

OLWH Panetta
ES94-03022-2

Sent by electronic mail to Phil Caplan at 5:36 p.m., November 3.

November 3, 1994

NO ORIGINAL FILE COPY
OLWH PANETTA
FILE CASE ES94-030222

MEMORANDUM FOR LEON PANETTA
FROM: HAZEL R. O'LEARY
SUBJECT: Weekly Report

KEY DEPARTMENT NEWS

Process to Develop Solutions to California Electricity Restructuring

The California Public Utilities Commission has proposed to restructure the State's electric power industry. This is an extremely controversial proposal because \$30 to \$40 billion in existing assets could be financed by parties other than those currently paying for them. The regulatory process is at a standstill, and many of the affected parties are concerned that important planning and investment decisions will be stifled due to the uncertainty.

In a speech to a large forum of the parties, I laid out a process to convene the parties in order to drive the process towards an outcome. This is an extremely controversial issue that, if not handled right, could have an adverse impact on California's competitiveness and the environment. Our proposal to move the process forward was warmly received.

Speech to the Council on Foreign Relations on National and Economic Security Issues

Today, I addressed the Council on Foreign Relations, the Nation's most prestigious organization focusing on national security and foreign policy issues. My remarks focused on the Administration's progress in nonproliferation, including negotiating a Comprehensive Test Ban Treaty and the extension of the Nuclear Nonproliferation Treaty, while ensuring that the Nation recognizes that the maintenance of a vibrant economic base is essential for national security.

UPCOMING TRAVEL

Event with Senator Robb

I am attempting to arrange my schedule to participate in an event with Senator Robb on Friday or Saturday at his request.

- **Events with Representative Jim Cooper**

I will be attending several church services with Representative Jim Cooper on Sunday in Memphis in an attempt to energize the African American vote.

- **Trip to New Mexico**

At the request of Representative Richardson and Senator Bingaman, I will participate in several events in New Mexico Monday.

UPCOMING SPEECHES

- **Speech to Publicize the Administration's Technology Initiatives**

I will give the keynote speech at NASA's technology transfer conference. This address allows me to focus on our Administration's and Department's initiatives to use our scientific and technological assets to create jobs and drive the economy.

- **Speech to the General Accounting Office's African Network**

I will make a speech to General Accounting Office's African American employees on the Administration's commitment to diversity.

MEDIA

- **Campaign Media**

I will be doing interviews with African American radio stations supporting "get out the vote" activities.

- **Ebony**

Ebony will profile me in the January 1995 edition.

- **Press Conference with Utility Industry and the Environmental Community Advocating Energy Efficiency**

The Natural Resources Defense Council and the Edison Electric Institute announced, at a press conference, an advertising campaign advocating energy efficiency. I participated in a press conference celebrating this unique alliance. Media attention of this announcement will highlight the Administration's commitment to energy efficiency as a way to create jobs and reduce pollution.

- **Fortune**

I conducted an interview with Fortune on the Administration's and Department's commitment to quality management as a tool to ensure that the Government is able to respond more effectively to the American public.

• Business Week

I met with the editorial board of Business Week today. Expected subjects include the Department's technology and contract reform initiatives.

Energy Dept. OKs \$9M for work involving Manufacturing Sciences

From staff reports

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"The NCPP will be a road map for productive reuse of DOE facilities," said Manufacturing Sciences President Alan Liby. "We are very pleased to be part of this important project."

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The first stage of the project was completed recently, which opens the way for cleanup activities to

begin. The final stage of the process, which involves recycling, will depend on community acceptance of commercial manufacturing activities being conducted at Rocky Flats.

"The additional funding can be viewed as an investment in the future of former Rocky Flats workers who can now be rehired and trained for cleanup and recycling efforts," said Manufacturing Sciences vice president and project head Dennis Floyd. "It is an investment that can be repaid through lease payments, once recycling gets under way. It shows good stewardship by the DOE over resources provided by the taxpayer."

Hazel O'Leary, energy secretary, explains Mound plan with U.S. Rep. Tony Hall

O'Leary says Mound on way

Officials hope more U.S. funds follow

By Jim Gaffney
DAYTON DAILY NEWS

Department of Energy Secretary Hazel O'Leary gave Miamisburg \$10 million Wednesday to help convert the agency's Mound plant to a high-tech industrial mall.

In the first visit by a secretary of energy, O'Leary cut the ribbon on the agency's new Ohio field office at Mound, toured a machine shop that has been a leading candidate for early conversion and chatted with several Mound employees who are trying to start up small companies at the plant.

She also gave signals that Mound is heading where she wants: the Energy Department's other nuclear weapons plants to go.

"I have a very strong sense that you've caught the vision of change," she told a packed auditorium. In a press conference, she said Mound is "out front" in efforts to change from its Cold War role of producing nuclear weapons components to cleaning up its property and finding new missions.

Still, some Mound employees who fought the Energy Department's decision to phase out the plant's weapons work are skeptical of the agency's commitment to commercialization.

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the implementation is poor," one employee said as O'Leary cut the ribbon on the field office.

The field office itself is an example of how Energy Department actions have produced mixed results.

Mound used to report to the Energy Department's Albuquerque field office in New Mexico. Now it reports to the Ohio field office on site. Local officials believe having an arm of the agency on site will make it much more responsive to local concerns.

But the Energy Department funded the office by carving \$4 million from the budgets of Mound and two other sites it supervises. "That is something I'm not happy about," Miamisburg Mayor Dick Church said. "Hopefully they'll find other ways of funding the field office."

But nobody complained about the \$10 million check O'Leary brought to town.

Indeed, officials said it's just one step in a major redevelopment program for Mound.

It follows \$4 million the agency gave the city earlier this year, and city officials expect another \$18 million to follow if the agency fully funds a three-year, \$28 million plan the city proposed this month. That plan is part of a five-year effort the city envisions but hasn't detailed.

Michael J. Grauwelman, the city's Mound transition manager, said the check demonstrates

MONEY FOR MOUND

■ Redevelopment programs:
Mound Reuse Committee:
\$95,527
Infrastructure Integration:
\$183,540
■ Business development programs:
Community Improvement Corp.:
\$274,625
User Center* and Transition Work:
\$115,010
Business Incubator:
\$504,519
Marketing:
\$318,570
Technology Transition:
\$1,351,092
■ Business assistance programs:
Financial Assistance:
\$2,059,316
Facility Improvements:
\$3,059,000
Capital Asset:
\$2,038,801

*User Center: Will allow businesses limited use of Mound facilities without signing a lease

Source: City of Miamisburg

the Energy Department's commitment to Mound's conversion and should improve the chances of getting additional funds from other federal agencies and Ohio.

U.S. Sen. John Glenn, D-Ohio, who accompanied O'Leary with U.S. Rep. Tony Hall, D-Dayton, and other elected officials, said the agency has funded \$45 million in cleanup work at Mound this year.

Laser lab is a world-class nuclear safety project

BY HAZEL O'LEARY

AT LAWRENCE Livermore National Laboratory last Friday, I announced the Department of Energy's intention to proceed with design of a laser research facility at the lab that will help meet the nation's national security requirements in the post-Cold War era and advance fusion energy as a possible energy source for the 21st century.

Some say the project, the National Ignition Facility, could undermine U.S. arms control policies. While I respectfully disagree, we have committed to a public dialogue process to ensure that such concerns are fully addressed.

When President Clinton announced on July 3, 1993, that the United States would continue its nuclear weapons test moratorium, he declared our intent to develop alternative means of maintaining confidence in the safety and reliability of the nuclear stockpile, and to refocus much of the talent and resources of the nation's nuclear labs on technologies to curb the spread of nuclear weapons and verify arms control treaties. The National Ignition Facility,

a billion-dollar project, would be among the most important means of meeting these goals.

The National Ignition Facility would be the largest laser system ever built, consisting of 192 laser beams that focus their energies on a small pellet containing hydrogen isotopes. The lasers would bring the pellet to temperatures found inside the sun, causing it to burn and release fusion energy. The process would be like that which occurs in stars, although there would be no prospect of an explosion or radioactive release since the events would be so small and self-contained. The National Ignition Facility would in no way violate a comprehensive test ban.

The technologies involved would permit examination of temperatures and densities never observed within a laboratory. This demanding task would require world-class expertise in physics, optics, mathematics and systems engineering. Part of the research would further our understanding of nuclear weapons, helping to ensure a safe and reliable nuclear arsenal without nuclear testing.

The U.S. nuclear stockpile has been reduced by 60 percent over the past seven years, and further deep and

rapid reductions in U.S. and Russian weapons are expected. As these historic cutbacks proceed, prudence mandates that the U.S. preserve the ability to change course if world events should warrant. A reconstitution capability — embodied in the intellectual assets and accompanying instrumentation of our weapons laboratories — in itself will help deter any would-be nuclear aggressor from thinking that the United States has let down its guard.

The National Ignition Facility will have other, more direct benefits to the nation as well. Scientists versed in nuclear weapons will bring vital expertise and technologies to companion work in nuclear non-proliferation, arms control verification, and nuclear safety and reliability.

The project also would advance our understanding of fusion energy, stellar physics and cosmology, while spurring world-class industrial capabilities, technologies and commercial applications in optical instrumentation and laser devices. Seventy-five percent of the National Ignition Facility cost would be spent in industry, adding more than 1,000 jobs and providing significant economic benefits.

The vast majority of research at the National Ignition Facility would be unclassified, and the project would operate with broad involvement of universities, industry and even foreign researchers.

To ensure that the project does not conflict with U.S. non-proliferation policies, the department will continue a public dialogue that we initiated last summer at the recommendation of Rep. Ron Dellums, chairman of the House Armed Services Committee.

Before construction begins, we will work to resolve to the mutual satisfaction of both project critics and advocates the question of whether the National Ignition Facility would hinder U.S. non-proliferation objectives. The Energy Department also will complete a full environmental impact statement to ensure that the project has no adverse impacts.

