

**The original documents are located in Box 9, folder “Federal Energy Administration - Extension” of the Loen and Leppert Files at the Gerald R. Ford Presidential Library.**

### **Copyright Notice**

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 Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections.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

[June 1976]

The large number of controversial amendments in the House and Senate bills include:

- . Energy loan guarantee and insurance programs totalling \$6.9 billion.
  - . Broadening of the coal loan guarantee program.
  - . Establishment of a new, independent Office of Energy Information and Analysis requiring detailed reporting on the financial situation of energy companies.
- These and other amendments required thorough consideration in hearings. They involve far too much impact on taxpayers, the Federal Budget and on the national energy situation to be dealt with hastily.

The issue is quite simple: Is the life of FEA going to be extended in an orderly manner so that it may faithfully execute the laws this Congress enacted -- or is the Congress going to try in the next 90 days for a second Omnibus Energy Bill. If the latter path is chosen, it is unlikely that the Congress will succeed. But if it does, the produce will most assuredly be a "90 day wonder."

[June 1976]

THE WHITE HOUSE

WASHINGTON

DECISION

MEMORANDUM FOR: THE PRESIDENT

FROM: JIM CANNON

SUBJECT: FEA EXTENSION LEGISLATION

Issues

The issues for your consideration are:

- . The position you wish to take on a bill introduced on June 18, 1976 by Congressman Dingell (H.R. 14394) to extend FEA for three months -- which is scheduled to be taken up by the House under suspension on Monday, June 21, 1976.
- . Next steps for dealing in conference with the bills already passed by the House and Senate to extend FEA -- which bills include a large number of highly objectionable amendments.

Background

The House passed a bill on June 1 extending FEA for 18 months beyond its June 30, 1976 expiration date. The Senate passed a bill on June 16 extending FEA for 15 months. Twenty four amendments have been included. These are summarized briefly in an OMB analysis at TAB A. It identifies the most objectionable provisions, including:

- . Energy conservation loan guarantee and insurance programs (\$6.9 billion) sponsored by Senator Kennedy and 39 others (8 of the 16 Senate conferees were sponsors and 13 voted for it). Spending is authorized at \$1 billion over the next three years. Included are authorities similar to those you proposed in January 1975 for weatherization assistance (but half administered by Community Services Administration) and building standards with sanctions. A summary of the Kennedy provisions are attached at TAB B.

- . Sixty legislative day Congressional review for all FEA rules and regulations, with veto by concurrent resolution (House).
- . Requirement that price and allocation be dealt with separately in petroleum product decontrol plans submitted to Congress -- which will hinder deregulation (House).
- . New statutory energy information office within FEA with authority to:
  - obtain administratively protected data from BLS (thus threatening BLS' future ability to obtain data voluntarily).
  - begin immediately obtaining information from energy companies on revenues, profits, cash flow, investment, etc. (Senate).
- . Broadening of coal loan guarantee program (Senate).

The Senate-passed extension bill also includes provisions to exempt stripper well and secondary-tertiary petroleum production from composite price controls. However, these amendments by Bartlett and Montoya are unlikely to survive in conference.

The Senate conferees are listed at TAB C. The House has not yet appointed conferees. Congressman Bud Brown joined Dingell as a sponsor of the 90-day extension bill. However, in a discussion with Charlie Leppert earlier today, Brown indicated that we should press for the conferees to act on a longer extension bill.

If FEA authority were to expire on June 30:

- . functions transferred to FEA from other agencies would revert to those agencies (Office of Oil and Gas to Interior).
- . new functions assigned to FEA in the Energy Policy and Conservation Act (EPCA) of December 1975 -- as well as policy analysis, conservation and oil price and allocation controls -- could be assigned as you determine.
- . FEA Executive Level II, III, IV positions (total of 9) would be abolished.

Principal options for continuing FEA functions would be to: (a) recreate an energy office by Executive Order, (b) assign functions in tact to an existing agency, such as ERDA or Interior, or (c) distribute functions among several agencies.

The most serious problems from discontinuing FEA include: (a) disruption of current efforts to decontrol petroleum products and increase crude oil prices, (b) potential loss of management control over compliance programs and (c) administrative confusion.

### Alternatives

Alt. #1. Signal strong opposition to the 90-day extension bill. Dispatch strong letter as early as possible Monday to the House and Senate which (a) urges that conferees meet quickly and report out a simple extension bill, and (b) states clearly our reasons for opposing the amendments that have been added by the House and Senate

- The principal argument for this approach is that, if successful, it will avoid another three months of protracted discussion over a large number of controversial energy provisions that are not needed, but which are likely to gain support as time passes because of their superficial appeal.
- The principal argument against this alternative is that, if unsuccessful, you might be faced with either:
  - o an unacceptable conference bill that warrants a veto, thus leading to the expiration of FEA on June 30. (However, some of your advisers believe that this eventuality would put you in a good position to highlight Congressional irresponsibility on energy matters.), or
  - o a simple 90-day extension bill on which a veto would be difficult to justify

Alt. #2. Signal that a simple 90-day extension bill would be preferable to a longer extension loaded with amendments. Dispatch a strong letter of opposition to the most objectionable provisions of the House and Senate passed bills and try to work out an acceptable compromise over the next 60-90 days.

- The principal argument for this approach is that it permits the least amount of confrontation over the next few weeks in attempting to resolve the issue.
- The principal argument against it is that it is more likely to lead to a bill with a large number of superficially attractive, but highly objectionable, energy provisions that would have to be dealt with in September.

Alt. #3. Do not signal a position on the 90-day extension at this time. Send a strong letter opposing objectionable provisions of the House and Senate bills. Reassess situation after two to three days. If the House has passed the 90-day extension, then signal strong opposition or seek a short (30 day) extension in the Senate as a means of keeping pressure on the Congress for an early decision on a longer extension bill.

- The principal arguments for this approach are that:
  - o it would defer problems that might accompany the expiration of FEA.
  - o it keeps your options open to accept a short-term extension (30-90 days) during which Frank Zarb could try to get an acceptable conference bill.
- The principal arguments against this alternative are that:
  - o it merely defers the date of confrontation.
  - o It provides more time for opponents to line up support for superficially attractive provisions that may emerge from the conference.

Recommendations and Decisions

\_\_\_\_\_ Alt. #1. Strongly oppose 90-day extension and dispatch a letter urging early conference and simple 18-month extension.

\_\_\_\_\_ Alt. #2. Signal that a simple 90-day extension would be preferable to a longer extension loaded with amendments. Work to clean up the bills in conference over the next 90 days.

---

Alt. #3. Do not signal a position on the 90-day extension now. Reassess situation after 2 or 3 days and then take hard line or go for 30-day extension in the Senate.

Frank Zarb is in Japan. John Hill indicates that he is confident that Frank feels very strongly that FEA should not be allowed to terminate on June 30. He also believes that an acceptable compromise can be worked out on the energy conservation provisions.

Attachments





	House Bill	Senate Bill	Comment
1. Length of extension	18 months	15 months	
2. Author. for 1977 funding	Basically, same as Pres. bud., but authorizes \$62.5M for regulatory programs instead of \$47.8M, and \$13.1M for rate demos as opposed to \$0.	Basically, same as Pres. bud., but auth. \$40.6M for conserva. instead of \$12.6M, and \$10M for rate demonstrations.	No cause for veto.
3. \$3 million solar commercialization authorization	Stricken from bill on the floor.	Amendment adopted by Senate.	No cause for veto.
4. Computer services to public on Project Indep. Eval. Model	Approved by House. FEA required to provide computer time on reimbursable basis for those who want to run PI model on computer.	No provision.	Places FEA in competition with private firms in providing computer services.
5. Transfer of FEA functions when Act expires	No provision.	<ul style="list-style-type: none"> <li>° storage to Interior</li> <li>° policy analysis to ERC</li> <li>° data collection to Commerce</li> <li>° voluntary and mandatory conservation to Commerce</li> <li>° coal conversion to EPA</li> <li>° price controls to FPC</li> <li>° allocation to Interior</li> <li>° international programs to State</li> </ul>	
6. Appliance labelling program	No provision.	Transferred to Commerce.	Richardson wouldn't sign letter opposing.
7. Plan and report on energy and natural resources reorganization	No provision.	Due to Congress by 12/31/76.	
8. ERC extension	No provision.	To Sept. 30, 1977.	

	House Bill	Senate Bill	Comment
9. Annual report on Federal conservation programs	No provision.	Approved by Senate. 1st report due 7/1/77.	Could require special analysis for energy. Will give FEA conservation staff opportunity to propose new programs.
10. Joint annual report by FEA-ERDA	No provision.	Single report required to maximum extent feasible.	
11. 15-day EPA review of FEA regulations affecting the quality of the environment	No provision.	Percy amendment to delete was approved. Review period remains at 5 days.	
12. 60-day Cong. review of FEA rules and regulations	Adopted on floor by 226 to 147. Congress can veto any FEA regulation by concurrent resolution within 60 days.	No provision.	Cause for veto, but FEA thinks will be dropped in conference.
13. Separate plans to exempt price and allocation decontrol of petroleum products	Adopted on floor by 200-175.	No provision.	Possible cause for veto.
14. Restrictions on retroactive use of new interpretations of regulations to bring civil actions or remedial orders against marketers of petroleum products	Adopted on floor in objectionable form.	Percy amendment adopted. FEA believes it will bring this issue into line with FEA compliance manual.	

