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Congress of the United States
House of Representatives
Washington, D.C. 20515

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January 8, 1974

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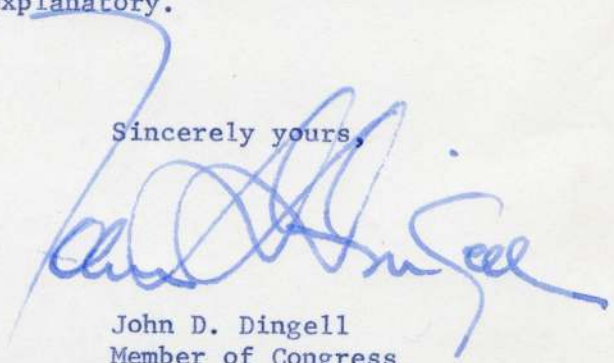
Honorable Harley O. Staggers
Chairman
Committee on Interstate and Foreign Commerce
House of Representatives
Washington, D. C.

Dear Mr. Chairman:

I am enclosing for your attention and information a copy of my
January 2, 1974 letter to Mr. William E. Simon, Administrator of the
Federal Energy Office, which is self-explanatory.

With every good wish,

Sincerely yours,


John D. Dingell
Member of Congress

A

Enclosure

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U.S. House of Representatives
Committee on
Merchant Marine and Fisheries
Room 1334, Longworth House Office Building
Washington, D.C. 20515

January 2, 1974

FRANCES STILL, CHIEF CLERK

Mr. William E. Simon
Administrator
Federal Energy Office
New Executive Office Building
Washington, D.C. 20461

Dear Mr. Simon:

As a House conferee on S. 2589, the Energy Emergency bill, I am outraged, after reading the article in the Washington Star-News of December 28, 1973 (copy enclosed), which details the efforts by personnel from the Federal Energy Office, "backed by a team of White House aides and officials from the President's Office of Management and Budget", to "scuttle" section 124 of the Conference report on S. 2589. (Cong. Rec. of Dec. 21, 1973, p. S23821 at p. S23828). Such efforts will lead to further public skepticism about the energy crisis and further erode public confidence in the Executive branch's integrity and ability to cope equitably and swiftly with this crisis.

Information and statistics about the fuel crisis which daily emanate from your agency and other Administration spokesmen have been and are confusing and often contradictory. This is because, as Comptroller General Elmer B. Staats noted on December 11, 1973, the "present data collection system is largely voluntary". (Cong. Rec. (daily issue) Dec. 11, 1973, pp. H11146-H11149.) Mr. Staats was testifying on the Administration's poorly drafted bill (H.R. 11793) to establish the Federal Energy Administration. He quoted from "background material" accompanying the bill -- presumably prepared by your agency -- which said "it is imperative that statutory authority exist to obtain whatever information may be required". (Underlining supplied.) But, he noted, the bill "does not contain language which will provide such authority".

Mr. Staats agreed that such authority "is imperative", saying:

"Questions are being raised about the credibility of existing energy data because it is reported voluntarily by industry and not verified.Credibility of the data on which policy decisions are based is essential to the successful operation of the new administration."

On December 13, 1973, your deputy, Mr. John Sawhill, conceded that data on available reserves of oil, fuel in storage and production were "not as good as we need". He said the FEA will have to come to Congress in 60 days "to ask for some mandatory reporting requirements" and greater access to industry records.

I did not think the country could afford to be without this "imperative" authority during the 60 days the Administration dawdled about requesting Congress for such authority as well as during the subsequent time needed to enact such legislation. (Indeed, the Administration's schizophrenia about this authority has already been demonstrated by the aid your Office, the White House and OMB gave to the oil industry's successful "scuttling" of section 124 a few days ago.) That is why on December 14, 1973, I offered on the House floor my reporting amendment to the House energy emergency bill. My amendment, which the House adopted without dissent, would enable FEA to get, by regulation, needed data on oil, natural gas, and coal reserves, production, destination, and use of these fuels. The regulation would be published in accordance with the Administrative Procedure Act.

It required the oil, coal, and natural gas industries to file reports with the FEA every 60 days on their fuel reserves, production, distribution, and use. Such reports would, of course, be subject to the provisions of 18 U.S.C. 1001 which penalizes false statements and reports.