While the cost of this project may seem steep to some, the price of second-rate competence in an era of continuing nuclear dangers is too high to contemplate.

Hazel O'Leary is secretary of the U.S. Energy Department.

City given \$10 million to convert plant

By JAMES HANNAN
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During a ceremony at the plant, O'Leary said the Clinton administration wants to use the technology and know-how that won the Cold War to win the global economic war.

But she said making the transition from defense to commercial work will not be easy.

"We're going to be running amok," she said. "I believe we are well on the way, but it does require vigilance and some ability to stick to it."

Mound, which makes triggers for nuclear weapons, began operations in 1948. The Energy Department plans to phase out defense production at Mound by the end of 1996, leaving cleanup of hazardous and radioactive waste as the primary activity.

Mound's work force has declined from 2,400 employees 10 years ago to about 1,300 now.

Community leaders have been working to attract businesses to

the 306-acre site, using Mound's high-tech equipment and experienced scientists and engineers as a magnet.

Currently, there are four small private businesses operating on the site, offering services ranging from precision machining to chemical analysis.

"What I've seen here today I will tell you is the most exciting thing I've seen in a long time," O'Leary said following a tour. "The exciting potential here is to take this technology and deliver it to small business-people who normally would not have the opportunity to see or use facilities like this."

O'Leary also formally opened the Energy Department's new Ohio field office, which is located at Mound and is responsible for operations at Mound, Fernald and West Valley, N.Y.

"If we are going to develop as a team what is required for Mound and the outlying communities in terms of economic development, we have to be on the site," she

said.

Rep. Tony P. Hall, a Dayton Democrat, said the goal is to make Mound a national model for defense conversion.

"I believe the best chance of a successful conversion from a defense mission to commercial development of any site in the DOE complex is right here at Mound," said Sen. John Glenn, the Ohio Democrat.

But Glenn said the Energy Department and Congress must make sure that environmental cleanup at the nuclear sites is adequately funded.

"The relatively clean nature of Mound is a testament to years of attention to an area that was all-too-often overlooked at other DOE sites," he said. "But 'relatively clean' does not mean that this important area should be given short shrift."

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NEWS EXPRESS

PAGE 2 OF 4

Monitor

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Four windmills already are in use and up to seven more are to be built at the wind center on 280 acres at the northwestern part of the 150-acre Rocky Flats complex. The property will belong to the wind center, which — like Rocky Flats — is part of the Energy Department.

Power companies responding to a growing market for wind-generated electricity will use Rocky Flats to perfect their windmills.

The area is known for almost constant winds, from steady breezes to 120 mph gusts.

Other former nuclear bomb plants also will be using nature's natural forces to create electricity. O'Leary said a weapons facility in Nevada will house photo-voltaic panels to collect energy from the sun.

O'Leary's natural power systems still are in the testing stage and the energy department she took over remains mired in radioactive contamination from decades of

nuclear bomb making.

Rocky Flats has 14.2 tons of plutonium that has contaminated the buildings, soil and water at the complex.

Rocky Flats officials spend more than \$700 million a year to maintain the complex — much more than the \$445 million spent

during peak production in 1987 when the plant was making plutonium triggers for nuclear bombs.

About 7,000 people work there roughly the same as during production. Most are well-paid white-collar employees who work for study and plan.

Business



BILL REYNOLDS/DAYTON DAILY NEWS

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Department of Energy
Washington, DC 20585

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Date: 11/3/94
To: Phil Caplan
From: James K. O'Leary
Secretary of Energy

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Transmittal consists of 6 pages, excluding this form.

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Notes:

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THE OAK RIDGER, OAK RIDGE, TN., THURSDAY, OCTOBER 27, 1994 PAGE 5A

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BUSINESS



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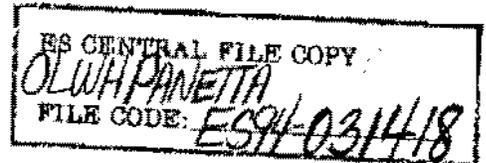
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CONTINUED



The Secretary of Energy
Washington, DC 20585

November 17, 1994



MEMORANDUM FOR LEON PANETTA
FROM: HAZEL R. O'LEARY
SUBJECT: Weekly Report

Sent via electronic mail
11/17/94, 6:30 p.m.

Hazel R. O'Leary

PRESIDENTIAL INITIATIVES

Participation in State Visit of Ukrainian President Kuchma

I will participate in several events with President Kuchma next week. The Department is working with representatives of the Ukraine to determine the most expeditious shutdown of the Chernobyl reactors while assisting the government to identify cost-effective sources of energy to replace the power produced by the reactors. We will also be participating in discussions regarding Ukraine participation in the non-proliferation treaty.

Acceptance of Special Nuclear Material into the Department of Energy Complex

In a major nonproliferation initiative, the Department of Energy will accept special nuclear material from a foreign country. It has been determined that the material was not adequately secured and, as such, posed a proliferation risk. I will participate in an announcement of this initiative with several principals with national security responsibilities including the Secretaries of Defense and State.

KEY DEPARTMENT NEWS

Announcement of R&D Cooperation with the Pulp & Paper Industry

The pulp and paper industry is one of the Nation's ten largest manufacturing industries employing 700,000 people with sales of \$200 billion. The industry is also one of the largest users of energy and producers of waste. In addition, the industry is the Nation's most capital intensive industry. Several months ago, the Department urged the industry to develop an industry-wide research and development program that would channel funds to address urgent challenges. If the industry developed such a program, the Department committed to target some of its programs designed to prevent pollution and save energy toward the paper industry.

This is only the third time in history that Government and a strategic industry have collaborated to such an extent. Sematech and Clean Car represent the other two partnerships. I will announce the scope of our collaboration and potential results at a press conference next week with industry chief executive officers who helped to develop the industry vision. The announcement should receive significant press attention.

Announcement of a Transaction to Reduce Emissions that Cause Acid Rain and Global Warming

I will participate in an announcement with two large investor-owned utilities and an environmental group that represents the first trade of different types of emissions between companies. A western utility will transfer acid rain causing emissions to an eastern utility that will donate the pollutant to a non-profit organization. This donation brings the company a tax benefit that it has committed to invest in additional energy efficiency initiatives. The eastern company will transfer excess tons of global warming pollutant that they will accumulate as a result of committing to the Department of Energy that it will reduce its emissions of greenhouse gases in the year 2000 to 1990 levels.

This is a *win-win* agreement. The companies are able to utilize their strengths in reducing various pollutants, visibility in the West will be improved as sulfur dioxide is not emitted, emissions of greenhouse gases are reduced, and additional investment in energy efficiency will be made. I will make this announcement with the chief executive officers from the two companies and the leaders of a prominent environmental organization. The announcement will generate significant media attention.

OUTREACH

National Hispanic Leadership Agenda

I will meet this leading Hispanic organization to discuss ways to increase our hiring of Hispanic Americans.

MEDIA

Interview with CNBC

I will participate in an interview with CNBC on the environmental transactions discussed in this report.

Interview with National Affiliates in Syracuse

I will conduct an interview with the affiliates in the service territories of the utilities participating in the environmental announcement.

Interview with the Christian Science Monitor

I will participate in an interview with the Christian Science Monitor. They will be writing a profile on me.



Department of Energy
Washington, DC 20585

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Date: 11-18-94
To: T. J. Glauthier Fax # 395-4639
From: Hazel R. O'Leary

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ACTIVITY REPORT

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TRANSMISSION # 2812
CONNECTION ID 08052859
CONNECTION ID 03
START TIME 11-18-94 08:55
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PAGES 4

U.S. DEPARTMENT OF ENERGY
OFFICE OF THE EXECUTIVE SECRETARIAT
DISPATCH DOCUMENT TRANSMITTAL FORM

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TYPE OF DOCUMENT/ADDRESSEE MEMO FOR LEON PANETTA SIGNED BY THE SECRETARY				SUBJECT WEEKLY REPORT			
FROM EXECUTIVE SECRETARIAT							
TO	ACTION COPY TO	INFO COPY TO	TO	ACTION COPY TO	INFO COPY TO		
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DEPUTY SECRETARY			HUMAN RESOURCES AND ADMINISTRATION (HR)				
UNDER SECRETARY			INTELLIGENCE AND NATIONAL SECURITY (IS)				
BONNEVILLE POWER ADMINISTRATION (BPA)			INSPECTOR GENERAL (IG)				
CONGRESSIONAL 1, 10, 20, 30, 40 AND 50			LABORATORY MANAGEMENT (LM)				
CHIEF FINANCIAL OFFICER (CR)			NUCLEAR ENERGY (NE)				
DEFENSE PROGRAMS (DP)			PUBLIC AND CONSUMER AFFAIRS (PA)				
ECONOMIC IMPACT AND DIVERSITY (ED)			POWER MARKETING LIAISON OFFICE (PMA)				
ENERGY EFFICIENCY AND RENEWABLE ENERGY (EE)			POLICY, PLANNING AND PROGRAM EVALUATION (PO)				
ENERGY INFORMATION ADMINISTRATION (EI)			CIVILIAN RADIOACTIVE WASTE MANAGEMENT (RW)				
ENERGY RESEARCH (ER)			SCIENCE, EDUCATION AND TECHNICAL INFORMATION (ET)				
ENVIRONMENT, SAFETY AND HEALTH (EN)			MIS DIVISION				
ENVIRONMENTAL RESTORATION AND WASTE MANAGEMENT (EM)							
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INFORMATION			2				
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ES CONTACT: ARLENE MITCHELL 6X8924 ML							



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The Secretary of Energy
Washington, DC 20585



December 1, 1994

MEMORANDUM FOR LEON PANETTA
FROM: HAZEL R. O'LEARY
SUBJECT: Weekly Report

Sent to the White House
via LotusNotes at 5:59
December 1, 1994

PRESIDENTIAL INITIATIVES

Successful Mission and Announcement of the Transport and Storage of Weapons Grade Material from Kazakhstan

With Secretaries Christopher and Perry, I participated in a press conference announcing that the Department of Energy transported from Kazakhstan to Oak Ridge, Tennessee, for storage enough weapons grade material to build 24 nuclear weapons. This initiative received wide coverage, and the Administration was widely praised for reducing the nuclear danger. There was little adverse reaction from Tennessee as a result of widespread consultation with the State's elected officials.

