Hollowell said.

FEA officials in Washington, D.C., said the survey teams have no authority outside of the power of persuasion to institute delay-cutting procedures.

Ford has yet to announce what powers he will give the task force, which Montana Power's Amick said was to become effective Aug. 19.

"You could speculate this could be a new role for FEA or a stronger role for FEA," Hollowell said. He asked if Ford might use energy administration to head the anti-delay drive.

"Mr. Zarb is quite close to the President, and may agency is beginning to show a few more whiskers," Hollowell said.

Zarb is the third man to head the nation's so-called "czar" since former Commerce Secretary John Love headed the Federal Energy Organization.

Treasury Secretary William Simon was the first to head the organization under the name of the Federal Energy Administration, and Zarb placed John Sawhill at the helm after the latter had ing out with Ford over line-taxation policy and to become president of New University.

Ford's energy policy included repeated calls for development of coal reserves and two vetoed congressional strip-mining reclamation bills.

The sustained vetoes to be a clear indication that Ford and the energy industry have the power to keep companies free of stringent controls.

NORTHERN PLAINS RESOURCE COUNCIL

421 STAPLETON BUILDING
BILLINGS, MONTANA 59101

'Pressures building' against energy development delays

By JAMES ROBINS
Associated Press Writer

HELENA (AP) — The Ford administration, at the reported urging of powerful business and labor leaders, could be gearing up for an assault on nationwide utility-siting delays.

And there are indications that such a drive could be spearheaded by a maturing Federal Energy Administration now administered by Frank Zarb.

Earlier this year, Ford assembled a 15-member labor-management committee specifically asked to investigate nationwide delays in the construction of energy facilities.

The committee, which included Rawleigh Warner Jr., chairman of Mobil Oil Corp., and United Steelworkers Union president I.W. Abel, recommended creation of a presidential task force to combat the delays.

Other advisory-committee members included Teamsters Union president Frank Fitzsimmons, AFL-CIO chief George Meaney and United Auto Workers president Leonard Woodcock.

Management representative included Richard Gerstenberg, president of General Motors Corp.; John D. Harper, president of the Aluminum Co. of America and R. Heath Larry, vice-chairman of U.S. Steel.

Committee objectives, as outlined at the recent National

Governor's conference in New Orleans, called for expanded data on utility-construction delays; talks with delay-affected industrial organizations; an outline of possible anti-delay actions and an estimate of the benefit of those actions.

The first step began this week, with FEA teams, armed with lengthy questionnaires, visiting the sites of utility-construction delays throughout the country.

In Montana, a five-member team visited Colstrip, the site of a proposed \$1 billion minemouth generating complex. Construction of the two generating plants at Colstrip has been hamstrung in lengthy hearings before Montana's Board of Natural Resources and Board of Health.

Permission to construct the twin 700-megawatt, coal-fired generators is sought by the Montana Power Co. and four Pacific Northwest utilities. The consortium contends that so-called Colstrip units 3 and 4, which would generate enough electricity to power a city of one million, are needed to meet future regional energy demands.

Prior to arrival of the team, Zarb sent a telegram to Montana Power officials, according to Montana Power information officer Robert Amick.

Amick said Zarb's July 1 telegram stated: "Your cooperation in this first step of positive, action-oriented

program is appreciated."

After visiting the proposed construction site on the eastern Montana plains, the FEA team was to interview Montana Power officials, said Jack Hollowell, Montana's state-federal FEA coordinator.

The teams, which Hollowell said were scheduled to visit the sites of Colstrip-type delays throughout the country, are to report back to Ford by July 19.

"They have to recommend to the President by July 19 what they see in the way of a solution or possible solutions or some possible action for the President to recommend," Hollowell said.

"Then, I understand he is to appoint a task force to carry out the recommendations," Hollowell said.

FEA officials in Washington, D.C., said the survey teams have no authority outside of the power of persuasion to institute delay-cutting procedures.

Ford has yet to announce what powers he will give the task force, which Montana Power's Amick said was to become effective Aug. 19.

"You could speculate that this could be a new role for the FEA or a stronger role for the FEA," Hollowell said when asked if Ford might use the energy administration to spearhead the anti-delay drive.

"Mr. Zarb is quite close to the President, and maybe the agency is beginning to get a few more whiskers," Hollowell said.

Zarb is the third man to be

the nation's so-called "energy czar" since former Colorado Gov. John Love headed what was then called the Federal Energy organization.