## House Bill

## Senate Bill

## Comment

	House Bill	Senate Bill	Comment	
15.	Kennedy amendments re: energy conservation	No comparable provision.	See <del>attachment</del> <sup>TAB B</sup> for details.	Cause for veto.
16.	Haskell amendment to establish Office of Energy Info. & Analysis	No provision.	Adopted 46-45. Creates separate office in FEA: <ul style="list-style-type: none"> <li>- headed by level 5 confirmed by Senate.</li> <li>- authorizes 10 new supergrades.</li> <li>- requires annual supply-demand forecasts for 1, 5, 10, 15, and 25 years, not subject to FEA review.</li> <li>- requires line-of-commerce reporting by major energy companies of revenues, profits, cash flow, investments, etc.</li> <li>- gives FEA, and thus Congress, access in law to BLS data now protected administratively.</li> </ul>	Possible cause for veto.
17.	Coal loan guarantees (Randolph)	No provision.	Extends eligibility for loan guarantees to expansion of existing underground coal mines and reopening of closed mines.	Possible cause for veto.
18.	Entitlements for small refineries in construction phase (Allen)	No provision.	Benefits Wallace & Wallace firm in Alaska.	Established firms would be subsidizing refineries built by competitors.
19.	Stripper well exemption (Bartlett)	No provision.	Amendment adopted 61-29. Exempts strippers from composite price controls.	
20.	Secondary-tertiary production exemption (Montoya)	No provision.	Amendment adopted 58-35. Exempts from composite price controls.	
21.	BTU tax study	No provision.	Required by 1/31/77. FEA must evaluate need for and impact of.	

## House Bill

## Senate Bill

## Comment

	House Bill	Senate Bill	Comment
22. Voluntary rate structure guidelines for State regulatory commissions	No provision.	FEA required to prepare such within 180 days and update annually.	
23. Grants to States for consumer office representation at State rate hearings	No provision.	\$2M in 1977.	
24. TVA consumer services office (Brock amendment)	No provision.	Independently operated consumer services office established by TVA would qualify for assistance under #22 above.	
25. Uniform system of standards, procedures, and methods for the accounting for and measurement of all phases of production and marketing of crude oil.... (Dole)	No provision.	Amendment approved by Senate.	

TAB B

## Kennedy Energy Conservation Amendments

- ° Authority for FEA to guarantee up to \$4 billion in loans and other obligations made to businesses, State and local governments, and non-profit institutions. At least 40% -- \$1.6 billion -- would be directed to governments and non-profit institutions. Workers making conservation improvements must be paid at prevailing wage rates.
- ° Revolving fund for Small Business Administration to make energy conservation loans (\$300 million) and subsidy payments (\$60 million).
- ° New HUD Title I program for insuring home improvement loans (\$2.5 billion) and interest subsidies (\$500 million over 3 years).
- ° New State energy conservation grant program, including requirement that States provide energy audits at no cost to homeowners. Energy audits are prerequisite for HUD loans; however, States can have "audits" that only require homeowners to fill out a questionnaire.
- ° Weatherization assistance for low-income families to be implemented through the Community Services Administration. At least 50% of funds go to community action agencies.
- ° Energy conservation standards for new buildings. Same as original Administration bill. Includes sanctions, except for Hawaii.

Total spending authorization for these programs is \$1 billion over 3 years. This includes only \$120 million to cover loan defaults.

TAB C

Senate Conferees on FEA Extension Act

Government Operations

Ribicoff  
Jackson  
Metcalf  
Glenn  
Percy  
Javits  
Brock

Banking

Proxmire  
Cranston  
Tower

Commerce

Magnuson  
Hollings  
Pearson

Interior

Church  
Haskell  
Hansen

Note: 13 of the 16 Senators voted for the Kennedy energy conservation amendment, and 8 were sponsors.



6/21/76

FACT SHEET - Opposition to H.R. 14394, a bill to extend the Federal Energy Administration (FEA) for 90 days beyond its current Statutory expiration date of June 30, 1976.

ADMINISTRATION POSITION

- . The Administration continues to favor legislation which it proposed on January 26, 1976, which would extend the FEA for 39 months, through September 30, 1979.
- . H.R. 14394, extending FEA for 90 days would serve no useful purpose and should not be passed. There is no need for the Congress to delay any longer on the extension of FEA for a reasonable period of time.
  - The House has already passed (on June 1) H.R. 12169 which would extend FEA for 18 months.
  - The Senate has also passed a bill, S. 2872, on June 16 which would extend FEA for 15 months.
  - Conferees could meet on those bills and the Congress could approve a simple extension bill before June 30.
- . The 90 days provided in H.R. 14394 would not be adequate to deal with the large number of controversial provisions that have been added to the House and Senate bills. Those provisions not concerned with the extension should be dropped in Conference. Most of them have not even been considered in hearings and many of them are strongly opposed by the Administration because they are not in the national interest. (A detailed letter will be provided shortly.)
- . The 90 days certainly is inadequate to deal with the many far-reaching provisions because, during that time, the Congress will be in recess twice for national party conventions.
- . In summary, H.R. 14394 should not be passed. Conferees should meet on H.R. 12169 and S. 2872 and report out a simple extension bill.

6/21/76

FACT SHEET - Opposition to H.R. 14394, a bill to extend the Federal Energy Administration (FEA) for 90 days beyond its current Statutory expiration date of June 30, 1976.

ADMINISTRATION POSITION

- . The Administration continues to favor legislation which it proposed on January 26, 1976, which would extend the FEA for 39 months, through September 30, 1979.
- . H.R. 14394, extending FEA for 90 days would serve no useful purpose and should not be passed. There is no need for the Congress to delay any longer on the extension of FEA for a reasonable period of time.
  - The House has already passed (on June 1) H.R. 12169 which would extend FEA for 18 months.
  - The Senate has also passed a bill, S. 2872, on June 16 which would extend FEA for 15 months.
  - Conferees could meet on those bills and the Congress could approve a simple extension bill before June 30.
- . The 90 days provided in H.R. 14394 would not be adequate to deal with the large number of controversial provisions that have been added to the House and Senate bills. Those provisions not concerned with the extension should be dropped in Conference. Most of them have not even been considered in hearings and many of them are strongly opposed by the Administration because they are not in the national interest. (A detailed letter will be provided shortly.)
- . The 90 days certainly is inadequate to deal with the many far-reaching provisions because, during that time, the Congress will be in recess twice for national party conventions.
- . In summary, H.R. 14394 should not be passed. Conferees should meet on H.R. 12169 and S. 2872 and report out a simple extension bill.

THE WHITE HOUSE

WASHINGTON

June 21, 1976

TO: JIM CANNON  
JIM CAVANAUGH  
MIKE DUVAL  
BILL GOROG  
JOHN HILL  
BILL KENDALL  
✓ CHARLIE LEPPERT  
JIM MITCHELL

FROM: GLENN SCHLEEDE

SUBJECT: DRAFT OF LETTER ON THE FEA  
EXTENSION BILLS

Here is the draft of a letter to carry out the second part of the President's decision on this issue. It doesn't have anyone's clearance at this point.

Please let me have any comments you'd care to make by 9:00 A.M. , June 22, 1976.

Thanks.

cc: Henry Lum

6/21/76

Dear \_\_\_\_\_:

The purpose of this letter is to urge strongly that Conferees meet quickly on bills that have passed the House (H.R. 12169) and the Senate (S. 2872) to extend the life of the Federal Energy Administration (FEA), that highly objectionable provisions of those bills be dropped, and that the Congress pass quickly a bill which extends the FEA for a reasonable time beyond its current expiration date of June 30, 1976.

In January 1976, the President proposed that the FEA be extended for 39 months. His proposal would provide the continuity that is needed during the remaining period in which oil price controls are to be continued under the December 1975 Energy Policy and Conservation Act. The Administration continues to favor a 39-month extension bill. We recognize, however, that the Congress will not now pass such an extension before June 30, but it can pass an acceptable bill extending the life of FEA for 18 months if it strips H.R. 12169 and S. 2872 of objectionable provisions.

These two bills which have passed the House and Senate include a large number of provisions which are highly controversial, not necessary to the extension of FEA, not adequately considered in public hearings, and strongly opposed by the Administration because they are not in the National interest. Such provisions must be dropped so that the 18-month extension can be enacted into law by June 30th.

The provisions in H.R. 12169 and S. 2872 to which the Administration objections most strongly include those outlined below.

1. The requirement for 60 days while Congress is in session for Congressional review of all FEA regulations is unrealistic and of doubtful constitutionality.

H.R. 12169 provides for 60 days while Congress is in session for Congressional scrutiny of each and every FEA regulation. This would be entirely inconsistent with timely and efficient execution of programs which FEA must implement under existing law, including such programs as the completion of a 150

million barrel early storage petroleum reserve by the end of 1978. In addition, there is substantial legal doubt as to the constitutionality of this provision which subjects actions by the Executive pursuant to existing law to Congressional veto by means other than enactment of another law. There were no hearings on this requirement in either House.

2. The \$6.8 billion Energy Conservation loan guarantee and insurance programs are unnecessary, duplicative in some respects, and would not achieve the intended results.

- . The proposed \$4 billion in loan guarantees either are not needed or would not provide the energy conservation benefits intended. The large, energy intensive firms which account for over 80 percent of industrial sector energy use are not expected to consider seriously any loan guarantee, and particularly not one with the provisions of this bill. Most such organizations already have energy conservation programs to reduce their costs. There would be high risk of default because the loan guarantee provisions would appeal primarily to the least credit worth organizations.
- . The proposal for loan subsidies and insured loans for homeowner energy conservation improvements, totalling about \$2 billion, would not be as effective as other proposals now before the Congress.
- . The proposal for loan guarantees and subsidies for small business firms, totalling about \$300 million, is opposed because of the administrative and default costs and because the procedural requirements are likely to make it unattractive to small business firms in any case.
- . The proposal for State Energy conservation implementation plans is duplicative of existing programs and would unnecessarily involve the Federal Government in matters that should be left to the discretion of States.
- . All of these programs would involve expansion of the Federal bureaucracy, regulations and staff of the FEA and other Federal agencies.
- . Hearings were not held in the Senate on the current version of these provisions and there have been no House hearings.