KEY DEPARTMENT NEWS

Major Announcement Regarding the Realignment of the Department of Energy

In a speech before the Council of Excellence of Government, I will announce an initiative that will result in a major realignment of the Department of Energy enabling the Department to provide better and more cost-effective service to the American public. This initiative is consistent with our Administration's reinventing government effort.

In 1993 I initiated a strategic planning process to focus the Department of Energy on its mission in the post-Cold War world. In the strategic planning process, which included stakeholders, we identified our key missions as: national security (non-proliferation and stockpile stewardship), environmental management (cleaning up former weapons production facilities), energy resources (the development and deployment of clean energy sources), science and technology (providing first-class basic and applied science research), and industrial competitiveness (deploying new technologies into the marketplace). All of these missions are driven by the Department's science and technology assets.

This realignment will ensure that our human resources and field structure are aligned properly to achieve our strategic goals cost-effectively. Because of the magnitude of this effort, it will receive significant media attention. Relevant members of Congress will be briefed prior to the announcement.

Decommissioning of a Strategic Petroleum Reserve Site in Louisiana

We will announce the decommissioning of a strategic petroleum reserve site in Weeks Island, Louisiana, in the near future. Water has entered the mine with the potential to force 73 million barrels of oil to the surface leading to significant environmental problems. Thirteen million barrels of the oil will be transported to another site in Louisiana, and 60 million barrels will be transported to Texas.

Approximately 100 employees will be affected by this closure. For the first two years there will be no job impact, then all employees will be offered jobs in the Strategic Petroleum Reserve system. Representative Tauzin and Senators Breaux and Johnston have been thoroughly briefed.

UPCOMING SPEECHES

Speech to the World Affairs Council in Philadelphia on Administration Security Initiatives

I will address the World Affairs Council in Philadelphia next week. My address will focus on major nonproliferation initiatives including our recent effort to safely transport and store weapons grade material from Kazakhstan, purchasing 500 metric tons of Russian weapons material for sale to commercial reactors, and shutting down dangerous plutonium burning reactors in Russia.

Address to the Council for Excellence in Government Announcing Realignment of the Department

I will address the Council next week and announce the effort to realign the Department discussed earlier in the report.

OUTREACH

Meeting with the Alliance to Save Energy

I will meet with the board of the Alliance to Save Energy, comprised of prominent chief executive officers, and Senators Bingaman and Jeffords to discuss the Administration's energy policy.

Democratic Leadership Council Events

I will attend the Democratic Leadership Council dinner and events next week.

MEDIA

Editorial Board Meeting with the New York Times

I will meet with the Editorial Board of the New York Times next week.

Christian Science Monitor

I will conduct an interview with the Christian Science Monitor. They are profiling the new missions and priorities of the Department of Energy.

Environmental Magazine

I was interviewed by Environmental Magazine for an upcoming profile.

O'Leary tries to shift funds to save Argonne jobs

By Tim Jackson
 Of The Journal

Energy Secretary Hazel O'Leary last week urged key lawmakers to support a shift in public money for nuclear research in Idaho that watchdog groups oppose.

About a week ago, O'Leary wrote chairmen of House and Senate energy subcommittees that she had found money to keep about 1,350 Argonne National Laboratory employees in Idaho and Illinois working.

She asked the lawmakers not to oppose her shifting \$33.2 million from four other Department of Energy programs.

If committee members don't formally oppose the budget shift, O'Leary can go ahead with it in time to avoid a January lay-off of at least 400 to 500 Argonne workers at the Idaho National Engineering Laboratory and in Illinois.

"I am very encouraged with the letter. The sources of funding identified should damage no one," said Charles Tull, associate director of Argonne's Idaho lab. "This is clearly a straight forward effort to resolve the Argonne issue favorably."

Workers at Argonne's Idaho and Illinois labs have faced uncertain futures since Congress last summer killed the Integral Fast Reactor project the labs had focused on for more than a decade.

But leaders of the INEL



Journal photo by Doug Lindley

DOE Secretary Hazel O'Leary tours Idaho National Engineering Laboratory earlier this year.

watchdog group Snake River Alliance again expressed dismay about some of the new research O'Leary has in mind for Argonne.

They're concerned that Integral Fast Reactor research Congress killed because of nuclear weapons proliferation concerns and costs is itself a waste of money that could cause more weapons proliferation problems.

"We're seeing a conflict between our nation's non-proliferation goals and a jobs program," said Beatrice Brailsford, the group's Southeast Idaho coordinator.

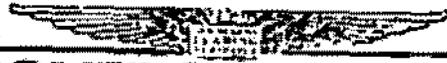
"We support a humane transition for these workers to post-Cold War technologies. But to continue technology that threat-

ens the spread of nuclear bombs is a very unwise decision."

Snake River Alliance, Washington-based Greenpeace and Nuclear Control Institute oppose DOE allowing Argonne to continue research called pyro-processing.

Argonne scientists say pyro-processing may prove a valuable way to treat the nation's growing stocks of spent nuclear fuel to render it harder for would-be nuclear weapons builders to extract plutonium and uranium from the used fuel to make bombs.

Scientists also believe pyro-processing could transform the waste fuel into mineral and solid forms less likely to leach into the environment.



ALBUQUERQUE JOURNAL

Circulation - 125,000
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Date: **NOV 24 1994**

Plutonium Rags Catch Fire

Lab Reports No Leaks or Injuries

By John Fleck
JOURNAL STAFF WRITER

Some plutonium-contaminated rags spontaneously caught fire in a sealed container at Los Alamos National Laboratory Wednesday, according to laboratory officials.

No one was injured, and no plutonium leaked from the container into the laboratory room where the smoldering fire happened, said Dana Christensen, deputy director of the laboratory's nuclear materials technology division.

But the incident illustrates the risks and difficulties inherent in long-term storage of plutonium, Christensen said.

The fire, mostly smoldering rags with a few small flames, happened inside a "glove box," a container with leaded glass windows and sealed portholes through which workers can handle nuclear materials with lead-lined gloves.

The incident happened when workers, concerned about possible chemical reactions inside a plutonium container, put the container inside the glove box for examination.

Inside were rags that had been used to wipe plutonium off the inside of a glove box, said Christensen. There were a total of 23 grams of plutonium in the container, he said.

A worker had become concerned when he noticed what appeared to be

rust on the outside of the container, Christensen said. The container was hot to the touch, so it was placed inside the glove box and opened.

What had looked like rust did, in fact, turn out to be ordinary iron rust from the container, Christensen said, but because the rags appeared to be wet, they were spread out on the bottom of the glove box to dry.

They had been spread for less than an hour Wednesday morning when a technician noticed smoke inside the glovebox, Christensen said.

The technician tripped a fire alarm, then opened a door to an adjacent, connected glove box to allow air in. The technician saw a small amount of flame and saw the rags were smoldering, Christensen said.

Using one of the sealed portholes, the technician reached in and stirred the rags to permit them to burn themselves out. "There was no real way of quenching the flames," Christensen said.

Plutonium is a radioactive metal manufactured in nuclear reactors that has been linked to cancer. The type of plutonium involved in Wednesday's fire was a type used at the laboratory to manufacture nuclear battery packs for NASA space probes.

The batteries work by converting the heat from the plutonium's natural radioactive decay into electricity, and it was apparently that same heat that set the rags on fire, Christensen said.

Christensen praised the technician's handling of the fire.

Christensen blamed the problem on a state regulation that in 1992 shut down a small incinerator used by the laboratory to get rid of the rags.

In the past, he said, the rags were burned in the incinerator, which he described as being the size of a small barbecue. The plutonium was left in the ash, which was then scooped up and chemically processed so the plutonium could be reused.

Since the state shut down the incinerator, the laboratory has been forced to store the rags while it looks for another way to extract the plutonium from them, Christensen said.

Since the fire, all the containers holding plutonium-contaminated rags have been placed inside glove boxes filled with argon or helium, inert gases that prevent fires by denying the oxygen necessary for the combustion to take place, Christensen said.

The incident is the latest in a series of problems within the Department of Energy's nuclear weapons complex that have resulted from unexpectedly lengthy storage of plutonium.

For a variety of reasons, including the sudden halt in nuclear weapons production and strict and changing environmental and safety rules, much of the nation's plutonium is being left in storage for longer periods than ever before, often longer than was anticipated when the plutonium was packaged.

Los Alamos has a stockpile of 5,700 pounds of the material.

Post Register
Idaho Falls, ID
Circulation 29,400
November 23, 1994
Section C, Page 2

Agenda 2020

Administration, forest industry emphasize jobs

Scott Sonner
Associated Press

WASHINGTON — The Clinton administration, offering a hand to an industry critical of its environmental policies, agreed Tuesday to work with forest and paper companies to prioritize their research needs at a time of growing regulatory costs.

"Together we will work to create more U.S. jobs by making the industry cleaner, greener and more cost-efficient," Energy Secretary Hazel O'Leary said during a news conference at the National Press Club.

Industry leaders, particularly those in the West, have been critical of Clinton administration policies for logging and forest protection.

Many Republican senators and congressmen in the region have urged relaxing some environmental regulations to place more emphasis on economic costs when protecting threatened wildlife.

O'Leary said Tuesday the administration remains committed to existing environmental laws but wants to find cheaper ways to enforce them.

"The American public wants clean air and clean water and clean ground," O'Leary said.

"They want to be sure that while we are accomplishing those goals we are doing it with some sanity — that we're not putting people out of work to lay out a regulatory regime that is not value-added."

Robert Williams, chief executive officer of the James River Corp. based in Richmond, Va., signed the research agreement with O'Leary on behalf of the American Forest & Paper Association.

