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MIDWESTERN GOVERNOR'S CONFERENCE  
TUESDAY, JULY 22, 1975

7:30 a.m.

Breakfast with Messrs. Keating  
& Lindner

Suite 2229-30 - Netherlands  
Hilton

MIDWESTERN GOVERNOR'S CONFERENCE  
TUESDAY, JULY 22, 1975  
OPEN TUESDAY SESSION  
9:00 a.m.

MIDWESTERN GOVERNOR'S CONFERENCE  
MONDAY, JULY 21, 1975  
Depart 7:00 a.m.  
Arrive 8:17 p.m. - Cincinnati, O



THE STATE OF OHIO  
OFFICE OF THE GOVERNOR  
STATE HOUSE, COLUMBUS 43215

JAMES A. RHODES  
GOVERNOR

July 17, 1975

President Gerald R. Ford  
The White House  
Washington, D.C.

Dear Mr. President:

America is blessed with tremendous reserves of crude oil and natural gas right here on this continent and off our shores.

Yet we are importing nearly 40% of our crude oil requirements at exorbitant prices and curtailing natural gas to our industries causing needless unemployment.

With all the oil and gas we have right here at home we are importing, allocating and rationing ourselves into hardship and frustration. The answer is not imports and allocations. The only answer is increased domestic production.

It is apparent that the Congress is in no mood to deregulate well-head prices for natural gas or to decontrol all crude oil. The resulting deterioration of domestic production will force America to accept fuel shortages as a way of life for years to come.

We must break the near-term energy log jam. And the only answer is a concentrated personal effort by you, Mr. President, to dramatize the severity of our energy crisis and the desperate need for stepped-up domestic production.

I am therefore suggesting a Presidential tour of our domestic oil and gas resource areas. This would include the Atlantic Outer Continental Shelf, the Gulf of Mexico, Texas, California, Alaska, and the Devonian shale areas of Appalachia.

Your personal involvement is needed to point up the availability of the huge domestic reserves and the urgency of an all-out production effort now. Development of domestic resources is essential if we are to maintain America's position as the world's industrial leader.

Mr. President

Page 2

July 17, 1975

I have attached a proposed schedule of this suggested energy awareness tour. You may consider including certain members of Congress and your cabinet to accompany you, such as the new head of the Federal Power Commission, U.S. Representative John Rhodes and Carl Albert, Senators Hugh Scott and Mike Mansfield, and Messrs. Rogers Morton, Robert Seamans and Russell Train.

I do not need to tell you how worried working people are about their jobs and their future. The impact of personal Presidential involvement in our energy emergency will serve to break up the bureaucratic red tape that is choking off domestic production of oil and natural gas.

Sincerely,

JAMES A. RHODES  
Governor

Enclosure

cc: The Honorable Nelson A. Rockefeller  
Vice President of the United States

Mr. Jim Cannon ✓  
Office of the President

Woods Hole  
Oceanographic  
Inst. Jan

SUGGESTED PRESIDENTIAL ENERGY TOUR

1. Atlantic Outer Continental Shelf

A flyover of the undeveloped and unexplored oil fields off the Atlantic shoreline. Survey maps will show where geologists have conducted seismic tests indicating realistically recoverable crude oil and natural gas reserves.

2. Gulf of Mexico

— Done

A visit to an off-shore drilling rig in the Gulf. This will point up the need for new drilling rigs for faster development of this reserve of oil and gas. In addition, will show relative environmental safety of off-shore operations. Coast Guard study reveals that only 2% of ocean oil pollution is attributable to off-shore drilling operations.

3. Texas-Louisiana-Oklahoma

A visit to on-shore sites of known reserves but no drilling activity. This will dramatize the need for Congressional action to restore economic incentives for exploration and development with windfall profits and "plowback" restrictions.

4. Alaskan North Slope

A flyover of the off-shore and on-shore reserves, a stop at a drilling rig, and a visit to the pipeline construction site. This will point up the need for speedier development of the fields and the urgency of stepped-up



construction schedules for both the oil and the natural gas pipelines.

5. ERDA Research Laboratory, Morgantown, West Virginia

An examination and explanation of the holdup on Appalachian shale gas project. This will help make a determination of ERDA's claim for the quantity of natural gas contained in the shale, and progress on development of effective fracturing techniques.

6. Shale Well Test Site in West Virginia

This will give a demonstration of what a shale gas well looks like and show that shale gas extraction is ecologically and environmentally safe.

7. Conclusion - Televised Report to the Nation

- A. Step up development of Continental Shelf, particularly in exploration of Atlantic fields.
- B. Increase development of Alaskan on-shore and off-shore reserves.
- C. Speed completion of Alaskan pipelines for oil and gas.
- D. Establish a crash program for development of Appalachian shale gas.
- E. Immediate deregulation of well-head prices for oil and natural gas.
- F. Request ruling from FPC for open unrestricted use of the interstate pipelines.





THE WHITE HOUSE

WASHINGTON

July 18, 1975

MEMORANDUM FOR: JIM CANNON  
FROM: JIM FALK *JF*  
SUBJECT: Briefing Paper and Talking Points for  
Midwestern Governors' Conference

BACKGROUND

The economy, energy, health planning, and transportation are the four major topics that will be discussed at the 1975 Midwestern Governors' Conference which will be held in the City of Cincinnati from July 20-23.

Talking points for these four major areas, economy, energy, health planning, and transportation, are at Tabs A through D respectively. At Tab E you will find some of the major accomplishments of the Domestic Council in the areas of intergovernmental relations. Also included in this package is an analysis of gas shale at Tab F.

ADMINISTRATION PARTICIPANTS

Vice President Nelson Rockefeller; Donald Rumsfeld, Assistant to the President; James Cannon, Assistant to the President for Domestic Affairs and Executive Director of the Domestic Council; James Falk, Associate Director of the Domestic Council and Patrick Delaney, Assistant Director of the Domestic Council.

CAVEAT

Much of the information in the talking points was gathered from preliminary data to be used by the President in his yearly summary of Presidential activities and should not be published or circulated in any form.



## TALKING POINTS ON THE ECONOMY

When President Ford first assumed office, he was confronted with an economy suffering from accelerating, double digit inflation and a declining real gross national product. To counter this, in his first two months he:

- \* Proposed (and later signed into law) legislation creating the Council on Wage and Price Stability to monitor wage and price movements in both the private and public sectors.
- \* Convened the Summit Conference on Inflation to bring to bear the best thinking of the country on the problems of the economy.
- \* Created the Economic Policy Board, composed of the top economic policymakers in the Executive Branch, to advise the President and make recommendations regarding all matters relating to economic policy and coordination and implementation of economic policy.
- \* Appointed an Assistant to the President for Economic Affairs.
- \* Created the Labor-Management Committee, consisting of eight representatives of labor and eight representatives of management, to provide advice on a wide range of matters.
- \* Delivered a 10-point program to help the economy by providing such measures as requiring inflation impact statements for all major legislative proposals, regulations, and rules emanating from the Executive Branch; and promoting capital formation through tax reductions for dividends on preferred stock and liberalized capital gains tax treatment.

By the time the State of the Union address was in the process of preparation, economic activity had declined to the point where the President was faced with the interrelated problems of recession and inflation. To attack these problems, which were also intertwined with our energy dependence, the President:

- \* Signed into law a \$16 million temporary antirecession tax reduction, a series of energy conservation taxes and fees, and a permanent tax reduction designed to return to the economy the revenues from the energy taxes and fees in order to make the energy program economically neutral.
- \* Announced a one-year moratorium on new Federal spending programs to help restore a measure of fiscal restraint and to serve as a first step in redressing the pattern of deficits which had characterized the Federal budget in 14 of the past 15 years.

- \* Recommended a five percent limit on Federal pay increases in 1975, and a one-year five percent limit on all government programs tied to the consumer price index, including social security, civil service, and military retirement pay, and food stamps.

By the end of the first half of 1975, the reduction in the rate of inflation and the upturn in the leading economic indicators suggested that we were on our way out of the recession. To manage the recovery without resparking inflation and at the same time alleviate the national and personal hardships imposed by assisting those who are unemployed, as well as create more jobs. To help with unemployment, the President has:

- \* Proposed an additional temporary extension of unemployment insurance compensation to alleviate the difficulties of the unemployed.
- \* Proposed a series of permanent changes in the unemployment insurance system designed to extend the system's coverage as well as place the system on a sound financial footing.
- \* Proposed creation of a National Commission on Unemployment Insurance to undertake a comprehensive study of the Federal/State unemployment insurance system and consider the relationship of unemployment insurance and the myriad other Federal assistance programs.
- \* Signed into law legislation extending the 65 week limit on regular unemployment insurance benefits until December 31, 1975, as well as coverage for 12 million persons not covered by regular state benefits.
- \* Approved \$456 million to go to 433 state and local governments for approximately 840,000 summer jobs for youth.

To create more jobs, the President has:

- \* Proposed a series of tax reform measures designed to promote capital formation.
- \* Proposed a series of tax reform measures designed to reduce inequities in the tax system while simultaneously providing incentives for the capital investment needed for sustained economic prosperity.
- \* Endorsed a series of proposals by his labor-management Committee to provide incentives for the construction of non-oil and gas fired electric utility plants.



## TALKING POINTS ON ENERGY

In establishing an energy program unprecedented in scope or dimension, President Ford has:

- \* Developed and recommended to the Congress the first comprehensive national energy program ever articulated by either a President or the Congress. This national plan includes:
  - (a) specific objectives that the Nation should achieve in energy (reduce our dependence on foreign oil and our vulnerability to another embargo, through reducing our imports of foreign oil to 3-5 million barrels of oil per day by 1985, all of which would be immediately replaceable from strategic reserves, and regain a position of world dominance in energy beyond 1985); and
  - (b) a list of specific programs that would achieve those objectives. These programs are reflected in both the proposed Energy Independence Act of 1975 (a bill with 13 separate titles dealing with energy supply, demand, and security), and a comprehensive tax program designed to encourage conservation and rebate approximately \$25 billion to the American people, with special emphasis on the poor.
- \* Achieved several major reorganizations of executive departments and agencies dealing with energy, including the creation of the Energy Research and Development Administration; the Nuclear Regulatory Commission, and created the Energy Resources Council to provide inter-agency cooperation on energy policy decisions.
- \* Endorsed a program recommended by the Labor Management Committee aimed at resolving the financial dilemmas of the electric utilities. Not only do the recommendations represent solid, long-term proposals to increase electric utility construction and output, but also prove correct the President's theory that labor and management can work together to address and resolve the Nation's problems.
- \* Sustained two important vetoes of bills which would have made us even more energy dependent. On one of those bills to deal with strip mining, the President has invited the Congress to work with his Administration on actions that would be acceptable to both the Executive and Legislative Branches.
- \* Achieved energy conservation at the annual rate of 25% by departments and agencies within the Executive Branch, conserving the equivalent of 74,200,000 barrels of oil and saving \$675 million.
- \* Signed into law, the Deepwater Ports Act, which provides authority to license construction and operation of port facilities in naturally deep waters off our coastline.

- \* Requested an extension of authority and enforcement of the Energy Supply and Environmental Coordination Act to use more coal in power plants instead of oil and natural gas.
- \* Submitted to the Congress, a comprehensive program to expand U.S. capacity for providing uranium enrichment services and to turn over as much of this responsibility as possible to the private sector.

Energy Research and Development:

To promote and expedite the development of new energy resources and the best utilization of those we have, President Ford has:

- \* Signed into law the Energy Reorganization Act of 1974, which created the Energy Research and Development Administration. ERDA represents a significant consolidation of Federal Energy R & D efforts with the Nuclear Regulatory Commission acting as an overseer of licensing and regulation of the nuclear industry.
- \* Presented a \$2,300 million energy R & D budget for FY '76, more than double the amount spent in FY '74.
- \* Submitted to the Congress a report on energy R & D priorities over the next ten years.
- \* Plans to submit to the Congress a comprehensive program dealing with the commercialization of synthetic fuels (oil shale, coal gasification, etc.)
- \* Taken administrative steps to accelerate leasing of the Outer Continental Shelf to find and develop as yet undiscovered oil and gas reserves in an environmentally acceptable manner.
- \* Put into operation, the competitive leasing of geothermal resources, to permit development of this energy source for producing electricity.





## TALKING POINTS ON HEALTH PLANNING

### The Problem:

The governors feel that the recent health planning legislation (National Health Planning Resources Development Act of 1974) is bad legislation and is being implemented in an arbitrary and capricious way.

### Background:

The governors stood quietly by as this legislation was pending in the Congress, and when we consulted them after passage, but before the President signed, we (Jim Falk) specifically sought the governors' position and learned that we could not expect support for a veto. On the other hand, they were not very excited about the prospect of it becoming a law either.

When the President signed the legislation, very little was said until HEW proposed its regulations, which after the normal comment period were implemented in a way that many governors were up in arms. The principle problem is with the membership of the health planning bodies mandated in the act and the question of whether those bodies will be health professionals or elected officials.

### Status:

Members of the Domestic Council as well as officials from HEW have been meeting regularly with the staff of the National Governors' Conference in an effort to straighten out the problems some of the states are having with the new regulations and guide lines contained in the National Health Planning Resources Development Act of 1974.



TALKING POINTS ON  
TRANSPORTATION

The President has:

- \* Proposed the Railroad Revitalization Act to reduce restrictive regulation of railroads and help revitalize the rail industry, containing \$2 billion in guaranteed loans to revitalize our Nation's railroads. It is the first part of the President's comprehensive transportation program designed to achieve reform of Federal regulations governing railroads, airlines and trucking firms.
- \* Signed the National Mass Transportation Assistance Act, providing \$11.8 billion over six years to improve urban public transportation.
- \* Proposed a new Federal Highway Program concentrating upon completion of major interstate highways at the national level while returning to the States both Federal highway money and the power to make their own transportation decisions.
- \* Proposed the Airport and Airway Development Act, which would streamline airport aid, reduce red tape, and establish a new formula for allocation of funds to meet airport needs.
- \* Signed the Federal Aid Highway Amendments of 1974 making permanent the 55 mile per hour speed limit, for the purpose of saving energy, as well as lives. The President released \$2 billion in highway trust funds to help create jobs in the construction industry.
- \* Submitted legislation to implement the plan to reorganize the bankrupt railroads in the Northeast and Midwest with minimum Federal involvement.
- \* Signed legislation to facilitate the safe transportation of hazardous materials.
- \* Directed a joint DOT/EPA study on automobile fuel efficiency, which resulted in an agreement with major automobile manufacturers to increase fuel efficiency of 1980 automobile fleet by 40 percent.
- \* Sent a recommendation to the Congress to amend the Clean Air Act by extending the current automobile emission standards for five years, from 1977 to 1981.