3. The creation of an Independent Office of Energy Data and Analysis would be duplicative, would unnecessarily involve

confidential information and the collection of data on a voluntary basis by such agencies as the BLS.

The proposed new office would duplicate existing FEA capabilities. FEA access in law to data obtained by other agencies on a voluntary basis on the condition that it would be held confidential would seriously threaten the statistical programs of such agencies as BLS. The bill unnecessarily calls for a new Executive level IV position and ten new supergrade positions in FEA. No House hearings were held in the House on this proposal and the Senate held hearings only on a related proposal.

4. The requirement that separate proposals be submitted for decontrol of prices and removal of allocation is burdensome and violates an understanding reached in the agreement leading to the Energy Policy and Conservation Act.

This requirement of H.R. 12169 would make even more burdensome the complex task of streamlining the FEA regulatory program, which streamlining was mandated by the Energy Policy and Conservation Act. It would also alter one of the essential elements of the compromise between the Administration and the Congressional leadership that resulted in approval of the EPCA. No hearings were held in either House on this proposal.

5. The Provision for the Transfer of FEA programs to other Agencies is premature.

The provision of S. 2872 scattering FEA functions to seven other agencies is premature and not adequately thought through. Furthermore, it is inconsistent with another provision of the bill which requires a study of Federal energy organization by December 31, 1976. No hearings have been held on this proposal in the House and only limited hearings, with inadequate opportunity for Administration testimony, were held in the Senate.

6. Expansion of the Coal Loan Guarantee program to abandoned and existing mines is premature.

There has not yet been experience with the coal loan guarantee program established last December, so expansion in coverage to abandoned and existing mines is premature. This amendment was added on the floor, has not been subjected to analysis or review and could lead to a subsidy for inefficient operators. No hearings have been held in either house.

7. The Weatherization Assistance grant program duplicates legislation already passed the Senate and divides up the program in a way that would increase administrative burdens and costs.

The provision of S. 2872 which would require that FEA seek concurrence of the Community Services Administration (CSA) on regulations and that 50% of funds be allocated to community action agencies. This would increase administrative burden and costs and divert funds from actual insulation of homes. (The Administration strongly favors Title I of H.R. 8650 which has already passed the House and provides winterization assistance.)

8. The requirement that FEA provide computer services to the public is unnecessary.

H.R. 12169 would require that FEA provide computer services to the public and Congress at its request, for processing the FEA Project Independence model. Such services to private firms would be reimbursable but it puts FEA in competition with private firms that provide computer services. FEA already makes the Project Independence model available to the public through the National Technical Information Service, to be processed on privately owned computers. Congressional access can be accommodated administratively under GSA guidelines.

In addition, other provisions of the two bills require duplicative and unnecessary new reports, authorize unnecessary new spending programs, increase the size of the Federal establishment and involve the Federal Government in activities that can be handled better at the State or local level or in private industry.

In view of the complexity, the controversy, the lack of thorough evaluation, and the strong objections, the Congress could not be expected to complete action on another omnibus energy bill such as H.R. 12169 or S. 2872 before June 30, in the next 90 days, or before the end of the current session of Congress.

The Administration recommends strongly that the objectionable provisions of the two bills be dropped in conference and that a bill extending FEA for 18 months be reported promptly and then passed by both the House and Senate. I would be pleased to provide additional information on the objectionable features outlined above and on other provisions of the two bills.

Sincerely,



FEDERAL ENERGY ADMINISTRATION

WASHINGTON, D.C. 20461

June 21, 1976

OFFICE OF THE ADMINISTRATOR

Honorable John D. Dingell  
Chairman  
Subcommittee on Energy and Power  
Committee on Interstate and  
Foreign Commerce  
House of Representatives  
Washington, D. C. 20515

Dear Mr. Chairman:

This is in response to your request, conveyed to me this morning by Committee Chief Counsel Charles Curtis and Subcommittee Chief Counsel Frank Potter, for our views concerning the legal authority to provide for the continuation of FEA's functions should the Congress not complete action on the legislation now in conference to extend the Federal Energy Administration Act of 1974 beyond its current termination date of June 30, 1976.

As you know, virtually all of FEA's statutory authority stems not from the FEA Act but rather is provided in separate legislation, some which vests authority in the President which has been delegated by the President to FEA, and other legislation which vests statutory authority directly in FEA. The petroleum price and allocation control authority of the Emergency Petroleum Allocation Act of 1973, as amended, is an example of the former, while the authority to establish the early storage strategic petroleum reserve pursuant to the Energy Policy and Conservation Act is exemplary of the latter category.

The existing laws which provide statutory program authority directly to the Administrator of the Federal Energy Administration also include provisions authorizing the President to designate another Federal agency to carry out those functions should the Federal Energy Administration terminate on June 30, 1976. Section 14(a) of the Energy Supply and





Environmental Coordination Act of 1974, which authorizes the coal conversion program for powerplants and major industrial fuel burning installations, permits the President to designate "any officer of the United States" as the Administrator of the Federal Energy Administration for the purposes of that Act after FEA "ceases to exist." Similarly, section 527 of the Energy Policy and Conservation Act requires the President to designate, in the absence of any law otherwise providing for continuation or reversion of FEA's functions, "an appropriate Federal agency" to carry out functions vested in FEA by the Energy Policy and Conservation Act.

It is clear from these provisions that the Congress intended programs administered by FEA pursuant to law to continue unimpaired should the Federal Energy Administration Act not be extended prior to June 30, 1976. Authority for programs now vested by law in the President could be delegated, pursuant to 3 U.S.C. 301 and other provisions of law, to an Executive agency or agencies to continue their operation. The provisions of the Energy Supply and Environmental Coordination Act and the Energy Policy and Conservation Act mentioned above provide the President similar latitude with respect to authorities vested by those statutes in FEA. Moreover, the President could, as was the case when the Emergency Petroleum Allocation Act originally became effective, employ the authority provided by that and other statutes to establish by Executive Order an entity such as the Federal Energy Office (FEA's predecessor agency) to carry out the functions vested by law in the President, which entity could also be designated by the President as the agency to continue programs required by statute of the Federal Energy Administration.

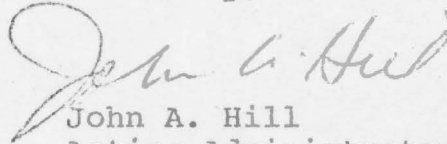
Although there is legal authority for such arrangements, they would entail considerable administrative and other difficulties. Some of the legal elements of an agency established by statute could not directly be provided, such as contracting authority, and these deficiencies as well as the administrative complexities associated with the transfer of property and all personnel would impair implementation of programs now underway, such as strategic storage, product decontrol and other efforts at regulatory reform. Moreover, \$7 million appropriated to FEA for the transition quarter (July 1 - September 30, 1976) in the 1976 Second Supplemental Appropriation Act is subject to a proviso linking its availability to extension of the Federal Energy Administration Act, so that amount would not appear to be available to any other



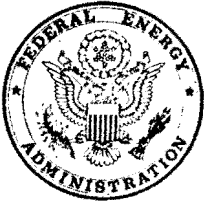
organization established to continue FEA's functions. If the Federal Energy Administration were later re-established by statute, a question would exist as to whether officials currently holding Executive Level IV and above positions would have to be reconfirmed by the Senate, and all of the property and personnel transfers would have to be carried out again in renewing the Federal Energy Administration.

I hope this information will be helpful to you.

Sincerely,

  
John A. Hill  
Acting Administrator





FEDERAL ENERGY ADMINISTRATION

WASHINGTON, D.C. 20461

June 22, 1976

OFFICE OF THE ADMINISTRATOR

The Honorable Carl Albert  
The Speaker  
U.S. House of Representatives  
Washington, D. C. 20515

Dear Mr. Speaker:

The purpose of this letter is to urge strongly that Conferees meet quickly on bills that have passed the House (H.R. 12169) and the Senate (S. 2872) to extend the life of the Federal Energy Administration (FEA), that highly objectionable provisions of those bills be dropped, and that the Congress pass quickly a bill which extends the FEA for a reasonable time beyond its current expiration date of June 30, 1976.

In January 1976, the President proposed that the FEA be extended for 39 months. His proposal would have provided the continuity needed to insure FEA's ability to implement the complex programs contained in the Energy Policy and Conservation Act of 1975 (EPCA) and adequately administer oil price controls until their termination in 1979. Although the Administration continues to favor a simple 39-month extension, we recognize that Congress cannot now pass such an extension by June 30. It can, however, pass an acceptable simple extension of FEA for 18 months.

These two bills which have passed the House and Senate include a large number of provisions which are highly controversial. Many are not necessary to the extension of FEA, have not been considered adequately in public hearings, and are strongly opposed by the Administration. It is unrealistic to expect that agreement can be reached on such provisions by June 30, within 90 days, or perhaps, by the end of the current session of Congress. These provisions should be dropped so that the 18-month extension can be enacted into law by June 30.

The provisions in H.R. 12169 and S. 2872 to which the Administration objects most strongly include those outlined below.

1. The requirement for 60 days while Congress is in session for Congressional review of all FEA regulations is unrealistic and of doubtful constitutionality.

H.R. 12169 requires FEA to submit major rulemakings to the Congress. These rulemakings can only go into effect if Congress fails to pass a concurrent resolution rejecting the rulings after they have sat in Congress for 60 legislative days. This provision would be entirely inconsistent with the timely, efficient, and responsible execution of programs which FEA must implement under existing law, including such programs as the 150 million barrel early storage program, reform of its price and allocation control programs, appliance efficiency labels and targets, and conversion of oil and gas fired utility boilers to coal. In addition, there is substantial legal doubt as to the constitutionality of this provision which subjects actions by the Executive pursuant to existing law to Congressional veto by means other than enactment of another law. There were no hearings on this requirement in either House.

