



The Secretary of Energy
Washington, DC 20585

October 7, 1993

MEMORANDUM FOR MACK MCLARTY, THE WHITE HOUSE
FROM: HAZEL R. O'LEARY
SUBJECT: Weekly Report

Hazel R. O'Leary

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MACK MCLARTY - 6393-021974
OCT 10 1993

KEY DEPARTMENT NEWS

• Chinese Nuclear Test

July 3 the President directed the Department to prepare to resume nuclear testing in the event that another nation conducted a nuclear test. Based upon China's test and the President's subsequent statement October 6, the Department is preparing plans for a test in calendar year 1994. Actual assembly of the device and instrumentation, emplacement in the hole, and detonation will be undertaken only after final authorization from the President.

The Department's FY 1994 budget requested \$408 million to retain the capability to test at the Nevada test site as directed by the President in July. These funds have been redirected to support the Stockpile Stewardship Program which includes capabilities for a stockpile surveillance program; experimental program; research, development and engineering programs; numerical simulation programs; and maintenance of a production capability required to support these efforts. Under the Stockpile Stewardship Program, the Department maintains the science, technologies and physical and capital assets required to assure the safety and reliability of the U.S. nuclear weapons arsenal. Maintaining the ability to resume underground testing is already one component of the Stockpile Stewardship Program. We anticipate the incremental cost of such a test to be approximately \$21 million.

• War Against Breast Cancer CRADA Signing

Yesterday, I signed a Cooperative Research and Development Agreement creating a partnership between the Department's Lawrence Livermore National Laboratory and Fischer Imaging Corporation of Denver, Colorado. The purpose of this partnership is to develop a highly accurate mammography device for early detection of breast cancer. The CRADA is in the amount of \$3.28 million over three years. Senator Boxer and Representative Bill Baker were involved in the event to bring attention to the National Breast Cancer Strategy Act, which was introduced by Senator Boxer.

This event was a success for several reasons. First, it highlighted the ability of the National Laboratories to work with private industry to utilize their technological resources to address important national problems. Second, the partnership addressed a critical health care issue facing the nation, and gained positive national media attention from ABC, NBC, CBS, CNN, CBS radio, and national wire services. An article is attached.



Russia Visit

I led a delegation of approximately 20 staff from the Departments of Energy, State and Commerce and the Vice President's office on a historic trip to Russia. Prior to my departure, CIA Director Woolsey advised me that the situation in Russia was getting "rather sporty." Thankfully, we departed one day before the events of Sunday.

Accomplishments include:

- In a meeting with Prime Minister Chernomyrdin, we discussed details of the Gore/Chernomyrdin Commission including plans developed by three working groups to address building legislative and legal infrastructure; encouraging investment in energy efficiency, oil, gas, and coal projects; selecting ombudsmen; resolving issues impacting nuclear safety projects; and continuing support for the comprehensive ban on nuclear testing.
- We made substantial progress on oil and gas development and assisting in the formulation of a legal and regulatory framework for the Russian energy industry. The working group addressing legislative and legal infrastructure issues plans to establish a model company to test existing laws which may hinder U.S. investment and then develop new laws to address these barriers. We also identified 11 projects that the working group on oil, gas and coal development will pursue.
- In an unprecedented meeting with representatives of Russian non-governmental organizations, we established relationships to open the door to their participation in our ongoing efforts.
- We signed a Memorandum of Cooperation on energy efficiency.
- Meetings with President Yeltsin's environmental advisor Yablokov and Environmental Minister Danilov-Danilyan highlighted areas of cooperation on radiation health effects, climate change and nuclear safety.
- We also discussed developing advisory councils comprised of industry representatives to advise us in our efforts.

B-Factory

Monday I accompanied the President to San Francisco for the announcement that the Department of Energy has selected the Stanford Linear Accelerator Center (SLAC) as the site of the \$200 million B-factory, an element of the Administration's high energy physics strategy. The selection of SLAC helps ensure that 1,500 high energy physics jobs will be saved. Some criticized the selection since a competing proposal seemed on the surface to be cheaper.

However, this does not recognize the fact that if the competing proposal was selected, the Department would have to construct another laboratory at the same time we are consolidating labs. Additionally, Stanford is more qualified to construct this project than the competitor. As discussed with the President, I will personally meet with Senator Moynihan to explain the basis of the Department's decision.

CONGRESS

- Outreach Meetings

Yesterday I met with Speaker Foley. We discussed the proposal included in the Reinventing Government initiative to restructure Bonneville Power Administration's debt at lower rates. If successful, this would result in increasing government revenue over \$4 billion in FY 95. The Speaker indicated that he would support such a proposal if it did not increase regional rates. We also discussed the recent Hanford Summit held in Washington State and the positive relations being developed between affected parties. Finally, we discussed my recent decision to close the Fast Flux Test Facility (FFTF), a reactor at Hanford. My predecessor had decided to close this reactor, but at the request of the Washington delegation agreed to conduct an independent study to determine if there were other missions the reactor could perform. The study concluded that it would cost nearly \$500 million to run the reactor over a ten-year period. However, few jobs will be lost due to the closure as these workers will be transferred to the cleanup mission. The delegation was notified as soon as the study was completed and will be briefed on the study's conclusion.

THE WEEK AHEAD

- Address to Business Executives for National Security

Tomorrow I will address the Business Executives for National Security. My address to approximately 65 CEOs will focus on the Administration and the Department's new strategies for enhancing national and economic security.

- Superconducting Super Collider

Conference Committee deliberations on the Energy and Water Appropriations bill will begin next Wednesday. The committee will address the Superconducting Super Collider. In speaking with the President, we discussed the need for an aggressive strategy to secure funding for the project. The major issues impacting this vote will be whether the Congress believes that the Department will take the necessary steps to effectively address the management problems that have been identified by the Department's Inspector General, General Accounting Office, and a review of cost-overruns.

I am prepared to announce several management initiatives to address project cost risks and past management criticisms in a letter to the Congress. Senator Johnston and Representative Beville are aware of this and agree that this letter is necessary. I am also meeting with Howard Paster today to develop a legislative strategy.

- Address to the Association of Edison Illuminating Companies

The Association of Edison Illuminating Companies consists of 200 CEOs from the electric power industry and vendor companies including General Electric and Westinghouse. I will address the group next Thursday to urge them to support NAFTA.

PRESS

- CNN Morning News Appearance

Yesterday I appeared on *CNN Morning News* to discuss the White House announcement responding to China's nuclear test. I discussed the Administration's commitment to negotiate a comprehensive test ban treaty and extend the non-proliferation treaty.

- Los Angeles Times Interview

Yesterday I conducted an interview with Melissa Healy, who covers energy and environmental issues for the Los Angeles Times. The interview focused on the reconfiguration of the Department's defense facilities. Particular attention was given to the potential of the National Laboratories to effect economic stimulation and job creation when their resources are used in commercial applications.

- Press Interview on Plutonium Issues

Tom Lippman and Jeff Smith of the Washington Post will interview me next week on the Department's preliminary conclusions on the disposition of Plutonium. The Department is formulating a policy along with other agencies, including the Department of Defense to address the disposition of Plutonium and other hazardous constituent materials resulting from nuclear weapons dismantlement. As mentioned by the President in his address to the United Nations General Assembly September 27, this issue is of vital importance to the national security and non-proliferation policy.

- NAFTA Press

Friday I will participate in an hour of press interviews on NAFTA issues.

- ABC Network Radio Interview

Tuesday I will conduct an interview with ABC Network Radio to discuss the 20th anniversary of the Arab oil embargo.

- Fortune Magazine Interview

Tuesday I will conduct an interview with Pete Nulty of Fortune Magazine focusing on the Administration and the Department's policy with regard to oil production and oil imports.

PRESIDENTIAL INITIATIVES

- NAFTA

This week I met with Representatives Mike Synar (D-Oklahoma), Marilyn Lloyd (D-Tennessee), and Cleo Fields (D-Louisiana) as part of the Administration-wide effort to advocate NAFTA with members of Congress. Results of the meetings follow:

Representative Cleo Fields mentioned several political and substantive issues which will affect his support of the agreement. We have reported these issues to the Office of the Secretary of the Cabinet.

Representative Marilyn Lloyd is opposed to the agreement and has always been opposed.

Representative Mike Synar is a strong supporter of the agreement. He urges developing a training package to gain support from the labor community and another package for the telecommunications industry to reduce opposition from the communications industry workers.

As part of the continuing initiative to advocate NAFTA with business and industry leaders, today I am meeting with Lodrick Cook, CEO of ARCO. My staff has also been meeting with energy industry representatives to coordinate their activities.

Travel to Oklahoma City

I will travel to Oklahoma City Wednesday to advocate NAFTA. I will address the energy industry and communicate the benefits of NAFTA to the State, meet with editorial boards in the city, and tour a facility of an independent oil and gas producer.

News



U.S. Energy Secretary Hazel R. O'Leary is leading the department's quality initiative.

U.S. Energy Secretary Leads Department's Quality Initiative

It would be hard to find a cabinet-level secretary more involved in quality improvement than Hazel R. O'Leary of the U.S. Department of Energy. Since being sworn into office on Jan. 22, 1993, O'Leary has committed herself to leading the department's quality initiative. To put her words into action, she enlisted the help of two of the nation's leading quality corporations and has used the information tool of the 1990s—the video town meeting—to speak to a wide departmental audience.

A historic step for the department was arranging six days of quality improvement training, three in July and three in August, for about 60 of the department's top scientists, scholars, and policymakers at Motorola University (officially known as the Motorola/Milliken Quality Institute at the Galvin Center for Continuing Education in Schaumburg, IL). It was the first time that a government agency had come to learn at Motorola University (the facility has hosted 50,000 people since opening in 1988). On hand to mark the occasion and participate in the sessions were two of the nation's leading quality advocates, Robert Galvin of Motorola and Thomas Malone of Milliken & Co.

The purpose of the Motorola sessions was clearly stated in a binder given to

session participants: "The objective of the six-day session is to begin the process of building an expanded Department of Energy management and leadership team that is dedicated to meeting the expectations of its stakeholders and customers by providing quality products and services in a timely manner and at a reasonable cost."

At the opening session in July, Bill Wigglehorn of Motorola said the task before the Energy Department was especially challenging because the department has customer groups as small as a handful of physicists and as large as all U.S. taxpayers.

O'Leary told the department members that among her top goals were building trust and confidence and

convincing long-time employees that quality isn't an initiative that will go away once the present administration leaves office. "My vision is that we need to understand quality tools so that we can reach our goals," she said.

To get the quality message beyond the top rank of the agency, O'Leary has made use of the video town meeting format that became popular during the 1992 presidential campaign. In May, she appeared via satellite to 4,500 department employees gathered at 20 sites to discuss the department's quality objectives and answer questions. In July, O'Leary was joined by Vice President Al Gore for another satellite presentation to department employees.

At the April telecast, O'Leary told the audience that the key elements of the department's initiative are leadership, communication, customer satisfaction, management tools (planning, empowerment and teamwork, training, continuous improvement, and measurement), and results. She also vowed to spend a full four-year term as secretary to implement quality. "I'm on for the long haul and won't leave in the middle," she said.

During the July telecast, Gore related the Energy Department's quality work to similar efforts that are part of the National Performance Review, the Gore-led project that seeks to reinvent

government. "Since the earliest days of this administration," said Gore, "the Department of Energy has been helping to lead the way in identifying new ideas and new approaches and efforts to bring what the private sector has called the quality revolution into the federal government."

Gore also praised O'Leary for leading the department's quality effort. "Your secretary, as you know very well, has been one of the leaders in this whole process," Gore said. "I don't know of any other member of any other cabinet who has taken the time to spend three full days in quality management training."

O'Leary has had significant private- and public-sector experience to prepare her to be a quality leader. Before joining the Energy Department, she was executive vice president of Northern States Power Company (NSP), which provides power to parts of five Midwestern states, for 24 years and was president of NSP's Gas Utility for the month prior to being named energy secretary. She served as a presidential appointee to the Energy Department during the Carter administration and to the Federal Energy Administration under President Ford.

Following the opening session at Motorola University in July, O'Leary met with a group of reporters to discuss the Energy Department's quality process. She was asked how she intends to prove her quality commitment to department personnel. O'Leary said she committed herself to improving the department during her Senate confirmation hearings and sincerely challenged the reporters to determine whether she fulfills the commitment. "Your job is to track us," she said. "I hope you will do that."

Examiners Needed for 1994 Baldrige Award

The National Institute of Standards and Technology (NIST) is seeking examiners from all sectors of U.S. business to review and evaluate applications submitted for the 1994 Malcolm Baldrige National Quality Award. Applicants for the award's board of examiners must be experts in quality management and be capable of evaluating large and small manufacturing and services businesses.

(cont. on p. 15)

HANFORD Reach



Anderson shares four keys to success

See page 9.

September 20, 1993



Photos by Linda Kohl

What do you think of Secretary O'Leary and what she had to say?

Note: Energy Secretary Hazel O'Leary spoke with DOE and contractor managers at the Red Lion Hanford House in Richland on September 15. The following "Speak Out!" question was asked of the managers soon after she met with them.

Judy Springer BCSR Operations

"I appreciate her people skills. I think the whole room felt she was talking specifically to each one of us. I appreciate her commitment to the same things that I think Westinghouse believes in. There is real hope for teaming at Hanford and a community as a whole. That's the key to success."

Dave Marsh

Hanford Hazards Assessment

"I appreciate her candor and that she took time to listen. From what I've seen and heard, listening is one of her best skills. She seems to be the type of person



Springer



Marsh



Griffin



Hawkins



Kirkendall



Giroir



Auckland

who follows through. She has confidence in herself. It creates a comfortable feeling for the people she meets with and establishes a positive rapport."

Gerry Griffin FFTF Operations

"I appreciate her emphasis on trust. It was refreshing to hear she was going to reduce the amount of over-checking to gain approval. I'm impressed with her willingness to respond to each person as an individual employee and her commitment to get back to those who had suggestions."

Al Hawkins Compliance Assurance

"I really resonated with what

the Secretary said about bringing authority to where the rubber meets the road. It starts with her willingness to take on assignments and get back to people. She practices a 'servants-leadership' management style. I'm pumped up by what she's said. We need to do our part to change our structures so there's clear authority and responsibility and put it in line with the Secretary's expectations."

Jane Kirkendall Pollution Prevention and Technology Development

"Very, very impressive! I was impressed that she'd come here and that she was open to questions and input from us. The

business of giving accountability and authority to the field frees us up to do the right things in an effective way. I hope the concept trickles down throughout the DOE complex. If so, we can do great things. Practicing the same technique in our company will go a long way. I'm pleased to see the change from the 'kick the contractor' attitude—we're now a team."

Bob Giroir

Solid Waste Management

"I thought she was a dynamic speaker who displayed sincerity and honesty. I appreciate her philosophy of the DOE 'family,' which includes contractors and subcontractors. I believe we have outstanding workers

in the field office. If her idea of disseminating authority to the field office occurs, we will dramatically improve productivity and morale. I agree with placing responsibility where it lies."

Mary Auckland communications specialist

"I really appreciated her sincere, honest approach. She clearly communicates what she wants from us and is open to what she can do for us. She left you with a feeling that you know she'll get results. She also has a wonderful sense of humor. She has the skills to help mediate the differences between organizations."

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Augusta, Georgia

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From Page 1A
Page 1 of 1

Community leaders tell government that Savannah River Site would take all the work they could send

By Stephen Detaney Hale
South Carolina Bureau

AIKEN - All sides of the nuclear production debate said they were pleased with a new spirit of openness on the part of the Department of Energy during hearings on an Environmental Impact Statement in North Augusta Wednesday.

"We are encouraged by how far we have come in changing the DOE culture," said James C. Hardeman Jr., manager of the environmental radiation program with the Georgia Department of Natural Resources.

Brian Costner, representing the nuclear watchdog organization Energy Research Foundation, said he was encouraged

enough to think that the DOE has not already made a decision on where the nation's nuclear work will be done, or what will be done.

"The Department needs fair and accurate information if this is to be a credible decision. But, for once it looks as if they are not just using the process to drive a decision that has already been made," Mr. Costner said.

The thrust of his testimony to DOE officials was to urge that the government wait until the completion of negotiations with Russia on further cutbacks to the two nations' nuclear arsenals.

He said agreements are being sought that would create another 50 percent reduction in weapons, "drastically changing what is needed" in tritium production.

Nuke foes, proponents like Energy attitude

Far outnumbering the voices opposed to a continued nuclear mission at SRS were community leaders who came to tell the government that the site would take all the work they could send, and thanking them for the opportunity to influence the decision.

At stake is a decision that will divide up all the nuclear work now being done at 12 sites into five locations, including the SRS.

S.C. Sen. Greg Rytberg, R-Aiken, Rep. Irene Ruddle, D-Aiken, Aiken Mayor Fred Cavanaugh and Aiken City Councilman Eric Hatford all spoke on behalf of giving SRS a significant role in the reconfiguration of the nation's nuclear weapons programs.

U.S. Rep. Butler Derrick, D-S.C., sent his wife, Susan Payne, to deliver his written remarks: "How do we, as a nation, continue to assure the peace we have fought so hard to win? Even though the Cold War is apparently over, the recent events in Russia give all of us pause and remind us that we must remain vigilant," he said. Mr. Derrick was joined by Aiken attorney Wesley Smith and Fred C. Davison, president and chief executive officer of The National Science Center Foundation, in calling for a new production reactor at the site.

They proposed a multipurpose reactor that would produce lithium for national defense, burn plutonium that would otherwise have to be stored for centuries and produce electricity that would replace a fossil fuel source that would pollute the atmosphere.

Several people asked the officials to combine their study with another on the environmental impact of weapons production.

"If they are going to put an SRS

together, would they please consider the effects of radioactive material on the environment and human health?" said Kay Yonillius of Atlanta, a member of Georgians Against Nuclear Energy.

Glenn Carroll of Decatur, Ga., said, "The future mission of SRS should be taking care of waste and environmental restoration, not making bombs."

Another member of the group, Carol Stangler, said of her father digging up their back yard to build a bomb shelter when she was a girl.

"We've had enough bombs. In two years it will be the 50th anniversary of dropping the bomb on Hiroshima. It is time to call an end to the era of nuclear weapons. Let's lock up the fallout shelters and replant the lilacs," Ms. Stangler said.

SRS Public Relations Department News Clips (803) 644-6975

Pattern for partnership

Public labs play role in textile field

By Susan Harte 41
STAFF WRITER

When the 33rd annual Bobbin Show opens today at the Georgia World Congress Center, one exhibitor may seem out of place amid thousands of sewing and cutting machines, computer design stations and all other conceivable paraphernalia for making clothing.

However, the U.S. Department of Energy is right at home in today's high-tech needle trades. The agency has one of the largest, most colorful and user-interactive spaces in the show.

Earlier this year, DOE and the textile industry formed the AM-TEX Partnership, marking the first time an entire industry and the federal government have agreed to cooperate and share costs to develop new technologies.