- \* Initiated a cargo security program involving Federal, local and industrial cooperation in the reduction of cargo theft.
- \* Developed an action plan for assisting U.S. international air carriers, including the enactment of the International Air Transportation Fair Competitive Practices Act of 1974.

E

TALKING POINTS ON  
INTERGOVERNMENTAL ACCOMPLISHMENTS

The President has:

1. Signed Housing and Community Development Act of 1974.
2. Signed Education Amendments of 1974.
3. Signed National Mass Transportation Assistance Act of 1974.
4. Proposed the reenactment of General Revenue Sharing.
5. Proposed a Comprehensive National Economic and Energy program.  
(only part of which has been acted on)
6. Convened Summit Conference on Inflation (September, 1974)  
(Pre-Summit on State and Local Concerns)
7. Met personally with all 50 governors in working sessions.
8. Has addressed joint sessions of State Legislatures on four occasions. (two as President, Kansas and New Hampshire; and two as Vice President, Michigan and Louisiana).
9. Has held numerous individual and group meetings with Governors, State Legislators, Mayors and County Officials on a wide range of issues.
10. Has directed that Federal Fiscal Impact statements be prepared in conjunction with new legislative proposals.
11. Has proposed regulatory reform at the Federal level and has urged State and local regulatory reform.
12. Has encouraged budgetary consultation with State and local government through the "New Coalition."

F

THE WHITE HOUSE

WASHINGTON

July 18, 1975

MEMORANDUM FOR THE VICE PRESIDENT

THROUGH: JIM CANNON

FROM: JIM FALK *JF*

SUBJECT: Background on Governor Rhodes' Gas-Shale Proposals

I. GOVERNOR RHODES POSITION AND PROPOSAL

Since April, 1975, Governor Rhodes has been strongly advocating that the Energy Research and Development Administration (ERDA) expand its gas shale program and that the State of Ohio undertake a gas shale development program, possibly with Federal funds.

The specifics of his suggestions have changed over the months from a \$100 million ERDA program and a \$21 million Ohio program to the following three-phase, \$50 million proposal:

- Undertake an extensive gas shale resource evaluation.
- Drill 36 pilot wells to confirm existence of resources.
- Utilize pilot wells for R&D on more efficient gas recovery methods.

II. BACKGROUND ON SHALE

Extensive deposits of shale rock underlie many Appalachian and Midwestern States and they have long been known to contain natural gas. Unfortunately, shale gas is not as profitable to exploit as other natural gas resources. With current technology, shale gas wells have productivity 5 to 10 times below the minimum necessary for commercial use. Even with a major technological breakthrough, it has been estimated that shale gas would cost about \$2 per thousand cubic feet as compared to an interstate gas price of \$0.51.



The development of shale gas has been considered to be sufficiently far in the future that it was not necessary to undertake a detailed estimation of the resource size. Consequently, shale gas deposits are highly uncertain; estimates range from 0.1 trillion to 600 trillion cubic feet.

## II. PRESIDENT'S BUDGET

The President's FY 1976 Budget contains \$40 million for the development of oil, gas, and shale energy resources. Of this total, \$2.5 million is devoted exclusively to the development of gas from shale deposits in Appalachia under a cost-shared contract with the Columbia Gas System. An additional \$1.6 million will fund closely related research. Many of the stimulation, fracturing, and rubbleizing techniques being developed for oil and oil shale may provide a technological breakthrough relevant to gas shale.

Congressional action may increase the FY 1976 funding of gas shale research, but none of the congressional proposals currently have administration support.

Columbia Gas System has investigated a project similar to Governor Rhodes' proposal and they find the cost for a 50 well project to be \$8.5 million. Consequently, should it prove highly desirable to undertake a project similar to the Governor's, ERDA will have sufficient funding.

## IV. ERDA POSITION

In response to Governor Rhodes' proposals, ERDA has taken the following positions:

- Development of an improved extraction technology is the limiting factor in exploiting gas shale.
- The Columbia Gas System research and development project is a necessary first step in both development and research. The advisability of simultaneously carrying out additional field tests is being evaluated. It is premature to undertake either extensive resource assessment projects or development of gas shale with current technology.

THE WHITE HOUSE

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July 18, 1975

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INTERGOVERNMENTAL ACCOMPLISHMENTS

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THE WHITE HOUSE  
WASHINGTON

July 18, 1975

MEMORANDUM FOR THE VICE PRESIDENT

THROUGH: JIM CANNON

FROM: JIM FALK *JF*

SUBJECT: Background on Governor Rhodes' Gas-Shale Proposals

I. GOVERNOR RHODES POSITION AND PROPOSAL

Since April, 1975, Governor Rhodes has been strongly advocating that the Energy Research and Development Administration (ERDA) expand its gas shale program and that the State of Ohio undertake a gas shale development program, possibly with Federal funds.

The specifics of his suggestions have changed over the months from a \$100 million ERDA program and a \$21 million Ohio program to the following three-phase, \$50 million proposal:

- Undertake an extensive gas shale resource evaluation.
- Drill 36 pilot wells to confirm existence of resources.
- Utilize pilot wells for R&D on more efficient gas recovery methods.

II. BACKGROUND ON SHALE

Extensive deposits of shale rock underlie many Appalachian and Midwestern States and they have long been known to contain natural gas. Unfortunately, shale gas is not as profitable to exploit as other natural gas resources. With current technology, shale gas wells have productivity 5 to 10 times below the minimum necessary for commercial use. Even with a major technological breakthrough, it has been estimated that shale gas would cost about \$2 per thousand cubic feet as compared to an interstate gas price of \$0.51.



- The development of shale gas has been considered to be sufficiently far in the future that it was not necessary to undertake a detailed estimation of the resource size. Consequently, shale gas deposits are highly uncertain; estimates range from 0.1 trillion to 600 trillion cubic feet.

## II. PRESIDENT'S BUDGET

- The President's FY 1976 Budget contains \$40 million for the development of oil, gas, and shale energy resources. Of this total, \$2.5 million is devoted exclusively to the development of gas from shale deposits in Appalachia under a cost-shared contract with the Columbia Gas System. An additional \$1.6 million will fund closely related research. Many of the stimulation, fracturing, and rubblizing techniques being developed for oil and oil shale may provide a technological breakthrough relevant to gas shale.
- Congressional action may increase the FY 1976 funding of gas shale research, but none of the congressional proposals currently have administration support.
- Columbia Gas System has investigated a project similar to Governor Rhodes' proposal and they find the cost for a 50 well project to be \$8.5 million. Consequently, should it prove highly desirable to undertake a project similar to the Governor's, ERDA will have sufficient funding.

## IV. ERDA POSITION

- In response to Governor Rhodes' proposals, ERDA has taken the following positions:
  - Development of an improved extraction technology is the limiting factor in exploiting gas shale.
  - The Columbia Gas System research and development project is a necessary first step in both development and research. The advisability of simultaneously carrying out additional field tests is being evaluated. It is premature to undertake either extensive resource assessment projects or development of gas shale with current technology.



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Congress of the United States

Office of the Minority Leader

House of Representatives

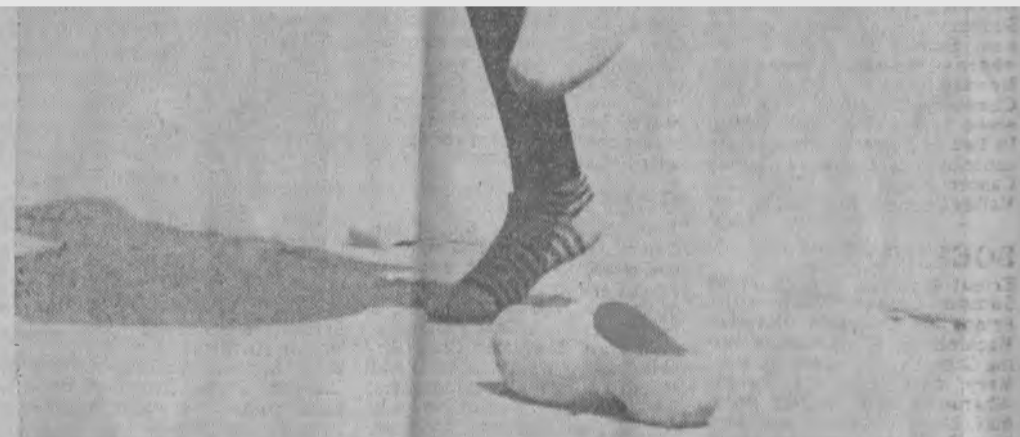
Washington, D.C. 20515

OFFICIAL BUSINESS

*Gerald R. Ford*  
M.C.

Kompen (wooden shoes) are no handicap for these dancers who do some high stepping during a klompen dance in the street at Pella, Iowa. The dancing in the streets is part of Pella's annual Tulip Time Festival.

# U.S. Town Marks Its Dutch Heritage



Although she has clomped right out of one of her klompen (wooden shoes), a dancer goes on with the show during Pella's Tulip Time Festival. There was dancing in the street as people of the area celebrated their Dutch heritage in the annual festival.

# Fairgoers Like Rotation Ballots

A proposed constitutional amendment calling for the rotation of candidates' names on ballots to provide equal treatment during elections received overwhelming support from persons participating in The Dispatch Voting Machine Poll at the Franklin County Fair Friday.

Asked if the proposed amendment should be adopted, 330 persons voted yes, while 94 opposed the measure.

Other results from the poll's fifth day at the fair included:

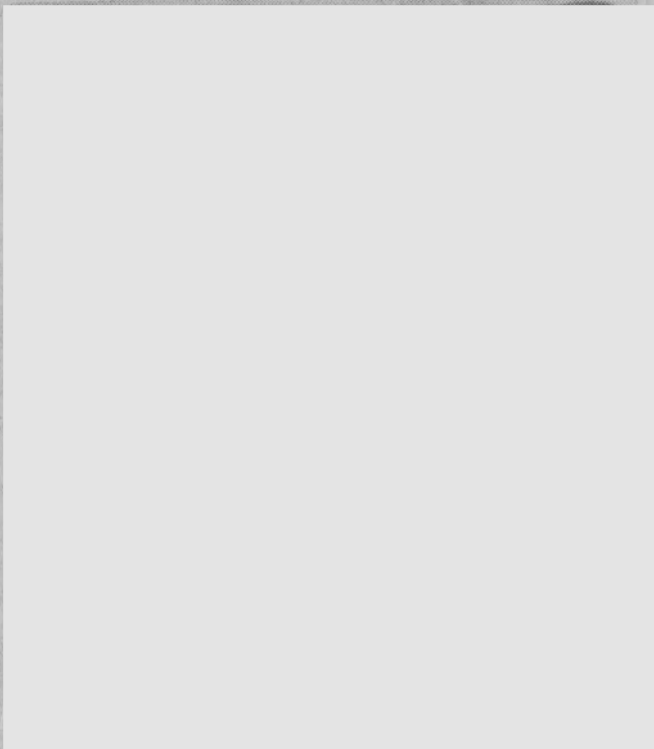
YES NO

A proposed constitutional amendment authorizes laws to be passed which permit land that is devoted exclusively to outdoor recreation to be valued for tax purposes at its current value for recreational use, except land which is utilized and controlled or owned by an organization or person who discriminates against or violates the civil rights of individuals. Shall the proposed amendment be adopted? ..... 253 178

A proposed constitutional amendment relates to the authority of the state, municipal corporations, and counties, to provide assistance with respect to housing and nursing, extended care and other health care facilities. The amendment would permit laws to authorize borrowing of money and issuance of bonds or other authorized obligations but the General Assembly could appropriate money to pay such obligations. If proposed, shall the amendment be adopted? ..... 269 161

A proposed constitutional amendment has the stated purpose of creating and preserving jobs by the authorization of tax incentives to industrial plants which have expanded their industrial operation, for construction of new industrial plants, and the acquisition of new capital equipment. If proposed, shall the amendment be adopted? ..... 249 175

A proposed constitutional amendment au-



RARE INTERVIEW — Cosmonaut wives Ludmila Kubasov, left, and Svetlana Leonov relax over glasses of mineral water between watching live broadcasts from space at a Moscow hotel. (AP)

## Cosmonauts' Wives Give Rare Interview

MOSCOW (AP) - While anxiously watching their husbands' exploits in space, Svetlana Leonov and Ludmila Kubasov at the same time are eagerly looking forward to their return home.

"Finally, we will get a

plex of Star City to watch the docking Thursday night. The Leonov daughters, Viktoria, 14, and Oksana, 8, were also there, as were the wives of other cosmonauts, including Mrs. Pyotr Kijimuk, whose husband is circling the world



# Cowsill Manager Asks Bankruptcy

PROVIDENCE (AP) - The manager of the family singing group called The Cowsills has filed for bankruptcy in federal court, detailing debts

There were reports that two of his sons occasionally sing in a local bar in Narragansett and that a third is a medical student in Califor-

for charitable purposes. Shall the proposed amendment be adopted? .....	315	109
A proposed constitutional amendment requires delegates to national conventions of political parties to be chosen by the voters in a manner provided by law. If proposed, shall the amendment be adopted? .....	218	204
A proposed constitutional amendment requires the lieutenant governor to be elected jointly with the governor, requires the General Assembly to provide by law for the method of nominating		

# 5-Day Brush Fire Put Under Control

RANCHITA, Calif. (AP) - Weary fire fighters have brought San Diego County's 5-day-old brush fire under control.