It provided for confidentiality of those reports or parts thereof if it is shown that making the reports public would divulge methods or processes entitled to protection as trade secrets or other proprietary information. But the data would also be available to the Attorney General, Interior, Federal Trade Commission, Federal Power Commission, General Accounting Office, and Congress. It applied only to those persons who are engaged in exploring, developing, processing, refining, or transporting by pipeline fuels, and specifically exempted retail operations.

In order to avoid duplication, persons who are already reporting reliable data to other Federal agencies would not be required to repeat such reporting to the FEA. Instead, the other Federal agency would be required to supply the reported data to the FEA.

It required that the FEA publish, on a quarterly basis, a summary analysis, in a meaningful manner, of the data received. This is an important provision. Its objective is to fully inform the Congress and the public about fuel reserves, production, distribution, and use. It would be a Federal analysis based on verified data reported by the oil, gas, and coal industries. For the first time, there would be an obligation on a single Federal agency to tell the Congress and the public what it knows about fuel reserves, production, distribution, and use. The analysis would be made in summary form to avoid disclosing confidential data.

My distinguished colleague from Texas, Congressman Pickle, who objected to a much broader provision in Committee, supported my amendment on the Floor, saying (Cong. Rec., Dec. 14, 1973, pp. H11385, H11386):

"...I agree that if the companies expect to get added profits or if they want the confidence of the American people, they must come out and give us more information about their reserves and similar information."

A number of the House Members, including Committee Chairman Harley Staggers, urged its adoption. It was agreed to by the full House.

On December 21, 1973, a majority of the House-Senate conferees agreed to include this section in the bill as it passed the House (see Conference Report, Cong. Rec., Dec. 21, 1973, pp. S23821, S23828). The oil industry, it is clear, did not like this provision. Then, according to the Star-News article, your administrative assistant Mr. Gerald Parsky set about to scuttle this provision. Working from a "command post" in the Vice President's office, Mr. Parsky and his White House and OMB colleagues persuaded the Senate to drastically change the reporting section. But the House then rejected the emasculated bill as the session closed.

The Star-News article quotes Mr. Parsky as describing the Senate compromise "as a kind of technical change".

Let me show you how "technical" this change was.

First, the new section 124 (printed at p. S.23882 of Dec. 21, 1973 Cong. Rec.) transferred administration for this reporting requirement from the FEA -- which was established as the Federal Energy Emergency Administration under section 103 of the Senate "compromise" version of the Conference Report -- to the Justice and Interior Departments. Apparently, the gas, oil, and coal industries trust those two agencies -- with which they have dealt for decades -- more than they do the new FEA. Is this a "technical" change?

Second, the FEA would no longer be able to get any of the data in the reports, except for the period from January 1, 1970 to the date of the first 60 day report. Thus, the FEA would get old data, but nothing new. Instead, it would have to rely on the summary analysis published quarterly by Interior and Justice.

It is hard to comprehend, but fact is fact -- the so-called super-energy agency of the Executive branch was to be totally deprived of any current data from the oil, gas, and coal industries under the "compromise" worked out with Mr. Parsky's help! Yet Justice, which has no responsibilities

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for the administration of energy problems, and Interior, which the Administration wants to strip of its energy duties, would get such data every 60 days. Is this a "technical change"?

Third, the FPC, FTC, GAO, and the Congress would not be allowed to even peek at either the new or old data. The Congress, like the public, would continue to be left in the dark and would have to rely on "summaries" by Interior and Justice to learn anything about the essential information necessary to understand and deal with the "energy crisis". Is this a "technical change"?

The Star-News reports that on December 27, 1973, you were calling for a "blue ribbon panel" of economists "to see what might be included in a reporting system". I find such statement to be mind-boggling. If you do not know now what should be "included in a reporting system" then I think you should resign. Mr. Parsky, the White House, and OMB apparently did not object to the reporting system which would be required by my amendment. They merely wanted to make certain that it would not be very helpful to the FEA, Congress, and others.