Thus, from Oak Ridge in Tennessee to Lawrence Livermore in California, DOE's eight national laboratories are looking at such high-tech ideas as adapting a nickel-sized transmitter developed for nuclear warheads to help flush out counterfeit labels on, for example, designer jeans.



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Longtime interest

The nuclear weapons community has for years had an interest in developing a lot of remotely readable identification tags. Now we want to transfer some of that technology to a very small tag that would go on garments of all types, and would allow permanently stored information," said Irving Stowers of the Lawrence Livermore lab in California.

He explained that such electronic tags — they might eventually be as small as grains of rice — would be sewn into a garment and could track it through its useful life, from construction to laundering.

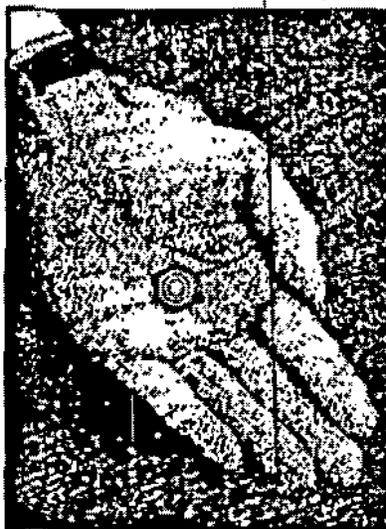
"Right now, we're trying to get the cost down from several dollars to about 25 cents," Stowers said.

The transmitter could be a tool in one of AMTEX's first large-scale projects — the perfection of "demand-activated manufacturing."

"This means that when a consumer buys a blouse, the entire supply chain — the fiber producer, fabric manufacturer, apparel maker — knows about it and reacts," said Doug Lemmon, manager of DOE's Pacific Northwest Lab in Washington.

Reaction the key

And it is reaction that now differentiates the survivors from the forgotten in the textile business.



▲ Michael Gelfand (above, standing) of Consew and William Hogan of Efka of America set up a sewing machine at the Bobbin Show.

◀ Tiny electronic transmitters (left), originally developed for nuclear warheads, someday could be used to detect counterfeit clothing.

Photo by AP/WIDEWORLD

Fifteen years ago, the industry focused on reducing labor time. Five to seven years ago, it began looking at the production process as an integrated whole. Now, says a consultant at Kurt Salmon Associates, the focus is on the entire cycle, from a light in a designer's eye to the cash register's ring.

"Strong linkages reduce cycle time, so we can have faster turn time," said Bettina Newmeier of Kurt Salmon, adding that "product development traditionally happens over a year (before the item is delivered to stores for sale). That is rapidly becoming not good enough."

But because AMTEX is a five-year, \$400 million research project, many in the industry say the partnership has been the year's most important event.

Through the initiative, America's textile industry should be able to find ways to address many of the issues being discussed before the Bobbin Show closes Friday.

Between now and then, up to 25,000 exhibitors and visitors will exchange information on such concerns as staying competitive in a global marketplace, the North American Free Trade Agreement and workplace injuries.

BURRELLE'S

2/2

Cancer detection venture

Fischer to adapt defense technology

By Deborah Prittner
Times News Service

WASHINGTON — A Denver manufacturer and a federal laboratory in California signed a \$3.2 million pact yesterday in hopes of developing a faster method of detecting breast cancer.

Fischer Imaging Corp., which employs 350 people in Denver, plans to develop a more advanced system of diagnosing breast cancer, using computer technology developed at Lawrence Livermore National Laboratory to check for defects in nuclear warheads.

"Breast cancer has reached epidemic proportions with 182,000 cases expected to be reported this year," said Morgan W. Nields, chief executive officer of Fischer, one of the nation's leading makers of diagnostic X-ray machinery.

"Breast cancer survival is directly correlated with the size of the tumor at the time of diagnosis. This new mammography system promises to detect cancers at an even smaller size than the current state-of-the-art," Nields said.

The new technology would computerize women's X-rays, allowing the image to be enhanced or enlarged to make it easier to detect breast cancer. Fischer expects to start testing the technology early next year, and have it ready for market by 1994.



"This is a way to tap into the genius that has been focused on national defense," said Energy Secretary Hazel O'Leary, at a press conference DOE owns the Lawrence Livermore lab, where the technology was developed years ago.

But the new machines, which probably would cost between \$150,000 to \$250,000 each — at least double the price tag of current mammography machines — likely would mean women would pay more for mammograms. The costs of such tests now average between \$100 and \$150 each.

"It obviously has to cost more because the equipment costs more," Nields said.

Women now often have to undergo several costly tests to determine whether they have breast cancer because the current system has only an 80 percent to 85 percent chance of detecting the disease. Fischer Imaging is consulting with Swedish Medical Center and the University of Colorado's Radiology Department on the new mammography system.

"Obviously if we're successful with this technology we would grow very rapidly," said Nields. The company posts annual sales of about \$75 million.

BURRELLE'S

NEWS EXPRESS

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Lab to Update Mammography Process

By Charles Pettit
Chronicle Science Writer

Scientists at the Lawrence Livermore National Laboratory trained in nuclear weapon-related work will turn their skills to designing better breast cancer screening equipment under an agreement announced yesterday.

The agreement is one example of how, with nuclear arms business drying up, Livermore laboratory managers have intensified attempts to rent out their engineers and scientists to private industry.

The \$3.28 million venture will join the scientific firepower of the Alameda county facility, operated for the Department of Energy by the University of California, with

the business sense of a Denver company called Fischer Imaging Corp, a leading maker of standard mammography machines.

Energy Secretary Hazel O'Leary and California Senator Barbara Boxer made the announcement together in Washington. Boxer said, "Today's agreement is a breakthrough in the area of defense conversion. . . . It is time to harness the energy, talent, and skills of our national labs to help address many unmet human needs, including the epidemic of breast cancer."

The project, with 75 percent of the money to come from the private company, has as its goal the making of a prototype breast scanning machine that eliminates pho-

tographic film and replaces it with a digital, high-resolution detector somewhat like a television camera.

The images will do away with cumbersome films and replace them with small compact video discs, and doctors will be easily able to transmit the images almost instantly across a hospital, or across the world.

In addition, the X-ray source is to be much more flexible in its performance than current models so that it adjusts to the wide varieties of breast sizes and tissue densities among women. Chief investigator for the Livermore team is mechanical engineer Clinton Logan, who until recently worked on ways to detect incoming nuclear missiles.

BURRELLE'S

NEWS EXPRESS

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Contract reform is focus for DOE

by Paul Sloca
Oak Ridger staff

FRONT
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The Department of Energy Friday will host a public meeting on contract reform, an area that has become a sore spot for the agency as the government tries to reinvent itself and taxpayers vent their frustrations about a wasteful federal system.

The meeting, to be held from 8 a.m. to 6:30 p.m. at Oak Ridge Associated Universities' Pollard Auditorium, is one of nine such meetings in eight states DOE is holding in support of agency plans to reform its contracting policies and procedures.

The meeting comes in the wake of a recent DOE Inspector General report criticizing DOE and its operations in Oak Ridge and other sites for paying excessive prices due to poor oversight of its managing contractors.

The managing contractor for DOE's facilities in Oak Ridge is Martin Marietta Energy Systems.

According to DOE officials, the public meetings are a chance to get public views on current contracting policies and practices with emphasis on management and operating contracts, environmental restoration and waste management contracts, and support services contracts.

William White, deputy secretary of Energy, is heading DOE's Contract Reform Team and will be represented at the meeting by Washington, D.C., officials Victor Reis, assistant secretary for Defense Programs; James Decker,

"Today, we begin involving our customers, the American taxpayers, in our effort to correct the wrongs of the past and install safeguards to make certain that we do not return to the business of yesteryear."
Bill White, DOE official

acting director, Office of Energy Research; and Don Pearman, acting associate deputy secretary for Field Management.

"Today, we take another step forward in our effort to repair a broken process," White said in a prepared statement. "Since May, our team has taken a hard look at where we are as a department, and how we got there."

Environmental restoration and waste management contracting has also been the source of consternation among DOE officials and Congress, and given the large number of companies in Oak Ridge with DOE contracts, the meeting is likely to stir up a lot of interest.

During the course of the Oak Ridge meeting, presentations will be made by various groups that have vested interests in the contracting procedures. They include Energy Systems; MK-Ferguson, DOE's construction contractor in Oak Ridge; other large business contractors; research organizations; environmental contractors; special-interest groups such as the Oak Ridge Chamber of Commerce; state and federal regulators; DOE personnel; and the public.

In June, the DOE IG released a report critical of Bechtel National for its work done under contract at DOE's Oak Ridge National Laboratory. That report stirred up a controversy in Oak Ridge, where Bechtel has a large corporate office, because of concerns that the IG audit made several incorrect assumptions. Bechtel filed a response to that audit in an attempt to clarify issues the company feels were incorrectly interpreted by the IG's office. The status of the situation is as yet unclear.

The goal's of DOE's contract reform are:

- To improve contractor performance and accountability.
- To improve financial and contract management.
- To achieve contract cost savings.
- To reduce dependence on support service contracts.
- To increase competition for DOE contracts and attract more leading American businesses to bid on DOE contracts.

"We want to go from a bureaucracy of red tape to results-oriented contracts," White said. "We are defining performance-based, result-oriented standards to grade our contractors and ourselves in DOE's principal functional missions of basic science, applied research, defense and environmental programs."

CONTINUED

Energy Secretary Hazel O'Leary has been strong in her statements about contractor responsibility. Some of those comments came in the wake of the death of a worker following an accident at the Oak Ridge K-25 Site. A lot of questions were raised following the death of David Wicks last November regarding proper oversight and management of a project that involved multi-layer subcontracting.

DOE's move to reform its contracting system also falls in line with recommendations made by Vice President and former U.S. Sen. Al Gore of Tennessee in his reinventing-government handbook, "From Red Tape to Results: Creating a Government That Works Better and Costs Less."

One of the recommendations in the report calls for widespread reform in contracting at DOE's local operations offices in hopes of saving an estimated \$570 million. Gore's report also calls for improvements in cleanup contracting procedures.

Earlier this year O'Leary issued some directives in an attempt to realize real contract cost savings, including freezing all contractor salaries, a move that caused some concern among workers; establishing a target to reduce spending for support services contracts by at least 10 percent in fiscal year 1994; improving DOE's massive acquisition regulations; and establishing guidelines to ensure greater accountability for contractor civil penalties and contract management of indirect costs, two areas that are prominent in DOE's contract with Energy Systems.

"We have accomplished a great deal over the past few months to clean up a legacy of waste that has

resulted in DOE's inability to effectively oversee thousands upon thousands of contracts," White said. "But still more needs to be done. We are committed to talking to our customers to improve the way we do business and attract more and better-quality American businesses to serve as DOE's partners in achieving our critical mis-

sions."

Earlier this year, a Government Accounting Office report showed that Energy Systems had claimed thousands of dollars for parties and intramural sporting activities as allowable costs under its contract with DOE, and at that time some members of Congress took aim at those costs.

TUESDAY, OCTOBER 12, 1993

SCHEDULE FOR HAZEL R. O'LEARY

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

8:00 AM - 8:30 AM Beth, Carolyn, Johannah, LaWanna

**9:00 AM - 11:00 AM Planning Meeting
(R. Rosenzweig, D. Reicher, W. Taylor,
D. Forrister, M. Gauldin, B. Rainey,
J. Dottori)**

11:00 AM - 11:45 AM Press Phone Call - Health Care

**12:00 PM DEPART DOE FOR NATIONAL AIRPORT
Met by Reggie Sellers**

12:50 PM DEPART NATIONAL AIRPORT FOR OKLAHOMA CITY, OK

WEDNESDAY, OCTOBER 13, 1993

SCHEDULE FOR HAZEL R. O'LEARY

8:00 AM - 1:00 PM Travel - Oklahoma City, OK

1:05 PM DEPART OKLAHOMA CITY, OK FOR
GREENBRIER, WVA

7:30 PM ARRIVE GREENBRIER, WVA

THURSDAY, OCTOBER 14, 1993.

SCHEDULE FOR HAZEL R. O'LEARY

11:00 AM

**Speak @ The Association of Edison
Illuminating Companies' 1993 Annual Meeting**

FRIDAY, OCTOBER 15, 1993

SCHEDULE FOR HAZEL R. O'LEARY

8:00 AM - 5:00 PM HOLD



01111 MCLARTY -
GENERAL FILE COPY
The Secretary of Energy
Washington, DC 20585
93-022448
10/15/93

October 14, 1993

MEMORANDUM FOR MACK MCLARTY, THE WHITE HOUSE
FROM: HAZEL R. O'LEARY
SUBJECT: Weekly Report

KEY DEPARTMENT NEWS

Foreign Reactor Fuel

Monday Department representatives spoke to a conference of 15 foreign research reactor operators sponsored by Edlow International Company regarding a possible crisis facing the Administration's recently announced non-proliferation policy.

The difficulty lies in the fact that Belgium and Germany have entered into contracts with Britain to reprocess high-enriched uranium instead of using the Department's Savannah River Site for storage of this material. These contracts effectively undermine several components of the Administration's non-proliferation policy including: Reduced Enrichment for Research and Test Reactors program and our policy for the return of U.S.- origin spent fuel from foreign research reactors as described in my July 13, 1993, letter to Secretary Christopher.

While it is my hope that this issue can be addressed through invoking the provisions of the National Environmental Policy Act, the Department is prepared to work with the Department of State to implement on an emergency basis alternative arrangements to ensure compliance with environmental review requirements.

NAFTA Events in Oklahoma

Tuesday and Wednesday of this week I was in Oklahoma to advocate NAFTA to industry and political leaders. I was the featured speaker at a dinner of approximately 100 business leaders Tuesday night, spoke at the University of Oklahoma's Energy Research Center and conducted a NAFTA town meeting at the university. These events provided an opportunity to communicate the benefits that would be realized by Oklahoma's oil and natural gas industry if NAFTA is passed. All of the Oklahoma events received favorable media coverage and several articles are attached.

Address to the Association of Edison Illuminating Companies

My address to this audience of over 150 CEO's at the Annual Meeting of Edison Illuminating Companies in White Sulphur Springs, West Virginia, focused on the benefits of NAFTA, the future of the electric power industry, and the Administration's efforts to develop markets in China, Russia, and Latin and South America for U.S. firms.

Superconducting Super Collider

Yesterday, the Conference Committee for the Energy and Water Appropriations Act agreed to provide the Administration's full funding request of \$640 million for the Superconducting Super Collider (SSC). The Conference Report is expected to reach the House floor for consideration as early as Tuesday of next week, where a concerted effort will be made by SSC critics to defeat the Conference Report. In my October 13, 1993, letter to the Conference Committee on the SSC, I emphasized the aggressive management actions underway by the Department to ensure prudent stewardship of this project.

Monday, I intend to take the Department's strong case for the SSC to the entire House in a letter which lays out what has changed since the June vote to terminate this project. This letter will detail all of the major management initiatives under way to ensure that the SSC is completed as cost-effectively as possible. The purpose will be to provide every Member of Congress with the information they might need to explain why the House would change its mind on the SSC.

On a separate front, I have received a letter from Chairman John Dingell which includes 17 pages of questions about the Department's management actions on the SSC. Responses are due October 27, 1993, after congressional action on the SSC. Our staff will provide a preliminary briefing for Chairman Dingell's staff October 22, 1993.

CONGRESS

Outreach Meetings

Tuesday, October 12, I met with Senators Byron Dorgan and Kent Conrad from North Dakota to discuss recent developments in a litigation involving the Great Plains Gasification Plant in which the Department is a co-plaintiff. The next settlement negotiations are scheduled for October 18 in Fargo. Meetings between senior Department and Dakota Gasification Company (the other co-plaintiff) officials this week were productive and resulted in agreement on a settlement proposal to be made by Dakota Gasification and DOE to the gas pipeline defendants in the litigation. The proposal is designed to keep the plant operating (the plant is the largest employer in the State with a work force of about 700) while compensating the Department for compromising the litigation.

THE WEEK AHEAD

Address to the 49th Annual Meeting of the Natural Gas Association of America

Monday, October 18, in Boca Raton, Florida, I will deliver the keynote address at the 49th Annual meeting of the Interstate Natural Gas Association of America, which represents 32 American and Canadian interstate and interprovincial pipeline companies. This organization is a key Department stakeholder and has been a strong supporter of NAFTA.

The audience will consist of 250 senior executives from industry, government, financial and academic communities, and regional and trade press. My remarks will highlight new Administration priorities and policies of interest to the natural gas industry and preview the Domestic Gas and Oil Initiative. Once again, this is an excellent opportunity to communicate the benefits of NAFTA and to encourage industry to utilize its extensive networks to gain congressional support. Additionally, I will describe the Administration's climate change plan and how it is beneficial to the gas industry.

National Petroleum Council Meeting

Wednesday, October 20, I will attend a bi-annual meeting of the National Petroleum Council. The focus of the meeting will be the council's recently completed report on the United States refining industry. This is a comprehensive evaluation of the future of our Nation's refining industry and the costs it will incur to comply with the Clean Air Act and other environmental statutes. This meeting also provides an excellent opportunity for me to advocate NAFTA with this important group of stakeholders.

PRESS

ABC Radio Interview

Last week I conducted a live interview with ABC Radio White House correspondent Chuck Taylor to commemorate the twentieth anniversary of the Arab Oil Embargo. The interview focused on the policy of the Administration and the Department with regard to increasing foreign oil imports.

Fortune Magazine

Last week I conducted an interview with Peter Nulty of Fortune magazine on the Domestic Gas and Oil Initiative that will be released in the near future.

Fourth Annual Energy Conservation Forum

My remarks to this audience of 250 representatives of industry, foreign governments and Members of Congress will focus on the Department and the Administration's commitment to energy efficiency and to working in partnership with industry to create markets and opportunities for U.S. firms to gain control of international efficiency markets. It is believed that \$11 billion in investment opportunities exist for energy efficiency technologies. Specifically I will address the successful partnerships that the Department has fostered with industry to achieve energy efficiency and with several industry sectors to achieve climate change reduction goals. Regional press and wire service coverage is anticipated for this event.

Executive Leadership Council 5th Annual Recognition Dinner

I will address the 5th Annual Recognition Dinner of the Executive Leadership Council Thursday, October 21 here in Washington. My remarks before this organization of senior-level African American corporate executives of which I was a member, will focus on the Health Care and NAFTA initiatives. Regional media attention is expected for this event.

PRESIDENTIAL INITIATIVES

Global Climate Change

On Tuesday, October 19, I will participate in an announcement of the President's action plan to reduce emissions of greenhouse gases. Following the announcement, I will participate in a press briefing on the plan.