Capt. A.K. Jones of the California Division of Forestry said a few small fires were still smoldering Friday, but none poses any real threat.

## Getty Grandson Fined in Mishap

SANTA MONICA, Calif. (AP) - The grandson of billionaire John Paul Getty has been fined \$190 after pleading no contest to charges of failing to report an accident involving his car

"THE WEATHER'S still hot and dry, but everything is looking real good up here," he said.

The blaze started last Monday in a trash dump on the Los Coyotes Indian Reservation in northern San Diego County.

Feeding on thick brush and fanned by hot desert winds, the fire destroyed eight structures around the area of Ranchita and forced 15 persons to flee their homes.

IT ALSO BURNED 5,000 acres of Anza-Borrego Desert State Park and destroyed the natural habitat of the park's rare bighorn sheep.

Edward Kennedy (D) .....	80	21	49	150
Gerald Ford (R) .....	29	155	70	254
Edmund Muskie (D) .....	71	12	42	125
Gerald Ford (R) .....	41	154	87	282
Terry Sanford (D) .....	50	12	19	81
Gerald Ford (R) .....	40	158	87	285
Morris Udall (D) .....	52	10	26	88
Gerald Ford (R) .....	41	129	64	234
George Wallace (D) .....	56	42	60	158
Gerald Ford (R) .....	17	128	44	189
Edward Kennedy (D) .....	73	18	36	127
George Wallace (NP)* .....	25	27	45	97
Gerald Ford (R) .....	24	105	54	183
Edward Kennedy (D) .....	64	9	37	110
Ronald Reagan (NP)* .....	13	64	35	112
Gerald Ford (R) .....	25	125	54	204
Henry Jackson (D) .....	42	7	21	70
George Wallace (NP)* .....	28	35	49	112

(\* New Party)

## PRESIDENT JOHNSON'S BIRTHPLACE ON MOVE AGAIN IN RALEIGH, N.C.

RALEIGH, N.C. (AP) - The wandering birthplace of

[51/9/75]



July 21, 1975

JMC:

Joe Canzeri has the political background on the two gentlemen you will be having breakfast with in the morning.

Mr. William Keating  
Publisher, Cincinnati Inquirer

Mr. Lindner  
President and Chairman of the Board  
American Financial Corporation

p

Remarks by Governor William G. Milliken  
Convening the Midwestern Governors' Conference  
Netherland Hotel, Cincinnati, Ohio  
July 21, 1975 - 9:00 a.m.

Thank you, Governor Rhodes and Mayor Berry, for your warm welcome to Cincinnati. This fine city played host to the Midwestern Governors' Conference once before, in 1966, and I want to thank you both for inviting us back.

Henry Wadsworth Longfellow called Cincinnati the "Queen City," referring to the stately beauty of this center of culture and commerce that presided over the Ohio River when Chicago was just a village. From what we have seen, I'm sure we would all agree.

When I became Chairman of this Conference last year at our Minneapolis meeting, I noted that we are in a period of revitalization of state government throughout the nation. For example, we need only look about us at Jim Rhodes' programs in industrial expansion, urban development, transportation and other areas. Some of the most innovative things happening in government today are happening because of the initiatives of state governments.

It was from the states that this nation was forged nearly 200 years ago, and it is from the states that we are getting many of the answers to the problems of today. At a time when sustaining forces are desperately needed, the states constitute one of the great sustaining forces of this nation.

We're also in a period of almost unprecedented cooperation among the states. Through the committees of the National Governors' Conference, through such mechanisms as the Task Forces of this Conference, and through many other means, the states are working cooperatively to develop common approaches to solve common problems.

We are innovative. We are creative. We are cooperating among ourselves. But we are not always effective in exercising our collective clout.

I was struck with something Arch Moore said recently in New Orleans during our National Governors' Conference debate on energy. He observed that what we were about to say could well amount to "a puff of smoke."

The headlines coming out of New Orleans tell one side of the story: From a Christian Science Monitor story: "GOVERNORS STEADILY FALLING IN INFLUENCE, AND NOBODY CARES"... from the National Observer: "GOVERNORS EARN ANONYMITY"... from a UPI dispatch: "GOVERNORS SAY NOBODY GIVES THEM A SECOND LOOK"... from the Baltimore Sun dispatch: "AS PRESIDENTIAL TIMBER, GOVERNORS REMAIN LOST IN THE WOODS."

I think it is a mistake to assess Governors on how many presidential prospects are among them.

My concern is not that our ranks haven't produced a presidential nominee since Adlai Stevenson in 1952 or a President since FDR in 1932.

My concern is that we have not often enough been involved in the decision-making process in Washington, especially in the decisions that affect the states.

A good case in point is the question of railroad abandonment. Last year, in Minneapolis, this Conference adopted a policy opposing federally proposed rail abandonments which "would have serious detrimental effects on several Midwestern states."

More recently, in New Orleans, the National Governors' Conference adopted a policy calling for a moratorium on the rail abandonment plan that has been developed by the U.S. Railway Association for Northeastern states.

Yet it appears the USRA is turning a deaf ear to the Governors, and is pressing forward with its ill-considered plan. Now, in the Upper Great Lakes Region, Governor Lucey, Governor Anderson and I are jointly sending letters to our three Congressional delegations urging revision of the abandonment proposal.

Clearly, I think we as Governors, must do more to develop a good working relationship with Congress, as well as the Administration.

As to the Administration, I am very encouraged by the steps President Ford is taking to assure better Federal-state coordination. The regional meetings he held with Governors earlier this year... the way he has been meeting at the White House with groups of us on railroad, highway and other issues... the leadership roles in domestic policy he has given to Vice President Rockefeller, who was one of us, and to Jim Cannon - all of these things reflect well on the President's relations with the states.

I think we're particularly fortunate to have Vice President Rockefeller and Jim Cannon to work with in this effort, and we're fortunate that they're going to be with us at this Conference.

There are people today who speak of "states' rights," in terms of the power of state governments to selectively resist the authority of the Federal government, and to exert greater control over local governments.

But I believe we should more properly speak of states' responsibilities.

At no other time in our nation's history - save for the time of its founding, nearly 200 years ago - has it been more apparent that states must bear the burden of holding this country together, of making it work.

In this time of crisis, local governments are too burdened and emersed with many of the problems to be able to solve them alone, and the Federal government is too far away.

It is the pressing responsibility of the states today, from their unique and opportune vantage point, to act as an intermediary between local problems and Federal solutions.

Too often, we have acted merely as a conduit for the funneling of dollars from Washington to our cities and towns...and clearly, this hasn't worked.

We need more than money to solve our problems. We need the wisdom, the foresight, to use the money well. And we must recognize that there are times when this expert advice itself is needed more than a grant. I say that is the responsibility of the states.

In Colonial America, it was the states which were created first as the most logical and workable system of governing the people.

Let us remember that the states assumed the RESPONSIBILITY of governing. When the states created the Federal government, they may have relinquished some of their rights as individuals - as all do in a democratic society - but they gave over none of their RESPONSIBILITY of making the Federal system work.

Let me read a brief excerpt from a letter written by one politician warning that the Federal government was gaining too much power:

"I see, as you do, and with the deepest affliction, the rapid strides with which the Federal branch of our government is advancing towards the usurpation of all the rights reserved to the states, and the consolidation in itself of all powers, foreign and domestic..."

That was not written in 1975. It was written in 1825 - by Thomas Jefferson.

From the beginning, we have worried about states' rights. I submit that the Federal government has grown in direct proportion to the willingness of the states to turn to Washington for all the answers.

We have not given away our rights. Nor must we give away our responsibilities. We must now reclaim them if the nation is to survive.

We can't look solely to Washington for solutions to our troubles. We must look as well to ourselves, and to our near neighbors in the region.

We cannot expect Washington to be as sensitive to the needs of the Midwest, with its 15 states and more than 65 million people, as are we - those of us who know and love the region.

We must find our own answers to the pressing problems of today, or they may well become the disasters of tomorrow.

Our Bicentennial theme, "Land-Food-People in Century III," is a reminder that we ourselves must plan the wise use of those resources so that the next hundred years will see this region continue to thrive and prosper.

We are going to be discussing some important topics in the sessions about to begin - the economy, land use, transportation and health planning. We will hear the opinions of many distinguished experts, including Vice President Rockefeller and Donald Rumsfeld, the President's chief of staff.

As we do, let us remember to ask ourselves - what are the states' RESPONSIBILITIES in these areas? What can WE ourselves do to meet the needs of our people?

We must not just draw up a list of questions and submit them to Washington on grant applications. Let us seek workable solutions.

In closing, I want to offer my thanks to those who worked so hard on the three task forces I appointed a year ago, the Task Force on Energy, Agricultural Land Use and Transportation. They did a fine job, as you will see when their reports are submitted on Wednesday.

I also want to thank the staff of the Midwestern Office of the Council of State Governments for all the assistance they have given me during my year as Chairman.

It has been a rewarding experience to serve as your Chairman, and I want to thank you all.

REMARKS BY JAMES M. CANNON  
ASSISTANT TO THE PRESIDENT FOR DOMESTIC AFFAIRS  
MIDWESTERN GOVERNORS' CONFERENCE  
NETHERLAND HOTEL - HALL OF MIRRORS (3RD FLOOR)  
CINCINNATI, OHIO

TUESDAY, JULY 22, 1975 - 9:00 A.M.

CHAIRMAN MILLIKEN AND DISTINGUISHED GOVERNORS OF THE MIDWEST:

IT IS MY GREAT PLEASURE TO BE WITH YOU TODAY AND TO SPEAK FOR A FEW MINUTES ON THE SUBJECT OF HOW WE IN THE ADMINISTRATION LOOK AT SOME OF THE QUESTIONS YOU ARE ADDRESSING IN THIS CONFERENCE.

WHILE I WAS NOT PRESENT FOR GOVERNOR MILLIKEN'S OPENING REMARKS TO THE CONFERENCE, <sup>MY CO-WORKERS</sup> JIM FALK AND PAT DELANEY HAVE TOLD ME OF HIS ADDRESS AND I WANT TO THANK HIM FOR HIS VERY <sup>FINE</sup> ~~VERY~~ PERSONAL COMPLIMENTS.

WE ARE ALSO CONCERNED ABOUT THE PROBLEMS HE ADDRESSED/AS WELL AS THOSE YOU WILL BE ADDRESSING LATER TODAY/AND I HOPE I CAN TALK ABOUT SOME OF THOSE AS WELL, BUT I WOULD FIRST LIKE TO THANK YOU FOR THE INVITATION TO BE WITH YOU/AND TO PROMISE YOU I WILL <sup>DO MY BEST</sup> ~~TRY VERY HARD~~ TO STAY WITHIN MY ALLOTTED TIME.

*Before I left Washington yesterday*  
RECOMMENDATION:

THAT AT THIS POINT YOU READ THE PRESIDENT'S MESSAGE TO THE CONFERENCE  
*Optimism. The President gave me a letter to you, which I would like to share with you. It is addressed*



THE WHITE HOUSE  
WASHINGTON

July 21, 1975

Dear Bill:

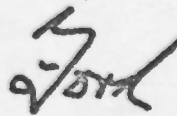
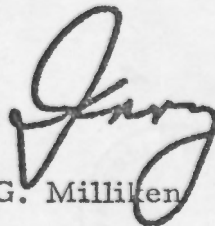
Although I regret I cannot be with you, I hope you will extend my greetings to those attending this year's Midwestern Governors' Conference.

I am delighted that several members of my Administration will have the opportunity to meet with you and the other Governors and to attend your sessions. I hope that their participation will lead to an even closer cooperation in the important goals we share.

I was heartened by the resolution passed at your recent National Conference in New Orleans urging the extension of General Revenue Sharing. I welcome your vital support in the task which lies ahead of us in this important area.

I am confident that your discussions will be productive and beneficial for each of you and for the people you represent. I look forward to the results of your deliberations.

Sincerely,



The Honorable William G. Milliken  
Chairman  
Midwestern Governors' Conference  
Netherland Hilton Hotel  
Cincinnati, Ohio

I AM ALSO PARTICULARLY PLEASED TO BE ON THE PROGRAM ON THE SAME DAY  
*MY GOOD FRIEND AND MENTOR,*  
WITH THE DISTINGUISHED VICE PRESIDENT OF THE UNITED STATES AND TO PRE-  
*and Counsellor*  
CEDE BY ONE DAY MY COLLEAGUE AT THE WHITE HOUSE, DONALD RUMSFELD.

~~ALTHOUGH~~, I MUST CONFESS I AM A BIT CONCERNED ABOUT THE FACT THAT I  
PRECEDE THE VICE PRESIDENT ON THE PROGRAM THIS MORNING, ~~I WILL TRY~~ *THAT IS Rodolph*

~~VERY HARD NOT TO SAY ANYTHING WHICH HE WILL LATER HAVE TO CORRECT.~~

*is* A ~~HARD~~ ACT TO PRECEDE.

I KNOW FROM ~~BOTH~~ *my* ~~PREVIOUS~~ EXPERIENCE IN STATE GOVERNMENT IN NEW YORK  
AND MY EXPERIENCES TO DATE AT THE WHITE HOUSE THAT THE STATES ARE  
TRULY A VITAL PARTNER IN OUR FEDERAL SYSTEM. WHAT ALL OF US IN THE  
ADMINISTRATION WANT TO ESTABLISH IS A RELATIONSHIP WHICH YOU AS GOV-  
ERNORS WILL REGARD AS THE BEST RELATIONSHIP YOU HAVE EVER HAD  
INDIVIDUALLY AND COLLECTIVELY, REGARDLESS OF PARTY WITH ANY ADMIN-  
ISTRATION IN WASHINGTON. WITHOUT BEING OVERCONFIDENT, THIS IS SOME-  
THING WE THINK WE CAN BE SUCCESSFUL IN ACCOMPLISHING FOR SOME VERY  
GOOD REASONS. CANDIDLY, WE THINK WE HAVE A LEG-UP SO TO SPEAK ON  
SOME OF THE PAST EFFORTS THAT WERE MADE BY OTHER ADMINISTRATIONS  
BECAUSE WE THINK WE HAVE BEEN ABLE TO BRING ALL OF THE KEY ELEMENTS  
TOGETHER AT THE SAME TIME. SOME OF THOSE KEY ELEMENTS ARE:

- (. HAVING A PRESIDENT AND A VICE PRESIDENT WITH AN INTEREST AND  
DESIRE IN ESTABLISHING SOUND FEDERAL-STATE RELATIONSHIPS.