Government and industry leaders will work to chart research priorities in several areas, including sustainable forest management, environmental performance, energy performance and recycling.

"We need to grow trees faster, grow more trees and we need to use fewer acres to provide for our wood needs," said Williams, chairman of the industry association's working group on research.

The industry currently is spending \$1 billion annually addressing environmental concerns and could see those costs triple before the end of the decade, he said.

"I think we're on the verge of a breakthrough in terms of cooperation with the government," Williams said.

Environmentalists criticized the event, saying O'Leary and Williams were exaggerating the industry's success at achieving environmental improvements and downplaying the risks of dioxin and other pollutants at paper mills.

"It is very disconcerting to hear Secretary O'Leary refer to dioxin as something the paper industry has gotten under control," said Rick Hind, legislative director for the Greenpeace Toxics Campaign.

"She has done good work on nuclear-waste issues, but on dioxin she is parroting the industry line," he said.

O'Leary quoted industry figures showing a 92 percent reduction in emissions of cancer-causing dioxin since 1980. She said such emissions now total just 4 ounces annually nationwide and that it would cost an estimated \$12 billion to eliminate them altogether.

"You have to ask yourself, what is the risk and what is the cost of taking that last step?" O'Leary said.

But Hind labeled the figures "paper industry propaganda."

While some mills have reduced emissions, many have made no improvements, he said.

"We don't buy the idea of weighing people's health against the cost of protecting them," Hind said.

The agreement, called Agenda 2020, concerns research investment by government and industry.

Post Register
Idaho Falls, ID
Circulation 29,400
November 23, 1994
Section C, Page 6

Stephanie Rsesta
Post Register

Editor's Note: Each week, the Post Register will round up the latest news about students and schools in its circulation area to present in Wednesday's Community section. If you have a news item, please call 528-2264. Deadline is noon Monday for that week's paper.

POCATELLO — Lockheed has renewed a graduate internship program formerly funded by Westinghouse's Safety Group, said DeWitt "Tal" Neill, an Idaho State University professor of engineering.

The internship supports two graduate students a year. In addition to attending classes, students work at the Idaho National Engineering Laboratory two days a week during the school year and full time in the summer. Most of the students are enrolled in the Master of Science program in nuclear science and engineering and conduct research in the area.

This is the eighth year the INEL has supported the program. For more information, contact Neill, (208) 236-3026.

The Albuquerque Tribune

A Scripps Howard Newspaper

Circulation - 41,000

Page:

Date: 11-28

EDITORIALS

Clinton's 'Project Sapphire' a gem

The world is a slightly safer place because of the success of Project Sapphire. The White House deserves full credit for this timely American initiative.

A little over a year ago, Washington let it be known that the United States was prepared to buy highly enriched uranium from the former Soviet Union and other countries to prevent this material's illicit sale or its use in the manufacture of nuclear bombs.

Secret negotiations sought by Kazakhstan led last week to the transfer to Oak Ridge, Tenn., of 1,320 pounds of weapons-grade uranium from an ill-guarded warehouse at remote Ust-Kamenogorsk, near where Kazakhstan, China, Mongolia and Russia meet.

Washington paid an undisclosed sum, reported to be several million dollars.

Now in the care of the Energy Department and monitored by the International Atomic Energy Agency, the uranium will be processed for use in com-

mercial reactors. Most important, this stash — enough to make two dozen nuclear warheads — is out of the reach of terrorists and criminals.

The coincidence of this announcement with the United Nations meeting in Naples on international crime was telling. Since the end of the Cold War, organized crime groups have been quick to exploit new freedom of movement and weakened law and order in the former Soviet Union. Underworld enterprises in narcotics, money laundering, stolen goods, even the illicit trade in human organs, are establishing worldwide connections.

In this climate, security analysts warn of a sharply increased potential for nuclear mischief. The former Soviet lands have no system of accounting for their vast nuclear stockpiles. They do have thousands of underpaid or unpaid and disoriented scientists, bureaucrats and military officers scrambling to make a living amid the ruins of a superpower.

Some must be vulnerable to bribe or other corruption.

Several times this year, German police seized samples of radioactive materials they believed to originate in Russia. These successful interceptions beg the question: What might be slipping out of the former Soviet nuclear states undetected, to the radical government of Iran or to fanatics in Afghanistan? When will Colombian drug cartels turn out to brandish a nuclear deterrent?

Wisely, President Clinton did not wait for a serious nuclear incident to secure the Kazakh uranium. He proceeded, moreover, with full Russian knowledge and consent.

Project Sapphire ought to demonstrate to the Russian, as well as to the American, people that constructive action can and must be taken to lessen dangers bequeathed by the Cold War.

Scripps Howard News Service

U.S. DEPARTMENT OF ENERGY
OFFICE OF THE EXECUTIVE SECRETARIAT
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CONTROL NO. ES- 94-032553		ACCRYS NO.		DATE SENT 12/02/94		DATE DUE	
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DEPUTY SECRETARY				HUMAN RESOURCES AND ADMINISTRATION (HR)			
UNDER SECRETARY				INTELLIGENCE AND NATIONAL SECURITY (IS)			
BONNEVILLE POWER ADMINISTRATION (BPA)				INSPECTOR GENERAL (IG)			
CONGRESSIONAL 1, 10, 20, 30, 40 AND 50				LABORATORY MANAGEMENT (LM)			
CHIEF FINANCIAL OFFICER (CF)				NUCLEAR ENERGY (NE)			
DEFENSE PROGRAMS (DP)				PUBLIC AND CONSUMER AFFAIRS (PA)			
ECONOMIC IMPACT AND DIVERSITY (ED)				POWER MARKETING LIAISON OFFICE (PMA)			
ENERGY EFFICIENCY AND RENEWABLE ENERGY (EE)				POLICY, PLANNING AND PROGRAM EVALUATION (PP)			
ENERGY INFORMATION ADMINISTRATION (EI)				CIVILIAN RADIOACTIVE WASTE MANAGEMENT (RW)			
ENERGY RESEARCH (ER)				SCIENCE, EDUCATION AND TECHNICAL INFORMATION (ET)			
ENVIRONMENT, SAFETY AND HEALTH (EH)				MIS DIVISION			
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FOSSIL ENERGY (FE)							
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The Secretary of Energy
Washington, DC 20585

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December 8, 1994

MEMORANDUM FOR LEON PANETTA
FROM: HAZEL R. O'LEARY
SUBJECT: Weekly Report

PRESIDENTIAL INITIATIVES

Gore-Chernomyrdin Commission

I will travel to Moscow to participate in a meeting of the Gore-Chernomyrdin Commission for cooperation in space and energy. The Energy Committee which I chair will address important non-nuclear and nuclear issues. In the oil and gas arena, I will urge our Russian counterparts to press hard to pass legislation current before the parliament that will encourage foreign investment in the oil and gas sector. We will also urge the Russian federation to grant exemptions from export taxes for four U.S. companies seeking to export their production from Russia. We will also announce the completion of two joint venture projects in the Energy Efficiency arena between U.S. firms and local governments that create jobs for U.S. companies and improve the environment in Russia.

In the non-nuclear area, we continue to work with the Russians to insure that the agreement between our governments to shut down dangerous reactors that produce weapons grade material is complied with. We will also continue to make progress on initiatives to safeguard weapons grade material that is presently not adequately safeguarded in Russia.

KEY DEPARTMENT NEWS

Plutonium Vulnerability Assessment Draft Released

Following an unanticipated leak to the news media, the Department of Energy released copies of a draft report summarizing a recently conducted assessment of the environmental, safety and health vulnerabilities associated with plutonium storage at DOE sites. I commissioned this special study in March 1994 in response to contaminations and other events. The Department had planned to release the report in mid-January simultaneously with a Management Response plan addressing the vulnerabilities.

With the end of the Cold War and stoppage of plutonium production, material was left in various stages of processing, often in packaging and facilities not suited for lengthy storage. The report identified vulnerabilities with packaging and facilities, the worst of which are at the Rocky Flats Plant in Colorado. Very significant problems were also identified at Hanford, Washington, Savannah River, South Carolina, Los Alamos, New Mexico, and Lawrence Livermore, California. The greatest risk is the possibility of contamination or exposure of workers. Some vulnerabilities could result in public exposure in the event of an earthquake or fire.

The report concluded that there is a need for a strong, centrally coordinated program to achieve safe interim storage. Action is already underway to address the most serious problems, with the ultimate goal being safe and stable interim storage of plutonium.

Following the initial news story (front page, Rocky Mountain News, 12/5/94), Mark Silverman, Manager of Rocky Flats Plant, and I were interviewed for a lead story on ABC news. On December 6, Tara O'Toole, the Department's Assistant Secretary for Environment, Safety and Health, conducted a telephone press briefing with more than 20 reporters representing national, wires, regional, and trade media. Requests are pending for interviews with National Public Radio and ABC News Nightline.

Idaho Reprocessing Equipment

The Department this week reached an agreement in principle with a salvage dealer, Mr. Tom Johansen, to ensure that reprocessing equipment he owns is cut completely into scrap metal. The agreement also requires that he turn over to the Department all documentation associated with the equipment. Mr. Johansen purchased the equipment and obtained the documents from Idaho National Laboratory last year. The equipment, perhaps one third of a nuclear reprocessing line, was from a project that was stopped when it was no longer needed as a result of the end of the Cold War. While sold as scrap, Mr. Johansen sought to market the equipment. To ensure there are no proliferation concerns, the Department has negotiated to: ensure it is rendered useless for this purpose, compensate Mr. Johansen for certain costs incurred, and limit ongoing expenses to the Department, which now keeps the equipment under guard. Four hundred and seventy-five thousand dollars is the agreed settlement. This was reported today in the Wall Street Journal. The Department has put in place new guidelines on the sale of surplus property to review past sales, as well as prevent such cases in the future.