This plan represents a win/win for the Administration. In my judgement, the plan represents a new way of doing business between the private sector and the government. Instead of relying on expensive regulation necessary to reduce emissions that could adversely affect the economy, the plan is based upon cost-effective partnership programs between the government and the private sector. There are two major new partnerships to speak of which will be beneficial to the Administration. Fifty-six electric utilities have written the Department of Energy stating their intent to enter into voluntary emission reduction agreements with the Department. These 56 companies represent 60 percent of the electricity generated in the Nation and 60 percent of the carbon dioxide released from the utility sector. We are allowing them flexibility to reduce emissions in exchange for the reduction of emissions they will agree to. This will result in low-cost emission reductions. This partnership is more historic in light of the fact that this industry had previously argued that climate change was not a serious issue.

The other partnership, the Motor Challenge, represents a partnership between 40 corporate participants and the Department of Energy. Among the charter corporate participants that have been instrumental in the formulation of the Motor Challenge are: 3M Corporation; The Dow Chemical Company; Edison Electric Institute; Electric Power Research Institute; General Motors Corporation; National Association of Manufacturers and the National Electrical Manufacturers Association. These participants will agree to commercialize and install new motors in their industrial facilities. This is particularly important as motors represent 60 percent of the electricity consumed in this country. The Department will support this venture with money and staff. I believe these two initiatives dramatically reduce the controversy associated with the plan and make it a win/win for the economy and the environment.

'Look South,' O'Leary Tells OU Audience

By Charles T. Jones
Staff Writer

U.S. Energy Secretary Hazel O'Leary on Wednesday encouraged a group of some 200 petroleum engineering students, their professors and others at the University of Oklahoma's Sarkey Energy Center to look south, to the markets of Mexico and beyond.

O'Leary, 68, is traveling the country to tout the Clinton administration's backing of the North American Free Trade Agreement (NAFTA).

"Look south: growth in population, growth in jobs, growth in opportunity, all the expanding jobs in the easy global trade we've had, are southward," O'Leary said. "They're in Mexico; they've moved south into Central America; they've moved into Venezuela; they move into Chile; they move into Argentina. "And the road to get there is through Mexico," O'Leary said.



U.S. Energy Secretary Hazel O'Leary addresses a gathering at the Sarkey Energy Center at the University of Oklahoma on Wednesday, offering a spirited defense of the North American Free Trade Agreement.

"What's scary about that? It's new, it's change. Often, we don't like that unless we're in charge of the change... when someone else suggests that we should all change, it gets to be a little scary.

"Without the change, there will be no opportunity for expansion," she said.

O'Leary said there is a

ripe harvest in Mexico of "growing demand and an increasing economic base built on the economic principles of the new Salinas government." And if the U.S. doesn't move into that market, the Europeans or Japanese surely will.

"In my view, the market ought to belong to us," O'Leary said.

"Looking south... we understand the Mexican population already likes the American product. It seems automatic to follow that market," said O'Leary, a former businesswoman who took the reins of the Department of Energy last January.

O'Leary told her audience that the focus of See O'LEARY, Page 14

Thursday, October 14, 1993

THE DAILY OKLAHOMAN

O'Leary

From Page 14

NAFTA. "from the very beginning, are jobs for the 21st century." Not low-skill, low-wage jobs, which O'Leary said will continue to move southward and into the Pacific Basin region.

"There's simply no opportunity for that kind of work anymore," she said.

"Like it or not, without NAFTA, those jobs are dwindling — at a time when we're talking about an information infrastructure that moves us into the 21st century," O'Leary said.

"The jobs of the 21st century are high-skilled, based on technology and information systems.

"So, those of us who have looked back, wanting America to be the way it was and wanting to cling to the past, don't get it — the future has left us; the future is ahead of us, unless we move with it," she said.

O'Leary picked as her Oklahoma venue the brightly lighted atrium of the Sarkey Energy Center — an energy research facility whose startup funding came during the oil boom of the early 1990s.

Though she said nothing about boosting Oklahoma's flagging in-state energy industry, she said, "Let's look at the opportunity to privatize 50 percent of the state-owned petroleum companies in Mexico. Not a bad idea. Anybody interested in petroleum financing? That privatization brings with it an opportunity for investment

and jobs.

"If we're traveling to Alaska, may as well figure out how to travel to Mexico," O'Leary said.

O'Leary said there would be good opportunities for energy exploration and drilling equipment sales to Mexico under NAFTA.

And she said existing natural gas pipelines in northern Mexico don't have the capacity to serve the needs of the growing population centers there.

She stressed that it would be cheaper and safer to keep the source of U.S. energy imports closer to home.

O'Leary pointed out that facinring in the costs of protecting U.S. interests in the Midwest and Persian Gulf regions, oil prices to American consumers amount to about \$20 per barrel.

Meanwhile, she said, American education must focus on turning out highly trained, highly skilled workers who are adaptable to change.

"We know already that jobs tied to export are paying, on average, 12 percent more than jobs preparing products or service for internal consumption," O'Leary said.

"If you're doing a job (for domestic sale) and you're making \$20,000, you can focus that same energy, that same skill on a job — for export abroad. It's worth \$36,000, it seems to me, that's a good deal. It's as simple as that."

Thursday, October 14, 1993

THE DAILY OKLAHOMAN

Front Page
Business
Section

O'Leary addresses 125-member audience

Lecture — The U.S. Secretary of Energy speaks at Sarkeys Energy Center about NAFTA.

By Michelle Fielden
The Oklahoma Daily

U.S. Secretary of Energy Hazel O'Leary urged an OU audience Wednesday to voice their support for the North American Free Trade Agreement to their legislators.

O'Leary's brief lecture and question and answer session drew about 125 people Wednesday to Sarkeys Energy Center.

"If you believe NAFTA is right for growth and opportunity in Oklahoma ... then talk to someone who will talk to a congressman," O'Leary said.

O'Leary, the first woman and first black Secretary of Energy in U.S. history, went on to discuss the significance of NAFTA to other parts of the world.

An audience member brought up the fact that there was over \$111

million a year leaving the country to Mexico, where the average years earnings was \$2,000.

"A very interesting statistic will help explain this. The population in Mexico has gone up from ten million people to twenty million people in the past few



Hazel O'Leary
— She spoke at OU Wednesday about NAFTA.

years."

"This results in high demand that the U.S. is supplying. It is better that the U.S. is getting that revenue now before Britain or Japan gets it," O'Leary said.

Before the town meeting, O'Leary received a tour of the building.

During the tour Houston senior Shawn Emerson caught up with O'Leary to tell her hello.

"I walked up to her and she asked me who I was. ... She was very nice," Emerson said.

10/14/93

Oklahoma Daily - front page

Las Vegas Review-Journal, 10/09/93 (7A)

(Circulation: 140,494 daily; 208,789 Sunday)

Energy Department cuts light bills

Associated Press

WASHINGTON — The Energy Department is trying to do its part to cut electricity use. It has replaced 34,000 light fixtures in its sprawling headquarters complex with more energy efficient ones.

Energy Secretary Hazel O'Leary said the change will cut lighting costs at the building by 60 percent and save the government \$340,000 a year. If the more efficient lights were installed in all government buildings the savings could be as much as \$250 million a year, she said.

The department, which administers federal research and assis-

tance programs for energy conservation, has been criticized by congressional investigators for wasting energy at many of its buildings across the country, especially at defense weapons plants.

O'Leary said the installation of energy-efficient lights in the 1.7 million-square-foot James Forrestal Building was done without the government paying money up-front.

The company that replaced the lights will be paid from energy cost savings and from an energy conservation rebate from the electric utility, officials said.

Energy Secretary Talks Trade

NORMAN, Okla. (AP) - U.S. Energy Secretary Hazel O'Leary said Wednesday that Oklahoma's oil and natural gas industry has a vital stake in the passage of the North American Free Trade Agreement.

Ms. O'Leary spoke during a town meeting on the campus of the University of Oklahoma after touring the university's Sarkey Energy Center.

She told an audience of about 200 there are too many economic opportunities in Canada and Mexico to let NAFTA fall by the wayside.

"Growth in population, growth in jobs, growth in opportunities - all of the expanding jobs and the easy global trading patterns are southward," Ms. O'Leary said.

"They're in Mexico. They move into South America, Venezuela. They move into Argentina. And the road to get there is to Mexico," she said.

"The new opportunities for economic enhancement for this nation have got to be focused outside the 50 states we call the United States. And that's why there's need for a NAFTA," she said.

Ms. O'Leary also visited with members of the Oklahoma Independent Petroleum Association, who gave her a letter calling for more government action to save their industry.

"Madame Secretary, are we to assume your message to Oklahoma is: 'We in Washington can't agree on much of anything to save the domestic oil and natural gas industry. But we would certainly like your concurrence in helping the Mexicans?' the letter said.

The letter said the energy industry "teeters on the brink of total collapse.

"We look to you, and to President Clinton, to take bold steps to reverse the decline in an industry that is most vitally linked to our national economic security."

About 30 people carrying signs protesting NAFTA marched at a busy Oklahoma City intersection Wednesday.

The protest was organized by the Oklahoma chapter of the AFL-CIO. Ross Williams, AFL-CIO president in Oklahoma, said NAFTA would cost Oklahoma 35,000 jobs.

[Clinton]

Carlsbad Current-Argus

Friday, October 8, 1993

O'Leary to visit WIPP this month

By TONI WALKER
Current-Argus staff writer

Secretary of Energy Hazel O'Leary plans to visit Carlsbad at the end of the month to announce decisions about the Waste Isolation Pilot Plant Project, Department of Development President Cliff Stroud said.

Stroud and other community leaders met with O'Leary and Assistant Secretary of Energy Tom Grumbly Wednesday to discuss DOE plans to move project decision-makers from Albuquerque and Washington, D.C., to Carlsbad.

They also discussed recent DOE commitments to consider Carlsbad as the location for an environmental training program and a National TRU Program Center, described as a national clearing house for decisions about transuranic waste activities.

Stroud said the Energy Department had not reached a decision about whether radioactive tests would be conducted at the WIPP

site. The department could recommend to the Environmental Protection Agency that tests be performed at Los Alamos National Laboratory, Stroud said.

The radioactive portion of tests being considered for the WIPP site comprise less than 2 percent of all testing planned at WIPP, Stroud said.

"There will be a tremendous amount of testing yet to be done, a great deal of which will occur at WIPP under either (test phase) plan," he said.

A decision about the test phase plan could be announced next week, said DOE spokeswoman Tracy Loughhead.

"We stressed to Tom Grumbly again," Stroud said, "... that it's our belief that the more testing done at WIPP, the greater the comfort-level regarding safety of the citizens will be.

"We left feeling that the secretary and undersecretary feel that WIPP is very important to their environmental management program," Stroud said.



The Secretary of Energy
Washington, DC 20585

MONDAY, OCTOBER 18, 1993

SCHEDULE FOR HAZEL R. O'LEARY

A.M. - DEPART FOR TRAVEL - Boca Raton, FL
Speak at the Interstate Natural Gas Association
of America's 49th Annual Meeting
P.M. - HOLD: RETURN TO WASHINGTON, D.C.





The Secretary of Energy
Washington, DC 20585

TUESDAY, OCTOBER 19, 1993

SCHEDULE FOR HAZEL R. O'LEARY

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

8:00 AM - 8:30 AM LaWanna, Carolyn, Beth, Johannah

9:00 AM - 11:30 AM HOLD

11:45 AM DEPART DOE FOR THE WHITE HOUSE
Met by Reggie Sellers

12:00 PM HOLD: White House Press event





The Secretary of Energy
Washington, DC 20585

WEDNESDAY, OCTOBER 20, 1993

SCHEDULE FOR HAZEL R. O'LEARY

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

8:00 AM - 8:30 AM Beth, Carolyn, Johannah, LaWanna

9:00 AM - 11:15 AM Public Announcement of National Petroleum
Council Report on Refining

11:30 AM - 12:30 PM Bill White

12:30 PM - 2:00 PM Team Lunch
(B. DeGrasse, P. Didisheim, D. Dreyfus,
A. Durham, D. Forrister, M. Gauldin,
T. Grumbly, J. Hakes, J. Keliher, M. Krebs,
C. Moody, B. Nordhaus, T. O'Toole, D. Pearman,
B. Rainey, D. Reicher, V. Reis, R. Rosenzweig,
T. Cornwell-Rumsey, K. Simpson, W. Taylor,
S. Tierney, B. White)

1:45 PM DEPART DOE FOR THE OEOB
Met by Reggie Sellers

2:00 PM - 4:00 PM 656 Committee Meeting
The Treaty Room - OEOB
2:30 P.M. - Opening Remarks
(Meeting will last until 4:00 p.m.)

4:15 PM - 5:00 PM George Scalise

5:15 PM Appointment





The Secretary of Energy
Washington, DC 20585

THURSDAY, OCTOBER 21, 1993

SCHEDULE FOR HAZEL R. O'LEARY

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

8:00 AM - 8:30 AM Beth, Carolyn, Johannah, LaWanna

8:30 AM - 9:45 AM HOLD

9:45 AM - 11:00 AM Address the 4th Annual Energy Conservation
Forum
The National Press Club

12:00 PM - 12:30 PM Lunch - Al Alm

12:30 PM - 2:30 PM Video: Training
(Paula Hill)

2:00 PM - 3:00 PM HOLD

3:30 PM -----START STAFF TIME-----

4:00 PM - 4:15 PM Security
(Jack Keliher)

4:30 PM - 5:00 PM Secretary Press Briefing
(Jack Keliher, Mike Gauldin)

5:00 PM DROP-BY: Crossborder Natural Gas Trade
Reception
The Senate Ballroom
The Capital Hilton Conference Center
16th & K Streets, N.W.

5:30 PM Speak at The Executive Leadership Council's
5th Annual Recognition Dinner
Sheraton Washington Hotel (Black Tie)
5:30 p.m. - Reception
7:00 p.m.- Dinner (Main Ballroom)
8:15 p.m. - Speech





The Secretary of Energy
Washington, DC 20585

FRIDAY, OCTOBER 22, 1993

SCHEDULE FOR HAZEL R. O'LEARY

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

8:00 AM - 8:30 AM Beth, Carolyn, Johannah, LaWanna

9:00 AM Albert Knoll (TENTATIVE)

9:15 AM Gary Barbour, Portland General Electric
(TENTATIVE)

10:00 AM HOLD: Cabinet Meeting

12:30 PM - 1:30 PM Lunch

2:30 PM - 3:00 PM Doreen Andrews

3:15 PM - 3:30 PM Video: Training
(Paula Hill)

3:45 PM - 4:15 PM Rick Priory, Duke Power Company

4:30 PM Planning Meeting
(R. Rosenzweig, D. Reicher, W. Taylor,
D. Forrister, M. Gauldin, B. Rainey,
J. Dottori)





Department of Energy
Washington, DC 20585

OFFICE OF THE EXECUTIVE SECRETARIAT
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CML 202-586-4403 CML 202-586-5081 CML 202-586-5078

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Date: 10/14/93
To: Brian Burke
From: Sec. O'Searcy

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Transmittal consists of 5 pages, excluding this form.

X

Notes:



Department of Energy
Washington, DC 20585

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FACSIMILE TRANSMITTAL FORM

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Date: 10/14/93
To: Christina Varney
From: Sec. O'Leary

Transmittal consists of 5 pages, excluding this form.

Notes:



October 21, 1993

MEMORANDUM FOR MACK MCLARTY, THE WHITE HOUSE

FROM: HAZEL R. O'LEARY

SUBJECT: Weekly Report

KEY DEPARTMENT NEWS

• Superconducting Super Collider

Attached is a memorandum to the President on the status of the Superconducting Super Collider which details my thoughts on how to proceed.

To further update you on my press discussions on termination of the SSC project: The *New York Times*, *Washington Post*, *Wall Street Journal*, and Texas newspapers have questioned me if lack of Presidential support led to the demise of the project. Senator Gramm (R-TX) has instigated this charge. My response was that the President was personally involved in the effort and wrote to members of Congress urging them to support the SSC.

• Waste Isolation Pilot Plant Revised Test Strategy

In a major break with the last Administration's approach, the Energy Department announced Thursday that its tests using radioactive wastes will be conducted in laboratories rather than underground at the Waste Isolation Pilot Plant (WIPP) in New Mexico. This new approach responds to criticisms from the scientific community, EPA, and the public and will save both time and money in reaching a decision about operation of the facility. WIPP is a disposal repository for radioactive defense waste built during the Reagan and Bush Administration in southern New Mexico, but has not been open for disposing of waste because necessary environmental requirements were not met. Laboratory tests are needed for determining the suitability of the WIPP site to accept waste and compliance with EPA environmental requirements. Press coverage was favorable and included statements of support from both New Mexico Senators and a member of a National Academy of Sciences review group. (See attached press clips).

• Motorola Corporation's Fifth Annual Total Quality Forum

Friday, October 22, I will give the closing remarks to the Fifth Annual Total Quality Forum at Motorola Corporation Headquarters in Schaumburg, Illinois. My remarks to top business executives who are leaders in total quality management, business and engineering school presidents, and other leaders will encourage the implementation of total quality principles in the curricula of the represented businesses and universities. Companies represented include American Express, Ford Motor Company, General Motors, Proctor and Gamble, 3M, and Xerox. I will discuss my experiences in Total Quality Management in the private sector and at the Department and the role that Total Quality Management methodology can play in the Administration's "reinventing government" effort. I will close with my desire to form quality teams to draw upon the resources of the Department, its

National Laboratories, industry, and universities to address vital energy and environmental issues and stimulate economic growth.

CONGRESS

- Hearings

October 28, I will testify before the House Committee on Energy and Commerce, Subcommittee on Energy and Power (Chairman Sharp, D-IN) and the Senate Committee on Energy and Natural Resources (Chairman Johnston, D-LA). The subject of my testimony in both cases will be the safety of Russian-designed reactors and the Administration's initiatives to maintain or improve reactor safety. I will describe the bold initiatives the Gore-Chernomyrdin Commission is taking on this issue. This issue has been identified by environmental advocates and non-proliferation policy experts world-wide, including the IAEA, as a critical priority for the Department and the Administration.

THE WEEK AHEAD

- Oil and Money Conference

Monday I will be in London, England for the Fourteenth Annual Oil and Money Conference where I will deliver the keynote address. This conference is sponsored by the *International Herald Tribune* and the Oil Daily Group and is attended by 200 senior private sector executives, government leaders from oil producing and consuming nations, and media.

My keynote address to the conference will highlight several aspects of the Administration's energy policy including:

- The Administration's concern with fundamentalism in the Persian Gulf and its impact on oil producing states;
- The role of energy as a catalyst for economic growth and the need for stable regimes;
- The Administration's support for U.S. industry and the need to reduce oil use in transportation;
- The Administrations' commitment to global and domestic energy diversity to mitigate the potential for price spikes and disruptions in international markets;
- The Administration's effort to encourage open investment in energy resources world-wide, especially in Russia and Latin America, to create economic growth and supply stability to benefit all nations; and
- The Administration's commitment to sound global energy policy to protect the environment and stimulate economic growth, i.e. global climate change policy.

This speech is extremely important since the Administration has not yet articulated its policy on global energy matters.