2. The \$6.8 billion Energy Conservation loan guarantee and insurance programs are unnecessary, duplicative in some respects, and would not achieve the intended results.

- . The need for, and the effectiveness of, the proposed \$4.0 billion in loan guarantees to industry to purchase and install already proven conservation equipment -- as distinct from assisting the development of emerging technologies -- have not been demonstrated. In addition, large, energy intensive firms -- which account for over 80 percent of industrial sector energy use -- with adequate financial ratings would not find the program attractive or useful, particularly with some of the provisions contained in the bill. Most such firms already have conservation programs. Firms with inadequate financial footings, on the other hand, might utilize the program, but the default rates of the program could be high if it only appealed to the least credit worthy firms. No assessment of the energy savings of this provision has been conducted; consequently, the economic wisdom of this program has not been determined.
- . The proposal for loan subsidies and insured loans for homeowner energy conservation improvements, with commitments totalling about \$2.5 billion, would not be as effective as tax proposals now being actively considered by the Congress.

- . The proposal for loans totalling about \$300 million and subsidies for small business firms would entail considerable administrative and default costs. The procedural requirements are likely to make it unattractive to small business firms in any case. Energy savings have not been estimated but are likely to be small.
  - . The proposal for state energy conservation implementation plans is duplicative of existing programs and would unnecessarily involve the Federal Government in matters that should be left to the discretion of States.
  - . Hearings were not held in the Senate on the current version of these provisions and there have been no House hearings.
3. Many of the provisions of the independent Office of Energy Data and Analysis would duplicate existing law and have adverse impacts on the government's data collection efforts.

FEA has already separated its energy policy and energy data activities. However, there are other serious problems with this provision, including the duplication of financial reporting systems provided for in the EPCA, and possible adverse effects on the statistical efforts of agencies such as BLS that collect considerable voluntary information from organizations that have been assured that it will be protected from disclosure.

4. The requirement that separate proposals be submitted for decontrol of prices and removal of allocation is burdensome and violates an understanding reached in the agreement leading to the Energy Policy and Conservation Act.

This requirement of H.R. 12169 would make even more burdensome the complex task of streamlining the FEA regulatory program, which streamlining was mandated by the Energy Policy and Conservation Act. It would also alter one of the essential elements of the compromise between the Administration and the Congressional leadership that resulted in approval of the EPCA. No hearings were held in either House on this proposal.

5. The provision for the transfer of FEA programs to other agencies is premature.

The provisions of S. 2872, immediately transferring the appliance labelling program to Commerce and scattering FEA functions to seven other agencies if FEA is not extended is premature, not adequately thought through, and unacceptable. Furthermore, it is inconsistent with another

provision of the bill which requires a study of Federal energy organization by December 31, 1976. No hearings have been held on this proposal in the House and only limited hearings, with inadequate opportunity for Administration testimony, were held in the Senate.

6. Expansion of the Coal Loan Guarantee program to abandoned and existing mines is premature.

Because there has been no experience with the coal loan guarantee program established last December, expansion in coverage to abandoned and existing mines is premature. This amendment was added on the floor, has not been subjected to adequate analysis or review and could lead to a subsidy for inefficient operators.

7. The Weatherization Assistance grant program provision divides up the program in a way that would increase administrative burdens and costs.

The provision of S. 2872 would require that FEA seek concurrence of the Community Services Administration (CSA) on regulations and that 50 percent of funds be allocated to community action agencies. This would increase the administrative burden and costs and divert funds from actual insulation of homes and achievement of the energy conservation goals of this legislation. (The Administration strongly favors Title I of H.R. 8650 which has already passed the House and provides weatherization assistance.)

8. The requirement that FEA provide computer services to the public and the Congress is unnecessary and would result in an uncontrollable burden.

H.R. 12169 would require that FEA provide computer services to the public and Congress, at its request, for processing the FEA Project Independence Model. FEA is making the Project Independence Model available through the National Technical Information Service -- the organization designated by the Congress to make such information available to the public. To make an exception for the Project Independence Model would be an undesirable precedent and place an uncontrollable workload on FEA's computer facilities and limited personnel resources.

9. The amendment providing special entitlements for refiner-constructors is unacceptable.

This amendment is unacceptable on grounds that it would not achieve the purposes for which it is intended and would require some companies to subsidize their competitors

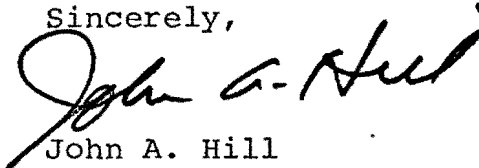
through direct payments. Any effort to move the entitlements program beyond its narrow objective of equalizing crude oil costs for all refiners has serious implications for public policy and should be rejected.

10. The authorization for FEA to establish voluntary rate guidelines for State regulatory commissions, and to fund consumer agencies which can then challenge these before these commissions is unacceptable.

FEA is now conducting voluntary rate structure demonstrations. Evaluation of their results is underway to see if innovative structures are effective and if State regulatory commissions and utilities would be willing to adopt them. This authorization is therefore premature.

The Administration recommends strongly that these and other objectionable provisions of the two bills be dropped in conference and that a bill extending FEA for 18 months be reported promptly and then passed by both the House and Senate. I would be pleased to provide additional information on the objectionable features outlined above and on other provisions of the two bills.

Sincerely,



John A. Hill  
Acting Administrator

cc: Congressman John J. Rhodes

*Return to Casper*

*FILE*  
*FEA-90 DAY EXTENSION*



FEDERAL ENERGY ADMINISTRATION  
WASHINGTON, D.C. 20461

June 22, 1976

OFFICE OF THE ADMINISTRATOR

The Honorable Carl Albert  
The Speaker  
U.S. House of Representatives  
Washington, D. C. 20515

Dear Mr. Speaker:

The purpose of this letter is to urge strongly that Conferees meet quickly on bills that have passed the House (H.R. 12169) and the Senate (S. 2872) to extend the life of the Federal Energy Administration (FEA), that highly objectionable provisions of those bills be dropped, and that the Congress pass quickly a bill which extends the FEA for a reasonable time beyond its current expiration date of June 30, 1976.

In January 1976, the President proposed that the FEA be extended for 39 months. His proposal would have provided the continuity needed to insure FEA's ability to implement the complex programs contained in the Energy Policy and Conservation Act of 1975 (EPCA) and adequately administer oil price controls until their termination in 1979. Although the Administration continues to favor a simple 39-month extension, we recognize that Congress cannot now pass such an extension by June 30. It can, however, pass an acceptable simple extension of FEA for 18 months.

These two bills which have passed the House and Senate include a large number of provisions which are highly controversial. Many are not necessary to the extension of FEA, have not been considered adequately in public hearings, and are strongly opposed by the Administration. It is unrealistic to expect that agreement can be reached on such provisions by June 30, within 90 days, or perhaps, by the end of the current session of Congress. These provisions should be dropped so that the 18-month extension can be enacted into law by June 30.

The provisions in H.R. 12169 and S. 2872 to which the Administration objects most strongly include those outlined below.





*1. Kingall opposed*

1. The requirement for 60 days while Congress is in session for Congressional review of all FEA regulations is unrealistic and of doubtful constitutionality.

H.R. 12169 requires FEA to submit major rulemakings to the Congress. These rulemakings can only go into effect if Congress fails to pass a concurrent resolution rejecting the rulings after they have sat in Congress for 60 legislative days. This provision would be entirely inconsistent with the timely, efficient, and responsible execution of programs which FEA must implement under existing law, including such programs as the 150 million barrel early storage program, reform of its price and allocation control programs, appliance efficiency labels and targets, and conversion of oil and gas fired utility boilers to coal. In addition, there is substantial legal doubt as to the constitutionality of this provision which subjects actions by the Executive pursuant to existing law to Congressional veto by means other than enactment of another law. There were no hearings on this requirement in either House.

*?*

2. The \$6.8 billion Energy Conservation loan guarantee and insurance programs are unnecessary, duplicative in some respects, and would not achieve the intended results.

*Zark wanted Kingall thought for staff - it will clean up.*

The need for, and the effectiveness of, the proposed \$4.0 billion in loan guarantees to industry to purchase and install already proven conservation equipment -- as distinct from assisting the development of emerging technologies -- have not been demonstrated. In addition, large, energy intensive firms -- which account for over 80 percent of industrial sector energy use -- with adequate financial ratings would not find the program attractive or useful, particularly with some of the provisions contained in the bill. Most such firms already have conservation programs. Firms with inadequate financial footings, on the other hand, might utilize the program, but the default rates of the program could be high if it only appealed to the least credit worthy firms. No assessment of the energy savings of this provision has been conducted; consequently, the economic wisdom of this program has not been determined.

• The proposal for loan subsidies and insured loans for homeowner energy conservation improvements, with commitments totalling about \$2.5 billion, would not be as effective as tax proposals now being actively considered by the Congress.



- The proposal for loans totalling about \$300 million and subsidies for small business firms would entail considerable administrative and default costs. The procedural requirements are likely to make it unattractive to small business firms in any case. Energy savings have not been estimated but are likely to be small.
- The proposal for state energy conservation implementation plans is duplicative of existing programs and would unnecessarily involve the Federal Government in matters that should be left to the discretion of States.
- Hearings were not held in the Senate on the current version of these provisions and there have been no House hearings.

*Dingell  
Sullivan  
Johnson + Holt  
Hatch  
Casper  
Dingell  
problem*

3. Many of the provisions of the independent Office of Energy Data and Analysis would duplicate existing law and have adverse impacts on the government's data collection efforts.

FEA has already separated its energy policy and energy data activities. However, there are other serious problems with this provision, including the duplication of financial reporting systems provided for in the EPCA, and possible adverse effects on the statistical efforts of agencies such as BLS that collect considerable voluntary information from organizations that have been assured that it will be protected from disclosure.