Significant Agreement Resolving all outstanding Issues between the United States Enrichment Corporation and the Department of Energy

The Energy Policy Act of 1992 established a quasi-governmental entity to perform uranium enrichment services for electric utilities that had been performed by the Department of Energy. Over the last 18 months, the Department and the Corporation have been involved in negotiations to resolve issues worth billions of dollars including the leasing of facilities that provided enriched uranium issues associated with cleanup liability, and other contentious issues. The Department and the Corporation have now resolved all outstanding issues and this agreement will be signed next week.

This is a good news story as the Department will no longer be providing services that should be provided by the private sector. The Corporation will ultimately be privatized. This agreement will be signed on Monday and will be communicated as a reinventing Government story to the media.

SPEECHES

Address to White House Conference on Technology for a Sustainable Future

I will address the White House Conference on technology for a sustainable future on Monday. My address will focus on the need to develop flexible, market-driven environmental strategies in order to encourage the private sector to invest in technology. I will communicate many of the Administration's initiatives in this area which move in this direction.

MEDIA

New York Times Editorial Board

I will conduct an interview with the New York Times Editorial Board today.

MONDAY, DECEMBER 12, 1994

SCHEDULE FOR HAZEL R. O'LEARY

7:30 AM DEPART RESIDENCE FOR DOE
Met by Reggie Sellers

8:30 AM - 9:00 AM Daily Briefing
(Rich Rosenzweig, Dan Reicher, Jim Solit,
Mike Gauldin, Johannah Dottori, Beth Arner,
Carolyn Wallace)

9:00 AM - 10:00 AM Breakfast/Signing Ceremony between
DOE and U.S. Enrichment Corporation
(20 Total)
Secretary's Conference Room
(Bob Nordhaus, Susan Klein)

10:00 AM - 10:50 AM HOLD

10:50 AM DEPART DOE FOR THE GRAND HYATT HOTEL
Met by Reggie Sellers

11:15 AM - 12:00 PM Speak at White House Conference on Technology
for a Sustainable Future
Grand Hyatt Hotel
1100 H Street, N.W.
(Pete Didisheim)

12:30 PM - 1:30 PM Lunch

2:00 PM - 2:30 PM HOLD

2:45 PM - 3:45 PM Prebrief for Washington Post Interview
(Charlie Curtis, Dan Reicher)

4:00 PM - 5:45 PM HOLD

5:45 PM - 6:00 PM Visit Joan Houlton
Grand Hyatt Hotel

- 6:00 PM - 7:00 PM National Women's Economic Alliance
Foundation's Alliance Excellence in
Leadership Award
Grand Hyatt Hotel
1100 H Street, N.W.
Private Reception for you starts 6:00 P.M.
Presentation of Award at 6:40 P.M.
(Black-Tie Optional)
- 7:00 PM DEPART GRAND HYATT FOR ANDREWS
AIR FORCE BASE
Met by Reggie Sellers
- 8:30 PM Depart Andrews Air Force Base for
Moscow, Russia via Cabinet Plane

TUESDAY, DECEMBER 13, 1994

SCHEDULE FOR HAZEL R. O'LEARY

Notes:

Travel - Moscow, Russia

WEDNESDAY, DECEMBER 14, 1994
SCHEDULE FOR HAZEL R. O'LEARY

Notes: Travel - Moscow, Russia

THURSDAY, DECEMBER 15, 1994

SCHEDULE FOR HAZEL R. O'LEARY

Notes:

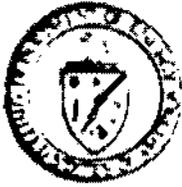
Gore-Chernomyrdin Meetings in
Moscow
(Bob Berls)

FRIDAY, DECEMBER 16, 1994

SCHEDULE FOR HAZEL R. O'LEARY

Notes: Gore-Chernomyrdin Meetings in Moscow
(Bob Berls)

Notes: TBD - Train Ride from Moscow
to St. Petersburg



Department of Energy
Washington, DC 20585

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Date: Dec. 8, 1994
To: Mr. T. J. Glauthier, OMB (395-4639)
From: Hazel R. O'Leary

Transmittal consists of 9 pages, excluding this form.

Notes:

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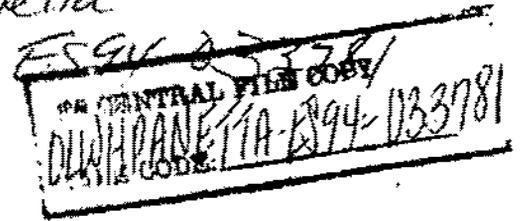
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TYPE OF DOCUMENT/ADDRESSEE MEMORANDUM FOR LEON PANETTA FROM THE SECRETARY.				SUBJECT WEEKLY REPORT							
FROM EXECUTIVE SECRETARIAT											
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THE SECRETARY				HEARINGS AND APPEALS (HG)							
DEPUTY SECRETARY				HUMAN RESOURCES AND ADMINISTRATION (HR)							
UNDER SECRETARY				INTELLIGENCE AND NATIONAL SECURITY (IS)							
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CHIEF FINANCIAL OFFICER (CR)				NUCLEAR ENERGY (NE)							
DEFENSE PROGRAMS (DP)				PUBLIC AND CONSUMER AFFAIRS (PA)							
ECONOMIC IMPACT AND DIVERSITY (ED)				POWER MARKETING LIAISON OFFICE (PMA)							
ENERGY EFFICIENCY AND RENEWABLE ENERGY (EE)				POLICY, PLANNING AND PROGRAM EVALUATION (PO)							
ENERGY INFORMATION ADMINISTRATION (EI)				CIVILIAN RADIOACTIVE WASTE MANAGEMENT (RW)							
ENERGY RESEARCH (ER)				SCIENCE, EDUCATION AND TECHNICAL INFORMATION (ET)							
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REMARKS: THE ATTACHED MEMO WAS DATED DECEMBER 8, 1994, AND FAXED TO THE WHITE HOUSE BY THE OFFICE OF THE EXECUTIVE SECRETARIAT. THIS COPY IS BEING FORWARDED TO YOUR OFFICE FOR APPROPRIATE HANDLING.				6							
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OLWH Panetta

The Secretary of Energy
Washington, DC 20585



Sent via electronic mail
12/16 at 11:00 a.m.

December 15, 1994

MEMORANDUM FOR LEON PANETTA

FROM: HAZEL R. O'LEARY

SUBJECT: Weekly Report

PRESIDENTIAL INITIATIVES

Gore-Chernomyrdin Commission

I participated in a meeting of the Gore-Chernomyrdin Commission for cooperation in energy and space. The Energy Committee I chair addressed important issues in the oil and gas arena. I urged our Russian counterparts to press hard to pass legislation currently before the parliament that will encourage foreign investment in the oil and gas sector. We also urged the Russian Federation to grant exemptions from export taxes for four U.S. companies seeking to export their production from Russia. We announced the completion of two joint venture projects in energy efficiency between U.S. firms and local governments that create jobs for U.S. companies and improve the environment in Russia.

In the nuclear area, we achieved success in our work to ensure that the agreement between our governments to shut down dangerous reactors that produce weapons-grade material is observed. We also made progress on initiatives to safeguard Russian weapons-grade material that is presently not adequately protected from diversion. The Russians also agreed to join an international effort to develop international guidelines on classified nuclear information.

Indian Minister Kumar Mission

As a follow-up activity to the Presidential Mission on Energy and Trade to India I led in July 1994, the Indian Minister of State for Non-conventional Energy Sources is conducting a return mission to the United States at the invitation of the Department. The thrust of the visit is to bring together Indian and U.S. businesses for partnerships in sustainable energy development. The Mission, led by Minister S. Krishna Kumar, will occur December 17 through 21. The Minister's delegation will consist of eight government officials and nineteen business delegates. The delegation will visit New York, for meetings at the United Nations Development Programme and the New York

Power Authority, and Washington, where, in addition to government meetings, the main event will be the "Indo-US Renewable Energy Summit." United States industry is invited to participate throughout the Mission. A press conference will be held December 21 highlighting the signing of a number of business deals.

KEY DEPARTMENT NEWS

Sweden's Waste Disposal Facility

I will be visiting Sweden's Nuclear Fuel and Waste Management Company (SKB) December 17-19 to acquire first-hand understanding of the Swedish nuclear waste program. I will tour both the Swedish Final Repository Site for low intermediate-level waste and the central interim storage facility for spent nuclear fuel.

Dual Axis Radiographic Hydrodynamic Test (DARHT) Litigation

A hearing was held December 9, 1994, on the plaintiffs' motion for a preliminary injunction in Los Alamos Study Group v. O'Leary (D.N.M.). The case is an action by two public interest organizations seeking a declaratory judgment that DOE has violated the National Environmental Policy Act by failing to prepare an environmental impact statement on the Dual Axis Radiographic Hydrodynamic Test (DARHT) Facility at Los Alamos National Laboratory, and an injunction against continued construction of, and procurement for, the DARHT. At the conclusion of the hearing, the court directed the parties to file any additional submissions concerning the motion by December 19, 1994.

Project to Align the Department's Resources to Commence

Tuesday, December 20, I will announce a project to realign the nationwide resources of the Department. The planning for this realignment will take four months and result in a Department that is structured more closely in accord with our strategic plan. In the planning process, we expect to aggressively identify significant cost savings by targeting for elimination duplicative or unnecessary work and layers of oversight. We also expect to overhaul or eliminate lower priority programs and work which could better be performed elsewhere inside or outside of the Department.

Land Initiative Press Conference

I will announce exciting new economic, energy, and environmental uses for the Department of Energy's 2.4 million acres of land (fourth largest Federal landowner) and 100 million square feet of buildings (equivalent to 25 Pentagons) in a major press

conference in Washington on December 21. Representatives from industry and environmental groups will join us to unveil our new land and facility policy and major new uses in Colorado, Ohio, Florida, Washington, New York, Nevada, Idaho, South Carolina, Illinois, and the District of Columbia.

MEDIA

ABC News

I conducted an interview with ABC News in Moscow regarding DOE missions and budget cuts.