- Fourth Annual Energy Conservation Forum

My remarks to an audience of 250 international leaders from the private and public sectors at the 4th Annual Energy Conservation Forum will highlight the Department's energy efficiency initiatives. I will discuss the Department's efforts to build partnerships with industry to achieve energy efficiency and reduction of greenhouse gases while encouraging U.S. firms to market energy efficiency technology in foreign countries. Regional press and wire service coverage is anticipated.

- Executive Leadership Council 5th Annual Recognition Dinner

My remarks tonight before an audience of senior-level African-American business executives at the Executive Leadership Council's 5th Annual Recognition Dinner will focus on the Administration's initiatives to partner with private sector to create jobs. These partnerships include the clean car initiative, global climate change policy, and NAFTA. Media coverage will likely include Black Entertainment Television, the local CBS affiliate and regional press.

PRESS

Climate Change Media Coverage

- New York Times Interview

Monday, October 18, I conducted an interview with John Cushman of the *New York Times* that previewed aspects of the Global Climate Change Action Plan. The aspects of the plan that were specifically covered in the interview were the partnership approach that the Department has undertaken with industry to achieve the goals announced in the President's Earth Day Speech to return greenhouse gas emissions to 1990 levels.

- McNeil Lehrer

Tuesday, October 19, I appeared on the McNeil Lehrer News Hour. My principal message was the leadership taken by the Administration to develop the Climate Change Action Plan. The U.S. is the first nation to develop such a detailed plan. I emphasized the innovative voluntary approach included in the plan to meet the President's Earth Day commitment.

- C-NBC Business Insiders

Tuesday October 19, Neil Carvuto, the New York host of the C-NBC program Business Insiders interviewed me. The topic of the interview was the Administration's Climate Change Action Plan. I specifically noted several components of the plan: the voluntary partnerships designed to encourage wide-spread industry participation in reducing greenhouse gas emissions and that the plan protects the environment while benefitting the economy. The program has an audience of approximately 200,000 viewers.

PRESIDENTIAL INITIATIVES

- NAFTA

Yesterday I participated in NAFTA Products Day at the White House, a demonstration by vendors whose products are exported to Mexico and Canada. The event provided an excellent opportunity to meet with industry leaders who have supported NAFTA and to

conduct "one on one" interviews on the benefits of NAFTA with several television networks including CNN, ABC and CBS.

The Department is developing an event in Washington of 100-200 CEOs supportive of NAFTA. Given the level of the participants, I recommend that the President or Vice President drop by the event. The CEOs will be asked to go to the Hill to communicate their support to members of Congress. We are coordinating the event with White House staff working on NAFTA.

I continue to conduct interviews with regional media to support the agreement.

Address to the 49th Annual Meeting of the Natural Gas Association of America

My address Monday, October 18 in Boca Raton, Florida, before the 49th Annual meeting of the Interstate Natural Gas Association of America focused on the benefits of NAFTA to the natural gas industry, the benefit of the Climate Change Action Plan to the industry, and other Administration initiatives to drive the use of natural gas. This was an excellent opportunity to promote NAFTA and generate support.

Global Climate Change

Tuesday, I joined the President and Vice President to unveil the "Climate Change Action Plan" before environmentalists, electric utility executives and other industry leaders gathered on the White House lawn. The President fulfilled his Earth Day commitment to return greenhouse gas emissions to 1990 levels by the year 2000 by launching nearly 50 initiatives through the plan to combat emissions growth, primarily using market-based programs in the energy efficiency arena.

I am delighted by the strong industry support for the Plan. Over 60 electric utilities pledged to enter voluntary agreements to limit emissions in our new *Climate Challenge* program and over 40 representatives from heavy industry (chemical, oil, gas, coal and automobile companies) agreed to participate in our new *Motor Challenge* program. These agreements offer industry flexibility to achieve cost-effective reductions with innovation and creativity--keeping with the President's "clarion call" on Earth Day. The plan marks a new era in public-private partnership. In exchange for the flexibility to achieve reductions less expensively, I have urged these industry leaders to voluntarily reduce emissions. Our success was evident by the companies represented on the White House lawn.

I have heard first-hand the concerns of the environmental community about whether the Plan is strong enough to achieve the President's goal. I stressed that "voluntary" is not a dirty word. In this Plan it means we will reach agreements -- between consenting adults -- to reduce emissions of greenhouse gases. Still, we need to appreciate how our environmental credibility is on the line as we implement the Plan-- it must be backed up with a rapid implementation, steady progress to deliver greenhouse gas improvement and adequate funding for the President's initiatives. I am obligated to redirect \$222 million toward these initiatives in my Department, and I will begin immediate, aggressive implementation strategies to prove our resolve to the environmental community.

The climate plan was potentially very contentious because policy could have forced changes in every sector of the economy, particularly energy (in homes, business and industry), manufacturing, agriculture, forestry and transportation. In our judgment, the plan is beneficial from a policy and political standpoint. The industry partnerships included in the plan reduced controversy and achieved the President's environmental goals.



The Secretary of Energy
Washington, DC 20585

October 21, 1993

MEMORANDUM FOR THE PRESIDENT
FROM: HAZEL R. O'LEARY *Hazel R. O'Leary*
SUBJECT: Status of the Superconducting Super Collider

This memorandum summarizes the current status of issues surrounding the Superconducting Super Collider (SSC). After discussions with the affected members from the Texas Delegation, Governor Richards, Senator Johnston, and key Administrative officials from the Office of Management and Budget, the Office of Science and Technology Policy, and the National Economic Council, I offer these recommendations to address the policy and political issues that have been raised by the vote to terminate the SSC.

L POLICY ISSUES

The termination of the SSC leaves a perception that the Nation has decided not to sustain its leadership in high energy physics. I have tasked the leaders in the high energy physics community to develop a national strategy that will allow us to maintain an adequate program to continue exploring the frontiers of high energy physics in order to gain the economic benefits that result from such projects.

We must not only rationalize the Department of Energy's High Energy Physics Program, but determine how to increase international participation and support for future efforts. Due to the magnitude of the federal deficit, international participation and support is required to gain the public's and Congressional support in the future for large scientific endeavors. The Conferees are considering language which requires the Secretary of Energy to: (1) determine the feasibility of utilizing the SSC assets in whole or in part in pursuit of a high energy physics endeavor; (2) provide a strategy for all Department of Energy high energy physics projects this summer. The proposed language gives me the authority to develop and provide recommendations to the Congress on the future direction of high energy physics programs in the Nation. This work is important for the Administration's credibility with the scientific community.



II. POLITICAL CONSIDERATIONS

TEXAS

I have spoken to Governor Richards and Congressional members in the Texas Delegation in order to address their concerns resulting from the termination of the project. First, each stated their desire to develop a project from the SSC which can be useful to Texas and the Nation; (2) that the federal government fill the 17-mile tunnel and restore the ground to its original condition; and (3) the State will seek federal payback of the State's contribution to the project. I will attempt to have language included in the conference report which provides the Department the authority to work with the Governor of Texas to develop an appropriate package with the State. This is important for the Administration's credibility with the State.

We will quantify the cost and legal implications of such actions. We are coordinating this work with Jack Gibbons, Bob Rubin and the Office of Management and Budget.

CALIFORNIA

The amendment the Conferees are considering would delay construction of the B-Factory (which you just awarded to California on your last visit) until 90 days after the Department prepares a report (due July 1994) describing the major high energy physics facilities planned or under development by the Department of Energy. This would likely result in delay of important activities in Northern California until October of 1994. Based upon discussions with knowledgeable officials from Stanford, this delay would result in temporary layoffs of approximately 100 scientists in California. I have attempted to negotiate language to remove this impediment to the initial construction of the B-Factory and believe we will be successful. I will fight to keep the B-Factory on schedule and untouched.

I am available to discuss these issues with you at your earliest convenience.



The Secretary of Energy
Washington, DC 20585

MONDAY, OCTOBER 25, 1993

SCHEDULE FOR HAZEL R. O'LEARY

TRAVEL - London, England
Oil and Money Conference
SEE TRAVEL ITINERARY





The Secretary of Energy
Washington, DC 20585

TUESDAY, OCTOBER 26, 1993

SCHEDULE FOR HAZEL R. O'LEARY

2:50 PM	RETURN TO WASHINGTON D.C.
3:00 PM	DEPART WASHINGTON DULLES AIRPORT FOR DOE Met by Reggie Sellers
4:00 PM - 5:00 PM	HOLD
5:30 PM	Interview
6:30 PM	DEPART DOE FOR RESIDENCE Met by Reggie Sellers





The Secretary of Energy
Washington, DC 20585

WEDNESDAY, OCTOBER 27, 1993

SCHEDULE FOR HAZEL R. O'LEARY

11:00 AM DEPART RESIDENCE FOR GERMANTOWN
Met by Reggie Sellers

12:00 PM - 1:00 PM DOE's Combined Federal Campaign
Germantown kick-off Ceremony
(Terry Cornwell Rumsey)

1:00 PM - 2:00 PM DEPART GERMANTOWN FOR DOE
Met by Reggie Sellers

2:00 PM - 2:15 PM Opening Remarks - DOE's National Disability
Awareness Month Program
Forrestal Building Auditorium

2:30 PM - 3:00 PM HOLD

3:00 PM - 3:30 PM Howard University
Meeting/Photo-Op

4:00 PM - 5:00 PM PRE-BRIEF - Budget Meeting
Bill White
(B. Arner, T. Cornwell Rumsey, B. DeGrasse,
J. Dottori, D. Dreyfus, A. Durham,
D. Forrister, M. Gauldin, T. Grumbly,
J. Keliher, M. Krebs, C. Moody, B. Nordhaus,
D. Pearman, D. Reicher, V. Reis, R. Rosenzweig,
J. Siegel, K. Simpson, B. Smedley, F. Stewart,
W. Taylor, S. Tierney)

5:15 PM - 6:15 PM Appointment

6:30 PM - 7:00 PM HOLD

7:00 PM DEPART DOE FOR APPOINTMENT
Met by Reggie Sellers

7:30 PM Appointment





The Secretary of Energy
Washington, DC 20585

THURSDAY, OCTOBER 28, 1993

SCHEDULE FOR HAZEL R. O'LEARY

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

8:00 AM - 8:30 AM Beth, Carolyn, Johannah, LaWanna

8:30 AM - 9:30 AM HOLD

9:30 AM DEPART DOE FOR TESTIMONY
Met by Reggie Sellers

10:00 AM - 11:30 AM House Energy & Power Subcommittee & The
Energy & Commerce Committee - "Improving
the Safety of Russian-Designed Reactors"
Congressman Phil Sharp's Committee

11:45 AM DEPART TESTIMONY FOR DOE
Met by Reggie Sellers

12:00 PM - 12:50 PM HOLD

12:50 PM - 1:50 PM Lunch

1:50 PM DEPART DOE FOR SENATE DIRKSEN BUILDING
Met by Reggie Sellers

2:00 PM Senate Energy & Natural Resources Committee
"Improving the Safety of Russian-Designed
Reactors"
Senator Bennett Johnston's Committee
366 Senate Dirksen Office Building

5:00 PM DEPART SENATE DIRKSEN BUILDING FOR DOE
Met by Reggie Sellers

5:30 PM - 6:45 PM HOLD

7:00 PM DEPART DOE FOR DINNER
Met by Reggie Sellers

7:30 PM Esther Coopersmith Dinner for HRO
2428 Tracy Place, NW
Washington, DC





The Secretary of Energy
Washington, DC 20585

FRIDAY, OCTOBER 29, 1993

SCHEDULE FOR HAZEL R. O'LEARY

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

8:00 AM - 8:30 AM Beth, Carolyn, Johannah, LaWanna

9:00 AM - 9:30 AM Douglas Olesen, President & CEO
Battelle Laboratories

9:30 AM - 10:00 AM HOLD

10:15 AM - 11:30 AM Video Taping Quality
(Paula Hill)

11:50 AM DEPART DOE FOR SENATE DIRKSEN BUILDING
Met by Reggie Sellers

12:00 PM Luncheon Ceremony - Federal Energy
Efficiency Renewable Water Conservation Awards
50 Senate Dirksen Office Building

2:00 PM DEPART SENATE DIRKSEN BUILDING FOR DOE
Met by Reggie Sellers

2:30 PM - 4:30 PM Budget Meeting
Bill White
(B. Arner, T. Cornwell Rumsey, B. DeGrasse,
J. Dottori, D. Dreyfus, A. Durham,
D. Forrister, M. Gauldin, T. Grumbly,
J. Keliher, M. Krebs, C. Moody, B. Nordhaus,
D. Pearman, D. Reicher, V. Reis, R. Rosenzweig,
J. Siegel, K. Simpson, B. Smedley, F. Stewart,
W. Taylor, S. Tierney)

4:30 PM - 5:30 PM Planning Meeting
(R. Rosenzweig, D. Reicher, W. Taylor,
D. Forrister, M. Gauldin, B. Rainey,
J. Dottori)

6:00 PM DEPART DOE FOR RESIDENCE
Met by Reggie Sellers

7:00 PM Dinner



SCIENTIFIC AMERICAN

OCT 1993

CRADA Mania

*Will joint research make
U.S. industry competitive?*

When economic competitiveness became a front-burner issue during the 1980s, Congress passed laws to entice companies to adopt technologies developed in government laboratories and encourage government researchers to team up with industry. The Clinton administration, keen to secure benefits from research, is going even further down that road. It is telling the Department of Energy's huge national laboratories, as well as the National Institutes of Health and other agencies, that they must make their expertise available to industry. But change is bringing problems in its wake.

To show that they are solidly on board, officials and laboratory directors point proudly to the explosion in cooperative research and development agreements, or CRADAs. These agreements between government laboratories and industry or universities allow participants to share the costs of a collaboration. In return, the nongovernment partner is granted some rights over any offspring, in the form of intellectual property. The national laboratories have been allowed to have CRADAs only since 1989, but they now boast close to 500. Their directors talk expansively of devoting 20 percent of their budgets to CRADAs and like arrangements within a few years.

Opinions on the value of CRADAs vary widely in industry and even within the government, despite their mushrooming growth. Some critics in Congress say CRADAs can easily turn into a fire sale of taxpayer-supported research. And companies complain that even with the new laws, red tape means it is still too hard to collaborate with researchers in government laboratories. "In many ways the jury is still out on these arrangements," says Thomas R. Moss, director of graduate studies and research at Case Western Reserve University in Cleveland. "It's easy to imagine that people in government are moving to achieve the maximum number of CRADAs independently of substance."

Indeed, the rush into CRADAs has been haphazard. The 1986 law author-



ENERGY SECRETARY Hazel R. O'Leary signs a CRADA with Sen. Jeff Bingaman of New Mexico.

rizing them was not accompanied by guidelines. The result was a profusion of CRADAs with widely different terms. The NIH, for one, has been changing its policies. Dinah Singer, an immunologist who chaired a committee that drafted CRADA guidelines for the NIH, complains that some of the health institutes' early CRADAs failed to define clearly enough the area they covered. "It's clear research scope should be limited to where an invention has been made in a federal laboratory and development is to be transferred to the private sector. It's not appropriate for a CRADA to apply to concepts or ideas," she says.

CRADAs with drug companies are particularly controversial. A major unresolved question for the NIH is how—or whether—to require companies that develop drugs based on an NIH discovery to sell them at a "fair" price. Pharmaceutical companies refuse to divulge how they set their prices. Their reticence

prompted Congressman Ronald L. Wyden of Oregon, a longtime scourge of the industry, to demand to know why the NIH had not limited the price that Bristol-Myers Squibb charges for Taxol, a drug whose anticancer properties were discovered by the National Cancer Institute.

The inspector general of the Department of Health and Human Services, in a report now under review at the department, also finds cause for concern that the NIH's CRADAs do not protect the public interest. Fears that researchers could be left with divided loyalties have prompted an interagency committee under the Department of Commerce to draw up conflict-of-interest guidelines for federal employees in CRADAs.

The most common complaint from academic researchers and industry is the delay engendered by legal review of agreements. The story of Stephen M. Boyle, a researcher at the Virginia-Mary-

CONTINUED

SCIENTIFIC
AMERICAN

OCT 1993

land Regional College of Veterinary Medicine who has a CRADA with the Walter Reed Army Institute of Research, is typical. Boyle says that although it took him and his collaborators at Walter Reed only an hour to agree on a one-page statement covering their work on a human brucellosis vaccine, it took lawyers six months to approve it. The formal document, Boyle recounts ruefully, is eight pages long and has the work statement attached at the end.

The General Accounting Office reported recently that the Department of Energy takes between three and five times longer to sign off on a CRADA, on average, than either the army or the National Institute of Standards and Technology. At the DOE, eight months has been the average, and a year is not unusual. One reason, according to James E. Wells, Jr., an associate director for energy and science issues at the accounting office, is "the desire of some officials to create a highly visible, separately funded CRADA program in order to justify continued support for the department's weapons laboratories." In addition, the DOE has a separate fund for CRADAs, so it has to have a formal competitive selection and approval process. The National Institute of Standards and Technology, in contrast, which has less formal procedures, has been able to approve CRADAs in as little as two weeks.

Another reason for the Department of Energy's slowness is that its national laboratories are managed by independent contractors. That means agreements have to be monitored by DOE headquarters in Washington, D.C. Secretary of Energy Hazel R. O'Leary told Congress in late July that the department will shortly produce a simplified, approved model CRADA for small businesses. Moreover, by November laboratory directors will be empowered to authorize CRADAs that involve expenditures of less than \$500,000. O'Leary said she will also cut the time for approving a CRADA at DOE headquarters from 32 weeks to fewer than 16.

Delays are not industry's only complaint. Because the DOE attracts about 10 times more CRADA proposals than it can approve, many companies expend substantial efforts drafting and negotiating a proposal only to have it turned down months later, notes John L. Sullivan, software counsel of Cray Research, Inc. Roger G. Little, chairman of the Solar Energy Industries Association, told a House subcommittee in June that the requirement that industrial partners match the value of government contributions "keeps CRADAs

from providing real working capital for small businesses."

Large companies have their own gripes. The Department of Energy has clashed with General Motors and the Ford Motor Company over the DOE's policies on product liability and a "U.S. preference" provision. Until recently the DOE required that products developed from CRADA research be substantially manufactured in the U.S. or be otherwise beneficial to the domestic economy. But global companies—the principal users of DOE-developed technology—find these and other restrictions overly burdensome, says John J. Sheridan, director of technology sourcing at the National Center for Manufacturing

Sciences in Ann Arbor, Mich. The DOE has recently indicated a willingness to relax the U.S. preference provision.

The DOE has also refused to offer indemnification against product liability arising from joint work beyond a narrow limit. But the limits the agency is proposing are unacceptable to industry, Sheridan asserts. Moreover, he says, industry views as "unreasonable" attempts by the DOE to specify in advance the permissible field of application of a technology developed in a CRADA. "Many of our industry members have concluded that CRADAs do not work and have turned their attention elsewhere," Sheridan told Congress.