*Opposed by  
Dingell on floor  
FEA freaked on  
Leahy agents  
w/ Dingell on  
Senate side*

4. The requirement that separate proposals be submitted for decontrol of prices and removal of allocation is burdensome and violates an understanding reached in the agreement leading to the Energy Policy and Conservation Act.

This requirement of H.R. 12169 would make even more burdensome the complex task of streamlining the FEA regulatory program, which streamlining was mandated by the Energy Policy and Conservation Act. It would also alter one of the essential elements of the compromise between the Administration and the Congressional leadership that resulted in approval of the EPCA. No hearings were held in either House on this proposal.

5. The provision for the transfer of FEA programs to other agencies is premature.

The provisions of S. 2872, immediately transferring the appliance labelling program to Commerce and scattering FEA functions to seven other agencies if FEA is not extended is premature, not adequately thought through, and unacceptable. Furthermore, it is inconsistent with another

*Dingell opposed →*



provision of the bill which requires a study of Federal energy organization by December 31, 1976. No hearings have been held on this proposal in the House and only limited hearings, with inadequate opportunity for Administration testimony, were held in the Senate.

6. Expansion of the Coal Loan Guarantee program to abandoned and existing mines is premature.

*Small proposal for P. - Eastern coal mines.*

Because there has been no experience with the coal loan guarantee program established last December, expansion in coverage to abandoned and existing mines is premature. This amendment was added on the floor, has not been subjected to adequate analysis or review and could lead to a subsidy for inefficient operators.

7. The Weatherization Assistance grant program provision divides up the program in a way that would increase administrative burdens and costs.

*Barker & Curran*

The provision of S. 2872 would require that FEA seek concurrence of the Community Services Administration (CSA) on regulations and that 50 percent of funds be allocated to community action agencies. This would increase the administrative burden and costs and divert funds from actual insulation of homes and achievement of the energy conservation goals of this legislation. (The Administration strongly favors Title I of H.R. 8650 which has already passed the House and provides weatherization assistance.)

8. The requirement that FEA provide computer services to the public and the Congress is unnecessary and would result in an uncontrollable burden.

*Merely opens up FEA computer model.*

H.R. 12169 would require that FEA provide computer services to the public and Congress, at its request, for processing the FEA Project Independence Model. FEA is making the Project Independence Model available through the National Technical Information Service -- the organization designated by the Congress to make such information available to the public. To make an exception for the Project Independence Model would be an undesirable precedent and place an uncontrollable workload on FEA's computer facilities and limited personnel resources.

9. The amendment providing special entitlements for refiner-constructors is unacceptable.

*Small unit office*

This amendment is unacceptable on grounds that it would not achieve the purposes for which it is intended and would require some companies to subsidize their competitors



through direct payments. Any effort to move the entitlements program beyond its narrow objective of equalizing crude oil costs for all refiners has serious implications for public policy and should be rejected.

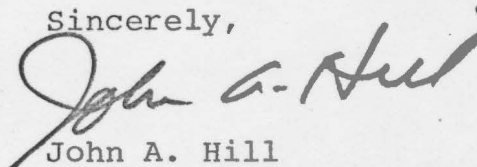
10. The authorization for FEA to establish voluntary rate guidelines for State regulatory commissions, and to fund consumer agencies which can then challenge these before these commissions is unacceptable.

*will negotiate w/ FEA etc*

FEA is now conducting voluntary rate structure demonstrations. Evaluation of their results is underway to see if innovative structures are effective and if State regulatory commissions and utilities would be willing to adopt them. This authorization is therefore premature.

The Administration recommends strongly that these and other objectionable provisions of the two bills be dropped in conference and that a bill extending FEA for 18 months be reported promptly and then passed by both the House and Senate. I would be pleased to provide additional information on the objectionable features outlined above and on other provisions of the two bills.

Sincerely,



John A. Hill  
Acting Administrator

cc: Congressman John J. Rhodes



[6/23/76]  
File

NOTE FOR:

JOHN HILL  
JIM CANNON  
MIKE DUVAL  
BILL GOROG  
BILL KENDALL  
CHARLIE LEPPERT  
JIM MITCHELL  
ED SCHMULTS  
GLENN SCHLEEDE

FROM:

SUBJECT:

ROUGH DRAFT MEMO ON FEA  
EXTENSION ISSUES

Attached as promised yesterday is a very rough draft of a decision memo. It has not been reviewed or commented upon by anyone.



MEMORANDUM FOR:

FROM:

SUBJECT: EXTENSION OF THE FEA

This memorandum is to:

- . Report on events since your decision last weekend to (a) oppose Dingell's 90-day extension for FEA, and (b) notify the Congress of strong objections to many amendments that were added to the House and Senate-passed bills to extend FEA for 18 and 15 months, respectively.
- . Present for your consideration two current issues:
  - First, would you accept an unencumbered bill to extend FEA for a period of about 9 months--to get the issue in the next session of Congress, thus avoiding a Christmas-treed bill this year? If so, should the Administration take the initiative in getting such a bill?
  - Second, assuming no legislation will pass between now and next Wednesday, June 30, what should be the disposition of FEA functions and resources?

DEVELOPMENTS THIS WEEK AND OUTLOOK

- . The House Republican leadership was notified of Administration opposition to the 90-day extension bill and letters were dispatched Tuesday to the House and Senate detailing strong opposition to many provisions of the bills already passed (HR 12169, S. 2872), urging prompt conferece, and urging passage of a simple 18 month extension. (Copy at Tab A).
- . The House voted 216 against and 194 for the Dingell 90 day extension bill when it came up under suspension on Tuesday.
- . Congressmen Dingell and Staggers are upset and Dingell has asked that you be advised that an Executive Order should be prepared covering FEA functions after June 30.
- . The House and Senate Conferees met Wednesday but took no substantive action (or votes) and adjourned until Friday.
- . (John Hill's current assessment that passage of extension legislation by June 30 is unlikely.) (John please verify or chnage this.)

- . FEA is preparing a legal analysis of the implications of FEA's expiration and that will be completed and available to the White House and OMB by \_\_\_\_\_.
- . Work is underway in FEA and OMB on (a) analysis of the alternatives for handling FEA functions and resources after June 30 and (b) an Executive Order. Mr. Buchen's staff is participating and the Justice Departments will be consulted on the Executive Order.

#### IMPLICATIONS OF FEA EXPIRATION

- . Legal analysis completed thus far indicates that:
  - Functions transferred to FEA from other agencies when FEA was created would revert to those agencies. The meaning of this is somewhat unclear because of (a) the abolition of the COLC, from which price controls were transferred, and (b) enactment of the EPCA last December. Functions in this category may include only the Office of Oil and Gas (transferred from Interior) or may include other functions.
  - The EPCA indicates that "the President shall designate where applicable and not otherwise provided by law, an appropriate Federal agency to carry out functions vested in the Administrator under this act and amendments made thereby after the termination of" the FEA. The full scope of authority conveyed by the EPCA is now being considered by FEA, OMB and White House Counsel. If it can be interpreted as broadly as FEA staff initially believes is possible, most functions and resources of FEA could be either (a) kept intact as an FEO established by Executive Order, (b) assigned to an existing agency such as Interior, ERDA or Commerce, or (c) divided among several agencies.
  - FEA Executive Level II, III, IV positions (total of 9) would be abolished. If FEA were later reestablished, occupants of those positions would have to be reconfirmed.
- . Problems resulting from the discontinuance of FEA include:
  - disruption of current efforts to decontrol petroleum products and increase crude oil prices.
  - potential loss of management control over compliance programs.
  - considerable administrative confusion.

#### ACCEPTANCE OF EXTENSION LESS THAN 18 MONTHS

It simply is not yet clear how the Congress will move in

in the next few days. Possible actions include:

1. Revival of the 90 day extension(or perhaps 60 days).  
This seems unlikely in the House in view of the 216 - 194 defeat last Tuesday. The Senate might pass such a bill and the House then accept it. If so, it would have the same disadvantages as those identified earlier, particularly the increased probability of a "loaded" extension bill within the next 90-days.
2. Conference Agreement on a 15 or 18-month bill. It's too early to tell whether this is likely. The Friday Conference should provide a better indication.
3. A compromise bill of shorter duration--6 or 9 months.  
This alternative has not yet emerged on the hill, but it would appear to head off for this session the possibilities of a "loaded" bill.

DECISION ON SEEKING SHORTER TERM EXTENSION

Your guidance is needed as to whether an effort by the Administration should be made to get a 9 month bill:

\_\_\_\_\_ Promote 9-month extension      \_\_\_\_\_ No action now.

OPTIONS FOR DEALING WITH FEA FUNCTIONS AND RESOURCES IF IT EXPIRES

(A very preliminary analysis of this is attached at Tab B).

(Must find way to appoint and pay top people, which as matters now stand, might have to revert to pay level of \$37,800.)

DECISION

\_\_\_\_\_ Prepare Executive Order creating an FEO.

\_\_\_\_\_ Prepare Executive Order assigning all possible functions to:

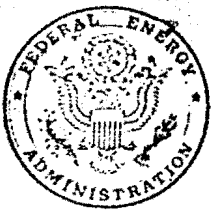
\_\_\_\_\_ Interior

\_\_\_\_\_ Commerce

\_\_\_\_\_ ERDA

\_\_\_\_\_ Prepare Executive Order assigning functions to .....





FEDERAL ENERGY ADMINISTRATION

WASHINGTON, D.C. 20461

June 22, 1976

OFFICE OF THE ADMINISTRATOR

The Honorable Carl Albert  
The Speaker  
U.S. House of Representatives  
Washington, D. C. 20515

Dear Mr. Speaker:

The purpose of this letter is to urge strongly that Conferees meet quickly on bills that have passed the House (H.R. 12169) and the Senate (S. 2872) to extend the life of the Federal Energy Administration (FEA), that highly objectionable provisions of those bills be dropped, and that the Congress pass quickly a bill which extends the FEA for a reasonable time beyond its current expiration date of June 30, 1976.