DOE

BRIEFS

NEWS YOU CAN USE

December 14, 1994

HIGH RANKING U.S. DELEGATION SEEKS PAKISTANI ENERGY INVESTMENTS

A high-level trade delegation is in Pakistan Dec. 12-18 to promote investment opportunities in Pakistan's energy sector. The 60-member trade delegation, led by Energy Deputy Secretary Bill White, includes top business executives, financiers and government specialists. Visits by the trade mission to Karachi, Quetta and Islamabad are designed to encourage business partnerships that will produce jobs both in Pakistan and the United States. This trade mission follows Energy Secretary Hazel O'Leary's successful Presidential Mission on Energy Investment to Pakistan in September 1994. Media Contact: Penny Adams, 202/586-5806

SECRETARY O'LEARY PARTICIPATING IN FOURTH GORE-CHERNOMYRDIN COMMISSION MEETING

Representing the U.S. as Co-chair of the Energy Committee of the Gore-Chernomyrdin Commission, Energy Secretary Hazel R. O'Leary is in Moscow, Russia from Dec. 13-16 to continue the work and accomplishments of the Commission. Russian Fuels and Energy Minister Yuri Shafranik is the other co-chair of the Energy Committee. President Clinton and Russian President Yeltsin, during their April 1993 Vancouver Summit, pledged to forge a new partnership between the U.S. and Russia.

(MORE)



Printed with soy ink on recycled paper

This partnership, headed by Vice President Albert Gore and Russian Prime Minister Victor Chernomyrdin, became known as the Gore-Chernomyrdin Commission. While in Russia, Secretary O'Leary also will meet with Russian Minister of Atomic Energy Viktor Mikhailov and visit the Sovlux photovoltaic production facility in northwestern Moscow.
Media Contact: Penny Adams, 202/586-5806

NOVEMBER PETROLEUM DEMAND FELL SLIGHTLY

Preliminary U.S. petroleum data reveal that total demand for refined petroleum products, measured as products supplied, fell slightly during November 1994 to 17.2 million barrels/day according to an Energy Information Administration (EIA) Office of Oil and Gas analysis. Attributed partly to warmer-than-normal temperatures across much of the country, the November demand was nearly 400,000 barrels/day lower than October and about 550,000 barrels/day lower than a year earlier.
Media Contact: Phil Kelf, 202/586-5806

NEW U.S.-RUSSIA OIL AND GAS TECHNOLOGY CENTER CREATED

A link between the oil and gas industries in the U.S. and Russia, the Russian-American Oil and Gas Center, was officially created on Dec. 8 in Washington, D.C. The new center, which will have offices in both countries, will provide American companies with information on the Siberian oil and gas industry (including equipment needs) and help Russian companies get technical information and know-how from U.S. sources. The Russian office is scheduled to open Jan. 25, 1995, in Tyumen, western Siberia; the U.S. office will open Feb. 8 in Tulsa, Okla. The project, funded by the U.S. Agency for International Development (U.S. AID), is being managed through DOE's Bartlesville, Okla. project office. The University of Tulsa will provide a director and house the center's U.S. base of operations.
Media Contact: Penny Adams, 202/586-5806

SECRETARY O'LEARY TO VISIT SWEDEN'S WASTE DISPOSAL FACILITY

Secretary Hazel R. O'Leary will visit Sweden's Nuclear Fuel and Waste Management Company (SKB) Dec. 17-19 to acquire first-hand understanding of the Swedish nuclear waste program. Secretary O'Leary will tour both the Swedish Final Repository Site for low intermediate-level waste and the central interim storage facility for spent nuclear fuel.
Media Contact: Joanne L. Johnson, 202/586-5806

(MORE)

ENERGY TRAILBLAZERS TO BE HONORED

Do you know of an outstanding new energy efficient or renewable resource technology that has been operating successfully for at least a year? Was this technology implemented since January 1, 1990 by an individual or non-federal institution or company? If so, the project may be eligible for DOE's 1995 National Awards Program for Energy Efficiency and Renewable Energy scheduled for October 31, 1995. Winning projects will be judged on their benefit to the Nation's environment, economy and security and must have been operating for at least one year to document energy savings or program results. Applications for the DOE 1995 National Awards Program and other awards program information are available from the energy office in every state (addresses and telephone numbers may be obtained by calling Rosemary Mape in the Pennsylvania Energy Office on 717/783-9981). Completed applications must be submitted through the appropriate state energy office by March 31, 1995.

Media Contacts: Hope Williams and Keith Holloway, 202/586-5806

CONFERENCES/WORKSHOPS/SPEECHES

LOOKING BACK AT '94 AND FORWARD TO '95

An informal end-of-year media coffee will be held on Tuesday, Dec. 20 to discuss 1994 accomplishments of DOE's Offices of Human Resources and Administration, Economic Impact and Diversity, Contractor Employee Protection, Freedom of Information and Privacy Act, Intergovernmental Affairs (American Indian issues) and Science Education and Technical Information. The discussion will be held from 10 a.m. to 12 noon in room 5A-092 at DOE headquarters, 1000 Independence Ave. S.W., Washington, D.C. In addition to detailing 1994 accomplishments, 1995 challenges and opportunities will be covered. (Please confirm your attendance and, upon arrival on December 20, check in at the Public Affairs desk just inside the visitors entrance to DOE's Forrestal Building.)

Media Contact: Joanna Stancil, 202/586-5806

(MORE)

PUBLICATIONS

Publications available from the Energy Information Administration
For copies, call 202/586-8800

Energy Use and Carbon Emissions: Non-OECD Countries -- Surveys world energy use and carbon emissions patterns between 1970 and 1992, with particular emphasis on the non-OECD (Organization for Economic Cooperation and Development) countries. Among other findings, the study concludes that these countries accounted for about half of world energy consumption and carbon emissions; had widely varying energy use patterns; and several countries, notably China and the former Soviet Union, accounted for the vast majority of non-OECD energy consumption and carbon emissions. Available Dec. 19, 1994.

Coal Industry Annual 1993 -- Presents tables on coal production, number of mines, productivity, employment, productive capacity, and recoverable reserves along with data on coal consumption, distribution, stocks, prices, quality, and emissions. The report finds that coal continued as the dominant 1993 U.S. energy source, that domestic coal consumption reached an all-time record and, for the second consecutive year, U.S. coal exports declined while imports reached a record level. Available Dec. 22, 1994.

State Energy Price and Expenditure Report 1992 -- Presents energy price and expenditure estimates for each State and the District of Columbia along with the U.S. total. Findings show that while average U.S. energy prices declined between 1991 and 1992, expenditures increased due to increased consumption; energy use for transportation continued to exceed all other uses; and residential use accounted for 24% of the total. State energy expenditures in 1992 ranged from \$1.1 billion in the District of Columbia to \$49.4 billion in California. Available Dec. 12, 1994.

World Nuclear Outlook 1994 -- Presents current status and projections (through 2010) of nuclear capacity, generation, and fuel cycle requirements for all countries using nuclear power to generate electricity for commercial use. On a worldwide basis, nuclear power continues to be a significant source of electricity with 430 nuclear units generating electricity in 30 countries -- nuclear's share of total electricity increased from 22% in 1992 to 26% in 1993. Also included is information on and forecasts of uranium market developments. Available Dec. 16, 1994.

(MORE)

Electric Power Annual 1993 -- Summarizes electric utility statistics at the national, regional, and State levels. Among the findings, in 1993 the electric power industry generated nearly 4% more electricity than in 1992; weather and economic growth contributed to higher electrical demand; a record level of kilowatt hours were generated by utilities; and non-utility power producers (with an installed capacity of one or more megawatts) generated 10% of the national total, a 10% increase over the 1992 level. Available Dec. 19, 1994.

EIA's Assessment of Reformulated Gasoline: An Update -- Updates EIA's previous findings and analyses on reformulated gasoline (RFG) as it affects the petroleum industry. RFG supply will be adequate (if tight) to meet demand through January. Drivers in designated areas of the country, representing about one-third of the U.S. population, are required to use RFG beginning January 1, 1995. However, anticipated changes in required participation leave EIA cautiously optimistic about the chances for a smooth transition from conventional gasoline to RFG. Available Dec. 12, 1994.

Manufacturing Consumption of Energy 1991 -- Presents statistics about the energy consumption in the manufacturing sector, based on a 1991 survey, Manufacturing Energy Consumption. About two-thirds of all energy used by the manufacturing sector was used to produce heat and power and to generate electricity; about one-third was consumed as raw material. The most common energy sources -- natural gas, net electricity, coal, liquefied petroleum gas, residual and distillate fuel oil, and coke -- made up 64% of primary consumption. Manufacturers often used coal and natural gas whenever possible. Price was the primary reason manufacturers switched energy sources. Available Dec. 27, 1994.

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SPOKESMAN REVIEW
Spokane, WA

DEC 15

Andrus makes last plea for N-cleanup

Associated Press

Retiring Idaho Gov. Cecil Andrus made what was likely his final pitch for a national commitment to developing a long-term nuclear waste storage plan, calling on nuclear experts to use their influence to force the federal government to finance the needed research and technology development.

In the keynote speech to the American Nuclear Society in Salt Lake City Wednesday night, Andrus conceded progress has been made on the radioactive waste front — much of it because of his one-man crusade to force the federal government to pay attention to the long-neglected problem.

But he said the people most famil-

*The people most familiar
with the issue 'must keep
the heat on'*

Gov. Cecil Andrus

lar with the issue — technical and scientific professionals "must keep the heat on in order to get something positive done."

"This nation has spent billions and billions of dollars over the last 40 years on producing bigger and bigger weapons," he said in his prepared remarks. "It is way past time we

devoted a fraction of that amount to the back end of the nuclear production process where garbage has been piling up since 1945."

Warning that the world is only a miscalculation away from nuclear disaster, Andrus again complained about the federal government's lack of leadership in dealing with the problem. The blame can be spread around, he said, maintaining that at least Clinton administration Energy Secretary Hazel O'Leary has opened up records on past nuclear activity and focused attention on the issue.