He supports instead alternative routes

NEWARK STAR LEDGER WEDNESDAY OCTOBER 20, 1993

An explosive issue

The Cold War may be over, but that positive development apparently hasn't persuaded China that there no longer is a need for underground nuclear testing. This could be just a case of old habits being hard to break or, a more intimidating possibility, an indication of frayed relations between Beijing and Washington. Such fraying is now evident.

Breaking an informal testing moratorium, China has exploded a nuclear weapon in its first test in more than a year. In doing so, it rejected an appeal by President Clinton, who apparently felt that he was left with no recourse but to order preparations for resumption of U.S. tests.

Mr. Clinton, aware of the negative international implications of breaching the nuclear moratorium, had earlier urged China to "step away" from its plan to resume testing. "There is no reasonable threat to China from any nuclear power," the President said. "Every other nuclear power has forsworn the use of testing."

But China apparently has taken the position that it is out of the nuclear loop. This could be seen in Beijing's repeated disregard of diplomatic protests against the nuclear test and sales of sensitive missile technology.

Relations between the U.S. and China have deteriorated since August, when the Clinton administration announced that it was imposing limited sanctions on China for violating an international arms control agreement by selling sensitive missile technology to Pakistan.

China's decision to go ahead with the test has left Mr. Clinton with an extremely difficult political choice. His order to prepare for renewed testing has strengthened the position of testing proponents, not only in the United States but in France and Russia and other nuclear nations.

There are divisions within the Clinton administration over the need for the United States to resume testing. The Pentagon and the National Security Council, with some support from the State Department, take the position that if other countries resume testing, then the U.S. must follow to ensure that its nuclear arsenal is being maintained safely.

An opposing position is taken by officials from the Arms Control and Disarmament Agency and the Energy Department. They make a strong case, contending that there is no need to resume detonations because the safety of nuclear weapons can be determined without testing.

China's leaders should be reminded that nuclear testing is secondary to their country's continued economic growth, an expansion that is heavily dependent on trade with the United States and other nuclear powers. China's interests would be better served by a continued emphasis on its economy rather than on nuclear testing.

ver 60 U.S. utilities agree to cut CO2 emissions

WASHINGTON, Oct 19 (Reuter) - Sixty one U.S. utilities have signed voluntary agreements with the Department of Energy to significantly reduce their emissions of carbon dioxide as part of the administration's effort to combat global warming.

DOE said these companies produced over 60 percent of the carbon dioxide emissions generated by utilities nationwide.

"In exchange for coming to the table to negotiate agreements to limit greenhouse gas emissions, we will give these companies the flexibility to adopt the most cost-effective reductions available to them," Energy Secretary Hazel O'Leary said.

MORE

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ver 60 U.S. utilities agree to cut CO2 2

These options include switching to cleaner fossil fuels like natural gas, methane capture, planting of trees to capture carbon dioxide emissions, energy-efficiency measures, the use of more efficient appliances and vehicles, and funding programs to limit emissions in developing countries.

O'Leary said "an even stronger expanded 'Climate Challenge' would be announced in April 1994. DOE plans a public workshop to discuss voluntary reporting program for greenhouse gas emissions in Washington November 2-3.

Each company will now develop together with DOE a detailed agreement spelling out its targeted emissions reductions.

MORE

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ver 60 U.S. utilities agree to cut CO2 3

Actions taken to achieve these reductions will be "banked" in a new database being established by DOE's Energy Information Administration.

DOE officials said detailed record-keeping would ensure that companies which had already made large reductions were not forced to make further big cuts if the administration decided to impose federally-mandated programs at a later date.

"We're very enthusiastic about the program because of the flexible nature of it," said Linn Draper, chairman of American Electric Power Co Inc AEP.N Co, one of the companies that has signed up.

MORE

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ver 60 U.S. utilities agree to cut CO2 4

Other companies that have agreed to make significant reductions in their emissions include Northern States Power Co SP.N, Southern Co SO.N, Duke Power Co DUK.N, Southern California Edison Co and Pacific Gas and Electric Co PCG.N.

REUTER

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Clinton announces new energy program to head off global warming

The seven-year program is voluntary. As with other policies, it aligns the President with middle America.

P.A.T.
By Robert S. Royd
INQUIRER WASHINGTON BUREAU

WASHINGTON — Once again seeking to strike a balance between jobs and the environment, President Clinton yesterday announced a voluntary, seven-year energy-efficiency program designed to head off what he called "the serious threat of global warming."

As with his other environmental policies — from Western logging and cattle grazing, to Eastern wetlands — the President's plan aligns him with middle America, rather than extremists on either side.

By launching 50 initiatives to limit future air pollution, Clinton won the appreciation of some environmentalists, although others complained that his Climate Change Action Plan doesn't go far enough.

By making his program voluntary instead of mandatory, he relieved the fears of manufacturers and energy companies who create most of the "greenhouse gases" that trap heat and are believed capable of raising the world's temperature in the next century.

And by asserting that the climate plan will create jobs, not destroy them, Clinton continued his campaign to show himself as a "different kind of Democrat" more attuned to the middle class than the liberal in-

terest groups that used to dominate his party.

This delicate balancing act was clear in remarks by Clinton and Vice President Gore yesterday to industry and environmental leaders — often bitter enemies — who were sitting side by side on the South Lawn of the White House.

"We will help to build both a healthier environment and a stronger economy for decades to come," Clinton said.

Compromises have marked Clinton's other environmental initiatives. Last winter, after only a month in office, the President proposed sharp increases in fees for grazing cattle and sheep on federal lands. After ranchers raised an uproar, the fees were raised but by a smaller amount. In the spring, loggers and environmentalists were frustrated

by the President's plan to cut back — but not halt — timber cutting in old-growth forests.

In the summer, the White House proposed a compromise plan to preserve fragile wetlands. Environmentalists said the plan was too weak; construction and mining interests said it was too restrictive.

Business leaders generally praised Clinton's pollution plan, which is designed to reduce emissions of carbon dioxide and other greenhouse gases to the 1990 level. That would fulfill a commitment the United States made at the Earth Summit last year.

Thomas Kuhn, president of the Edison Electric Institute, representing a majority of the nation's electric power utilities, said he was "pleased by the plan's voluntary approach to the global climate-change issue."

Reaction among environmentalists

was mixed. Moderates, like John Adams, a friend of Gore's and executive director of the Natural Resources Defense Council, called the plan "an important first step." But Alden Meyer, representing the Union of Concerned Scientists, cautioned that "much more needs to be done."

The pollution-reduction plan calls for a long list of actions to soak up greenhouse gases — from planting trees and harvesting methane from manure to stricter efficiency standards on air conditioners, stoves and refrigerators.

The White House said the plan would cost taxpayers \$1.9 billion by 2000, but it expects the private sector to spend more than \$60 billion on environmental technologies.

The government hopes the program will actually save money by ending the current tax subsidy for employer-paid parking. As it is now, employers who provide free parking can deduct the cost — estimated at \$52 billion a year — as a business expense. The plan suggests they give workers a cash allowance instead. Other provisions include:

- Asking Congress to permit private investment in energy-efficient improvements at federal dams.
- Launch a program helping businesses improve heating and cooling of their buildings.
- Issuing new Energy Department efficiency standards for 11 household appliances, including air conditioners, heaters, stoves, pool heaters and TVs.
- Allowing home buyers to finance energy improvements on their homes through their mortgage lenders.
- Collaborating with industry on development and use of more efficient industrial motors.

Las Vegas Review-Journal, 10/20/93 (5A)

(Circulation: 140,494 daily; 208,789 Sunday)

Plan to cut global warming unveiled

Associated Press

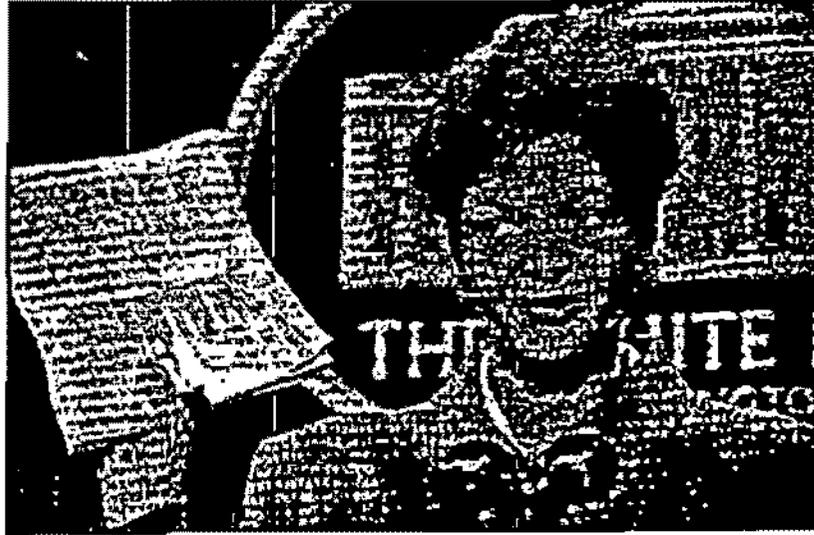
WASHINGTON — President Clinton appealed to both businesses and individuals Tuesday to pitch in and combat global warming as he unveiled his plan to reduce the nation's "greenhouse" air pollution.

"In concert with all other nations, we simply must halt global warming. It is a threat to our health, to our ecology and to our economy," Clinton said in a White House ceremony where he announced his Climate Change Action Plan.

The goal is to reduce the nation's emissions of carbon dioxide and other greenhouse gases to 1990 levels by the year 2000. Clinton assigned a task force to look at further reductions beyond that.

The president's plan relies mainly on voluntary cooperation by business and industry to undertake energy efficiency measures and curb emissions that are caused in large part by burning fossil fuels. Some environmental groups have criticized the plan as not tough enough.

The plan will entail \$1.9 billion in federal government spending, most of it diverted from other areas of the budget, and seek \$60 billion worth of voluntary partici-



Associated Press

At a White House briefing Tuesday, Energy Secretary Hazel O'Leary holds letters from corporations that she says have pledged support for President Clinton's Global Climate Action Plan.

pation by business and industry.

If the companies do not fully embrace the plan, the administration held out the prospect of the regulatory hammer in the future.

"If this doesn't get it, we'll go

back and find out how to get it through mandates," warned Energy Secretary Hazel O'Leary. She said, however, "Voluntary is not a dirty word."

Although the plan does not include a proposal for higher fuel efficiency standards for autos, the administration remains committed to "yearly improvements" in fuel economy, said Transportation Secretary Federico Pena.

Responding to environmental critics, Clinton called for nationwide cooperation.

"We frankly must all take more personal responsibility," he said. "It will take all of us to make it work."

"So I say to all the American people, if your utility offers you help in conserving energy in your own home, seize it."

Similarly he called on businesses to take advantage of help offered by the Environmental Protection Agency's expanded effort to encourage more efficient lighting, and by the Department of Energy's new efforts to promote more efficient industrial motors.

Clinton was joined by Vice President Al Gore, who had criticized former President Bush for not taking strong action against

THE MORNING REPORT

Compiled by Communications and Treasurer's Departments

10-20-93

LEDCR
10.20.93

Clinton takes first step against global warming

Star-Ledger Wire Service

WASHINGTON—President Clinton announced an ambitious plan yesterday to combat global warming, using a mix of voluntary programs, government regulation and fresh support for renewable energy.

Clinton appealed to both businesses and individuals to pitch in, saying, "In concert with all other nations, we simply must halt global warming. It is a threat to our health, to our ecology and to our economy."

Under the plan, U.S. greenhouse gas emissions would be cut to 1990 levels by the year 2000 through over 30 initiatives affecting all sectors of the economy.

It fulfills Clinton's April promise to combat global warming and foresees federal spending of \$1.9 billion by the end of the decade but no new taxes.

Clinton called the plan "a very aggressive and very specific first step" and said it was part of "a long-term strategy that will continue the trend of downward emissions."

He also announced creation of a task force that would develop within one year a detailed strategy to cut emissions from personal vehicles.

He said the administration could begin implementing the plan immediately, since most initiatives do not require approval by Congress.

It aims to leverage private investment in energy efficiency improvements and other environmental technologies, generating an estimated \$60 billion in energy savings by the end of the decade.

Two measures contained in the plan, tightening loopholes in the tax treatment of employer-paid parking and increasing private investment in federal hydroelectric power plants, will generate an another \$2.7 billion for federal coffers.

With federal outlays for energy efficiency and research programs, the "Climate Change Action Plan" is projected to produce a net \$600 million reduction in the federal deficit.

"This gives us a chance to reduce greenhouse emissions, grow our economy and create ... new jobs," Clinton said.

He challenged other industrialized countries to draft similar plans to meet their obligations under the climate change treaty, signed at the Earth Summit last year.

Countries must submit detailed "National Action Plans" to comply with the treaty next year.

Clinton won praise from environmentalists for reversing former president George Bush's stance, promising in April to reduce greenhouse gas emissions to 1990 levels and continue the downward trend thereafter.

But many are worried the administration will not meet its 2000 target due to excessive reliance on voluntary measures. They also criticize the lack of measures aimed at continuing the downward trend in the next century.

"It is clearly not the ambitious reordering of energy policies that environmentalists were hoping for," said Christopher Flavin, vice president of the Worldwatch Institute.

However, industry executives praised the plan for giving companies the flexibility to reduce emissions by whatever means they could, rather than relying on stiff mandates.

New Jersey's largest utility, Public Service Electric and Gas Company (PSE&G), expressed strong support for the Clinton plan.

PSE&G President Lawrence R. Codey said the formula gives electric utilities the flexibility to achieve emis-



Lawrence R. Codey
PSE&G makes commitment

sions reductions through voluntary commitments and market-based approaches.

"We believe this program will work and will achieve the emissions reduction targets more efficiently and at lower cost," said Codey.

PSE&G has already made a public commitment to stabilize carbon dioxide emissions at 1990 levels by the year 2000. PSE&G's measures to help reduce emissions include the repowering of older generating stations in Bergen County and Burlington County with clean-burning natural gas-fired combined cycle technology, seasonal fuel switching from coal to natural gas at generating stations in Hudson and Mercer counties, and promoting electric-and-natural gas-powered vehicles.

Market Day	10-19-93	Shares Traded	Close	Change
Enterprise Common		164,100	34 1/4	+ 1/8
Dow Jones Ave. 15 Utilities			243.28	- 0.59

Clinton Relies On Voluntary Efforts To Reduce 'Greenhouse' Gases

With AM-Greenhouse-Glance

OS: SUBS lead to change to air pollution, sted gas emissions

RITA BEAMISH

Associated Press Writer

WASHINGTON (AP) - President Clinton appealed to both businesses and individuals Tuesday to pitch in and combat global warming as he unveiled his plan to reduce the nation's "greenhouse" air pollution.

"In concert with all other nations, we simply must halt global warming. It is a threat to our health, to our ecology and to our economy," Clinton said in a White House ceremony where he announced his Climate Change Action Plan.

The goal is to reduce the nation's emissions of carbon dioxide and other greenhouse gases to 1990 levels by the year 2000. Clinton signed a task force to look at further reductions beyond that.

The president's plan relies mainly on voluntary cooperation by business and industry to undertake energy efficiency measures and curb emissions that are caused in large part by burning fossil fuels. Some environmental groups have criticized the plan as not tough enough.

The plan will entail \$1.9 billion in federal government spending, most of it diverted from other areas of the budget, and seek \$60 billion worth of voluntary participation by business and industry.

If the companies do not fully embrace the plan, the administration held out the prospect of the regulatory hammer in the future.

"If this doesn't get it, we'll go back and find out how to get it through mandates," warned Energy Secretary Hazel O'Leary. She said, however, "Voluntary is not a dirty word."

Although the plan does not include a proposal for higher fuel efficiency standards for autos, the administration remains committed to "yearly improvements" in fuel economy, said Transportation Secretary Federico Pena.

Responding to environmental critics, Clinton called for nationwide cooperation.

"We frankly must all take more personal responsibility," he said. "It will take all of us to make it work."

"So I say to all the American people, if your utility offers you help in conserving energy in your own home, seize it."

Similarly he called on businesses to take advantage of help offered by the Environmental Protection Agency's expanded effort to encourage more efficient lighting, and by the Department of Energy's new efforts to promote more efficient industrial motors.

"You will save money, and you will help your country and your fellow citizens," Clinton told a South Lawn audience that included many utility and business representatives, who praised the initiative.

Clinton was joined by Vice President Al Gore, who had criticized former President Bush for not taking strong action against greenhouse gases.

Gore called global warming "the highest-risk environmental problem the world faces today" and said the plan, "will do the job, effectively protect our environment, establish the United States as the world leader we must be in confronting this problem and at the same time enhance our economic strength."

The administration said 60 companies already have pledged to

duce emissions and 40 motor industry representatives have agreed to promote use of more efficient electric motors.

John Rowe, president of New England Electric Systems, praised the voluntary approach and commended the administration "for resisting simpler options which might impede the economic recovery we all seek without getting better greenhouse gas reductions."

Representatives of several utilities joined O'Leary at a news conference and said their industries already were engaged in emission reduction, even without the administration plan.

Worldwatch Institute spokesman Chris Flavin gave Clinton's plan a grade of B-minus to C-plus, saying it was "clearly not the ambitious reordering of energy priorities the environmental community hoped would come out."

Clinton characterized his plan as "a first step" in the effort to slow global warming "will take decades to reverse."

While many scientists consider greenhouse gases a serious factor in warming the Earth, others say there is insufficient data for a firm conclusion.

"I know that the precise magnitude and patterns of climate change cannot be fully predicted," Clinton said. "But global warming clearly is a growing, long-term threat with profound consequences."

Clinton]

) CITY EDITOR:

PSE&G APPLAUDS CLINTON PLAN ON GLOBAL CLIMATE CHANGE

NEWARK, N.J., Oct. 19 /PRNewswire/ -- Public Service Electric and Gas Company (PSE&G) expressed strong support for the Climate Change Action Plan that President Clinton unveiled this morning at a White House ceremony attended by PSE&G President Lawrence R. Codey.

The President's plan is designed to reduce greenhouse gas emissions by 100 million tons by the year 2000 and includes 50 separate initiatives to achieve that goal.

Codey said, "President Clinton's plan, instead of imposing rigid command and control mandates, gives electric utilities the flexibility to achieve emissions reductions through voluntary commitments and new market-based approaches such as emissions trading. We believe this program will work and will achieve the emissions reduction targets more efficiently and at lower cost."