2 ~~SECONDLY~~, WE ARE BLESSED WITH GOOD PEOPLE WITH SOLID STATE-  
LOCAL AND FEDERAL EXPERIENCE.

3 ~~THIRDLY~~, WE ARE WILLING AND DESIROUS OF WORKING HARD ~~IN~~ WORK-  
ING WITH YOU ~~TO~~ CREATE THE BEST POSSIBLE BASIS FOR MUTUAL  
UNDERSTANDING.

AS GOVERNOR MILLIKEN NOTED, SINCE PRESIDENT FORD'S FIRST DAYS AS PRES-  
IDENT, HE HAS CALLED IN FOR CONSULTATION THE LEADERS OF STATE AND  
LOCAL GOVERNMENT.

AND HE HAS NOT STOPPED THERE: HE HAS WILLINGLY REACHED OUT TO SOLICIT  
THE VIEWS OF GOVERNORS ON NUMEROUS POLICY ISSUES ~~AND~~ HAS NOW ~~AFTER~~  
HIS TRIPS AROUND THE COUNTRY ~~MET~~ PERSONALLY WITH ALL THE GOVERNORS  
OF ALL OF THE 50 STATES IN WORKING SESSIONS, NOT JUST SOCIAL ENGAGEMENTS.

LOOKING BACK OVER THE LAST ~~SEVERAL~~ <sup>FIVE</sup> MONTHS, IT ALSO OCCURS TO ME THAT  
ONE OF THE THINGS THE PRESIDENT HAS DONE WHICH HAS GOTTEN THE MOST  
ATTENTION ACROSS THE COUNTRY, HAS BEEN HIS SUCCESS WITH A SERIES OF  
VETOES OF CONGRESSIONAL ACTION. WE WOULD RATHER SEE <sup>707A</sup> ~~THE~~ ATTENTION THAT  
~~HAS BEEN GIVEN TO THE VETOES~~ FOCUSED ON THE POSITIVE ACTION THOSE VETOES  
HAVE PRODUCED.

QUICK

IN MOST INSTANCES THESE VETOES HAVE RESULTED IN ~~ALMOST IMMEDIATE~~  
COMPROMISE AND <sup>sound</sup> LEGISLATION WHICH THE PRESIDENT WAS ABLE TO SIGN INTO  
LAW. SOME OF THE BEST EXAMPLES HAVE BEEN IN THE HOUSING AND JOBS AREAS.

WE ARE ALSO VERY PROUD OF THE MANY POSITIVE ACCOMPLISHMENTS, NOT  
ONLY IN HOUSING / BUT IN COMMUNITY DEVELOPMENT AS WELL / THAT HAVE RE-  
SULTED FROM A POLICY OF CONSULTATION, CONCILIATION AND COMPROMISE WITH  
THE CONGRESS. ALSO, IN EDUCATION, IN MASS TRANSPORTATION AND IN PARTS  
OF THE PRESIDENT'S ECONOMIC PROGRAM. AS YOU ALL WERE WELL AWARE BEFORE  
I BROUGHT YOU THE PRESIDENT'S MESSAGE OF THIS MORNING, THE PRESIDENT  
WAS, IS AND WILL CONTINUE TO BE AN ADVOCATE FOR THE REENACTMENT OF  
GENERAL REVENUE SHARING. <sup>which NEEDS YOUR HELP.</sup> BUT THESE ARE NEEDS WITH WHICH YOU ARE ALL  
INTIMATELY FAMILIAR.

Looking To

BE SURE

~~IN AREAS WHICH LARGELY LIE IN THE FUTURE, I THINK YOU CAN FIRST ASSUME~~  
THAT THE PRESIDENT WILL CONTINUE TO HOLD NUMEROUS INDIVIDUAL AND  
GROUP MEETINGS WITH GOVERNORS, STATE LEGISLATORS, MAYORS AND COUNTY  
OFFICIALS ON A WIDE RANGE OF ISSUES. WE BELIEVE YOU WILL SEE AND BE  
ENCOURAGED BY <sup>AN ORDERLY</sup> ~~SUCCESSFUL~~ CONSULTATION PROCESS WITH STATE AND LOCAL  
GOVERNMENT ON THE MAKEUP OF THE FEDERAL BUDGET THROUGH THE "NEW  
COALITION" WORKING WITH THE DOMESTIC COUNCIL AND OMB. JIM FALK  
AND PAUL O'NEILL ARE WORKING ON THIS VIGOROUSLY AS WE KNOW YOUR

1977

of our

PAST-CHAIRMEN, GOVERNORS RAMPTON AND EVANS AND YOUR PRESENT-  
CHAIRMAN GOVERNOR RAY ~~ARE INTERESTED IN DOING AS WELL.~~

W  
THERE ARE NUMEROUS OTHER THINGS THAT WE ARE TRYING TO PUT IN PLACE  
AT THE DIRECTION OF THE PRESIDENT INCLUDING REGULATORY REFORM AND  
~~DEREGULATION~~ WHERE POSSIBLE AND ALSO TO HAVE EACH DEPARTMENT AND  
AGENCY OF THE FEDERAL GOVERNMENT PREPARE FISCAL IMPACT STATEMENTS  
IN CONJUNCTION WITH THEIR NEW LEGISLATIVE PROPOSALS.

OUR CONCERN IS AS INDICATED BY GOVERNOR MILLIKEN THAT WE ESTABLISH  
THE BEST KIND OF CONSULTATION PROCESS POSSIBLE TO ENABLE THE STATES  
AND YOU AS GOVERNORS TO BE MORE DIRECTLY INVOLVED IN THE DECISION  
MAKING PROCESS IN WASHINGTON, IN THE DECISIONS WHICH AFFECT YOUR  
STATES. CLEARLY, THE IMPROVED RELATIONSHIP IS SOMETHING WE THINK WE  
ALREADY HAVE A GOOD START IN ACHIEVING, BUT WE MUST DO MORE AND WE  
NEED YOUR PERSONAL INVOLVEMENT IN ORDER TO ACHIEVE THE SUCCESS WE  
ARE ALL AFTER.

*They  
do  
it*

THIS IS WHAT I BELIEVE GOVERNOR MILLIKEN WAS TALKING ABOUT WHEN HE  
TALKED NOT ONLY ABOUT STATES RIGHTS, BUT OF STATES RESPONSIBILITIES.  
WE ALL MUST WORK MORE CLOSELY TOGETHER BY COMING TO THE TASK WITH THE

ELEMENT OF DESIRE WE HAVE SEEN EXPRESSED BY YOU. I AM SURE WE CAN  
SUCCEED.

NOW, IN ORDER TO NOT VIOLATE MY OWN INJUNCTION ABOUT TIME AND TO  
ASSURE A FULL OPPORTUNITY FOR YOUR QUESTIONS, I WOULD LIKE TO CLOSE  
MY DIRECT REMARKS, BUT WITH THE UNDERSTANDING THAT I WILL BE MORE  
THAN HAPPY TO TAKE ANY QUESTIONS THAT YOU WOULD CARE TO DIRECT  
TO ME.

THANK YOU VERY MUCH.

REMARKS BY JAMES M. CANNON  
ASSISTANT TO THE PRESIDENT FOR DOMESTIC AFFAIRS  
MIDWESTERN GOVERNORS' CONFERENCE  
NETHERLAND HOTEL - HALL OF MIRRORS (3RD FLOOR)  
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Page 2

THE WHITE HOUSE  
WASHINGTON

July 21, 1975

Dear Bill:

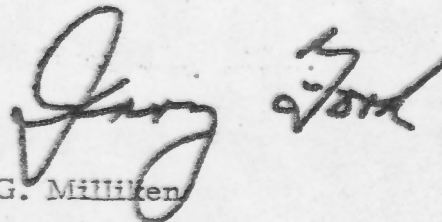
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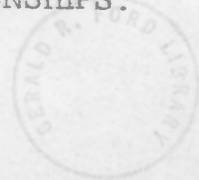




I AM ALSO PARTICULARLY PLEASED TO BE ON THE PROGRAM ON THE SAME DAY WITH THE DISTINGUISHED VICE PRESIDENT OF THE UNITED STATES AND TO PRECEDE BY ONE DAY MY COLLEAGUE AT THE WHITE HOUSE, DONALD RUMSFELD. ALTHOUGH, I MUST CONFESS I AM A BIT CONCERNED ABOUT THE FACT THAT I PRECEDE THE VICE PRESIDENT ON THE PROGRAM THIS MORNING, I WILL TRY VERY HARD NOT TO SAY ANYTHING WHICH HE WILL LATER HAVE TO CORRECT.

I KNOW FROM BOTH PRIOR EXPERIENCES IN STATE GOVERNMENT IN NEW YORK AND MY EXPERIENCES TO DATE AT THE WHITE HOUSE THAT THE STATES ARE TRULY A VITAL PARTNER IN OUR FEDERAL SYSTEM. WHAT ALL OF US IN THE ADMINISTRATION WANT TO ESTABLISH IS A RELATIONSHIP WHICH YOU AS GOVERNORS WILL REGARD AS THE BEST RELATIONSHIP YOU HAVE EVER HAD INDIVIDUALLY AND COLLECTIVELY, REGARDLESS OF PARTY WITH ANY ADMINISTRATION IN WASHINGTON. WITHOUT BEING OVERCONFIDENT, THIS IS SOMETHING WE THINK WE CAN BE SUCCESSFUL IN ACCOMPLISHING FOR SOME VERY GOOD REASONS. CANDIDLY, WE THINK WE HAVE A LEG-UP SO TO SPEAK ON SOME OF THE PAST EFFORTS THAT WERE MADE BY OTHER ADMINISTRATIONS BECAUSE WE THINK WE HAVE BEEN ABLE TO BRING ALL OF THE KEY ELEMENTS TOGETHER AT THE SAME TIME. SOME OF THOSE KEY ELEMENTS ARE:

HAVING A PRESIDENT AND A VICE PRESIDENT WITH AN INTEREST AND DESIRE IN ESTABLISHING SOUND FEDERAL-STATE RELATIONSHIPS.



SECONDLY, WE ARE BLESSED WITH GOOD PEOPLE WITH SOLID STATE-LOCAL AND FEDERAL EXPERIENCE.

THIRDLY, WE ARE WILLING AND DESIROUS OF WORKING HARD IN WORKING WITH YOU TO CREATE THE BEST POSSIBLE BASIS FOR MUTUAL UNDERSTANDING.

AS GOVERNOR MILLIKEN NOTED, SINCE PRESIDENT FORD'S FIRST DAYS AS PRESIDENT, HE HAS CALLED IN FOR CONSULTATION THE LEADERS OF STATE AND LOCAL GOVERNMENT.

AND HE HAS NOT STOPPED THERE: HE HAS WILLINGLY REACHED OUT TO SOLICIT THE VIEWS OF GOVERNORS ON NUMEROUS POLICY ISSUES AND HAS NOW AFTER HIS TRIPS AROUND THE COUNTRY MET PERSONALLY WITH ALL THE GOVERNORS OF ALL OF THE 50 STATES IN WORKING SESSIONS, NOT JUST SOCIAL ENGAGEMENTS.

LOOKING BACK OVER THE LAST SEVERAL MONTHS, IT ALSO OCCURS TO ME THAT ONE OF THE THINGS THE PRESIDENT HAS DONE WHICH HAS GOTTEN THE MOST ATTENTION ACROSS THE COUNTRY, HAS BEEN HIS SUCCESS WITH A SERIES OF VETOES OF CONGRESSIONAL ACTION. WE WOULD RATHER SEE THE ATTENTION THAT HAS BEEN GIVEN TO THE VETOES FOCUSED ON THE POSITIVE ACTION THOSE VETOES HAVE PRODUCED.



IN MOST INSTANCES THESE VETOES HAVE RESULTED IN ALMOST IMMEDIATE COMPROMISE AND LEGISLATION WHICH THE PRESIDENT WAS ABLE TO SIGN INTO LAW. SOME OF THE BEST EXAMPLES HAVE BEEN IN THE HOUSING AND JOBS AREAS.

WE ARE ALSO VERY PROUD OF THE MANY POSITIVE ACCOMPLISHMENTS, NOT ONLY IN HOUSING, BUT IN COMMUNITY DEVELOPMENT AS WELL THAT HAVE RESULTED FROM A POLICY OF CONSULTATION, CONCILIATION AND COMPROMISE WITH THE CONGRESS. ALSO, IN EDUCATION, IN MASS TRANSPORTATION AND IN PARTS OF THE PRESIDENT'S ECONOMIC PROGRAM. AS YOU ALL WERE WELL AWARE BEFORE I BROUGHT YOU THE PRESIDENT'S MESSAGE OF THIS MORNING, THE PRESIDENT WAS, IS AND WILL CONTINUE TO BE AN ADVOCATE FOR THE REENACTMENT OF GENERAL REVENUE SEARING. BUT THESE ARE NEEDS WITH WHICH YOU ARE ALL INTIMATELY FAMILIAR.