In retiring after 14 years in office and more than six confronting Washington over waste, Andrus said politicians have spent the last generation developing the ability to avoid problems until they reach crisis proportions. He believes the crisis involving radioactive waste may well be near.

He called for research and development not only in the area of disposal but also in the areas of recycling and reprocessing. It could create an entirely new industry at the same time it begins solving a problem the world should never consider leaving to its grandchildren.

"I, for one, do not want it said that we failed in our responsibility as stewardship," Andrus said. "We have the economic strength. We have the scientific and technological strength.

"All that is left is to summon up the political will to quit ignoring and start acting," he said.

Inquiry Links Test Secrecy To a Cover-up

A Fear of Publicity Is Seen as a Motive

By PHILIP J. HILTS
Special to The New York Times **A26**

WASHINGTON, Dec. 14 — Military and nuclear energy officials were motivated by fear of lawsuits and unfavorable publicity in their decision to keep secret many experiments using radiation on humans, Federal investigators have found.

The President's Advisory Committee on Human Radiation Experiments, the panel charged with unearthing the history of all government-sponsored experiments in which radiation was used on humans, has found new documents showing that as early as 1947 public relations and legal considerations, not security concerns, were principal motives in the decision of Federal officials to cover up radiation experiments.

In the past six months, the panel has searched out and logged hundreds of thousands of papers on experiments with humans, beginning in 1945 at the dawn of the atomic age.

Until the panel began its work, the experiments were thought to have been scattered incidents, but the documents show that they were part of a plan that was debated and approved at high levels. It was also previously thought that there were only a handful of such experiments, but the panel has found hundreds, from the deliberate release of radiation into the air to the injection of people with radioactive plutonium.

The most recent documents unearthed at the Oak Ridge National Laboratory in Tennessee show that officials of the military and the Atomic Energy Commission at first sought to declassify reports of experiments on humans, in accordance with public statements that scientific reports should not be secret.

For example, Dr. Alan Gregg, the chairman of one of the committees that oversaw the human experiments, wrote in May 1947: "A policy of secrecy in science is neither personally courageous nor politically

wise. As Lord Acton said, 'Power corrupts, and absolute power corrupts absolutely.'"

But at the same time, C. L. Marshall, a declassification officer with the Atomic Energy Commission, wrote in February 1947 that a scientific paper outlining experiments in which two people were injected with plutonium should not be declassified.

"This document appears to be most dangerous since it describes experiments performed on human subjects, including the actual injection of the metal, plutonium, into the body," he wrote.

He noted that there was no statement in the paper about whether the patients experimented on had given their consent, and concluded: "The experimenters and the employing agencies, including the U.S., have been laid open to a devastating lawsuit, which would, through its attendant publicity, have far-reaching results."

It has long been suspected that legal and public relations concerns helped drive the ethical debate over the experiments on humans, and the advisory committee in recent weeks has found many memorandums substantiating that.

On Oct. 8, 1947, J. C. Franklin, the manager of operations of Oak Ridge, wrote to Carroll L. Wilson, general manager of the atomic agency, "There are a large number of papers which do not violate security but do cause considerable concern to the Atomic Energy Commission insurance branch, and may well compromise the public prestige and best interests of the commission."

He added: "Papers referring to levels of soil and water contamination surrounding Atomic Energy Commission installations, idle speculation on the future genetic effects of radiation and papers dealing with potential process hazards to employees are definitely prejudicial to the best interests of the Government. Every such release is reflected in an increase in insurance claims, increased difficulty in labor relations and adverse public sentiment."

He ordered that any such documents be edited or kept secret.

The advisory committee investigators said that documents so far found that an official as highly placed as Dr. Shields Warren, head of the medical division in Washington, had classified human experiments because of public relations or legal implications.

The investigators said the classification on that basis may have been illegal, but have not yet determined which laws would have governed the classifications carried out in the 1940's.

The advisory committee staff also found documents in which military officials at the Oak Ridge laboratory discussed what to do about workers at the Tennessee-Eastman factory who were experiencing kidney disease and tuberculosis at a higher-than-usual rate.

A memorandum from an engineering officer on July 25, 1945, noted that a kidney disease victim "is unaware of her condition, which now shows up on routine physical check and urinalysis."

Circ: 810,000

Reports about some of the experiments, originally classified, were declassified in January 1947, apparently at the suggestion of researchers involved.

The next month, however, C.L. Marshall, an AEC deputy declassification officer, wrote, "This document appears to be the most dangerous since it describes experiments performed on human subjects, including the actual injection of the metal, plutonium, into the body. . . .

"Unless, of course, the legal aspects were covered by the necessary documents, the experimenters and the employing agencies, including the U.S., have been laid open to a devastating lawsuit which would . . . have far reaching results."

In March, the report was reclassified "secret."

Researchers who conducted experiments occasionally fought for declassification of reports, the documents show. But such arguments apparently were routinely outweighed by warnings from public relations and insurance officials, who vetted the documents and argued for classification.

The documents show that on occasion, a final decision was referred to Shields Warren, then director of the AEC's division of biology and medicine, who seemed to favor classification of reports about the experiments.

Some of the reports were declassified in the late 1950s and 1960s, suggesting that attitudes within the federal government about the secrecy of the tests evolved over time.

While intense behind-the-scenes debates about classifying reports about the experiments took place, federal officials argued publicly for openness. In May 1947, AEC chairman David Lillenthal convened a group of senior researchers to develop recommendations on the new agency's policies on medical research.

"Secrecy in research is distasteful," the group declared in a June 1947 report, "and in the long run is contrary to the best interests of scientific progress."

New Reasons Revealed for Radiation Test Secrecy

Concern About Lawsuits, Public Reaction Fueled Government Policy After World War II

By Gary Lee
Washington Post Staff Writer

A21

In the aftermath of World War II, when federal researchers began conducting human radiation experiments on a large scale, government officials deliberately withheld information about the tests from individuals participating in them and from the general public in order to avoid lawsuits and negative public reaction, newly uncovered government documents have revealed.

During the Cold War, officials of the Atomic Energy Commission (AEC)—the forerunner of the Energy Department—and of the Defense Department, the Agency for Veterans Affairs and other federal agencies overseeing radiation research on humans took the position that details of such experiments must be kept secret on the grounds of maintaining national security.

Behind the scenes, however, particularly during the late 1940s and early 1950s, officials argued vigorously that files on human radiation experiments and on occupational radiation exposure in government workers must be classified to prevent litigation, bad publicity and adverse labor relations, according to the documents.

"It is desired that no document be released which refers to experiments with humans and might have an adverse effect on public opinion or result in legal suits," O.G. Haywood, a colonel in the Atomic Energy Commission's Corps of Engineers, wrote in a 1947 letter included in the documents. "Documents covering such work field should be classified 'secret.'"

The documents were provided to The Washington Post and other publications by the Committee on Human Radiation Experiments, a 14-member panel appointed by the White House to investigate the radiation experiments. The committee is holding a public meeting here to review the documents today and tomorrow.

"Clearly, in the immediate post-war period, there was a conscious attempt to keep information from affected individuals and from the public for reasons that don't seem as if they were very

important," said Ruth Faden, a prominent ethicist from Johns Hopkins University and chairman of the panel. "On the face of it, that is very disturbing."

The government's position led to the classification of files on a wide range of experiments conducted during the late 1940s and early 1950s, including a project involving the injection of plutonium into sick persons to measure how much of the radioactive substance was excreted from the body. The plutonium experiments were the subject of a 1993 series in the Albuquerque Tribune that received a Pulitzer Prize.

Editors of scientific journals and other publications also maintained secrecy about the experiments, panel members said. The official history of the Manhattan Project also was vetted before publication for references to human experimentation, the documents revealed.

The policy of maintaining secrecy apparently extended beyond the participants in radiation research to include keeping information on exposure from workers in plants where atomic weapons were produced and from personnel in military facilities where weapons were tested.

In one case in the mid-1940s, an employee under medical observation at a chemical facility developed nephritis, an acute kidney disease, after prolonged exposure to radioisotopes at the workplace.

"Claims and litigation will necessarily flow from the circumstances outlined," warned one file describing the case. Officials apparently withheld information from the employee about her illness.

Panel members, originally prepared to believe that secrecy surrounding the experiments was largely a result of national security considerations, were stunned by the findings, Faden said. Exploring the extent to which a policy of secrecy prevailed concerning the experiments will become a major focus of the panel, she added.

An exchange of letters about the plutonium injection experiments clearly illustrates the thinking about the radiation studies among researchers and senior federal officials during the late 1940s.

Japan's nuclear might

It will take more than a cache of plutonium

By Richard Halloran

P.13

The disclosure that Japan has accumulated nearly 24,000 pounds of plutonium, the essential ingredient of nuclear arms, has once again raised the question: Will Japan acquire military power that is commensurate with its economic strength and population, this time with nuclear weapons? It is a question that seems never to go away. Many Asians still have vivid memories of the Japanese boot and bayonet as imperial Japan sought to conquer Asia from 1931 to 1945, and they pass on those memories to their children.

Other Asians assert that most economically successful nations in history have become military powers. They fear the Japanese flag will follow Japanese traders and investors flooding into the rest of Asia. As a scholar in Singapore has written: "If they ever apply their efficiency to the military in the same way they have applied it to their economy, we've had it."

All of the evidence so far, however, indicates that Japan has no intention of becoming a military power—on one vital condition: The Japanese remain confident that the United States will fulfill its commitments to help defend Japan if it is attacked.

If the Japanese lose faith in America, then all bets are off.

Modern military power comprises four elements of capability and one of intention. Japan clearly has great capabilities in industry, technology, wealth and people.

But this potential for military power means nothing if political will is lacking. As it is, a pacifist consensus that has prevailed since the Japanese defeat in World War II, which is affirmed in the constitution, government policy and the platforms of all political parties, precludes a resurgence of Japanese militarism.