Codey noted that PSE&G, this summer, became one of the first electric utilities in the nation to answer a call issued by U.S. Secretary of Energy Hazel O'Leary for voluntary reductions in greenhouse gas emissions. PSE&G made a public commitment to stabilize carbon dioxide emissions at 1990 levels by the year 2000. "We intend to meet that target and we are pleased that other companies are now lining up beside us and making voluntary commitments." To date, 57 electric utilities have agreed to enter into binding greenhouse gas emissions reduction plans called "Climate Compacts." PSE&G and other utilities will be working out details of the compact during the next few months. PSE&G's measures to help reduce emissions include the repowering of older generating stations in Bergen County and Burlington County with clean-burning natural gas-fired combined cycle technology; an ambitious demand-side management program designed to cut peak energy demand by more than 1,000 megawatts; seasonal fuel switching from coal to natural gas at generating stations in Hudson and Mercer counties, and promoting electric-and-natural gas-powered vehicles. "These are vigorous steps under way for more than a year that will play an important role in PSE&G meeting its commitment to reduce greenhouse emissions," Codey said.

Codey said PSE&G is convinced "We are likely to see reductions in greenhouse gas emissions much sooner and at lower cost under the flexible program President Clinton has proposed than through a rigid system of mandates. We are also convinced that New Jersey's and the nation's environmental and economic goals won't be achieved unless the business community and the environmental community work in concert. At PSE&G, we call this 'Shared Vision' and we are extremely pleased that President Clinton's Climate Change Action Plan embraces the notion of partnership and cooperation rather than command and control and confrontation."

President Clinton's plan will require action by Congress before it can be implemented, and Codey urged Congress to give the legislation serious consideration when it is sent to Capitol Hill.

-0- 10/19/93

/CONTACT: Neil Brown, corporate communications of PSE&G,
1-430-6017/

: Public Service Electric and Gas Company
: New Jersey
: UTI
:

NEW MEXICO'S
LEADING
NEWSPAPER

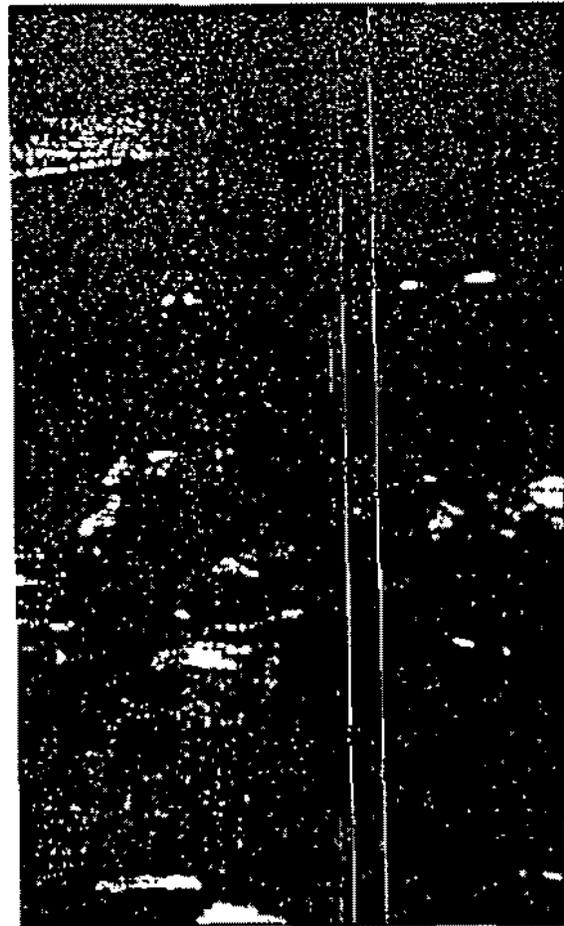
ALBUQUERQUE JOURNAL

OWNED AND HOME-OPERATED

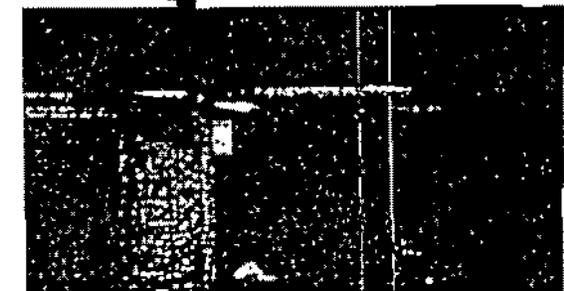
METRO PLUS

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Hand ring at Civic Plaza



DOE Drops Underground WIPP Tests

Lab Studies OK'd Instead

By John Fleck

JOURNAL STAFF WRITER

The Department of Energy has abandoned plans to bring radioactive waste to New Mexico for underground tests at the Waste Isolation Pilot Plant, Assistant Secretary of Energy Tom Grumbly said Wednesday.

The decision means the first trucks of WIPP-bound radioactive waste, which could have rolled through New Mexico within the next two years, now will not likely arrive at least until near the turn of the century.

The change of plans, reversing more than a decade of efforts to bring the first drums of radioactive waste to WIPP for tests, should save both money and time in proving

WIPP's Southeastern New Mexico salt mines can safely store radioactive waste for 10,000 years, Grumbly said.

Grumbly said a formal announcement of the decision is scheduled for today.

The department concluded tests with actual drums of waste in WIPP's 2,150-foot-deep salt caverns are not necessary to demonstrate WIPP is a safe place to dispose of U.S. nuclear waste, Grumbly said in a telephone interview Wednesday evening from his Washington, D.C., office.

Instead, the department will conduct above-ground laboratory tests, possibly at Los Alamos National Laboratory, Grumbly said.

"We think that this strategy has a much stronger scientific basis," Grumbly said.

The tests, which will generate data about the chemistry of the waste during long-term storage,

MORE: See DOE on PAGE A10

Candidates Part

DOE Drops Plan To Ship Waste to WIPP for Testing

Continued from page A1

will be used as part of the DOE's effort to meet Environmental Protection Agency regulations.

The laboratory tests were part of radioactive waste under pressure to ensure the gases they would generate underground during WIPP's 10,000-year lifetime.

In making the decision, the Clinton administration's DOE appointees blamed efforts by their Republican predecessors to bring waste to WIPP for tests.

"This is a major break with the last administration's approach, which frankly did not give full consideration to the concerns of the scientific community, EPA and the public," Energy Secretary Hazel O'Leary said in a statement prepared for release today.

The new tests would cost an estimated \$20 million to \$30 million, compared to the \$100 million to \$300 million price tag of the old underground experiments.

Grumbly said that by simplifying the tests, the new test plan could also speed eventual opening of WIPP. The old test schedule placed WIPP's opening date at the year 2000. He said he believes the new plan could move up that opening date by two years.

Other tests being conducted at

WIPP: A HISTORY

After more than a decade of huddling that it needs to bring radioactive waste to New Mexico to study the suitability of the WIPP site for permanent waste disposal, the Department of Energy has abandoned the idea of underground tests.

1956	1962	1974	1980	1981	1982	1983	1987	1989	1992	1993
National Academy of Sciences recommends deep salt beds for future waste disposal	U.S. Geological Survey recommends for future waste disposal	Oak Ridge National Laboratory after studying New Mexico and Kansas sites identifies area near Carlsbad as most promising location	Congress authorizes WIPP for future waste disposal	DOE says it needs to place 100,000 drums of waste in underground facility for 10,000 years	DOE reduces number of drums required for underground tests to 25,000	DOE reduces number of drums required for underground tests to 127,500	Requirement for underground tests reduced to 4,450 drums	Construction completed, test requirement reduced again to 4,450 drums	Cooper, after bitter debate, approves underground tests	Plan to put drums under ground for tests

Source: Department of Energy, Environmental Evaluation Group; Southwest Research and Information Center

WIPP without radioactive waste have repeatedly insisted over the years that the underground tests were absolutely necessary to prove that WIPP could meet federal regulations governing radioactive waste disposal. Critics have contended that stance was based more on the symbolism of setting the first drums of waste underground than on the scientific merits of the tests.

The change of plans, rumored for weeks, ends more than a decade of efforts by the department to bring the first barrels of waste to WIPP. Since the early 1980s, plans for WIPP were based on the idea that radioactive waste would be brought there for tests.

Energy Department officials among those independent reviewers who had not been informed about the new test plans, Whipple, who had not been involved.

era is the National Academy of Sciences, which concluded in 1992 that there was no need to conduct the underground tests.

"We just didn't see the merit," said engineer Chry Whipple, a member of the NAS panel that reviewed the DOE's WIPP plan. Whipple, in a telephone interview Wednesday from his Oakland, Calif., office, said the NAS panel believed the department's underground tests would delay WIPP because of the time and expense involved.

Whipple, who had not been informed about the new test plans,

said any decision to switch to above-ground laboratory tests would likely speed approval of WIPP for eventual use as a waste disposal site.

The reaction from New Mexico's congressional delegation was mixed.

Rep. Joe Steen, R-N.M., blasted the move, saying he believed laboratory tests are no substitute for the real thing.

"It's not the real-time area of operation," Steen said in a tele-

vision conference Tuesday. Steen's district includes WIPP.

Republicans Sen. Pete Domenici and Democratic Sen. Jeff Bingaman both praised the decision.

"I strongly support this decision because it puts the science first," Domenici said in a statement.

"In the long run, the WIPP project will be best served by following the advice of the scientists who reviewed the project," Bingaman said in a statement issued Wednesday evening.

Winter To Force Homeless in From Cold



joy Junction, which houses families, has expanded. It now can house 150 people in its main shelter and satellite dormitories.

At Health Care for the Homeless on Second Street, assistant director Staines O'Sullivan added other statistics that help define those that find themselves without homes.

About one in three has a mental disorder serious enough to require medical intervention.

About 85 percent of the homeless have survived violent abuse, O'Sullivan said.

Fifty percent admit to alcohol or substance abuse problems. And many women on the street have survived domestic violence

OUR LOW RUG PRICES WILL FLOOR YOU.

100% Chinese Wool at 50% Savings!
Plus extra savings on bedding and table items now through Sunday!

Continued from page A1

The city didn't act too soon when it approved using \$50,000 this week for 400 more beds for homeless people during the winter.

The city's action will bring the total number of beds available to about 620, more than double what it is now. But, at least 500 people a night still will find themselves out in the cold, experts say.

Roger Pennington of Vet HELP, a nonprofit agency, said the \$50,000 will open the Youth Hall dormitory at the State Fairgrounds next month for the coldest four months of the year.

DENVER POST OCT 21 1993

DOE will test waste at labs, not at WIPP site

By The Associated Press

The U.S. Department of Energy announced yesterday it would test radioactive waste above ground at laboratories and not at the underground New Mexico nuclear repository where eventual storage is planned.

The department did not immediately identify the labs where the tests would be conducted but said candidates include Los Alamos National Laboratory, Idaho National Engineering Laboratory, Brookhaven National Laboratory and Pacific Northwest Laboratory.

It said no test phase or waste retrieval plan would be submitted to the U.S. Environmental Protection Agency because the department was not convinced that the previously proposed bin and alcove waste tests would have provided information directly relevant to a certification of compliance.

But it said it would give the EPA a plan summarizing the revised testing strategy in the next cou-

WIPP from Page 1B

ple of months and planned to submit a draft compliance application to the EPA by the spring of 1995.

"This is a major break with the last administration's approach, which frankly did not give full consideration to the concerns of the scientific community, EPA and the public," Energy Secretary Hazel O'Leary said.

Assistant Energy Secretary Thomas Grumbly said doing the tests in labs would help DOE collect correct information more quickly and at a lower cost.

"This new plan will help build a more solid scientific foundation for the WIPP facility than conducting waste tests at the site because DOE and EPA can now focus on real certification issues rather than on tests with inherent technical limitations," Grumbly said.

The DOE said the new strategy includes additional laboratory-based tests with both simulated and real transuranic waste instead of the on-site bin-scale and alcove

Please see WIPP on 4B

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BURRELLE'S

NEWS EXPRESS

PAGE 3 OF 4

tests that were planned.

"The support of the scientific community will be crucial to our long-term disposal strategy, and we are confident that, by demonstrating that we are taking their input seriously, we will foster co-operation during the test program and later phases," Grumbly said. "Ultimately by 'following the science,' we will put the EPA in a far better position to determine whether the facility meets environmental requirements and will be available to meet the pressing challenge of defense waste disposal."

Sen. Jeff Bingaman, D-N.M., said: "Secretary Hazel O'Leary is following the best scientific advice she has available to her at this time. In the long run, the WIPP project will be best served by following the advice of the scientists who reviewed the project."

And Sen. Pete Domenici, R-N.M., said: "I strongly support this decision because it puts the science first. Our highest priority should be getting good science so we can make sound decisions

about WIPP in the future."

Wendell Weart, manager of WIPP's technology department at Sandia National Laboratories, has said 1990 plans called for tests on radioactive waste in 146 WIPP bins. Alcove tests would have involved about 1,000 barrels of waste at WIPP.

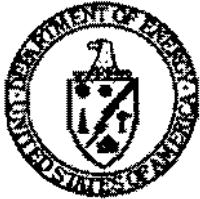
Weart was in Carlsbad last night and couldn't be reached for immediate comment.

WIPP is designed to store transuranic waste generated by the defense industry 2,150 feet underground in ancient salt caverns. The waste is waiting to be shipped from several states, but the test phase must go forward first to determine whether WIPP is acceptable as a permanent repository.

Bingaman said the really important date is the one when WIPP will actually begin storing waste.

"In the WIPP facility, we have created one of the most sophisticated scientific laboratories in the world, and it is essential that we make full use of this \$1.4 billion investment," Bingaman said in a news release.

4 of 4
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The Secretary of Energy
Washington, DC 20585

October 28, 1993

MEMORANDUM FOR MACK MCLARTY, THE WHITE HOUSE
FROM: HAZEL R. O'LEARY *Hazel R. O'Leary*
SUBJECT: Weekly Report

KEY DEPARTMENT NEWS

Belgian Reactor Spent Fuel

In order to advance the Administration's nonproliferation agenda, the Department is seeking to implement emergency procedures established under the National Environmental Policy Act (NEPA). For national security reasons, the Department would accept spent nuclear reactor fuel from Belgium prior to completing required environmental studies.

After consulting with the State Department, the National Security Council, and the President's Council on Environmental Quality, I have authorized negotiations on a contract to accept 144 spent fuel elements to prevent Belgian reactor operators from shipping them to a reprocessing facility in Donreay, Scotland where weapons grade uranium would be extracted and made available for future use. Many environmental groups, including the Nuclear Control Institute, the Natural Resources Defense Council and the Environmental Research Foundation, support this decision.

The fundamental nonproliferation problem is not, of course, Great Britain, but the signal that the failure to act would send to other research reactor operators and to the world community at large. This action is consistent with the recent Presidential Decision Directive-13, which seeks to limit production and commerce in weapons-usable nuclear materials. A key element of this policy calls upon me to encourage the use of low enriched uranium fuels in test reactors and accelerate the process of taking back spent fuel of U.S. origin. We judged that a failure to take back the 144 spent fuel rods from Belgium would have resulted in the collapse of the Reduced Enrichment for Research and Test Reactors (RERTR) Program.

Two factors led to our decision to seek implementing emergency procedures under NEPA in such a short period of time (one week). First, the Belgians informed the Department on October 21 that they intended to ship the fuel to Britain during the beginning of November, and, in order to cancel this contract, the Belgians needed a firm commitment by October 27 that the U.S. could accept the spent fuel. Second, on October 25, the operator of the British reprocessing plant informed the Department that they would block any efforts to transship to the United States any fuel shipped from Belgium to Great Britain.

As currently anticipated, this initial shipment will most likely enter the U.S. via the Port of Hampton Roads, VA, and be transported to the Savannah River Site near Aiken, SC for interim storage. However, the Department is actively examining alternative low-population density ports for receiving the spent fuel. The remaining shipments--up to 700 elements--are also designated for interim storage at the Savannah River Site.

Oil and Money Conference

Monday I participated in the annual Oil and Money Conference in London, England sponsored by Oil Daily and the International Herald Tribune. The conference was attended by 200 senior private sector executives, government leaders from oil producing and consuming nations and media. My remarks to the conference focused on several issues including: the role of oil in the U.S. economy, our priority to create a diverse energy policy at home, and assisting domestic oil and gas producers while reducing oil use in transportation. I also spoke of the Nation's need to ensure diversity of oil supply from around the world to avoid dependence on any one region of the world for imports. This statement allowed me to talk about Administration initiatives such as NAFTA and efforts to assist the Russian government.

Bilateral meetings were held with Venezuelan Energy Minister Alirio Parra and British Energy Minister Timothy Eggar. We discussed the Administration's energy and trade priorities. Additionally, I conducted interviews at the conference with CNN, the Associated Press, Financial Times, Oil Daily and the New York Times after holding a press conference.

An Associated Press Story which interpreted my remarks out of context led to a quick negative reaction from independent oil producers in the press. In response, I conducted interviews with every newspaper which had run a negative article. Today, news clips are much more favorable and the Associated Press reporter who interview me acknowledged that my remarks were taken out of context. In a wire service article today, the Associated Press reporter who interviewed me stated that I never said the things attributed to me in the article. I spoke to Gene Ames, Chairman of the Independent Petroleum Association of America, the group most critical of my comments in the AP story. The association will release a statement today to acknowledge that my remarks were taken out of context. We will distribute favorable press coverage and my statement to IPAA member companies and members of Congress. I will also make a speech to IPAA's annual convention next week in New Orleans.

I specifically said in my interviews that this was the first Administration in 12 years to address the needs of the industry and that our Domestic Energy Initiative, designed to benefit the industry, would be ready for release in the next few weeks.

Superconducting Super Collider and Meeting with Governor Richards

This week the Department of Energy rapidly began shifting to the task of providing orderly termination of the Superconducting Super Collider. This will be a major effort, involving complex legal, personnel, environmental, and political issues. On Wednesday I met with Governor Richards, who stated that Texas expects full reimbursement for their \$500 million to \$600 million investment in the project, and also wants the Department of Energy to make a \$270 million investment in four specific research projects. I stated very clearly to the Governor my intention to be the foot soldier for the Administration on this project, and that I would coordinate the Department's efforts closely with the White House team which the President has committed to establishing.

Early next week, I will formally task the Department's High Energy Physics Advisory Board to assess future options for the field of high-energy physics now that the SSC has been terminated and also to assess options for the best utilization of assets at the SSC site. The Department will have an initial draft termination plan developed by the middle of the

week, which I will use to brief the entire Texas congressional delegation. Finally, I will go to Texas on November 12 to address SSC employees on behalf of the Administration and determine how to compensate them.

The press in Texas on termination of the SSC project was not negative with respect to the Administration's attempt to salvage the program. A few articles in Texas included my strong defense of the President's efforts. Most of the blame for the House vote was aimed at prior Administration's mismanagement.

CONGRESS

- Waste Isolation Pilot Plant

Last week, members of Congress, congressional committees, and State officials were notified of the Department's revised test strategy for the Waste Isolation Pilot Plant located in Carlsbad, New Mexico. The tests using radioactive waste will be conducted at the National Laboratories rather than underground at the facility. This marks a fundamental departure from the last Administration's policy which did not give adequate consideration to strong objections from the scientific community and the public to underground tests. The members were briefed on the stronger scientific merits of the revised policy and the \$100 million savings that is anticipated over the next six years. The congressional delegation, the environmental community, and the southwest supported this initiative and press was favorable.