IN AREAS WHICH LARGELY LIE IN THE FUTURE, I THINK YOU CAN FIRST ASSUME THAT THE PRESIDENT WILL CONTINUE TO HOLD NUMEROUS INDIVIDUAL AND GROUP MEETINGS WITH GOVERNORS, STATE LEGISLATORS, MAYORS AND COUNTY OFFICIALS ON A WIDE RANGE OF ISSUES. WE BELIEVE YOU WILL SEE AND BE ENCOURAGED BY A VIGOROUS CONSULTATION PROCESS WITH STATE AND LOCAL GOVERNMENT ON THE MAKEUP OF THE FEDERAL BUDGET THROUGH THE "NEW COALITION" WORKING WITH THE DOMESTIC COUNCIL AND OMB. JIM FALK AND PAUL O'NEILL ARE WORKING ON THIS VIGOROUSLY AS WE KNOW YOUR



PAST-CHAIRMEN, GOVERNORS RAMPTON AND EVANS AND YOUR PRESENT-CHAIRMAN GOVERNOR RAY ARE INTERESTED IN DOING AS WELL.

THERE ARE NUMEROUS OTHER THINGS THAT WE ARE TRYING TO PUT IN PLACE AT THE DIRECTION OF THE PRESIDENT INCLUDING REGULATORY REFORM AND DEREGULATION WHERE POSSIBLE AND ALSO TO HAVE EACH DEPARTMENT AND AGENCY OF THE FEDERAL GOVERNMENT PREPARE FISCAL IMPACT STATEMENTS IN CONJUNCTION WITH THEIR NEW LEGISLATIVE PROPOSALS.

OUR CONCERN IS AS INDICATED BY GOVERNOR MILLIKEN THAT WE ESTABLISH THE BEST KIND OF CONSULTATION PROCESS POSSIBLE TO ENABLE THE STATES AND YOU AS GOVERNORS TO BE MORE DIRECTLY INVOLVED IN THE DECISION MAKING PROCESS IN WASHINGTON, IN THE DECISIONS WHICH AFFECT YOUR STATES. CLEARLY, THE IMPROVED RELATIONSHIP IS SOMETHING WE THINK WE ALREADY HAVE A GOOD START IN ACHIEVING, BUT WE MUST DO MORE AND WE NEED YOUR PERSONAL INVOLVEMENT IN ORDER TO ACHIEVE THE SUCCESS WE ARE ALL AFTER.

THIS IS WHAT I BELIEVE GOVERNOR MILLIKEN WAS TALKING ABOUT WHEN HE TALKED NOT ONLY ABOUT STATES RIGHTS, BUT OF STATES RESPONSIBILITIES. WE ALL MUST WORK MORE CLOSELY TOGETHER BY COMING TO THE TASK WITH THE



ELEMENT OF DESIRE WE HAVE SEEN EXPRESSED BY YOU. I AM SURE WE CAN SUCCEED.

NOW, IN ORDER TO NOT VIOLATE MY OWN INJUNCTION ABOUT TIME AND TO ASSURE A FULL OPPORTUNITY FOR YOUR QUESTIONS, I WOULD LIKE TO CLOSE MY DIRECT REMARKS, BUT WITH THE UNDERSTANDING THAT I WILL BE MORE THAN HAPPY TO TAKE ANY QUESTIONS THAT YOU WOULD CARE TO DIRECT TO ME.

THANK YOU VERY MUCH.



OFFICE OF THE GOVERNOR  
INDIANAPOLIS, INDIANA 46204

The Honorable W. MITCHELL ROBERTS  
Governor of Michigan  
Chairman, Midwestern Governors' Conference  
State Capitol  
Lansing, Michigan 48903

Dear Governor:

It is my pleasure to present to you the annual report of the Task Force on Energy Requirements and Environmental Protection, which includes a summary of task force activities, proposed policy statements for consideration at the Midwestern Governors' Conference, the executive summary, and a report on natural resources and environmental protection. The task force and its possible functions during the coming year.

**REPORT OF THE TASK FORCE  
ON ENERGY REQUIREMENTS  
AND ENVIRONMENTAL PROTECTION**

Although the end of the oil embargo lulled many into a false sense of complacency, governors and their energy staffs intensified state efforts to deal with a variety of immediate problems and to set in motion programs aimed at long-range answers to America's energy needs. State initiative assumed greater importance in the absence of a coordinated national energy policy.

The report and the proposed policy statements provide testimony to the scope and level of state action and policy consideration.

CINCINNATI, OHIO  
JULY 23, 1975

The members of the task force wish to express our appreciation to you and to the other governors for your active interest and assistance. In several instances, governors participated in task force meetings. At other times, governors communicated proposals and special items of concern for our consideration.

With backing from the governors, the task force has been an effective interstate forum for the exchange of ideas, the formulation of programs and the development of regional policy.

Cordially,

*Bill Watt*

William J. Watt  
Chairman



SUMMARY OF TASK FORCE ACTIVITIES

OFFICE OF THE GOVERNOR

INDIANAPOLIS, INDIANA 46204

The Honorable William G. Milliken  
Governor of Michigan  
Chairman, Midwestern Governors' Conference  
State Capitol  
Lansing, Michigan 48903

Dear Governor:

It is my pleasure to present to you the annual report of the Task Force on Energy Requirements and Environmental Protection, which includes a summary of task force activities, proposed policy statements for consideration of the Midwestern Governors' Conference, the executive summary and key statistical tables from a task force report on natural gas, and an evaluation of the task force and its possible functions during the coming year.

Although the end of the oil embargo lulled many into a false sense of complacency, governors and their energy staffs intensified state efforts to deal with a variety of immediate problems and to set in motion programs aimed at long-range answers to America's energy needs. State initiative assumed greater importance in the absence of a coordinated national energy policy.

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Cordially,

*Bill Watt*

William J. Watt  
Chairman



## SUMMARY OF TASK FORCE ACTIVITIES

Pursuant to the charge given the task force by Governor Milliken and reflecting a growing concern about natural gas supplies, the task force devoted considerable time and effort to the gas issue. In a lengthy session at Des Moines, the task force heard and evaluated competing proposals for movement of Arctic natural gas to the contiguous states. Its conclusions are reflected in one of the proposed policy statements. A special subcommittee undertook a study of the natural gas supply situation, federal allocation policies and the issues surrounding the deregulation controversy. The executive summary and key statistical tables of that study are appended to this report. Based on this study and other information available to the group, the task force evolved what it believes to be a prudent deregulation policy, reflected in four proposed policy statements submitted to the governors.

During the autumn coal strike, task force members exchanged ideas on state contingency plans to deal with what could have emerged as a tragic regional problem. The chairman and several state representatives met with Mr. Zarb and other FEA officials to define federal and state roles in coping with the strike. The same contingent also was part of a confidential meeting with United Mine Workers Union officials to discuss provisions for making coal available in hardship circumstances, procedures for forestalling incidents and measures for dealing with the welfare needs of striking miners. Fortunately, the strike was settled before the full thrust of state-federal contingency plans had to be implemented.

The task force also undertook to coordinate state energy data gathering methods, in order that common bases of information could be available for regional and national use.

A special evaluation of state conservation programs reaffirmed the need to emphasize voluntary programs and task force members identified those programs which seemed to offer potential. It also was the consensus of the group that selected mandatory measures are warranted and one of the proposed policy statements addresses these points. A midwestern representative joined in a cooperative venture among the states, the National Governors' Conference and FEA to draft a blueprint for a national conservation program that relies heavily upon state initiative.

The task force was instrumental in convincing FEA not to implement several changes in the petroleum allocation program which we felt would be harmful to sound management of allocation. In addition, several recommendations for improving the program were submitted to FEA. The task force now has a special subcommittee on allocation to provide a rapid-response method of communicating state interests and concerns with regard to proposed federal changes in the allocation program.





SUMMARY .... Continued

MEMBERS OF THE TASK FORCE ON ENERGY REQUIREMENTS AND ENVIRONMENTAL PROTECTION

The chairman joined with Governors Rhodes and Holshouser and representatives of other Appalachian states in a meeting with Vice-President Rockefeller, FPC Chairman Nassikas and Mr. Greenspan of the Council of Economic Advisors to push for federal funding of proposals to extract gas by fracturing devonian shale, which underlies several states in the region. He also communicated the Midwest's concerns about the natural gas issue, generally, and about the federal effort to cope with emerging shortages.

The task force has received a \$40,000 grant from FEA to undertake a multi-state testing of energy facility siting criteria that has been developed for the agency. Discussions also are under way with respect to a federal-regional cooperative study of energy transportation.

Finally, the group continued to function as an excellent forum for the exchange of information about state energy management and development programs.

KENTUCKY

Damon Harrison, Department of Commerce  
John S. Hoffman, Department of Natural Resources & Environmental Protection  
William Logan, Public Service Commission

MICHIGAN

Richard Melnbrecht, Department of Commerce  
Bruce Nelson, Department of Commerce  
William Stafford, Department of Commerce

MINNESOTA

John C. McKay, Minnesota Energy Agency  
John D. Peterson, Minnesota Energy Agency

MISSOURI

Narvin Radloff, Department of Natural Resources

NEBRASKA

George Dworak, Nebraska Energy Office  
Burl Johnson, Office of Civil Defense  
Fred Gagne, Northern Natural Gas Co.

NORTH DAKOTA

Bruce Hagen, Public Service Commission  
Gene A. Christiansen, Department of Health  
Edwin A. Nobel, North Dakota Geological Survey

OHIO

Robert Ryan, Department of Economic & Community Development  
A. Jack Vitullo, Ohio Energy Emergency Commission

DELAWARE

Richard Hill, Department of Energy  
Chuck Hill, Department of Energy



MEMBERS OF THE TASK FORCE ON ENERGY REQUIREMENTS AND  
ENVIRONMENTAL PROTECTION

SOUTH DAKOTA

ILLINOIS

Sidney Marder, Department of Business and Economic Development  
Robert Podlasek, Illinois Commerce Commission  
Jack Simon, Illinois Geological Survey

INDIANA

William J. Watt, chairman, executive assistant to the governor  
Thomas F. Kibler, Indiana Energy Office  
William J. Sorrells, Environmental Quality Control, Inc.

IOWA

John Millhone, Iowa Energy Policy Council  
Maurice VanNostrand, Iowa Commerce Commission  
Dr. Stanley Grant, Iowa Geological Survey

KANSAS

Dr. William Hambleton, Kansas Geological Survey  
Dr. Robert Robel, Kansas Advisory Council on Energy  
Melville Gray, Division of Environmental Health

KENTUCKY

Damon Harrison, Department of Commerce  
John S. Hoffman, Department of Natural Resources & Environmental  
Protection  
William Logan, Public Service Commission

MICHIGAN

Richard Helmbrecht, Department of Commerce  
Bruce Watson, Department of Commerce  
William Stafford, Department of Commerce

MINNESOTA

John C. McKay, Minnesota Energy Agency  
John D. Peterson, Minnesota Energy Agency

MISSOURI

Marvin Nodiff, Department of Natural Resources

NEBRASKA

George Dworak, Nebraska Energy Office  
Burl Johnson, Office of Civil Defense  
Fred Gagne, Northern Natural Gas Co.

NORTH DAKOTA

Bruce Hagen, Public Service Commission  
Gene A. Christiansen, Department of Health  
Edwin A. Nobel, North Dakota Geological Survey

OHIO

Robert Ryan, Department of Economic & Community Development  
A. Jack Vitullo, Ohio Energy Emergency Commission

OKLAHOMA

Richard Hill, Department of Energy  
Chuck Hill, Department of Energy



**SOUTH DAKOTA**

Allen Lockner, Department of Environmental Protection  
Dr. Duncan McGregor, South Dakota Geological Survey  
Steven M. Davis, Office of Energy Policy

THE MIDWESTERN GOVERNORS' CONFERENCE TASK FORCE

**WEST VIRGINIA**

Thomas E. Huzzey, Oil & Gas Conservation Commission

**WISCONSIN**

Charles Cicchetti, Office of Emergency Energy Assistance  
Richard Cudahy, Public Service Commission

**REPRESENTING THE COUNCIL OF STATE GOVERNMENTS**

Alec Sutherland, Midwestern Office  
factual information to provide proper perspective. The position  
of individual states, where applicable, is shown parenthetically  
at the end of each resolution.



MIDWESTERN GOVERNORS' CONFERENCE  
 PROPOSED POLICY STATEMENTS RECOMMENDED BY  
 THE MIDWESTERN GOVERNORS' CONFERENCE TASK FORCE  
 ON ENERGY REQUIREMENTS AND ENVIRONMENTAL PROTECTION

Drafted by the Task Force on Energy Requirements  
 and Environmental Protection

In each case, the task force has endeavored to set forth specific policy recommendations, supporting them with sufficient factual information to provide proper perspective. The position of individual states, where applicable, is shown parenthetically at the end of each resolution.

The trans-Canada proposal would provide natural gas to the Midwest, whereas substantial questions remain as to a favorable impact on the region if the competing El Paso proposal is selected. The trans-Canada route offers greater likelihood of economic and energy efficiency in transporting natural gas than does the competing proposal, which combines movement through a trans-Alaska pipeline with transport by sea to the California Coast. The trans-Canada routes would appear to involve a lower transportation cost to Midwestern markets, although it should be recognized that transportation costs alone under either proposal will be considerable (in excess of \$1 per thousand cubic feet delivered to the U. S.-Canada border or to the California Coast).

2. The prospect of a trans-Canada natural gas pipeline underscores an earlier recommendation of the Task Force



## MIDWESTERN GOVERNORS' CONFERENCE

Proposed Policy Statement on  
Arctic Natural Gas Pipelines

Drafted by the Task Force on Energy Requirements  
and Environmental Protection

1. The Midwestern Governor's Conference favors the trans-Canada route advanced by the Arctic Gas-Northern Border consortium for the delivery of Arctic natural gas to the lower forty-eight states.

The trans-Canada proposal would provide natural gas to the Midwest, whereas substantial questions remain as to a favorable impact on the region if the competing El Paso proposal is selected. The trans-Canada route offers greater likelihood of economic and energy efficiency in transporting natural gas than does the competing proposal, which combines movement through a trans-Alaska pipeline with transport by sea to the California Coast. The trans-Canada routes would appear to involve a lower transportation cost to Midwestern markets, although it should be recognized that transportation costs alone under either proposal will be considerable (in excess of \$1 per thousand cubic feet delivered to the U. S.-Canada border or to the California Coast).