In January 1976, the President proposed that the FEA be extended for 39 months. His proposal would have provided the continuity needed to insure FEA's ability to implement the complex programs contained in the Energy Policy and Conservation Act of 1975 (EPCA) and adequately administer oil price controls until their termination in 1979. Although the Administration continues to favor a simple 39-month extension, we recognize that Congress cannot now pass such an extension by June 30. It can, however, pass an acceptable simple extension of FEA for 18 months.

These two bills which have passed the House and Senate include a large number of provisions which are highly controversial. Many are not necessary to the extension of FEA, have not been considered adequately in public hearings, and are strongly opposed by the Administration. It is unrealistic to expect that agreement can be reached on such provisions by June 30, within 90 days, or perhaps, by the end of the current session of Congress. These provisions should be dropped so that the 18-month extension can be enacted into law by June 30.

The provisions in H.R. 12169 and S. 2872 to which the Administration objects most strongly include those outlined below.

- 1. The requirement for 60 days while Congress is in session for Congressional review of all FEA regulations is unrealistic and of doubtful constitutionality.

H.R. 12169 requires FEA to submit major rulemakings to the Congress. These rulemakings can only go into effect if Congress fails to pass a concurrent resolution rejecting the rulings after they have sat in Congress for 60 legislative days. This provision would be entirely inconsistent with the timely, efficient, and responsible execution of programs which FEA must implement under existing law, including such programs as the 150 million barrel early storage program, reform of its price and allocation control programs, appliance efficiency labels and targets, and conversion of oil and gas fired utility boilers to coal. In addition, there is substantial legal doubt as to the constitutionality of this provision which subjects actions by the Executive pursuant to existing law to Congressional veto by means other than enactment of another law. There were no hearings on this requirement in either House.

- 2. The \$6.8 billion Energy Conservation loan guarantee and insurance programs are unnecessary, duplicative in some respects, and would not achieve the intended results.

- The need for, and the effectiveness of, the proposed \$4.0 billion in loan guarantees to industry to purchase and install already proven conservation equipment -- as distinct from assisting the development of emerging technologies -- have not been demonstrated. In addition, large, energy intensive firms -- which account for over 80 percent of industrial sector energy use -- with adequate financial ratings would not find the program attractive or useful, particularly with some of the provisions contained in the bill. Most such firms already have conservation programs. Firms with inadequate financial footings, on the other hand, might utilize the program, but the default rates of the program could be high if it only appealed to the least credit worthy firms. No assessment of the energy savings of this provision has been conducted; consequently, the economic wisdom of this program has not been determined.
- The proposal for loan subsidies and insured loans for homeowner energy conservation improvements, with commitments totalling about \$2.5 billion, would not be as effective as tax proposals now being actively considered by the Congress.

- . The proposal for loans totalling about \$300 million and subsidies for small business firms would entail considerable administrative and default costs. The procedural requirements are likely to make it unattractive to small business firms in any case. Energy savings have not been estimated but are likely to be small.
  - . The proposal for state energy conservation implementation plans is duplicative of existing programs and would unnecessarily involve the Federal Government in matters that should be left to the discretion of States.
  - . Hearings were not held in the Senate on the current version of these provisions and there have been no House hearings.
3. Many of the provisions of the independent Office of Energy Data and Analysis would duplicate existing law and have adverse impacts on the government's data collection efforts.

FEA has already separated its energy policy and energy data activities. However, there are other serious problems with this provision, including the duplication of financial reporting systems provided for in the EPCA, and possible adverse effects on the statistical efforts of agencies such as BLS that collect considerable voluntary information from organizations that have been assured that it will be protected from disclosure.

4. The requirement that separate proposals be submitted for decontrol of prices and removal of allocation is burdensome and violates an understanding reached in the agreement leading to the Energy Policy and Conservation Act.

This requirement of H.R. 12169 would make even more burdensome the complex task of streamlining the FEA regulatory program, which streamlining was mandated by the Energy Policy and Conservation Act. It would also alter one of the essential elements of the compromise between the Administration and the Congressional leadership that resulted in approval of the EPCA. No hearings were held in either House on this proposal.

5. The provision for the transfer of FEA programs to other agencies is premature.

The provisions of S. 2872, immediately transferring the appliance labelling program to Commerce and scattering FEA functions to seven other agencies if FEA is not extended is premature, not adequately thought through, and unacceptable. Furthermore, it is inconsistent with another

provision of the bill which requires a study of Federal energy organization by December 31, 1976. No hearings have been held on this proposal in the House and only limited hearings, with inadequate opportunity for Administration testimony, were held in the Senate.

6. Expansion of the Coal Loan Guarantee program to abandoned and existing mines is premature.

Because there has been no experience with the coal loan guarantee program established last December, expansion in coverage to abandoned and existing mines is premature. This amendment was added on the floor, has not been subjected to adequate analysis or review and could lead to a subsidy for inefficient operators.

7. The Weatherization Assistance grant program provision divides up the program in a way that would increase administrative burdens and costs.

The provision of S. 2872 would require that FEA seek concurrence of the Community Services Administration (CSA) on regulations and that 50 percent of funds be allocated to community action agencies. This would increase the administrative burden and costs and divert funds from actual insulation of homes and achievement of the energy conservation goals of this legislation. (The Administration strongly favors Title I of H.R. 8650 which has already passed the House and provides weatherization assistance.)

8. The requirement that FEA provide computer services to the public and the Congress is unnecessary and would result in an uncontrollable burden.

H.R. 12169 would require that FEA provide computer services to the public and Congress, at its request, for processing the FEA Project Independence Model. FEA is making the Project Independence Model available through the National Technical Information Service -- the organization designated by the Congress to make such information available to the public. To make an exception for the Project Independence Model would be an undesirable precedent and place an uncontrollable workload on FEA's computer facilities and limited personnel resources.

9. The amendment providing special entitlements for refiner-constructors is unacceptable.

This amendment is unacceptable on grounds that it would not achieve the purposes for which it is intended and would require some companies to subsidize their competitors

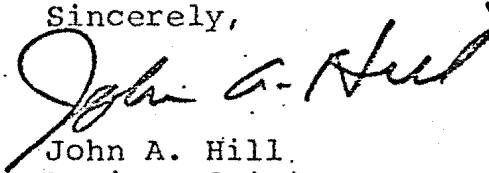
through direct payments. Any effort to move the entitlements program beyond its narrow objective of equalizing crude oil costs for all refiners has serious implications for public policy and should be rejected.

10. The authorization for FEA to establish voluntary rate guidelines for State regulatory commissions, and to fund consumer agencies which can then challenge these before these commissions is unacceptable.

FEA is now conducting voluntary rate structure demonstrations. Evaluation of their results is underway to see if innovative structures are effective and if State regulatory commissions and utilities would be willing to adopt them. This authorization is therefore premature.

The Administration recommends strongly that these and other objectionable provisions of the two bills be dropped in conference and that a bill extending FEA for 18 months be reported promptly and then passed by both the House and Senate. I would be pleased to provide additional information on the objectionable features outlined above and on other provisions of the two bills.

Sincerely,



John A. Hill  
Acting Administrator

cc: Congressman John J. Rhodes

1. Relating FEA Disposition to ERC/OMB Organization Study

The Study of Organization for Energy and Natural Resources is moving toward the following selected alternatives which would then be studied in greater depth.

A. A limited DENR

Combining ERDA, FEA, Interior and possibly one or two other smaller pieces, e.g., Pipeline Safety, - some bits of FEA could go elsewhere.

(limited means not reaching out for Forest Service, Corps, etc., at this time and leaving FPC, NRC separate.

B. A Department or Agency for Energy

Combining ERDA and FEA and possibly energy functions of Interior and possibly some smaller pieces like Pipeline Safety

C. Structure as is - but disperse FEA functions to other existing agencies, including ERC, Interior, ERDA and others

Each of these three is arguable, but it is too soon to call any of these a clear favorite. However, A and B are more likely than C and both A and B involve keeping functions of FEA basically intact within one framework.

2. First Choice to be Made

- ° keep functions together
- or
- ° disperse functions

Second Choice to be Made:

- ° if together -- where
- ° if dispersed -- where per function

TABB

3. On the Question of -- together or disperse

Pro - Together

- ° once dispersed - individual functions could become internalized to agency to which assigned and pose problem of reassembling later if desired (which is likely)
- ° Administratively difficult to disperse in terms of funds control, administrative support, physical locations, employee morale, etc.
- ° If dispersed, the regulatory functions could be targeted by Congress for FPC or other independent Commission.
- ° Existing top level of FEA would disappear if functions dispersed and the coordinative role they play would be lost -- untimely.
- ° ~~Dispersal~~ of FEA functions and terminating FEA could dispel the support for larger energy reorganization and weaken President's opportunity for a major initiative.

Pro - Dispersal

- ° opens possibility for reassigning some of FEA's functions to an agency more favored by the Administration - i.e., appliance labeling to Bureau of Standards.
- ° Terminating FEA by dispersal of its functions could end energy organization as a political issue until next session.

4. If together -- where?

- ° To ERDA - to Interior - to Commerce - to an FEO or equivalent.

To ERDA

- ° ultimately we may recommend ERDA and FEA be joined together under a larger entity - either DoE or DENR. But, to assign FEA to ERDA to be legally responsible to that agency is quite another thing. ERDA could quickly "take over" especially the data and forecasting, conservation and commercialization functions which

are already at issue between them. ERDA is a player in the energy reorganization action -- putting FEA in ERDA now would constrain eventual position taken by President.