- Outreach Meetings

Next week I will meet with the following Members of Congress to discuss issues of mutual importance:

--Senator Byron Dorgan (D-ND) to discuss projects the Department can undertake to benefit North Dakota's lignite industry, one of the State's largest employers.

- Hearings

Today I testified before the House Committee on Energy and Commerce, Subcommittee on Energy and Power (Chairman Sharp, D-IN) and the Senate Committee on Energy and Natural Resources (Chairman Johnston, D-LA). The subject of my testimony in both cases is the safety of Soviet designed reactors and the Department's role in providing assistance to the nations of the former Soviet Union. I stressed the leadership on this issue that the Gore-Chernomyrdin Commission now provides. I also raised concerns about liability protection for U.S. firms which provide safety assistance because cleanup work of Soviet reactors will not take place until a regime is in place which indemnifies firms against liability for such work.

THE WEEK AHEAD

- Institute of Nuclear Power Operations

Friday, November 5, I will address an audience of over 200 domestic and international industry CEOs and senior managers at the Institute of Nuclear Power Operator's annual CEO conference in Atlanta, GA. My remarks will focus on nuclear safety, regulation of the industry, and the status of the Department's efforts to characterize Yucca Mountain as a

repository for the Nation's nuclear spent fuel. I will also discuss the Department's moral obligation to accept spent fuel in 1998 and our intention to begin crediting utility contributions to the Waste Fund if the Department cannot accept the waste.

PRESS

- National Council of Negro Women Inc. 46th Annual Convention

At the request of Dorothy Haight, the organization's president, tomorrow I will address the opening session of the 46th National Convention of the National Council of Negro Women. The organization was formed to improve the quality of life for African-American women, their families, and their communities with an outreach to over 4 million women. My address will focus on the Administration's commitment to increase the potential for access and involvement in public and private-sector leadership for African-American women to a greater extent than ever before. Specifically, my remarks will address the efforts that the Department is undertaking to increase partnerships with historically black colleges and universities and to encourage the stimulation of economic growth and job creation in the African-American community through minority contracting. National and regional media coverage is expected including Reuters wire service.

- Democratic Party Event in Oklahoma

Friday November 5, I will address an Oklahoma State Democratic Party reception at Governor Walters mansion at the request of the Oklahoma Democratic Committee. This event will be attended by 300-500 Democrats from the Oklahoma business community and my remarks will focus on the Administration's energy policy. Regional media coverage is expected.

PRESIDENTIAL INITIATIVES

- North American Free Trade Agreement

--By the end of the day, I will have spoken to 5 members of Congress still undecided on NAFTA. Results of the calls will be provided to the Office of the Cabinet Affairs.

--Next week I will participate with you and others in an event at the White House with energy CEOs and employees from companies in support of NAFTA. The Department helped develop the idea and plan the event.

--November 12, I will be in Texas on matters pertaining to the SSC and Pantex. However, there appears to be an opportunity to release the results of a study undertaken by Texas A&M which quantifies the benefits of NAFTA for the State. We are beginning to plan an event to gain maximum media exposure which will include industry and State and Federal officials. This could impact undecided congressional members. I will coordinate with Cabinet Affairs on this announcement.

- Global Climate Change Mitigation

This week representatives of the Department testified on the President's Climate Change Action Plan before the Senate Energy and Natural Resources Committee, the Senate Environment and Public Works Committee, the House Health and Environment Subcommittee, and the House Energy and Power Subcommittee. The majority of the

members in both houses praised the plan as flexible and innovative. While a few Republican members challenged whether the plan went too far in light of the science of global climate change, some Democratic members urged adding more stringent and mandatory measures such as specific milestones and back-up measures. The leadership including Chairman Bennett Johnston (D-LA) of the Senate Energy and Natural Resources Committee and Chairman Phil Sharp (D-IN) of the House Energy and Power Subcommittee characterized the plan as an aggressive and realistic response to this problem. The Department's outreach efforts will continue next week both in Congress and in industry.

The strong industry support for the Plan continues to build. Several more electric utilities submitted letters of intent to participate in the Department's voluntary reductions program.

MONDAY, NOVEMBER 01, 1993

SCHEDULE FOR HAZEL R. O'LEARY

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

8:00 AM - 8:30 AM Beth, Carolyn, Johannah, LaWanna

9:00 AM - 9:30 AM HOLD

9:30 AM - 9:45 AM Dr. Leon Lederman, The Teachers Academy for
Mathematics & Science

10:00 AM - 12:00 PM Senior Staff Meeting

12:30 PM - 1:30 PM Lunch - Brian Atwood, Administrator, U.S.
Agency for International Development

2:00 PM - 3:00 PM Les McCraw, Betty Bowers and
Emil Parenta of Fluor Corporation

3:30 PM - 4:00 PM HOLD

4:00 PM - 5:00 PM (T) Appointment

5:15 PM - 6:15 PM Appointment

6:30 PM DEPART DOE FOR APPOINTMENT
Met by Reggie Sellers

7:00 PM Appointment

TUESDAY, NOVEMBER 02, 1993

SCHEDULE FOR HAZEL R. O'LEARY

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

8:30 AM - 9:45 AM HOLD: NAFTA Phone Calls

10:00 AM - 11:00 AM HOLD

11:00 AM - 11:30 AM Phone Call: Senator Byron Dorgan (D-ND),
and John Dwyer
re: Lignite Energy Council

12:30 PM - 1:30 PM Lunch- Cafeteria
AIDS Awareness
(Corlis Moody)

2:00 PM -----START STAFF TIME-----

3:00 PM - 3:15 PM Jim Decker - Energy Research issues

4:00 PM -----END STAFF TIME-----

4:30 PM - 6:00 PM Reception - Global Climate Change
Secretary's Conference Room

WEDNESDAY, NOVEMBER 03, 1993

SCHEDULE FOR HAZEL R. O'LEARY

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

8:00 AM - 8:30 AM Beth, Carolyn, Johannah, LaWanna

10:30 AM - 11:30 AM National American Indian Heritage Month
Program

12:00 PM - 12:30 PM Bill White

12:30 PM - 2:00 PM Team Lunch
(B. DeGrasse, P. Didisheim, D. Dreyfus,
A. Durham, D. Forrister, M. Gauldin,
T. Grumbly, J. Hakes, J. Keliher, M. Krebs,
C. Moody, B. Nordhaus, T. O'Toole, D. Pearman,
B. Rainey, D. Reicher, V. Reis, R. Rosenzweig,
T. Cornwell-Rumsey, K. Simpson, W. Taylor,
S. Tierney, B. White)

2:00 PM - 3:00 PM HOLD

3:00 PM - 3:45 PM Strobe Talbot

4:00 PM - 5:00 PM HOLD

5:15 PM - 6:15 PM Appointment

THURSDAY, NOVEMBER 04, 1993

SCHEDULE FOR HAZEL R. O'LEARY

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

8:00 AM - 8:30 AM Beth, Carolyn, Johannah, LaWanna

10:00 AM - 12:00 PM Senior Staff Meeting

THURSDAY, NOVEMBER 04, 1993

SCHEDULE FOR HAZEL R. O'LEARY

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

8:00 AM - 8:30 AM Beth, Carolyn, Johannah, LaWanna

10:00 AM - 12:00 PM Senior Staff Meeting

12:30 PM - 1:30 PM Lunch

**2:00 PM - 3:15 PM NAFTA Event
White House**

FRIDAY, NOVEMBER 05, 1993

SCHEDULE FOR HAZEL R. O'LEARY

8:30 AM **Address: Institute of Nuclear Power
Operations' CEO Conference
Atlanta, GA**

5:30 PM **Oklahoma Democratic Party
The Governors Mansion
Reception - 5:30pm - 6:30pm
Dinner - 7:00pm**

O'Leary Deserves Praise, Not Potshots, From Independents

By Denise Munro
Oil Daily Editor-in-Chief

LONDON — Energy Secretary Hazel O'Leary rightly deserved the rounds of applause she got for her speech in London on Monday rather than the chastising she received at the hands of the independent oil producers when she returned home.

O'Leary delivered a first-rate speech highlighting the administration's aim to diversify the country's source of import supplies and promoting U.S. oil interests overseas, as would be expected by a U.S. official addressing an international conference.

At the 14th annual Oil & Money Conference, co-sponsored by The Oil Daily Co. and the *International Herald Tribune*, O'Leary displayed an intelligent understanding of issues confronting the industry, talking at length

about the role U.S. expertise will play in rehabilitating the Russian oil industry.

She was not prepared to talk in detail about plans for the domestic industry until the Energy Department's oil and gas initiative is unveiled next month.

Ironically, independent producers seized on one comment taken out of context by one reporter out of a 45-minute presentation. Without doing its homework, the Independent Petroleum Association of America (IPAA) issued a scathing reprimand of the secretary, which ignited a shotgun response from oil-patch senators as well as the Texas Railroad Commission's Barry Williamson, among others.

The IPAA inaccurately claimed O'Leary had characterized domestic oil and gas producers as "a dying breed too feeble to salvage in an era when Big Oil is setting its sights overseas."

After O'Leary set the record straight, IPAA President Dennis Bode said: "I'm

very pleased and happy to learn that she has clarified her comments. It certainly clarifies her responses that she supports the independent producer."

A number of delegates attending the conference said they were more than surprised at the characterization of the secretary's comments being played in the United States.

"If anything, you walked away with a feeling that the M's and P's oil companies are the backbone of the industry, but at the same time the administration was prepared to lend assistance whenever possible to open up new markets for the companies," according to one delegate.

Few can disagree with O'Leary's statement that the U.S. oil industry is facing a tough time. And at such a time, it is a pity that the industry does not recognize the value of their secretary promoting U.S. oil industry expertise abroad.

Commission Prepares to Dive Into Thicket Of How to Deregulate Gas-Gathering Systems

By W. Lynn Garner
Oil Daily Staff Writer

WASHINGTON — With the Order 636 pipeline restructuring process moving on schedule, the Federal Energy Regulatory Commission (FERC) is ready to tackle the thorny issue of how to deregulate gas-gathering systems in the post-Order 636 world.

The commission acted on three gathering cases Wednesday, and called for an industrywide technical conference Feb. 24 to get industry input to formulate a comprehensive policy on gas-gathering facilities.

Equal access to gathering systems and nondiscriminatory treatment for shippers, marketers and others will be crucial to the success of a less regulated industry, key players in the industry contend.

FERC Chairman Elizabeth A. Moler said Wednesday the commission plans to pursue a "comprehensive inquiry" on the commission's role for regulating gathering systems in the post-Order 636 world.

At their Wednesday meeting, commissioners approved a proposal by

Mid-Louisiana Gas Co. to transfer certain gathering facilities in Louisiana's Monroe field to Fairbanks Gathering Co., an affiliate of Mid-Louisiana that was created to operate as a gathering company.

The order states that the Fairbanks gathering system will be exempt from commission jurisdiction, but the agency retains the right to assert jurisdiction under Section 4 of the Natural Gas Act if shippers complain about access or gathering rates.

FERC also approved a request by KN Energy Co. Inc. to transfer its gathering facilities to affiliates.

The commission exempted the gathering facilities from regulation, but retained the right to assert jurisdiction over rates, terms or conditions of service if needed.

The third case involved Panhandle Eastern Pipe Line Co., which sought permission to sell certain gathering facilities in Colorado to KN Wattenberg Transmission Limited Liability Co. and KN Front Range Gathering Co.

The commission approved the sale and imposed no regulatory conditions.

(Continued on page 3)

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SSC's fall linked to its complexity

Backers, critics cite failed salesmanship

By Anne Reifenberg
Special Writer for The Dallas Morning News

P. 1A

WASHINGTON — Last week, in the charity of black light, one of the century's most ambitious political sales jobs was deemed to be folly: pitching the grandest scientific instrument ever conceived to a country strapped for cash.

The tremendous cost of the Superconducting Supercollider and lawmakers' zeal for high-profile spending

THE COLLIDER

What went wrong?

- Chronology. 14A
 - Physicists ponder future. 14
- cuts swiftly made the list of causes of death. But they were not alone on the list and not necessarily at the top.
- In the end, according to political analysts and project advocates and detractors, the collider was doomed by the burden of its promise — an vast and so incredible, and ultimately so impracticable, that it exceeded America's imagination and made an easy mark for Congress.

"Very few people, including this fellow, ever know what the damn thing would do," said lobbyist John White, a Texas and former Democratic national chairman. "You can't sell something you can't explain."

Mr. White and others said the thrill that the project stirred among Texas civic leaders and high-energy physicists never reached Congress or the public at large.

From the start, they said, the collider was over people's heads and beyond their romantic vision. The cranks who sold it, many of them added, often seemed slapdash. Dennis Eckart, a former Democratic congressman from Ohio and collider foe, called it "reminiscent of a Keystone Kops fire drill."

"Congress didn't buy the Super Collider," said Mr. Eckart. "The wonder died from mere self-interest."

A hard sell

SSC Laboratory Director Roy Schwitters bristled at such attacks. He acknowledged only that "it was a very hard sell" to persuade a country facing a \$1 trillion debt to commit to a basic-research program with no immediate payoff.

"Because we came along when we did — literally at the end of the Cold War, in the first big, major, shiny, spectacular project out of the block — we were held to new standards of explaining ourselves to the public," Dr. Schwitters said. "And I think that from now on, all sciences will have to be justified in stronger terms. We all have to learn how to do that, and it won't be easy, because science is expensive and it's hard to explain."

"The whole point of science is to make new discoveries," he added, "and if they haven't been made yet, how can you explain them?"

Congress demanded an explanation, anyway. It wanted to know precisely why the country would reap from its \$1 billion investment in a machine with such a hard-to-grasp promise.

The best answer available — "an increase in knowledge" — did not satisfy. Investors offered more. The experiments performed in Texas would lead to new horizons in medical diagnosis, and in power storage or transportation techniques. Industry would learn remarkable new manufacturing techniques with far-reaching consequences: the work of digging a Nevada tunnel beneath Ellis County would help engineering research.

"Nobody bought all that stuff," said David Goldstein, an aide to Rep. Sherwood Boehlert, D-N.Y., a leading collider foe. "There was never any good justification of the need for this thing."

The various explanations of the project's benefits collided with the complexities of its intended operation.

Nature of matter

Superconducting magnets would have accelerated particles to near the speed of light through the tunnel, creating them to smash together. One junction would have been able to watch the reactions and collect information from the debris. These experiments might have answered profound questions that have challenged scientists for generations. What is the nature of matter? Why are things heavy? Why makes the universe tick?

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NEWS EXPLAINS

NOV 20 1982

The interest in such questions, and the study to give the answers, have kept the United States in the forefront of science and technology since World War II.

More Americans, many of them "naturalized citizens, have won the prestigious Nobel Prize in physics — and in chemistry and medicine — than in any other nationality. For more than 50 years, the "brains drain" in all the sciences has flowed from other countries to the United States.

And some observers said the collider should have been billed simply and solely as the nation's smart ticket to retaining scientific pre-eminence. Such an appeal, they said, would have been pure and might well have found a secure home in a partisan Congress.

"If that argument had been made clearly, conscientiously and compellingly, I think the Super Collider would have survived," said Robert L. Park, director of the American Physical Society, which counts among its members the U.S.-based high energy physicists who hoped to conduct experiments in Texas.

Instead, Mr. Park and others said, the arguments in the collider's favor ran a confusing pattern.

While Nobel laureates straddled one hall of Congress extolling its scientific virtues, business leaders trundled down another with maps and fact sheets showing that more than \$1 billion in contracts had been awarded to companies and universities in 46 states and more than 300 congressional districts.

Was the collider a particle accelerator or a job program? Was it a science

the instrument of technological self machines?

There was no straightforward answer from collider advocates, observers said, and supporters were out-gained by the simplicity of opponents' arguments: that the collider was very expensive, difficult to comprehend and without an immediate payoff.

"The guys in Congress had a great chance to vote against something they conscientiously didn't understand anyway and to make a big splash," Mr. Park said. "It became a symbol of the deficit."

The symbol was important enough that opponents agreed to a cap on the size of at least \$40 million just to scrutinize the project. That sum will pay for ten small federal operations to more than \$2 billion.

Rep. Joe Barton, R-Texas, and other proponents had argued that it was foolish to walk away from such an investment. They lost, he said, because "our opponents had no shame" — and because proponents couldn't pierce through the fog of disinterest across America.

"The public was never given a chance in many parts of the country because we couldn't get it covered (by the media)," Mr. Barton said. "An average voter in Buffalo, New York, probably never heard of the Super Collider." Please see SSC's on Page 14A.

Collider, it just never got through. For a time in the mid-1980s, many Americans might have been aware of the collider because more than a dozen states were busily competing for the honor of hosting the machine.

But when the project was awarded to Texas in 1988, however, among other states vying, in the current fiscal ch-

main, Energy Secretary Hazel O'Leary concluded, any serious statement would be hard-pressed to break the opposition the collider faces.

Science, she said, "is unglamorous, it is plodding. It is steady ripe for picking when people with good intentions are looking for ways to save taxpayer money."

Mrs. O'Leary detached herself and others in the administration, including President Clinton, against charges that the executive branch failed the collider.

"U.S.," she said when asked about the criticism of Mr. Barton and Sen. Phil Gramm, R-Texas, that Mr. Clinton didn't want to expand any political capital on saving a project in which he had only lukewarm interest.

Mr. Clinton said the Texans were wrong, too. The president said he called House leaders on the day as the crucial vote was near, but found "the opposition was just overwhelming."

Analysts said it was probably unfair to point fingers at the Clinton administration without adding at previous occupants of the White House, and at the scientists and policymakers who advised them.

Consider, they said, that the Reagan administration had thought — on a load — that the collider could be built for around \$4 billion. Then the price began to escalate — to \$5.9 billion, to \$12.5 billion when President George Bush was in office, finally to the neighborhood of \$11 billion.

The design was changed, the scope of the magnets was widened, the accelerator's power enlarged, the completion date pushed back.

Congress never gave the collider the full amount that the administration requested, thus delaying the project and adding to the cost. Pits in both the House and the Senate or Please see COLLIDERS on Page 15A.

over governmental reports critical of project management and budgeting and sought hearings to scrutinize findings. Advocates scrambled for responses.

All that while, according to the people involved, engineers, scientists and businessmen were at each others' throats, arguing over how the project should proceed.

To add to the collider's woes, the Reagan administration said in 1987 that it would be built mostly with U.S. taxpayer dollars — but also planned for at least one-third of the cost to be borne by foreign contributors.

The Japanese, it was suggested by both the Reagan and Bush administrations, might loan \$1 billion or so worth of superconducting magnets and donate them to the United States, but they no longer wanted to bear the sign and manufacturing obligations in the process.

The problem was that the Japanese had never been asked whether they'd be happy. Thomas Moore, deputy chief of staff to the Bush administration, said he was astonished to learn in 1989 that the foreign contributions plan had been approved — and used as a selling tactic in Congress — without any U.S. official getting the go-ahead from abroad.