2. The prospect of a trans-Canada natural gas pipeline underscores an earlier recommendation of the Task Force



## MIDWESTERN GOVERNORS' CONFERENCE

## Proposed Policy Statement

## on Natural Gas Deregulation

## and Environmental Protection

on Energy Requirements and Environmental Protection that the United States and Canada engage in negotiations that will lead to an energy trade agreement between the two countries. Both existing energy relationships and the prospect of bilateral, energy-development ventures highlight the desirability of such an agreement. The Governors urge the President to move promptly toward an energy trade agreement.

3. Either natural gas pipeline proposal would be costly in terms of the demand upon investment capital, tubular steel, and personnel. However, the annual volume of natural gas made available by the construction of the Arctic Gas-Northern Border Pipeline could be about 18 percent of the 1973 natural gas usage in the 15 Midwest States or 6 percent of the total U. S. natural gas usage.

4. The perspective of proposals calling for delivery in 1980 of Arctic natural gas clearly indicates the need for reaffirmed support of energy conservation efforts, since it is obvious that no one proposal or series of proposals will bring about a short-term solution to the natural gas supply problem. It is important that conservation programs--meaningful in scope--be applied now, while it is still possible to buy time through conservation efforts.

--

(In the task force vote on this resolution, 13 states supported it, Minnesota abstained, Kentucky was absent)



## MIDWESTERN GOVERNORS' CONFERENCE

Proposed Policy Statement  
on Natural Gas Deregulation

Drafted by the Task Force on Energy Requirements  
and Environmental Protection

The total resource of domestic fossil fuel is finite, and there exists a limit on the total annual production of energy from these sources. Natural gas is the most environmentally acceptable, readily useable and least expensive source of energy--which has led to the rapid exploitation of available supplies. Even with stringent conservation, the finding of new gas fields may be needed to provide lead time while alternative energy sources are developed. Natural gas curtailments are projected to cause widespread distortion and dislocation in the economy. Since 1968 production of natural gas has exceeded additions to inventories. A three trillion mcf short fall of natural gas is predicted for 1975-76 with even greater short-falls predicted for the following years. Federal price policies have under-valued interstate gas with respect to other fuels, aroused an artificial high demand, provided little incentive for conservation, and established inadequate incentives for exploration. The deregulation of new natural gas would provide an incentive for the exploration for new gas fields. The deregulation of new gas would permit its flow into the interstate market and ease the specter of sharp curtailments in states reliant on interstate supplies.



## MIDWESTERN GOVERNORS' CONFERENCE

The deregulation of new natural gas would result in an increase in price that would encourage conservation and the search for alternative energy supplies.

The Midwest Governors' Conference supports the deregulation of new gas supplies for a five-year period. In order to stimulate exploration, any contracts entered into during this period should be honored even if controls are reimposed. To determine the effects of this limited form of deregulation, the federal government shall provide for continuing monitoring and evaluation of the performance of the natural gas industry and report the findings to Congress.

(11 states supported; Illinois, Minnesota opposed; United Wisconsin and West Virginia absent)

(13 states support; Wisconsin and West Virginia absent)





## MIDWESTERN GOVERNORS' CONFERENCE

## Proposed Policy Statement

on Energy Trust  
on Excess Profits

Drafted by the Task Force on Energy Requirements  
and Environmental Protection

The deregulation of newly found natural gas will result in an increase in the price of new gas. These higher prices create the possibility of excessive profits. It is highly desirable that these increased earnings be used to explore for, find and develop, new natural gas supplies.

If the price of new natural gas is deregulated, the Midwestern Governors believe that the Congress of the United States should simultaneously enact an effective excess profits tax which contains a plow-back provision that provides relief from such tax if excess earnings are dedicated to the exploration for new natural gas supplies.

--

(13 states support; Wisconsin and West Virginia absent)



## MIDWESTERN GOVERNORS' CONFERENCE

## Proposed Policy Statement

## on Energy Industry Anti-Trust

## On Off-shore Leases

Drafted by the Task Force on Energy Requirements  
and Environmental Protection

There is evidence of vertical and horizontal integration and interlocking relationships among natural gas producers and purchasing pipelines. There also is evidence of integrated and interlocking relationships among natural gas, petroleum, coal and uranium mining firms. There is a danger that a resulting anti-competitive aspect of the energy industry causes an artificial inflation of the cost of natural gas and other energy supplies.

It is the position of the Midwestern Governors' Conference that the Justice Department undertake a vigorous investigation of the energy industry to determine whether the letter and spirit of national anti-trust laws are fully respected.

(13 states support; West Virginia, Wisconsin absent)

(13 states supported; Wisconsin and West Virginia were absent)



MIDWESTERN GOVERNORS' CONFERENCE  
Proposed Policy Statement  
On Off-shore Leases

Drafted by the Task Force on Energy Requirements  
and Environmental Protection

The U. S. Department of Interior has awarded exploration and production leases on federal lands according to the cash bonuses offered by oil and gas companies and multi-company combinations. The bonuses have been a heavy drain on the capital of gas and oil exploration and production companies. The capital requirements of the bonus system are contradictory to the Administration's stated desire to generate capital for exploratory ventures. There are alternate methods of awarding federal leases that do not have the same, heavy front-end loaded capital requirements.

It is the position of the Midwest Governors' Conference that the Department of Interior should discontinue the use of the bonus system in favor of a royalty or similar system that does not have the same initial capital requirements.

--

(13 states supported; Wisconsin and West Virginia were absent)



## MIDWESTERN GOVERNORS' CONFERENCE

## Proposed Policy Statement

## on Natural Gas Curtailment

Drafted by the Task Force on Energy Requirements  
and Environmental Protection

There are critical problems of natural gas curtailments causing severe hardship in some states. Some of these hardships can be somewhat lessened by the use of alternative policy options. We cannot increase the supply of natural gas for the 1975-76 winter via any policy which might be adopted at the present time.

It is the position of the Midwestern Governors' Conference that:

1. The Federal Power Commission end-use policy must allow in its implementation some flexibility of administration which places a premium on state and local considerations of its impact.
2. The Federal Energy Agency must act to insure equitable supplies of alternative petroleum fuels to institutions facing economic hardships due to natural gas shortages.
3. A mechanism must be established that is administratively efficient for securing standby fuel entitlements in dealing with natural gas curtailments.



4. FPC must act to develop contingency options which insure that short term energy solutions can be effected to meet emergency needs this winter season. Such options should not be limited in scope to present FPC rules and policies.

(12 States support; Iowa opposed; Wisconsin, West Virginia absent)

1. Because energy conservation measures should be

entered into willingly and enthusiastically, all levels of government should give clear and unequivocal support to voluntary energy conservation efforts.

2. The success of energy conservation efforts within

the residential and other small-user categories must be based largely on voluntary procedures. There is a genuine psychological benefit to the public in voluntary participation in the solution or management of a local or national energy situation crisis.

3. Because dramatic results in reduction in energy

use have been and are continuing to be obtained by voluntary means in the industrial, commercial and transportation sectors, such voluntary efforts by large users should be encouraged and continued.

4. Certain mandatory conservation measures by their

nature and because of the characteristics of our society, should be instituted and carried out by appropriate agencies of local,



## MIDWESTERN GOVERNORS' CONFERENCE

Proposed Policy Statement  
on Voluntary and Mandatory ProgramsDrafted by The Task Force on Energy Requirements  
and Environmental Protection

The Midwestern Governors reemphasize voluntary energy conservation measures at both state and federal levels, but also recognize that some problems require mandatory action.

1. Because energy conservation measures should be entered into willingly and enthusiastically, all levels of government should give clear and unequivocal support to voluntary energy conservation efforts.

2. The success of energy conservation efforts within the residential and other small-user categories must be based largely on voluntary procedures. There is a genuine psychological benefit to the public in voluntary participation in the solution or management of a local or national energy situation crisis.

3. Because dramatic results in reduction in energy use have been and are continuing to be obtained by voluntary means in the industrial, commercial and transportation sectors, such voluntary efforts by large users should be encouraged and continued.

4. Certain mandatory conservation measures by their nature and because of the characteristics of our society, should be instituted and carried out by appropriate agencies of local,



MIDWESTERN GOVERNORS' CONFERENCE  
Proposed Policy Statement  
Extension of the Allocation Program

state and federal government. These include, but are not limited to enforced highway speed limits, efficiency standards of equipment and appliances, building codes and construction standards, lighting and illumination standards, rate structures and other energy conservation related actions or reactions as may be required to attain the necessary or desired energy use levels.

Since the present mandatory petroleum allocation program is due to expire on August 31 and the Midwest is facing continuing fuel supply shortages needing government actions, the Midwestern Governors reaffirm the position taken on July 31, 1974, that the mandatory petroleum allocation program be continued until the evidence becomes clear that stability has been achieved in the energy supply and distribution system.

--  
(11 states favored, four were absent)

(13 states favored; Wisconsin and West Virginia were absent)



MIDWESTERN GOVERNORS' CONFERENCE  
Proposed Policy Statement  
on Extension of the Allocation Program

Drafted by the Task Force on Energy Requirements  
and Environmental Protection

Since the present mandatory petroleum allocation program is due to expire on August 31 and the Midwest is facing continuing fuel supply shortages needing government actions, the Midwestern Governors reaffirm the position taken on July 31, 1974, that the mandatory petroleum allocation program be continued until the evidence becomes clear that stability has been achieved in the energy supply and distribution system.

--

(13 states favored; Wisconsin and West Virginia were absent)

--  
(13 states supported. Wisconsin and West Virginia were absent)





MIDWESTERN GOVERNORS' CONFERENCE  
Proposed Policy Statement  
on State Reimbursement

Drafted by the Task Force on Energy Requirements  
and Environmental Protection

The Midwestern Governors' Conference supports continued federal reimbursement to the states for their energy management activities, including fuel allocation, energy conservation programs, data collection, energy research and resources development. A minimum of the \$10 million national funding level for the 1974-75 fiscal year should be retained. Involvement of the states is critical to the effectiveness of national energy programs, specific projects of the Federal Energy Agency and the federal mandatory fuel allocation program. Many of the state energy offices act in the national interest through implementation of federal programs. The success of numerous national conservation, energy research development and data collection programs will dictate continued state involvement.

--

(13 states supported. Wisconsin and West Virginia were absent)



## MIDWESTERN GOVERNORS' CONFERENCE

## Proposed Policy Statement

on Federal Strip Mining and Reclamation  
on Energy Taxes

Drafted by the Task Force on Energy Requirements  
and Environmental Protection

The Midwestern Governors' Conference strongly urges the federal government to move into energy conservation in a significant way. It opposes the employment of regressive taxes as a prime mechanism for reducing energy consumption. Energy costs are a leading element in inflationary escalation. To increase the costs of energy by federal taxation is an indirect and ineffective approach to the energy problems of the nation and will cause an aggravation of inflationary problems.

--

(Indiana, Iowa, Michigan, Minnesota, North Dakota, West Virginia, Wisconsin, and Oklahoma supported; Illinois, Kansas, Nebraska, Missouri, Ohio, and South Dakota abstained; Kentucky was absent)



## MIDWESTERN GOVERNORS' CONFERENCE

## Proposed Policy Statement

## on Federal Strip Mine Reclamation

Drafted by the Task Force on Energy Requirements  
and Environmental Protection

The Midwestern Governors' Conference recommends the adoption of federal strip mining and reclamation legislation that would apply to federal lands and lands on which the federal government controls mineral rights. Federal strip mine legislation for these lands is necessary to achieve greater uniformity in state and federal reclamation deliberations. The absence of such legislation could actually retard energy development by straining relationships between the federal government and various states.

--

(13 states supported; Wisconsin and West Virginia were absent)



**MIDWESTERN GOVERNORS' CONFERENCE**

Proposed Policy Statement

**Proposed Policy Statement****on Eminent Domain for Coal Pipelines**Drafted by the Task Force on Energy Requirements  
**Drafted by the Task Force on Energy Requirements****and Environmental Protection**

The Midwestern Governor's Conference favors federal legislation to grant the right of eminent domain to the interstate pipeline transport of coal. Eminent domain already has been granted to interstate transporters of petroleum, natural gas and electricity. Furthermore, there are concerns that the equipment and services of the nation's railroads and truckers are inadequate to transport the increasing volume of coal needed to fulfill the nation's energy requirements.

--

(13 states supported; North Dakota abstained;  
South Dakota was absent)



MIDWESTERN GOVERNORS' CONFERENCE  
Proposed Policy Statement  
on Missouri River Hydro-electric Power

Drafted by the Task Force on Energy Requirements  
and Environmental Protection

There are indications that the environmentally-acceptable hydro-electric generating potential on the Missouri River may not have been fully considered. The Midwestern Governors' Conference supports efforts to increase, in an environmentally acceptable manner, the capacities of existing hydro-electric facilities on the Missouri River.

--  
(13 states support; Wisconsin, West Virginia absent)

The Midwestern Governors' Conference recommends that funding for the proposed home winterization program for Fiscal 1976, be substantially above the \$55 million level.

(13 states support; North Dakota, Michigan absent)



MIDWESTERN GOVERNORS' CONFERENCE

ENERGY REQUIREMENTS AND ENVIRONMENTAL PROTECTION

Proposed Policy Statement

on Home Winterization

Drafted by the Task Force on Energy Requirements  
and Environmental Protection

The elderly poor use proportionately less energy than the general population while paying proportionately more. The elderly poor probably are more adversely affected by energy scarcity and escalating costs for fuel than any other group.

The Fiscal 1974 home winterization program administered through OEO resulted in successful permanent home improvement programs in several states. The \$55 million home winterization program proposed by the Administration would winterize no more than 250,000 homes nationwide.

The Midwestern Governors' Conference recommends that funding for the proposed home winterization program for Fiscal 1976, be substantially above the \$55 million level.