Treasury Secretary William Simon was the first man to head the organization under the name of the Federal Energy Administration, and Zarb replaced John Sawhill at the helm after the latter had a falling out with Ford over gasoline-taxation policy and left to become president of New York University.

Ford's energy policy has included repeated calls for massive development of Western coal reserves and two vetoes of congressional strip-mining and reclamation bills.

The sustained vetoes appear to be a clear indication that Ford and the energy industry have the power to keep utility companies free of stringent federal controls.

TAB M
LETTER FROM MONTANA
POWER



WESTERN ENERGY COMPANY

GENERAL OFFICES: 40 EAST BROADWAY, BUTTE, MONTANA 59701.

July 24, 1975

Mr. Gil LeKander
910 - 17th Street N.W.
Room 501
Washington, D.C. 20006

Dear Gil:

As per your request of today, I am submitting the following information for your use. Western Energy Company commenced its mining at Colstrip in the Fall of 1968, at which time approximately 150,000 tons of coal were produced for the Corette Plant in Billings, Montana. Production levels increased in subsequent years. In 1971, 5.2 million tons of coal were produced; in 1972, 5.5 million tons of coal were produced at Colstrip, making it the third largest subbituminous mine in the country. Lower production figures for 1973 and 1974 reflect an interim period during which short-term coal contracts were expiring and production under new long-term contracts had not yet commenced. This coming year we anticipate producing in the neighborhood of 6.8 million tons.

As of this date, approximately 23 million tons of coal have been mined. 1,022 acres have been disturbed by mining and associated mining activities such as haul roads, shop sites, electrical installations, topsoil stockpiles and so forth, with 588 acres directly involved in mining.

Approximately 230 acres have a vegetative cover of which 100 acres have been developed through various research projects. The other 130 acres were seeded in May of 1973 and now have an estimated biomass development of 3,000 pounds per acre. The Montana Agricultural Experiment Station is presently evaluating the vegetative species composition to determine what plants make up the weight. Another 364 acres have been regraded and are presently being seeded with barley for temporary stabilization purposes. This acreage will be seeded with a permanent mixture this coming Fall.

Reclamation success has been monitored on a yearly basis. Western Energy Company is now in a position where experiments can be conducted on the grazing use of vegetation and reclaimed spoils. Approximately 80 acres will be involved in such a study this summer.



Past plantings at Colstrip have consisted of introduced species which have created questions in many people's minds. The main purpose of such plantings is to provide quick stabilization of the mine spoils. Secondly, it also provides a good organic base for the nutrient cycles which are very important to self-sustaining vegetative covers. One thing that should be pointed out which has been lacking in the past is that misuse of lands in many of the western states has depleted the nutrient base because of the continuous removal of the biomass by grazing pressure. In many of the areas where overgrazing has taken place and mining is now projected, we have the opportunity to replace native species that have been taken out of production by overgrazing.

In response to the inquiries about Colstrip and the Ken R. White proposal, the majority of the work has now been completed. The Ken R. White Plan was submitted in 1973. Architects, engineers, and planners were provided locally to lend technical assistance during implementation of the plan. The plan contained the following major categories:

WATER SYSTEM - 500,000 gallon storage facility completed, ten miles of water line installed, water treatment plant completed. Total system is 95% complete.

SEWER SYSTEM - Old lines cleaned and repaired, ten miles of new lines installed. System is 100% complete.

STORM
DRAINAGE
SYSTEM - 100% complete.

STREETS - Installed with concrete curb and gutter having a design life of 20 years. Project is 90% complete.

HOUSING	-	<u>TYPE</u>	<u>CONSTRUCTION COMPLETE</u>	<u>UNDER CONSTRUCTION</u>
		Trailer Lots	166	30
		Apartments	60	8
		Houses	109	0

Lots available for sale - 22
Lots platted but not improved - 38
Old houses - 62
Old apartments - 36

To encourage private ownership, all future lots will be developed by individuals or outside developers.

Mr. Gil LeKander
July 24, 1975
Page Three

RECREATION - Two tot lots have been constructed, bicycle paths, two pedestrian underpasses, one softball field, two little league fields, and a community center scheduled for completion October 1, 1975.

BOR application has been completed and is in Washington, D. C. for final approval.

COMMERCIAL FACILITIES - The Commercial Center is 99% complete with occupancy at 50% as of this date. Full occupancy is anticipated by October 1.

LANDSCAPING - The entire town landscaping, as per the Ken R. White plan, is anticipated to be completed by October 1, 1975.

Sincerely yours,

Michael Grende

Michael Grende
Permit Supervisor

B.