To Interior

- ° A better choice than ERDA - especially since some functions came out of Interior and legally revert to them.
- ° However, total FEA is not what "came from Interior" as Interior people like to say. Doing this would also tend to constrain study options because of fait accompli.

To Commerce

- ° Some logic by virtue of the role of Richardson as Chairman of ERC.
- ° However, Commerce is not a real contender for these functions in an ultimate resolution. Therefore, assigning functions there now keeps options more open by not tilting toward any reorganization answer.

To a new FEO (or equivalent)

(NOTE: While allocation functions legally revert to Interior - believe they could be redelegated by Secretary to an FEO established by President - hence remain together)

- ° Some confusion to affected public to terminate FEA and create an FEO but not more so than the other options above.
- ° Keeping together and separate from any existing agency gives full flexibility administratively and legally for President to select any of the major study options including all energy matters not just those relating to FEA. Helps provide continuity of leadership over functions.



5. Disperse functions

- ° There are two or more possible dispositions for each of the individual functions of FEA.
- ° Some of these dispositions make sense individually but some of the possibilities are probably undesired - e.g., regulatory functions to FPC.
- ° In any case, dispersal of FEA functions would be in accord with only one of the three options to be studied in detail and, on balance, probably the less favored of the three. Thus, from point of view of study and where it may lead, dispersal tends to go in the wrong direction.
- ° For the President to disperse FEA functions with no other plan to announce at this time could be perceived by the public as downgrading the importance of energy issues.

Options

Keeps open the  
Pres. Reorganization  
Options

Puts pressure on  
Congress for clean  
18-month extension

Keeps regulatory  
atmosphere stable  
and predictable

A. Keep functions Together

1. Create FEO-30 days	High	Highest	High
2. Up to 1 year	Highest	Highest	Highest
3. Transfer to ERDA	Low	Low	Medium
4. Transfer to Interior	Low	Low	Medium
5. Transfer to Commerce	Medium	Low	Medium

B. Disperse

Lowest	Low	Low
--------	-----	-----

Five

STATE AND PARTY REPORT

30 JUNE 1976 11:54 AM PAGE 1

ROLL NO. 486

S 3625

YEA-AND-NAY

CLOSED 30 JUNE 1976 11:52 AM

AUTHOR(S):

ON PASSAGE

FEDERAL ENERGY ADMINISTRATION EXTENSION

	YEA	NAY	PRES	NV
DEMOCRATIC	196	70		21
REPUBLICAN	87	52		6
OTHER				
TOTAL	283	122		27



ROLL NO. 486

## DEMOCRATIC

## \*\*OTHER\*\*

## REPUBLICAN

## ALABAMA

BEVILL NV  
 FLOWERS YEA  
 JONES (AL) NV  
 NICHOLS YEA

BUCHANAN YEA  
 DICKINSON YEA  
 EDWARDS (AL) YEA

## ALASKA

YOUNG (AK) NAY

## ARIZONA

UDALL YEA

CONLAW NAY  
 RHODES YEA  
 STEIGER (AZ) NAY

## ARKANSAS

ALEXANDER YEA  
 MILLS NV  
 THORNTON NAY

HANNERSCHMIDT NAY

## CALIFORNIA

ANDERSON (CA) NAY  
 BROWN (CA) YEA  
 BURKE (CA) NV  
 BURTON, JOHN NAY  
 BURTON, PHILLIP YEA  
 CORMAN YEA  
 DANIELSON YEA  
 DELLUMS YEA  
 EDWARDS (CA) YEA  
 HANNAFORD NAY  
 HAWKINS YEA  
 JOHNSON (CA) YEA  
 KREBS NAY  
 LEGGETT YEA  
 LLOYD (CA) NAY  
 MC FALL YEA  
 MILLER (CA) NAY  
 MINETA NV  
 MOSS YEA  
 PATTERSON (CA) NAY  
 REES NAY  
 ROYBAL NAY  
 RYAN NAY  
 SISK YEA  
 STARK NAY  
 VAN DEERLIN YEA  
 MAXMAN YEA  
 WILSON, C. H. NAY

BELL NAY  
 BURGNER YEA  
 CLAUSEN, DON H. NAY  
 CLAWSON, DEL NAY  
 GOLDWATER NAY  
 KINSHAW NV  
 KETCHUM NAY  
 LAGOMARSINO YEA  
 MC CLOSKEY YEA  
 MOORHEAD (CA) NAY  
 PETTIS YEA  
 ROUSSELOT NAY  
 TALCOTT YEA  
 WIGGINS YEA  
 WILSON, BOB YEA

## COLORADO

EVANS (CO) YEA  
 SCHRÖEBER NAY  
 WIRTH YEA

ARMSTRONG NAY  
 JOHNSON (CO) YEA



ROLL NO. 486

## DEMOCRATIC

## \*\*OTHER\*\*

## REPUBLICAN

## CONNECTICUT

COTTER YEA  
 DODD YEA  
 GIAIMO YEA  
 MOFFETT YEA

MC KINNEY YEA  
 SARASIN YEA

## DELAWARE

DU PONT YEA

## FLORIDA

BENNETT YEA  
 CHAPPELL NAY  
 FASCELL NAY  
 FUQUA NAY  
 GIBBONS NAY  
 HALEY NAY  
 LEHMAN NAY  
 PEPPER YEA  
 ROGERS YEA  
 SIKES YEA

BAFALIS YEA  
 BURKE (FL) YEA  
 FREY YEA  
 KELLY NAY  
 YOUNG (FL) NAY

## GEORGIA

BRINKLEY NAY  
 FLYNT YEA  
 GINN YEA  
 LANDRUM YEA  
 LEVITAS YEA  
 MATHIS NAY  
 MC DONALD NAY  
 STEPHENS YEA  
 STUCKEY NY  
 YOUNG (GA) YEA

## HAWAII

MATSUNAGA YEA  
 MINK YEA

## IDAHO

HANSEN NAY  
 SYMMS NAY



ROLL NO. 486

## DEMOCRATIC

## \*\*OTHER\*\*

## REPUBLICAN

## ILLINOIS

ANNUNZIO YEA  
 COLLINS (IL) NAY  
 FARY YEA  
 HALL (IL) YEA  
 METCALFE YEA  
 MIKVA NAY  
 MURPHY (IL) NAY  
 PRICE YEA  
 ROSTENKOWSKI YEA  
 RUSSO YEA  
 SHIPLEY NAY  
 SIMON YEA  
 YATES YEA

ANDERSON (IL) YEA  
 CRANE NAY  
 DERWINSKI YEA  
 ERLNBORN YEA  
 FINDLEY YEA  
 HYDE YEA  
 MADIGAN YEA  
 MC CLORY YEA  
 MICHEL YEA  
 O'BRIEN NY  
 RAILSBACK YEA

## INDIANA

BRADENAS YEA  
 EVANS (IN) NAY  
 FITHIAN NAY  
 HAMILTON YEA  
 HAYES (IN) YEA  
 JACOBS NAY  
 MADDEN YEA  
 ROUSH YEA  
 SHARP YEA

HILLIS YEA  
 MYERS (IN) NAY

## IOWA

BEDELL YEA  
 BLOVIN YEA  
 HARKIN NAY  
 MEZVINSKY YEA  
 SMITH (IA) YEA

GRASSLEY NAY

## KANSAS

KEYS NAY

SEBELIUS NAY  
 SHRIVER NAY  
 SKUBITZ YEA  
 WINN NAY

## KENTUCKY

BRECKINRIDGE YEA  
 HUBBARD YEA  
 MAZZOLI NAY  
 NATCHER YEA  
 PERKINS YEA

CARTER YEA  
 SHYDER NAY

## LOUISIANA

BOGGS YEA  
 BREAUX NAY  
 HEBERT YEA  
 LONG (LA) YEA  
 PASSMAN YEA  
 WAGGONER NAY

MOORE NAY  
 TREEN YEA



ROLL NO. 486

## DEMOCRATIC

## \*\*OTHER\*\*

## REPUBLICAN

## MAINE

COHEN	YEA
EMERY	YEA

## MARYLAND

BYRON	YEA
LONG (MD)	NAY
MITCHELL (MD)	YEA
SARBANES	YEA
SPELLMAN	NAY

BAUMAN	NAY
GUDE	YEA
HOLT	NAY

## MASSACHUSETTS

BOLAND	YEA
BURKE (MA)	YEA
DRINAN	YEA
EARLY	YEA
HARRINGTON	YEA
HOAKLEY	YEA
O'NEILL	YEA
STUDDS	YEA
TSONGAS	YEA

CONTE	YEA
HECKLER (MA)	YEA

## MICHIGAN

BLANCHARD	YEA
BRODHEAD	YEA
CARR	YEA
CONYERS	NY
DIGGS	YEA
DINGELL	YEA
FORD (MI)	YEA
KEDZI	YEA
O'HARA	YEA
RIEGLE	NY
TRAXLER	YEA
VANDER VEEN	YEA

BROOMFIELD	YEA
BROWN (MI)	YEA
CEDERBERG	YEA
ESCH	NY
HUTCHINSON	YEA
RUPPE	YEA
VANDER JAGT	YEA

## MINNESOTA

BERGLAND	YEA
FRASER	YEA
KARTH	NY
NOLAN	NY
OBERSTAR	YEA

FRENZEL	YEA
HAGEDORN	YEA
QUIE	YEA

## MISSISSIPPI

BOWEN	YEA
MONTGOMERY	NAY
WHITTEN	NY

COCHRAN	YEA
LOTT	YEA



ROLL NO. 486

## DEMOCRATIC

## \*\*OTHER\*\*

## REPUBLICAN

## MISSOURI

BOLLING YEA  
 BURLISON (MO) YEA  
 CLAY YEA  
 HUNGATE YEA  
 ICHORD YEA  
 LITTON NY  
 RANDALL YEA  
 SULLIVAN YEA  
 SYMINGTON NY