(13 states support; North Dakota, Michigan absent)

It is the consensus of the task force that its composition reflects an effective level of participation by the individual states. However, frequent turnover among a few state delegations has somewhat diluted their effectiveness.

In addition to the continuing roles outlined above, the task force has identified several specific undertakings for the coming year. We would hope these proposals meet with the governors' approval.



CRITICAL EVALUATION OF THE TASK FORCE ON  
ENERGY REQUIREMENTS AND ENVIRONMENTAL PROTECTION

In recent weeks, the task force has undertaken a critical evaluation of its functions. It has identified several continuing roles that its member states generally consider appropriate functions for an organization of this type:

- Exchange information among the states on energy issues.
- Respond jointly to issues relating to federal fuel allocation programs and to proposed changes in these programs.
- Advise governors of the implications of pending federal energy legislation.
- Promote multi-state energy research and development projects.
- Promote multi-state energy conservation programs.
- Promote multi-state energy management programs such as facility siting agreements.
- Promote multi-state data gathering and information systems.
- Serve as a technical forum for the discussion of energy issues.
- Develop proposals for state and national energy regulatory reform.
- Serve as a regional energy policy forum.

Several states believe that it is appropriate for the task force to function as a regional "lobby" with Washington on energy matters, but several other states dissented from that point of view. Generally, the states considered it inappropriate for the task force to engage directly in public information and education programs, believing that individual states and their governors can be more effective in dealing with their citizens. This is not to say that the task force would not suggest programs to the states for their use.

It is the consensus of the task force that its composition reflects an effective level of participation by the individual states. However, frequent turnover among a few state delegations has somewhat diluted their effectiveness.

In addition to the continuing roles outlined above, the task force has identified several specific undertakings for the coming year. We would hope these proposals meet with the governors' approval.



CRITICAL EVALUATION .... continued

--A continuing involvement in the natural gas problem, with special attention to federal and state roles in allocating gas and in providing for alternate fuels.

--Emphasis on the interrelationship between energy needs and water resource issues.

--Detailed study of the specific energy problems and needs of agriculture.

--More intensive evaluation of energy facility siting issues.

--Evaluation of the energy implications of coal transportation problems.

--Improvement in the relationship between the states and FEA, particularly at the FEA regional office level.

--Improvements in the federal fuel allocation program.

--Promotion of research programs that will stimulate energy efficiency and fuels development.





## EXECUTIVE SUMMARY

### APPENDIX

On the following pages, we have reproduced the executive summary and key statistical tables from a special report on natural gas prepared by a subcommittee of the task force. It centers on supply issues and regulation issues.

The full report was prepared by a subcommittee, chaired by Mr. John Millhone of Iowa and Mr. Charles Hill of Oklahoma, and including representatives from each of the member states of the Midwestern Governors' Conference.

A limited number of copies of the full report are available.

The natural gas industry has been recognized for some time as one which is sufficiently affected with a public interest to necessitate some governmental regulations. Natural gas pipelines were excluded from the jurisdiction of the Interstate Commerce Commission by an amendment to the Interstate Commerce Act in 1906. After the passage of this amendment and until the passage of the Natural Gas Act in 1938, interstate natural gas pipelines were free of federal regulation.

By 1928, control of gas lines had become concentrated in the hands of a few powerful holding companies which took advantage of regulatory gaps. A Federal Trade Commission study published in 1935 noted that this situation was resulting in high prices and extensive waste of gas. One of the recommendations of the report was the enactment of a federal law applicable to interstate pipelines and having power over interstate sales. This recommendation was put into place when the Natural Gas Act was signed into law on June 21, 1938.



## EXECUTIVE SUMMARY

Natural gas, the Midwest's premium fuel is becoming more and more scarce. Many experts argue that the cause of this shortage is the Federal Power Commission regulation of the price which has been in place since 1954. As an alternative to FPC regulation of well-head pricing of gas at an artificially low price, the options of deregulation and continued regulation of all gas at a higher price have been considered. The purpose of this paper is to explore the causes of this situation and examine the reasons why price decontrol should or should not be adopted as a measure designed to increase our dwindling natural gas supplies.

### Historical Development of Natural Gas Regulation

The natural gas industry has been recognized for some time as one which is sufficiently affected with a public interest to necessitate some governmental regulations. Natural gas pipelines were excluded from the jurisdiction of the Interstate Commerce Commission by an amendment to the Interstate Commerce Act in 1906. After the passage of this amendment and until the passage of the Natural Gas Act in 1938, interstate natural gas pipelines were free of federal regulation.

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Major Issues Concerning the Deregulation of Natural Gas

This act gave the FPC the jurisdiction over the interstate pipeline network, including sales of interstate gas for resale.

Based on the provisions of this act, the FPC made no attempt to regulate sales of natural gas by independent producers to interstate pipelines. Then in 1954, in the Phillips decision, the Supreme Court held that the Federal Power Commission did, in fact have the authority to regulate the prices at which natural gas field producers sold gas to interstate pipeline companies. This decision held that it was the intent of Congress, when they wrote the Natural Gas Act, to give FPC jurisdiction over the wholesale rate for gas, whether at the wellhead or in the interstate market.

From 1954-60, the FPC attempted to regulate each independent producer separately. A massive case backlog developed. To combat these problems, in 1960 area rate regulation was established. Under this procedure, FPC established a maximum price for gas based on the average cost of production in each producing area of the country.

In its first area rate case decision, the Commission established a "two-tier" pricing system which allowed lower prices for "old" gas already committed to the interstate market than for "new" production.

The average new contract price was 18.2 cents per mcf in 1961 and only 19.8 cents per mcf in 1969.

In 1973, FPC proposed to set a nationwide price of 42 cents per mcf for all gas from wells begun on or after January 1, 1973, and providing for escalation.

In spite of the FPC field market regulation, demand and shortages of natural gas continue to increase in the consuming states. FPC has now been forced to ration the available supply through a curtailment policy.



There are a number of considerations that must be examined before deregulation can even be considered feasible. The gas industry is frequently viewed as indistinct from the petroleum industry. Some see no effective competition in the producer industry. If gas reserve figures are understated, as the FTC recently claimed, there may be no need for deregulation. If supply and demand for gas are inelastic, deregulation would have no impact on decreased use and fuel switching. An optimal price that can clear a market must also be considered.

Many people consider the gas industry both vertically and horizontally integrated. Interlocking relationships exist between producers and purchasing pipelines. This dual role of the pipeline as both buyer and seller would tend to reduce the pipelines' incentive as a purchaser to conduct arm's-length bargaining with producers for lower prices.

An anticompetitive aspect of the industry is the fact that pipelines rarely bid independently for offshore leases, but participate with the major producers in joint ventures to acquire offshore acreage and ultimately jointly produce from these properties.

The gas companies can be considered closely linked to major oil companies when it is observed that the top 14 natural gas producers in 1970 are generally considered oil companies, and were among the top 15 producers of oil and gas liquids. This horizontal integration of energy companies and creation of "full-service" energy companies tends to reduce the competition among fuels.

The competition in the natural gas industry is less than the median for all manufacturing. However, new gas supplies are more highly concentrated than the median.

The concentration of the industry in the hands of large companies



seems a barrier to entry for new ventures, but Administration spokesmen claim the real barrier to entry in the natural gas business is the effects of cost-based price ceilings.

Recent controversy has risen over the validity of the American Gas Association's gas reserve estimates. Our peak in proved reserves of gas occurred in 1967, and was 294 trillion cubic feet. Our current proved reserves are equal to only 11 times of 1973 domestic production or 13.2 times 1973 gas use. Our undiscovered gas resource base was recently estimated as being half as large as previous estimates by the U. S. Geological Survey. Currently U. S. gas resources stand at somewhere between 322 and 568 Tcf.

Gas production peaked in 1970 and is expected to decline three per cent in 1974. However, exploratory drilling peaked in 1973 and continued high in 1974.

#### Interstate Vs. Intrastate Gas Production

Since 1969, production and reserves committed to the interstate market have been dropping as a percent of total production and reserves of the lower 48 states. Over the last four years, interstate pipeline companies have acquired only about 8 percent of the national reserve additions.

The intrastate market has had net reserve additions averaging 8.4 Tcf per year for the four years 1970-73. This is in sharp contrast to the recent experience for interstate supply where average annual net reserve additions for the same period were only about 9.7 Tcf, down from the average of 11.4 Tcf of the 1964-69 period.

These data would indicate that, to a degree, the recent relative advantage of the intrastate sector has been at the expense of interstate supply.



Supply Adequacy

Some geologists argue that with or without deregulation U. S. gas supplies are finite and will run out within twenty years. Most supply studies project relatively similar production of about 18.3-20 Tcf of gas per year for 1975-80 with or without regulation.

Proponents of deregulation point to rising marginal costs for natural gas production, coupled with regulation based upon average cost as deterrents to production of more gas. This argument assumes that a large gas resource base exists.

Demand Elasticity

The gas market is considered relatively inelastic, although no recent study has been performed. If demand is elastic, deregulation will act as a device to conserve gas for superior usage.

Incremental supplies of gas will tend to be more expensive to produce. Regulation in the past has been based on average price of production. With regulation in place, incremental supplies will be priced out of the market, while demand is artificially stimulated at the average price. Thus, regulation on the basis of an average cost will ensure continued shortages. Regulation based on average costs is difficult enough to carry out, but regulation on any other basis is probably conceptually infeasible.

Overview of Deregulation Proposals

Four alternatives are considered to current FPC pricing mechanisms: total deregulation of all gas, deregulation of new gas and gas under expiring contracts, deregulation of new gas only, and total regulation of both the intra- and interstate markets. Most proponents of an end to price controls advocate deregulation of new gas only. A bill currently under consideration by the U. S. Senate, S692, would regulate both gas markets.



A number of studies have identified key variables in deregulation such as its impact on wellhead prices, consumer prices, gas production, and equalization of the market between inter- and intrastate gas.

The wellhead price of gas has been projected to either rise slightly, rise to the intrastate price level of \$1.50-\$1.80 per Mcf, or reach the BTU equivalent price of oil of about \$1.75 per Mcf. Most agree that the price of "new" gas will converge at the oil equivalent level or higher, since gas is a more desirable fuel than oil. However, when "old" gas is rolled in, the average wellhead price will be considerably lower. In any year, new gas contracts provide only 5 to 15 percent of all gas under contract.

Consumer costs will increase most to industrial and electric generation customers whose price is closest to the wellhead price. Residential and commercial gas users pay a price of which only 15 to 25 percent is based on wellhead costs. Most studies assume that consumer costs with deregulation will rise about three to six percent per year and will level off in about ten years.

The consumer may even experience net benefits with deregulation to the extent that he decreases his demand for gas and switches to alternate fuels.

Our gas resource base is limited. The best we can hope for deregulation to do is to bring more gas into the interstate market from the intrastate market. Although much speculation abounds over the number of "shut-in," non-producing wells, these claims cannot be substantiated. Without deregulation, our currently decreasing gas production may sink to even lower levels.

### Summary

The Midwest is faced with 40 percent higher levels of curtailment and 5 percent less gas supply this winter. Deregulation will do



nothing to alleviate this short-term problem. That can only be solved by good contingency planning, adequate and accessible supplies of alternate coal and fuel oil, and redistribution of pipeline gas supplies.

Deregulation can help in the long run to increase and extend our gas supplies allowing more lead time to develop alternate energy sources. The various studies forecast diverse impacts of deregulation, especially on gas prices. However, the assumptions are valid that the wellhead price will rise to either the intrastate or oil parity price level; consumer costs will increase and level off after five years of deregulation; and there will be slightly increased gas production due to deregulation.

	Total Use	Percentage sold to:			
		Residential	Commercial	Industrial	Elec. Gen.
Illinois	1,128.6	39.54	18.04	37.34	3.08
Indiana	539.6	39.34	18.01	37.34	3.08
Iowa	348.2	26.24	17.24	37.34	3.08
Kansas	488.9	19.34	18.04	37.34	3.08
Kentucky	209.6	39.34	18.04	37.34	3.08
Michigan	905.8	37.34	18.04	37.34	3.08
Minnesota	355.4	28.94	15.04	32.64	16.04
Missouri	417.6	36.84	18.14	28.44	13.04
Nebraska	214.2	23.54	17.14	33.24	25.24
North Dakota	20.0	41.04	49.54	7.54	1.54
Ohio	1,087.8	40.44	17.04	40.04	1.54
Oklahoma	395.4	14.64	7.24	27.44	50.04
South Dakota	31.2	35.94	31.74	17.34	13.14
W. Virginia	166.6	33.44	14.44	50.84	0.24
Wisconsin	362.5	30.54	14.54	46.24	8.24

\*Totals may not equal 100% due to exclusion of miscellaneous uses of gas, including gas used by municipalities.





## IMPACT OF CURTAILMENT ON THE MIDWEST:

ALTERNATE FUEL REQUIREMENTS  
GAS USE IN THE MIDWEST, 1973

State	Total Use (bcf)	Percentage sold to:*			
		Residential	Commercial	Industrial	Elec. Gen.
Illinois	1,128.6	39.5%	18.9%	37.6%	3.5%
Indiana	529.6	29.3%	14.0%	54.3%	0.9%
Iowa	348.2	26.2%	17.2%	37.8%	17.7%
Kansas	498.9	19.3%	9.8%	34.8%	35.3%
Kentucky	209.6	38.3%	18.4%	36.0%	3.9%
Michigan	905.8	37.7%	19.0%	37.3%	5.1%
Minnesota	355.4	28.9%	15.0%	32.6%	16.0%
Missouri	417.6	36.8%	18.1%	28.4%	13.0%
Nebraska	214.2	23.5%	17.1%	33.2%	25.2%
North Dakota	20.0	41.0%	49.5%	7.5%	1.5%
Ohio	1,087.8	40.4%	17.0%	40.0%	1.5%
Oklahoma	505.4	14.6%	7.2%	27.4%	50.0%
South Dakota	31.2	35.9%	31.7%	17.3%	13.1%
W. Virginia	166.6	33.4%	14.4%	50.8%	0.2%
Wisconsin	362.5	30.5%	14.3%	46.2%	8.2%

\*Totals may not equal 100% due to exclusion of miscellaneous uses of gas, including gas used by municipalities.