MG:po:3/9

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LEE RICHARDSON



FEA Consumer Office Chief Quits, Cites Lack of Influence

By Tim O'Brien

Washington Post Staff Writer

The head of the Federal Energy Administration's consumer office has resigned, charging that energy chief John C. Sawhill never responded to his recommendations, that the office has no influence over policy decisions, and that the plight of consumers is largely ignored by the FEA.

Dr. Lee Richardson, director of the FEA's Office of Consumer Affairs since it was formed five months ago, blasted the energy consumer program in an eight-page letter of resignation dated Aug. 6.

When the FEA consumer office was established last March, it was hailed as a means for representing consumer interests in the agency's decision-making structure.

But in his Aug. 6 letter, Richardson said, "The facts of our failure are simple and incredible."

"The office does not now report to the administrator. It literally reports to no one, except that on paper it is one of several miscellaneous units that report to the director for intergovernmental relations."

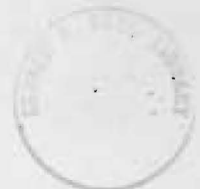
"The office does not influence FEA decision-making," Richardson wrote. "Never once has the office been asked to assist the administrator on a matter of substance. Never once has the administrator responded to dozens of important reports and recommendations submitted directly to him by the office."

The FEA consumer office was set up after the agency heard growing

See CONSUMER, M, Col. 1

DR. LEE RICHARDSON
... "collision course"

Washington Post - Tuesday, Aug 13, 1974



Quits, Citing Lack of Influence

complaints from consumer groups and distribution regulations were being put into effect without sufficient public input. The most affected — individual energy consumers.

As a result, former FEA chief William E. Simon announced March 13 the formation of the new office, promising that it future policy decisions.

As a result, former FEA chief William E. Simon announced March 13 the formation of the new office, promising that it would play an active role in future policy decisions.

Richardson said the commitments of March 13 "are not being fulfilled."

In an interview yesterday, Richardson said the FEA failed to respond to a number of "extended memos and hard questions we were asking" — the need to justify oil industry profits and price increases, how to better preserve oil industry competition and the need for improved data analysis.

Richardson said "FEA's movements to date on important decisions are on a direct collision course with the best interests of consumers."

"One major misdirection is the FEA subsidization of industry through the theory of the magic profit," he said. He cited a lack of any FEA economic analyses to justify the continuation of a Dec. 19, 1973, decision to raise the price of most domestic crude oil by a dollar a barrel.

"The primary instance of the false magic profit theory is seen in the blind belief that huge multibillion-dollar increases in oil company profits in the first half of 1974 will ultimately produce lower and cheaper supplies of energy," he said. "If such profits are adequate or excessive, FEA doesn't yet know — FEA has not been able to even assemble much less analyze the information necessary to begin answering that question."

He also said the agency has not seriously considered the effects of the price rise. That price rise, he said, is costing drivers about 22¢ per gallon.

FEA's consumer affairs program. The consumer office will be combined with the existing office, Sawhill said, and the new office will have a staff of 24, including a consumer representative in each of the FEA's 10 regional offices. Until yesterday's announcement, there had been no consumer representatives in the regional offices.

In his resignation letter, Richardson charged that the FEA had been unresponsive to its congressional mandate to protect competition in the energy industry, particularly by failing "to make even preliminary estimates of what its massive proposals... will do to independent (energy) companies."

While the FEA has often promised to deal with energy-related consumer issues, he said, "there has never yet been an instance where any part of FEA's organization has done so. The plights of many groups — volunteers, the elderly, the rural poor, the big city tenants... among others — have been ignored by FEA."

Richardson's resignation is effective Sept. 1. He came to the energy administration from the staff of the President's consumer adviser, Virginia Knauer, Energy chief. Richardson thanked Knauer for "serving with distinction in a difficult job."

Consumer Federation of America, said Richardson's resignation symbolizes "how little concern and attention have been given to the plight of consumers by the administration in its handling of the problems associated with the energy crisis."

Sawhill said Richardson's criticisms were "a little overstated." Responding to the charge that the FEA has no economic analysis to justify its price regulations, Sawhill conceded that the agency has not tried to define what "excessive" oil industry profits would be.

Basically, he said, the industry needs to have a return on investment about equal to the average of American industry, "and they have not attained that in the past." However in the last several months the industry has gone over the average, he said.

Sawhill said Richardson had access to the administrator's office, but that "I've never seen any report that he (Richardson) sent in that had any analytic depth to it."