TAYLOR (MO)

NAY

## MONTANA

BAUCUS YEA  
 HELCHER YEA

## NEBRASKA

MC COLLISTER  
 SMITH (NB)  
 THONE

NAY  
 NAY  
 YEA

## NEVADA

SANTINI / YEA

## NEW HAMPSHIRE

D'AMOURS NAY

CLEVELAND

YEA

## NEW JERSEY

DANIELS (NJ) YEA  
 FLORIO YEA  
 HELSTOSKI NY  
 HOWARD YEA  
 HUGHES YEA  
 HAGUIRE YEA  
 MEYNER NY  
 MINISH YEA  
 PATTEN (NJ) YEA  
 ROBINO YEA  
 ROE YEA  
 THOMPSON YEA

FENWICK  
 FORSYTHE  
 RINALDO

YEA  
 NAY  
 YEA

## NEW MEXICO

RUNNELS NAY

LUJAN

NAY





ROLL NO. 486

## DEMOCRATIC

## \*\*OTHER\*\*

## REPUBLICAN

## NEW YORK

ABZUG YEA  
 ADDABBO YEA  
 AMBRO YEA  
 BADILLO YEA  
 BIAGGI YEA  
 BINGHAM YEA  
 CHISHOLM YEA  
 DELANEY YEA  
 DOWNEY (NY) YEA  
 HANLEY YEA  
 HOLTZMAN YEA  
 KOCH YEA  
 LAFALCE YEA  
 LUNDINE YEA  
 MC HUGH YEA  
 MURPHY (NY) YEA  
 NOWAK YEA  
 OTTINGER YEA  
 PATTISON (NY) YEA  
 PIKE YEA  
 RANGEL YEA  
 RICHMOND YEA  
 ROSENTHAL YEA  
 SCHEUER YEA  
 SOLARZ YEA  
 STRATTON YEA  
 WOLFF YEA  
 ZEFERETTI YEA

CONABLE YEA  
 FISH YEA  
 GILMAN YEA  
 HORTON YEA  
 KEMP NAY  
 LENT YEA  
 MC EWEN YEA  
 MITCHELL (NY) YEA  
 PEYSER NY  
 WALSH NAY  
 WYDLER YEA

## NORTH CAROLINA

ANDREWS (NC) YEA  
 FOUNTAIN YEA  
 HEFNER NAY  
 HENDERSON NAY  
 JONES (NC) YEA  
 NEAL YEA  
 PREYER YEA  
 ROSE NAY  
 TAYLOR (NC) YEA

BROYHILL NAY  
 MARTIN YEA

## NORTH DAKOTA

ANDREWS (ND) YEA



ROLL NO. 486

## DEMOCRATIC

## \*\*OTHER\*\*

## REPUBLICAN

## OHIO

ASHLEY	YEA
CARNEY	YEA
HAYS (OH)	NY
HDTTL	NAY
SEIBERLING	YEA
STANTON, JAMES V.	YEA
STOKES	YEA
YANIK	YEA

ASHBROOK	NAY
BROWN (OH)	YEA
CLANCY	NAY
DEVINE	NAY
GRADISON	NAY
GUYER	YEA
HARSHA	NAY
KINDNESS	NAY
LATTA	YEA
MILLER (OH)	YEA
MOSHER	YEA
REGULA	YEA
STANTON, J. WILLIAM	YEA
WHALEN	YEA
WYLIE	YEA

## OKLAHOMA

ALBERT	
ENGLISH	NAY
JONES (OK)	NAY
RISENHOOVER	NAY
STEED	NAY

JARMAN	NAY
--------	-----

## OREGON

AUCOIN	YEA
DUNCAN (OR)	YEA
ULLMAN	YEA
WEAVER	YEA

## PENNSYLVANIA

DENT	NY
EDGAR	NAY
EILBERG	YEA
FLOOD	YEA
GAYDOS	YEA
GREEN	YEA
HOORHEAD (PA)	NY
MORGAN	YEA
MURTHA	YEA
NIX	YEA
RODNEY	YEA
VIGORITO	YEA
YATRON	YEA

BIESTER	YEA
COUGHLIN	YEA
ESHLEMAN	YEA
GOODLING	YEA
HEINZ	NY
JOHNSON (PA)	YEA
MC DADE	NY
MYERS (PA)	NAY
SCHNEEBELI	YEA
SCHULZE	NAY
SHUSTER	NAY

## RHODE ISLAND

BEARD (RI)	YEA
ST GERMAIN	YEA



ROLL NO. 486

DEMOCRATIC

\*\*OTHER\*\*

REPUBLICAN

## SOUTH CAROLINA

DAVIS NAY  
 DERRICK YEA  
 HOLLAND NAY  
 JENRETTE NAY  
 MANN YEA

SPENCE NAY

## SOUTH DAKOTA

ABDMOR YEA  
 PRESSLER YEA

## TENNESSEE

ALLEN YEA  
 EVINS (TN) NY  
 FORD (TN) NAY  
 JONES (TN) NY  
 LLOYD (TN) YEA

BEARD (TN) YEA  
 DUNCAN (TN) YEA  
 GUILLEN YEA

## TEXAS

BROOKS NAY  
 BURLESON (TX) NAY  
 DE LA GARZA NAY  
 ECKHARDT YEA  
 GONZALEZ YEA  
 HALL (TX) NAY  
 HIGHTOWER NAY  
 JORDAN YEA  
 KAZEN NAY  
 KRUEGER YEA  
 MAHON NAY  
 MILFORD NAY  
 PICKLE NAY  
 PDAGE NAY  
 ROBERTS NAY  
 TEAGUE NAY  
 WHITE NAY  
 WILSON, (TX) YEA  
 WRIGHT YEA  
 YOUNG (TX) YEA

ARCHER NAY  
 COLLINS (TX) NAY  
 PAUL NAY  
 STEELMAN NAY

## UTAH

HOME YEA  
 MC KAY YEA

## VERMONT

JEFFORDS YEA

## VIRGINIA

DANIEL, DAN NAY  
 DOWNING (VA) NAY  
 FISHER YEA  
 HARRIS YEA  
 SATTERFIELD YEA

BUTLER YEA  
 DANIEL, R. M. NAY  
 ROBINSON NAY  
 WAMPLER YEA  
 WHITEHURST YEA



ROLL NO. 486

DEMOCRATIC

\*\*OTHER\*\*

REPUBLICAN

## WASHINGTON

ADAMS	YEA
BOHNER	YEA
FOLEY	YEA
HICKS	YEA
MC CORMACK	YEA
MEEDS	YEA

PRITCHARD	YEA
-----------	-----

## WEST VIRGINIA

HECHLER (WV)	YEA
MOLLOHAN	NAY
SLACK	NAY
STAGGERS	YEA

## WISCONSIN

ASPIN	YEA
BALDUS	YEA
CORNELL	YEA
KASTENMEIER	YEA
OSEY	YEA
REUSS	YEA
ZABLOCKI	YEA

KASTEN	NAY
STEIGER (WI)	YEA

## WYOMING

RONCALIO	NV
----------	----

\* \* \* \* \* E N D O F R E P O R T \* \* \* \* \*

**REPUBLICAN CLERK'S  
REFERENCE COPY**

**JOE BARTLETT  
H-220, U. S. CAPITOL**



THE WHITE HOUSE  
WASHINGTON

Date 7-21-76

TO: ~~Rowland~~ ✓  
~~Boeffler~~ ✓  
Kendall \_\_\_\_\_  
Jenckes \_\_\_\_\_

FROM: Charlie Leppert

Please handle \_\_\_\_\_

Please see me \_\_\_\_\_

For Your Information ✓ + FILES

For Comment \_\_\_\_\_

Other:



THE WHITE HOUSE

JUL 17 1976

WASHINGTON

July 16, 1976

MEMORANDUM FOR: JIM MITCHELL  
FROM: *Glenn*  
GLENN SCHLEEDE  
SUBJECT: FEA EXTENTION LEGISLATION

The original of the attached letter has been handed to Frank Zarb. He indicated that he thinks Congressman Brown's strategy is the right one. Frank is preparing a draft.

Since this is a legislative matter, will you please follow up?

cc: *✓* Charlie Leppert  
Max Friedersdorf



7-13

13

CONGRESS OF THE UNITED STATES  
HOUSE OF REPRESENTATIVES  
WASHINGTON, D. C. 20515

CLARENCE J. BROWN

July 12, 1976

Dear Mr. President:

MF

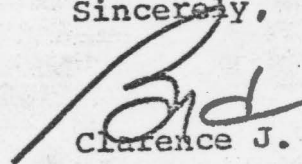
As you are aware, the House and Senate Conference on the Extension of the Federal Energy Administration will not convene again until Congress returns from its recess for the Democrat Convention. Prior to adjournment, the Conference had not made sufficient progress toward a resolution of the differences between the House and Senate bills and it was necessary to pass a 30-day Extension of the Federal Energy Administration to allow the Conference to reconvene and attempt to complete its work after July 19.

Given the time constraints under which this Conference will be operating and the very controversial provisions under consideration by the Conferees, I suggest that you indicate to the Conferees a firm position with respect to the issues in Conference. I would further suggest that you urge the Conference to reach agreement quickly to craft a piece of legislation that you can find acceptable. If such agreement is not possible, I would suggest that you seek a simple extension of the authorization through the termination date of the Federal Energy Administration already agreed to by the Conferees, December 31, 1977.



Should the majority of the Conferees include in a final bill items not acceptable to the Administration, it would seem to me that the best course of action would be for you to create an entity within the Executive Office of the President to continue the Agency's function and to advise the Conferees that a decision on the future of a Federal Energy Administration is being suspended until after the November election.

Sincerely,



Clarence J. Brown, M. C.

The President  
The White House  
Washington, D. C.