\*Assumes that the gas users curtailed in 1975-76 will increase their demands for alternate fuels at the rate of 2 or 4 percent per year.



IMPACT OF CURTAILMENT ON THE MIDWEST:

ALTERNATE FUEL REQUIREMENTS

State	Volumes of Gas Curtailed (bcf)	Translated into Alternate Fuels (75% Oil; 25% Coal)		1979-1980 Alternate Fuel Needs*			
		Million Gallons	Million Ton	2% Growth Oil	2% Growth Coal	4% Growth Oil	4% Growth Coal
Illinois	393.9	2,110.2	4.1	2279.0	4.4	2468.6	4.8
Indiana	361.7	1,937.7	3.8	2092.7	4.1	2247.7	4.4
Iowa	24.4	130.7	0.25	141.2	0.3	151.6	0.3
Kansas	95.4	511.1	1.0	552.0	1.1	592.9	1.2
Kentucky	42.8	229.3	0.4	247.6	0.5	266.0	0.5
Michigan	34.7	185.9	0.4	200.8	0.4	215.6	0.4
Minnesota	5.6	30.0	0.06	32.4	0.06	34.8	0.07
Missouri	79.2	424.3	0.1	458.2	0.1	492.2	1.0
Nebraska	17.8	95.4	0.2	103.0	0.2	110.7	0.2
North Dakota	--	--	--	--	--	--	--
Ohio	244.1	1,307.7	2.5	1412.3	1.5	1516.9	2.9
Oklahoma	18.6	99.6	0.2	1075.7	0.2	115.5	0.2
South Dakota	0.09	0.5	0.0009	0.54	0.0001	0.6	0.001
W. Virginia	51.6	276.4	0.5	298.5	0.6	320.6	0.6
Wisconsin	12.6	67.5	0.1	72.9	0.1	78.3	0.2
Change from 74-75	1,382.49	7,406.3	13.61	8966.8	13.56	8612.0	16.7

\*Assumes that the gas users curtailed in 1975-76 will increase their demands for alternate fuels at the rate of 2 or 4 percent per year.

TOTAL		285.4	270.4	72.4	74.7		
Change from 74-75		-15.0		-8.9			



ACTUAL AND PROJECTED GAS SUPPLIES AND CURTAILMENTS OF  
INTERSTATE PIPELINE COMPANIES SERVING  
THE MIDWEST STATES, 1974-75 & 1975-76

	Gas deliveries		Curtailments	
	1974-75	1975-76	1974-75	1975-76
<b>KANSAS</b>				
Gas Transmission Co.				
Michigan-Wisconsin				
Cities Service				
<b>ILLINOIS</b>				
Northern Natural	---	52.0	---	---
Texas Eastern	10.5	9.9	2.2	2.5
Trunkline	192.5	170.0	127.3	151.7
Panhandle Eastern	137.9	122.5	26.2	45.5
Mississippi River	60.6 (2.4I)	62.2	0.3	1.9
Texas Gas	9.8	9.0	0.6	1.5
Midwestern Gas	195.5	188.7	17.2	29.6
Michigan-Wisconsin	3.2	3.3	---	0.1
Natural Gas	747.8	766.8	167.8	165.4
	<u>1357.8</u>	<u>1384.4</u>	<u>341.6</u>	<u>398.2</u>
Minus intercompany transfers	-209.6	-162.4		-4.3
<b>TOTAL</b>	<u>1148.2</u>	<u>1222.0</u>	<u>341.6</u>	<u>393.9</u>
% change from 74-75	+5.4		+15.3	
<b>INDIANA</b>				
Texas Eastern	4.0	3.7	0.8	0.9
Lawrenceburg Gas	83.4	83.2	---	---
Panhandle Eastern	167.9	149.3	24.5	42.6
Texas Gas	91.0	79.4	1.2	18.8
Midwestern Gas	0.2	0.2	0.002	0.001
Michigan-Wisconsin	5.7	5.6	---	0.08
Natural Gas	138.0	141.5	27.5	26.8
Trunkline	350.0	318.3	233.4	277.2
	<u>840.2</u>	<u>781.2</u>	<u>287.4</u>	<u>363.4</u>
Minus intercompany transfers	-5.6	-4.2	-0.2	-1.7
<b>TOTAL</b>	<u>834.6</u>	<u>777.0</u>	<u>287.2</u>	<u>361.7</u>
% Change from 74-75	-7.4		+25.9	
<b>IOWA</b>				
Northern Natural	166.3 (1.0I)	151.4 (0.2I)	9.0	9.4
Michigan-Wisconsin	32.4	30.1	---	0.7
Natural Gas	87.3 (2.0I)	89.4 (1.0I)	13.4	14.3
	<u>286.0</u>	<u>270.9</u>	<u>22.4</u>	<u>24.4</u>
Minus intercompany transfers	-0.6	-0.5		
<b>TOTAL</b>	<u>285.4</u>	<u>270.4</u>	<u>22.4</u>	<u>24.4</u>
% change from 74-75	-15.0		-8.9	



Gas Transmission Co.	Gas deliveries		Curtailments	
	1974-75	1975-76	1974-75	1975-76
<b>KANSAS</b>				
Colorado Interstate	3.1	3.0	---	---
Northern Natural	34.6	34.1	---	---
Panhandle Eastern	6.3	5.7	2.6	4.6
Michigan-Wisconsin	0.08	0.08	---	---
Cities Service	288.9	252.5	61.0	90.8
Natural Gas	0.2	0.2 (.003I)	0.003	---
Arkansas-Louisiana	9.5	11.1	0.6	---
	<u>342.7</u>	<u>306.7</u>	<u>64.2</u>	<u>95.4</u>
Minus intercompany transfers	-4.0	-5.0	---	---
TOTAL	<u>338.7</u>	<u>301.7</u>	<u>64.2</u>	<u>95.4</u>
% change from 74-75	-12.3	-20.0	+48.6	-0.75
<b>KENTUCKY</b>				
Tennessee Gas	50.4	46.8	6.4	11.1
Texas Eastern	1.8	1.6	0.6	0.7
Kentucky-W. Virginia	24.5	27.7	---	---
Texas Gas	157.1	141.0	10.3	31.0
Midwestern Gas	0.009	0.008	0.01	0.001
Columbia	53.4	45.3	9.2	7.2
	<u>287.3</u>	<u>262.5</u>	<u>26.51</u>	<u>50.001</u>
Minus intercompany transfers	-31.3	-27.9	-2.5	-7.2
TOTAL	<u>256.0</u>	<u>234.6</u>	<u>24.01</u>	<u>42.8</u>
% change from 74-75	-9.1	-20.0	+78.3	-0.75
<b>MICHIGAN</b>				
Northern Natural	9.5	9.0	0.06	0.005
Great Lakes	83.4	83.2	---	---
Panhandle Eastern	168.6	149.9	19.1	33.1
Michigan-Wisconsin	446.3	437.7	---	16.2
	<u>707.8</u>	<u>679.8</u>	<u>19.2</u>	<u>49.3</u>
Minus intercompany transfers	-161.9	-154.2	-12.0	-14.6
TOTAL	<u>545.9</u>	<u>525.6</u>	<u>7.2</u>	<u>34.7</u>
% change from 74-75	-3.9	-3.9	+381.9	-0.75
<b>MINNESOTA</b>				
Northern Natural	389.5 (2.0I)	353.2 (1.0I)	9.6	5.6
Great Lakes	4.7	4.8	---	---
Midwestern	6.6	6.7	---	---
Inter-City Minnesota	7.3	7.3	---	---
	<u>408.1</u>	<u>372.0</u>	<u>9.6</u>	<u>5.6</u>
Minus intercompany transfers	-1.4	-1.4	---	---
TOTAL	<u>406.7</u>	<u>370.6</u>	<u>9.6</u>	<u>5.6</u>
% change from 74-75	-9.7	-9.7	-71.4	-0.75



Gas Transmission Co.	Gas deliveries		Curtailments	
	1974-75	1975-76	1974-75	1975-76
<b>MISSOURI</b>				
Texas Eastern	11.7	10.1	5.2	5.6
Panhandle Eastern	37.6	33.4	11.7	20.2
Natural Gas	1.6	1.7	0.01	---
Mississippi River	139.5(2.6I)	139.3	0.2	0.7
Michigan-Wisconsin	4.7	4.6	---	0.06
Cities Service	173.4	155.4	34.1	52.6
Arkansas-Louisiana	18.2	16.4	15.3I	19.3I
			2.9F	0.7F
	<u>386.7</u>	<u>360.9</u>	<u>69.4</u>	<u>99.2</u>
Minus intercompany transfers	-18.8	-20.0	-2.9F	-0.7F
			<u>-15.3I</u>	<u>-19.3I</u>
<b>TOTAL</b>	<u>367.9</u>	<u>340.9</u>	<u>51.2</u>	<u>79.2</u>
% change from 74-75	-7.9		+54.7	
<b>NEBRASKA</b>				
Cities Service	2.7	23.3	0.9	13.8
Natural Gas	10.2	9.6	---	---
Northern Natural	103.9(0.05I)	91.4(0.1I)	3.7	4.0
<b>TOTAL</b>	<u>116.85</u>	<u>124.4</u>	<u>4.6</u>	<u>17.8</u>
% change from 74-75	+6.4		+287.0	
<b>NORTH DAKOTA</b>				
Midwestern	6.0	6.5	---	---
	<u>6.0</u>	<u>6.5</u>		
% change from 74-75	+8.3			
<b>OHIO</b>				
Consolidated	289.5	398.3	5.6	29.5
Michigan-Wisconsin	0.9	0.9	---	---
Texas Eastern	112.8	138.5	35.2	39.6
Panhandle Eastern	161.6	143.8	19.3	33.4
Tennessee Gas	109.9	327.0	4.9	---
Texas Gas	326.8	291.4	5.4	41.3
Columbia	576.6	487.0	104.2	193.8
Lawrenceburg Gas	1.5	2.1	---	0.6
	<u>1579.8</u>	<u>1391.1</u>	<u>169.0</u>	<u>308.5</u>
Minus intercompany transfers	-343.2	-306.0	-32.0	-64.4
<b>TOTAL</b>	<u>1236.6</u>	<u>1085.1</u>	<u>137.0</u>	<u>244.1</u>
% change from 74-75	-14.0		+78.2	



Gas Transmission Co.	Gas deliveries		Curtialments	
	1974-75	1975-76	1974-75	1975-76
<b>OKLAHOMA</b>				
Colorado Interstate	22.6	22.2	---	---
Transwestern	30.1(3.1I)	27.0(3.1I)	6.4	9.5
Northern Natural	4.7	3.1	---	---
Natural Gas	0.02	0.02	---	---
Panhandle Eastern	0.2	0.2	---	---
El Paso	0.008	0.002	---	0.002
Cities Service	20.5	17.9	4.2	4.6
Arkansas-Louisiana	24.7	28.4	3.9	4.5
	<u>105.9</u>	<u>101.9</u>	<u>14.5</u>	<u>18.6</u>
Minus intercompany transfers	-18.7	-18.3	---	---
TOTAL	<u>87.2</u>	<u>83.6</u>	<u>14.5</u>	<u>18.6</u>
% change from 74-75	-4.3		+28.3	
<b>SOUTH DAKOTA</b>				
Northern Natural	8.2(0.02I)	8.0(0.04I)	0.05	0.09
TOTAL	<u>8.22</u>	<u>8.04</u>	<u>0.05</u>	<u>0.09</u>
% change from 74-75	-2.2		+80.0	
<b>WEST VIRGINIA</b>				
Columbia	84.9	66.3	7.9	26.5
Tennessee Gas Consolidated	260.3	259.1	13.6	18.1
	49.3	46.1	1.5	7.0
	<u>394.5</u>	<u>371.5</u>	<u>23.0</u>	<u>51.6</u>
% change from 74-75	-6.2		+124.3	
<b>WISCONSIN</b>				
Northern Natural	58.7(0.8I)	57.6(0.1)	0.2	0.4
Michigan Wisconsin	343.5	337.8	---	12.2
Midwestern	122.6	121.7	---	---
Natural Gas	6.8	7.2	---	---
	<u>531.6</u>	<u>524.3</u>	<u>0.2</u>	<u>12.6</u>
Minus intercompany transfers	-146.1	-144.3	---	---
TOTAL	<u>386.3</u>	<u>380.0</u>	<u>0.2</u>	<u>12.6</u>
% change from 74-75	-1.7		+530.0	



Gas Transmission Co.	Gas deliveries		Curtailments	
	1974-75	1975-76	1974-75	1975-76
REGIONAL BREAKOUT				
Illinois	1148.2	1222.0	341.6	393.9
Indiana	834.6	777.0	287.2	361.7
Iowa	285.4	270.4	22.4	24.4
Kansas	338.7	301.7	64.2	95.4
Kentucky	256.0	234.6	24.01	42.8
Michigan	545.9	525.6	7.2	34.7
Minnesota	406.7	370.6	9.6	5.6
Missouri	367.9	340.9	51.2	79.2
Nebraska	116.85	124.4	4.6	17.8
North Dakota	6.0	6.5	---	---
Ohio	1236.6	1085.1	137.0	244.1
Oklahoma	87.2	83.6	14.5	18.6
South Dakota	8.22	8.04	0.05	0.09
West Virginia	394.5	371.5	23.0	51.6
Wisconsin	386.3	380.0	0.2	12.6
TOTAL	6419.1	6101.94	986.8	1382.5
% change from 74-75	-5.2		+40.1	

#### NOTES

All data reported in BCF (billion cubic feet)

The year represented is April 1, 1974-March 31, 1975 and April 1, 1975-March 31, 1976

Data may be incomplete due to the exclusion of several pipelines from the reporting requirements and the fact that some pipelines may not have filed the Form 16 yet.

F - Firm sales

I - Interruptible sales