1. I request that you personally, in writing, advise me, by January 14, 1973:

(a) Do you support the "compromise" version of section 124 of the Conference Report worked out by Mr. Parsky and his co-workers;

(b) If you answer "yes", please explain to me the reasons for your support;

(c) If you answer "no" then please advise me whether you support the provisions of section 124 of the Conference Report and state your reasons therefor.

2. At the same time, please provide to me the data requested on the enclosed Tables A, B and C.

Sincerely,

JOHN D. DINGELL

Chairman

Subcommittee on Fisheries and
Wildlife Conservation and the
Environment

Enclosures

WASHINGTON (p. A-4) Washington Star-News, Friday, Dec. 28, 1973.

Law to Compel Energy Data Shunned

By John Fialka
Star-News Staff Writer

Although they are calling for a new mandatory public reporting system to keep track of the nation's fuel supplies, officials of President Nixon's new Federal Energy Office have quietly sought to scuttle legislative measures that would have given them powers to install such a system.

As a result, one-third of the way through a crisis-ridden heating season, the nation must continue to rely on information provided voluntarily by the oil industry and the state of Texas for its best statistical picture of how much fuel there is in storage, in wells and in refineries.

The FEO move to strike the reporting system was made last Friday, almost overlooked during a confused Senate session in which oil-state senators used a filibuster to force

changes in emergency energy legislation.

WHILE much of the fight on the Senate floor was devoted to a section of the bill that would have attacked "windfall profits" of oil companies, a major part of behind-the-scenes wrangling during the filibuster was an effort to strike a section that provided for "Reports on National Energy Resources."

According to several sources involved in the struggle over the bill, which was finally rejected by the House because of the filibuster and resulting confusion, it was Gerald Parsky, administrative assistant to FEO head William E. Simon, who led the fight to knock out the reporting system.

Working from a "command post" in the office of Vice President Gerald Ford, Parsky also attempted to bargain for the removal

of another section of the act, an antitrust exemption section — which would have required public records of meetings of oil company officials when they met on moves to ease the fuel crisis, according to the sources.

ALTHOUGH Parsky, backed by a team of White House aides and officials from the President's Office of Management and Budget, lost the effort to kill the antitrust section, he along with the oil state senators, forced a compromise that removed the power of the administrator of the Federal Energy Administration — soon to be formed under Simon — to create a mandatory reporting system.

Instead, under the compromise, the power to initiate a reporting system to develop "reliable data on reserves, production, distribution, and use of petrole-

um products" would have gone to the attorney general or the interior secretary.

In the original measure, information from such a system would have gone to several agencies which have expressed an interest in oil company activities, including the Federal Trade Commission and the General Accounting Office. This provision was also removed in the compromise.

Yesterday, after calling for a "blue ribbon panel" of economists to see what might be included in a reporting system, Simon was asked about Parsky's reported efforts.

"We have always said we need a reporting system," Simon said, referring the matter to Parsky. Parsky described the compromise as a kind of technical change. Later, he could not be reached for further explanation.

TABLE A. Data concerning personnel working as of
January 3, 1974, on detail to the Federal Energy Office
(FEO) or its predecessor agency

(1) title and grade of person at GS-9 level above.	(2) Division, Branch, or office in FEO to which person in column (1) is assigned	(3) Agency detailing person named in column (1)	(4) Effective date of detail	(5) Estimate of term of assignment

TABLE B. Data concerning personnel working as of January 3, 1974 at Federal Energy Office (FEO), other than those listed on tables A and C

(1)	(2)	(3)
, title and grade of person at level or above	Division, Branch, or office assigned	Identity of agency, firm, or other organization with which person was employed or associated immediately preceding employment by FEO or its predecessor agency

TABLE C. Data concerning personnel working as of
January 3, 1974, as consultants with Federal Energy Office (FEO)

(1) of consultant	(2) Date hired as consultant	(3) If hired for less than full time service, indicate amount of time per day or week	(4) Amount paid per day or week	(5) How long will consultant be retained?

TABLE C. Data concerning personnel working as of
January 3, 1974, as consultants with Federal Energy Office (FEO)

(1) of consultant	(6) Describe duties of consultant	(7) Identity of firm, agency, or other organization with which person was employed or associated immediately preceding employment with FEO or its predecessor agency	(8) Is person currently employed or associated with the firm, etc., identified in column (7)?