Japanese pacifism is obvious in its forces. The Self-Defense Force numbers 237,700 people, the smallest of any major nation, placing it 25th among the world's armed forces. Japan has no ability to project military power—no long-range missiles, no bombers, no aircraft carriers and few naval craft to carry troops and arms.

Moreover, Japan's military spending, while roughly equal to that of Germany, France and Britain, doesn't buy nearly as much as it does elsewhere. More than 40 percent is spent on personnel and another 10 percent goes to support U.S. forces in Japan. Thus Japan has spent more than half its annual defense budget before it

has bought the first bullet. And with the end of the Cold War, Japanese military spending has leveled off and may well shrink.

Perhaps most important, poll after poll has demonstrated that the vast majority of Japanese would oppose having their nation become a military power. In one recent poll, 76 percent of the people said the most useful function of the Self-Defense Force was to cope with natural disasters.

On the nuclear question, Japan's memories of the atomic bombings of Hiroshima and Nagasaki in 1945 are still intense. For three decades, successive governments have explicitly said Japan would not acquire nuclear weapons.

Suspicious from abroad, however, evidently prodded the Atomic Energy Commission of Japan on Nov. 25 to disclose that Japan had accumulated 10,300 pounds of plutonium at home and another 13,900 pounds being reprocessed in Britain and France.

The first shipment of plutonium from France earlier this

year, for the purpose of fueling nuclear reactors, aroused controversy worldwide. With small nuclear warheads requiring 6 kilograms of plutonium, Japan's holdings would be enough to make more than 1,500 warheads, depending on the isotopic count of the material.

Most Japanese leaders say they feel no need for nuclear arms, even though they have the technology to make them within six months of a decision to do so. The Japanese also have no place to deploy nuclear missiles in their crowded country, and putting them in submarines would be exorbitantly expensive.

Finally, if Japan were to go nuclear it would become perhaps the world's most inviting target. Japan's population, industry and agriculture are concentrated in a swath 400 miles long and 100 miles wide from Tokyo to Nagasaki. Japanese who know about the death and destruction caused by the primitive atomic bombs dropped on Hiroshima and Nagasaki need not be reminded of the devastation that today's nuclear warheads would inflict.



Richard Halloran, a former foreign correspondent in Asia and military correspondent in Washington for The New York Times, is based in Honolulu where he is working on a book about power, security and American policy in Asia.

Highlights

Refinery Activity (Million Barrels per Day)

	Four Weeks Ending		
	12/09/94	12/02/94	12/09/93
Crude Oil Input to Refineries	14.1	14.0	13.7
Refinery Capacity Utilization (Percent) ..	93.7	93.3	91.7
Motor Gasoline Production	7.9	7.8	7.7
Distillate Fuel Oil Production.....	3.4	3.3	3.4

See Table 2.

Stocks (Million Barrels)

	Week Ending		
	12/09/94	12/02/94	12/09/93
Crude Oil (Excluding SPR)	337.6	339.1	336.8
Motor Gasoline	212.3	214.7	223.4
Distillate Fuel Oil.....	141.5	145.0	147.0
All Other Oils.....	379.0	383.4	381.9
Crude Oil in SPR.....	591.7	591.7	586.9
Total	1,662.1	1,673.9	1,676.0

See Table 3.

Net Imports (Million Barrels per Day)

	Four Weeks Ending		
	12/09/94	12/02/94	12/09/93
Crude Oil	6.9	7.0	6.9
Petroleum Products.....	0.9	0.9	0.9
Total	7.8	7.9	7.8

See Table 1.

Products Supplied (Million Barrels per Day)

	Four Weeks Ending		
	12/09/94	12/02/94	12/09/93
Motor Gasoline	7.8	7.8	7.8
Distillate Fuel Oil.....	3.4	3.2	3.3
All Other Products.....	6.4	6.4	7.0
Total	17.6	17.2	17.8

See Table 9.

Prices (Dollars per Barrel)

	Week Ending		
	12/09/94	12/02/94	12/10/93
World Prices			
World Crude Oil.....	16.79	16.65	12.79
Spot Market Product Prices¹			
Rotterdam Market			
91 RON Unleaded Gasoline.....	18.88	18.67	15.59
Gas Oil	19.30	19.97	19.97
Residual Fuel Oil	15.92	16.37	10.66
New York Market			
87 Octane Unleaded Gasoline.....	19.36	19.45	15.32
No. 2 Heating Oil.....	22.30	22.25	20.38
Residual Fuel Oil.....	15.75	15.50	11.35

¹Source: *Bloomberg Oil Buyers' Guide*, published by Bloomberg LP (Copyright 1994)

See Tables 12 and 13.

Refinery operable capacity utilization for the 4 weeks ending December 9, 1994, was 2 percent higher than the same period last year. This week's operable capacity utilization rate was 91.8 percent. Motor gasoline production was 3 percent higher than last year's level, while distillate fuel oil production was about the same.

Crude oil stocks decreased 1.5 MMB for the week, but were 0.8 MMB higher than a year ago at this time. Distillate fuel oil stocks were within the upper bound of their average range. Low-sulfur stocks represented 47 percent of the distillate inventory. Motor gasoline stocks decreased 2.4 MMB during the week, and were 5 percent lower than a year ago. The current level, which excludes oxygenate stocks of MTBE and fuel ethanol, is within the lower bound of the seasonally-adjusted average range for this time of year. At the end of October stocks of MTBE were about 19.4 MMB and stocks of fuel ethanol were about 2.2 MMB.

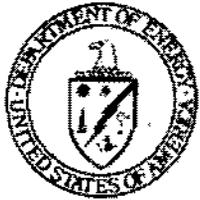
Net imports of crude oil and petroleum products during the 4 weeks ending December 9, 1994, were slightly below those for the same period last year.

Over the past four weeks, motor gasoline product supplied was 3 percent above last year's level. Total products supplied were slightly below last year's level, while distillate fuel oil product supplied was 4 percent above.

During the week ending December 9, 1994, the world crude oil price fell 86 cents per barrel from the previous week. Spot prices for 87 octane unleaded gasoline fell 7 cents per barrel, but the spot price of No. 2 heating oil increased 5 cents per barrel on the New York market. The New York distillate fuel oil price per barrel was \$3.00 higher than the price in Rotterdam where the gas oil price was 67 cents lower than the price reported one week ago.

*Note: Data may not add to total due to independent rounding.

DLWH PANETTA
ES94-034107



The Secretary of Energy
Washington, DC 20585

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sent by facsimile
12|21|94

December 21, 1994

MEMORANDUM FOR LEON PANETTA
FROM: HAZEL R. O'LEARY
SUBJECT: Weekly Report

PRESIDENTIAL INITIATIVES

Accomplishments of Gore-Chernomyrdin Commission Meeting in Moscow

The 4th meeting of the Gore-Chernomyrdin Commission was held in Moscow last week. Major advances were made in protecting nuclear materials, shutting down Russia's production reactors that produce weapons grade material, and developing a legal infrastructure to encourage energy efficiency and investment in Russia's energy sector.

Great strides have been made in protecting nuclear materials at several Russian facilities due to cooperation between the Department's laboratories and Russian initiatives. There have been great strides made in protecting nuclear materials since publicity about smuggling became prevalent. This represents another Administration initiative that reduces the potential that nuclear material will fall into the hands of terrorist nations. We also made progress with the Russian Federation to study real alternatives to providing replacement power from shutting down, plutonium burning reactors.

The Commission also established a goal 15 months ago of developing a legal infrastructure to encourage investment in Russia's oil and gas sector. The Russian Federation is very close to passing the necessary legislation to encourage such investment. Because of these initiatives, the Administration has made great progress in advancing an agenda with Russia that reduces the nuclear danger and provides opportunities for U.S. firms to invest in Russia, while encouraging further democratization in the Russian federation.

KEY DEPARTMENT NEWS

Project to Align the Department's Resources Announced

On December 20, 1994, I announced an initiative to align the human and capital assets of the Department to achieve the goals established in our Strategic Plan. The initiative announced is an intensive four-month, employee-driven planning process that will examine all activities performed by the Department and test them for value added, level of priority and appropriateness to our business lines. Several State governments and fortune 500 firms have used this process with great success to introduce efficiencies and discipline into budgeting and other functions.

This project expressly advances the goal of the Administration reinvention initiative by providing an aggressive quality oriented process for eliminating unnecessary layers of management, lower priority work, and duplicative efforts.

The alignment initiative replicates a process employed in the private sector and typically results in cost savings of 20 percent or greater. We expect similar savings. This initiative will go a long way toward insuring that this Department meets its goals of securing the \$10.6 billion in budget cuts to finance our Administration's middle class tax cut.

Land Reuse Policy Announcement

At a press conference today, I unveiled new energy, economic, and environmental uses--and a sweeping new planning policy -- for the Energy Department's vast lands (2.4 million acres--fourth largest Federal landholder) and facilities (100 million square feet--equivalent to 25 Pentagons). Pledging to return some of these resources used previously for cold war activities "to their rightful owners--the American public," I highlighted a variety of successes. These ranged from the announcement of the sale of the former Pinellas (FL) nuclear weapons plant for economic redevelopment and the formation of a not-for-profit corporation to develop solar energy at the Nevada Test Site, to creation of a park adjacent to the Department's headquarters and the Smithsonian Institution and the leasing of an idle reactor for brain cancer treatment at the Idaho National Engineering Laboratory. The new planning policy encourages creative uses of surplus lands and facilities and public participation. It also creates a planning process estimated to cost 25 percent less than current site-planning activities.

MEDIA

Interview with the Wall Street Journal on Vice President Gore

I conducted an interview with Jeff Birnbaum for a profile that is being written on the Vice President.

Interview with the Christian Science Monitor

I was interviewed by the Christian Science Monitor for a profile being written on the Department.



Department of Energy
Washington, DC 20585

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To: T. J. Glauthier, omb Fax# 395-4639
From: Hazel R. O'Leary

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