"I found out they hadn't consulted any foreign sources. And there I was, the bill collector, going around to these countries and saying, 'OK, let's talk about your contribution.' And they all said, 'What?' Mr. Moore said. "They (at the White House and floor of Department) hadn't done the kind of research they should have."

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NEWS EXPRESS

3, 2002 / C: 2

"They just didn't get into the subtlety of the thing in any level."

'Disastrous error'

President Clinton's science adviser, John Gibbons, called it a "disastrous error." But the government didn't plan for the collider to be built and operated as a fully international consortium.

Obama said it was just an oversight that it was never talked as an "America first" project. Even among some supporters to Congress — including Rep. John Bryner, D-Dallas — there were no warnings about foreigner putting their hands on American research.

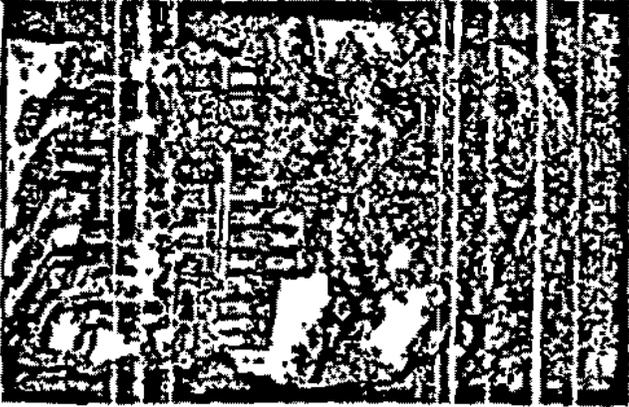
"There was never a commitment to (about international participation) and I think that was a decisive factor," Dr. Schweitzer said. "The whole thing concerned people."

In truth, those sentiments throughout with the project said, it would have been disingenuous to pretend that the collider could ever have been solely the province of the United States. The publicly competitive world of physics is unapologetically international in nature, with communicating daily by computer, telephone and fax machines.

At the SSC Laboratory in Dallas, staff scientists had from more than a dozen countries. Many are affiliated with other particle physics machines, including the world's most advanced at the Center for European Nuclear Research or CERN, a Swiss-based consortium of 19 nations.

But when the collider was first proposed, CERN scientists accepted the fact that the American machine would dwarf their Large Electron-Positron Collider, and that it might assure discovery of the missing link in physics. They say about what makes the

That had — a remarkable particle that would seem to have to exist to make this world work as it does — Charles DeWitt. Without it, physicists cannot write the final chapter of the great unified theory of the universe. But although the U.S. decision to build a machine capable of finding this particle was shared by the people at CERN, the country's whimsical devotion to the project was never ad-



The photo showing them the plan

Ellis County officials, real-estate and journalists gathered at the Ellis County Courthouse in Waco, Texas in 1983 for the announcement of the SSC's coming.

opted.

"The Soviets might not build the SSC if they don't see any benefit from being a world force in particle physics, which is the better version," CERN official Neil Calder said in 1984. "But you just say you want to be a world leader or you say, 'OK, but the Europeans have it and we'll send our boys over there.'"

Now it seems certain to swing in the physics community that Schweitzer had not been with the destination of some of the world's biggest stakes.

"I've seen the final data in sections and even had," Dr. Schweitzer said. "There was a 50-year golden period when nations were indisputably supported by the government."

"It's over. America is looking for ways to do the risky, important experiments. It's essentially becoming a society that wants to reduce risks or at least any cost. This era with the collider is knowledge."

HOUSTON CHRONICLE

OCT 28 1993

O'Leary: Energy plan includes little guys

Secretary says she was misquoted

By DAVID IVANOVICH
Houston Chronicle

Energy Secretary Hazel O'Leary Wednesday sought to distance herself from suggestions that she has given up on small independent oil and gas producers as too feeble to salvage.

Fax machines have been whirling and businessmen buzzing throughout the oil industry over a speech and interview O'Leary gave in London Monday.

The Associated Press reported that O'Leary had no firm ideas on how to help independent oil operators and considered domestic producers a dying breed.

"I haven't gotten the answers for the mom and pop businesses," she was quoted as saying in an address to oil executives.

On Wednesday O'Leary insisted she was misquoted and completely misunderstood.

"I didn't say I had no firm

ideas," she said.

O'Leary argued that she was the one who pushed the department's domestic energy initiative, a proposal designed to help the domestic energy industry.

Rather than having a lack of ideas, O'Leary said she was merely trying not to release details before the department's full proposal is unveiled next month.

"We need to get the American people thinking about the plight of this industry, to build some public sentiment for helping the industry," she said.

"We have an obligation, like we did in the auto industry and textiles, to stop that job loss and return jobs to the industry," O'Leary said. "I'm honor bound to attempt it with this industry."

O'Leary said she supports doing whatever is "reasonably possible" to help mom-and-pop-style oil and gas producers. But deciding what is reasonable is an issue that Congress and the American people



Remarks by Energy Secretary Hazel O'Leary caused a furor among independents.

will have to examine, she said.

Denise Bode, president of the International Petroleum Association of America, said she had been surprised by the London comments. Wednesday's clarifications, she said, "reflect our understanding of what was going on

See O'LEARY on Page 4D.

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over at the Department of Energy." Bode has seen a draft version of the energy initiative and noted, "I could have written pieces of it myself."

"It basically says... there's been a fundamental change in the oil industry, and the domestic producer is playing an even greater role," she said.

Bode did note, however, that the draft lacked adequate attention to marginal producers. Marginal producers are small, often family-owned businesses, which produce relatively small quantities of oil and

gas. Yet those marginal producers provide 20 percent of the nation's oil supply and 13 percent of its natural gas supplies.

Larry Strahan, president of People for an Energy Policy, however, wasn't buying O'Leary's explanations.

"To holler that she was misquoted with no proof of that sounds absurd," Strahan said. "Sure, I could go out and say anything I wanted to and then say I'm misquoted."

Strahan's group has been pushing for an oil import fee or some other mechanism that would boost domestic oil production by 2 million barrels a day.

"She helped our membership drive more than anybody could have ever done," Strahan said.

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NEWS EXPRESS

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BUSINESS

O'Leary 'Appalled' By Report on Her Views

By Jim Myers
World Washington Bureau

WASHINGTON — Energy Secretary Hazel O'Leary on Wednesday disputed a news report that she suggested independent oil operators may be a dying breed too feeble to save and that linking America's security interests to the domestic oil industry may be outdated.

"That story does not reflect, one, anything I stand for as an individual and certainly does not reflect the hard work I and the department have put into designing an initiative to support the domestic oil and gas industry," O'Leary told the Tulsa World.

That initiative could be unveiled as early as the next week, about the same time O'Leary is expected in Oklahoma.

"I would be an idiot to be off saying this and planning to come to Oklahoma," the secretary said, adding she plans to meet with members of the oil industry while in the state.

Reported by the Associated Press, the story grew out of the secretary's appearance at an international conference in London.

It created a firestorm of protest from Oklahoma officials and representatives of the state's oil industry.

O'Leary said the AP reporter "cobbled together bits and pieces of statements from Qs and As after my talk as well from my press conference to, I think, go for something sensational."

Specifically, she denied ever describing the independent oil producers as a dying breed that could not be saved.

"I am appalled," O'Leary said of the news report.

Afterwards, her office made available copies of

"I would be an idiot to be off saying this and planning to come to Oklahoma."

— Hazel O'Leary
U.S. energy secretary

other reporters' stories that seemed to back up her protests.

One quoted her as saying the U.S. owed independents answers on whether they should receive greater support, and has launched a study to do just that.

"First of all, this administration is the first administration in 12 years to even talk about the independents," O'Leary told the Tulsa World.

"The domestic initiative is mine. I announced it ... in Louisiana, and now to characterize me as someone who wants to write off the industry is just totally out of whack with every thing I am doing here."

She went on to term as "bizarre" the AP story for reporting that she thought the idea of linking the oil industry to the nation's security interests may be outdated.

O'Leary said she was careful to include in her speech language from Defense Secretary Les Aspin to link the national security to the nation's economic security.

"We are reaching out to support industry," she said, adding she was setting the premise for the administration to help the domestic oil industry.

"I am so damn mad at this. (AP) reporter I just see O'Leary on Bushes 3

Continued from Business 1
don't know what to do."

AP was offered a chance to respond but did not.

Asked what Oklahoma oil producers should look for in her initiative due next week, O'Leary listed items that will be there as well as those that will not.

For example, she said, some say an oil import fee should be considered, but that is not in the cards.

Instead, O'Leary said, producers should look for proposals to provide greater access to drilling, better rationale for regulations and uses for high technology to help make exploration more cost effective.

Producers, she said, also should not expect "other kinds of tax support" at this point.

"I think that is going to come later," the secretary said.

"We have learned many times that the Congress and the public

will not support policies which benefit producers and the nation until they believe it is in the nation's interest to do so."

O'Leary said it is her obligation to educate the public of that need.

Sen. David Boren, D-Okla., one of those who criticized the secretary's earlier comments as reported by AP, said he was pleased

she has clarified her position. The Wednesday "statement is much more in line with what I have heard her say on other occasions," Boren said.

"I am especially glad that she feels a sense of obligation to educate the public on the critical importance of the oil industry to the nation's economic and national security," he said.

Sen. Don Nickles, R-Okla., who also had criticized O'Leary, did not respond to her later comments.

US may support small oil groups

By Robert Corzine

THE US Energy Department is to launch a study into whether the smaller independent companies in the American oil and gas industry should receive greater government support.

Mrs Hazel O'Leary, energy secretary, said in London yesterday that US-based, large multinational oil companies had the international experience and financial resources to diversify away from the US where oil production is steadily falling.

The same could not

of many of the independents, whose future would remain in the US. "We owe them some obligation to find some answers for them," she said.

Mrs O'Leary said the study would determine whether there was a need to offer strategic support to the independent oil sector, in the same way that the Clinton administration was proposing to help the US car industry to develop a non-petrol burning, zero-emission passenger vehicle in the next century.

She offered little short-term relief to the industry, however.

U.S. Bemoans Cheap Oil

Energy Chief Fears Long-Term Trends

By Erik Ipsen

International Herald Tribune

LONDON — The U.S. energy secretary, Hazel R. O'Leary, said Monday that the price of oil, currently at \$13 to \$14 a barrel, was too low and would not help U.S. energy interests in the long run.

"I have a feeling I may get into trouble for saying this, but I do believe this price is too low," Mrs. O'Leary told reporters.

"The oil market is sending terrible signals," she said.

She agreed that in the short term the low price of oil represented a boost for the American economy. But in the long run she insisted that it posed problems from both an economic as well as an environmental perspective by stimulating demand in the nation that already ranks as both the world's largest oil consumer as well as importer.

Having been frustrated in attempts to cut U.S. energy consumption by taxing it, Mrs. O'Leary anticipated that the growing use of alternative fuels and greater energy efficiency would erode the growth in America's appetite for oil.

On the subject of nuclear energy, however, the former public power company executive expressed little optimism. Speaking at an oil industry conference in London sponsored by the *International Herald Tribune*, she noted that public utilities faced two insurmountable problems with potential nuclear power plants.

"You can't site them and you can't pay for them," she said.

Although America's appetite for imported oil shows little sign of diminishing, at least the

supplies look safer and more secure than they once did.

"We have got more diversity of supply and we are feeling more comfortable as a result," she said.

With more than a half dozen different countries with a wide geographical spread now supplying roughly equal amounts of oil to the U.S. market, the secretary insisted that at least one important lesson of the oil embargoes in the 1970s had been learned.

Mrs. O'Leary noted that increased sales of oil by Russia may represent another step in that direction. Commenting on a recent trip to Moscow, she said that "in every nook, cranny and café there are people with calculators trying to do deals."

Oil company executives at the conference agreed with Mrs. O'Leary on the disadvantages of cheap oil. Rodney Chase, a managing director of British Petroleum Co., referred to "our hard-pressed industry."

Among other things, he bemoaned environmental legislation that will cost the industry in America as much as \$10 billion a year in clean-up costs.

Oscar Wyatt, chief executive of Coastal Corp., a large U.S. refiner, predicted that the latest agreement by the Organization of Petroleum Exporting Countries to stabilize oil prices would have little impact. "If history is any guide, OPEC members will revert back to exceeding their quotas in short order," he said.

Mr. Wyatt, however, reserved his harshest criticism for the new breed of traders of oil futures in London and New York. He insisted they had done more to bring harmful volatility to oil prices than "the Arab-Israeli conflicts."

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95,000 Sunday

THE AUGUSTA CHRONICLE

Augusta, Georgia

Thursday, October 21, 1993 - **SOUTH CAROLINA EDITION**
From Page 1 - Carolina Chronicle Insert
Page 1 of 1

Cleanup money welcomed

AIKEN - Environmentalists, politicians and Savannah River Site officials praised a decision by the secretary of En-

ergy last week to restore \$10 million to the site's environmental restoration budget.

U.S. Rep. Butler Derrick, D-Johnston, announced the budget adjustment saying it would allow the department "to fully fund cleanup efforts" next year. Mr. Derrick said last Thursday that he contacted the secretary last month requesting funds after learning of an estimated \$10 million shortfall in the 1994 SRS cleanup budget.

The announcement was made in Mr. Derrick's office in Washington by Energy Assistant Secretary Tom Grumbly.

Mr. Grumbly said the money will allow the site to "meet all regulatory and legal requirements" for the many clean-up projects under way there.

New light fixtures cut energy bill

By The Associated Press

9A

WASHINGTON — The Energy Department is trying to do its part to cut electricity use.

It has replaced 34,000 light fixtures in its sprawling headquarters complex with more energy efficient ones.

Energy Secretary Hazel O'Leary said the change will cut lighting costs at the building by 60 percent and save the government \$340,000 a year.

If the more efficient lights were installed in all government buildings the savings could be as much as \$250 million a year, she said.

The department, which administers federal research and assistance programs for energy conservation, has been criticized by congressional investigators for wasting energy at many of its buildings across the country, especially at defense weapons plants.

O'Leary said the installation was done without the government paying money up front.

The company that replaced the lights will be paid from energy cost savings and from an energy conservation rebate from the electric utility, officials said.

New climate for environment policy

There's a fresh new atmosphere in environmental policy planning this year, as the White House gets serious about one of the world's most important issues: the danger of global warming. Reducing the amount of pollutants being pumped into the earth's atmosphere, and thus limiting the severity of the "greenhouse effect" on climate change, is now recognized as a vital U.S. priority.

Reducing the danger of global warming has been squarely confronted by the Clinton administration's new Climate Change Action Plan. With more than 80 well-targeted conservation proposals — emphasizing business' voluntary efforts to increase energy efficiency — the plan announced last week seeks a cooperative effort to limit greenhouse-gas emissions.

Some environmentalists may lament that the Clinton plan relies on voluntary action rather than rigid mandates. But by enlisting industry as an ally, Clinton has won business' pledge to cooperate in the anti-pollution effort.

The Clinton plan aims to fulfill the goal set at last year's Earth Summit in Rio de Janeiro: By the year 2000, the United States has pledged to reduce its greenhouse emissions to their 1990 level, requiring a reduction of 100 million metric tons of pollutants. Within this decade, federal agencies will spend \$1.0 billion to boost energy efficiency;

the private sector plans to spend at least another \$60 billion.

The Clinton plan's modest steps promise achievable results. Increasing the use of hydroelectric power and natural gas will reduce reliance on oil- and coal-fired power plants. Expanding the Environmental Protection Agency's program for more efficient lighting will help reduce electricity consumption. So will tightening the Energy Department's efficiency standards for home appliances. Intensifying the effort to develop more efficient industrial motors will help business conserve.

Such steps, while essential in the short run, might not be able to prevent an increase in U.S. greenhouse emissions beyond the year 2010. So Clinton wisely appointed a panel to work on long-range automobile anti-pollution technologies.

"This plan takes the environmental debate where it should have been years ago: beyond the confrontation over ideology to a conversation about ideas," Clinton said of last week's anti-global-warming package. In this case — as in earlier disputes about protecting wetlands, saving old-growth forests and ending taxpayer giveaways to the grazing and mining industries — Clinton has exhorted business and environmentalists to act as allies rather than adversaries. It is a strategy that just might produce the desired results.

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NEWS EXPRESS

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The Secretary of Energy
Washington, DC 20585

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November 4, 1993

MEMORANDUM FOR MACK MCLARTY, THE WHITE HOUSE
FROM: HAZEL R. O'LEARY
SUBJECT: Weekly Report *Hazel R. O'Leary*

KEY DEPARTMENT NEWS

- Belgian Reactor Spent Fuel

The Department's offer to accept 144 spent fuel elements of U.S. origin for reprocessing from the Mol Reactor in Belgium was not accepted. This offer was precipitated by a Belgian agreement with the British to ship the fuel elements to a reprocessing facility in Donreay, Scotland, and based on our desire to prevent the collapse of the Reduced Enrichment for Research and Test Reactors (RERTR) program and limit production and trade in weapons-grade nuclear materials. Our offer was not based on a proliferation threat from the Belgians or the British. We entered into negotiations to take the fuel after consulting the State Department and the President's Council on Environmental Quality.

The Belgians declined the Department's offer to take back the initial 144 spent fuel elements because they did not wish to break their contract with the British. However, Belgian officials expressed a willingness to accept our offer for future shipments of spent fuel of U.S. origin. Although our initial offer was not accepted, our action has sent an important signal to the world that the U.S. intends to limit commerce in weapons-grade material by encouraging the use of low-enriched uranium fuels in test reactors and accelerating the process of taking back spent fuel of U.S. origin.

- Superconducting Super Collider

During the past week, the Department has initiated an intensive planning effort in response to the congressional mandate to terminate the Superconducting Super Collider project. We have identified a series of issues that need to be addressed including severance packages, potential claims by the State of Texas, future uses of the assets, disposition of property, and environmental assessments. Hundreds of individual actions have been identified and are being organized into an initial draft plan for the orderly demobilization of this project. Many of these actions are highly interdependent, and a number will require a unified Administration position.

The most complex issues have to do with whether the Federal Government will compensate the State for its investment in the project, I will put forth a memorandum to the President on this issue with a set of recommendations and will attempt to receive guidance from him on this matter. To facilitate critical decisions, our planning efforts are being developed in close coordination with the Office of the Vice President, Office of Management and Budget, National Economic Council, and Office of Science and Technology Policy.

To help ensure coordination among elected officials, I met today with Governor Richards and Representatives Martin Frost, Eddie Bernice Johnson, and Jim Chapman. Their perspective has provided me with a better understanding of the highest priority issues for the site. I will meet with them again next Tuesday afternoon.

CONGRESS

• Outreach Meetings

The following meetings and phone calls with Members of Congress were held or will be held to discuss Administrative initiatives and other issues of mutual importance:

- November 3, Congressman Floyd Spence (R-SC) to discuss the ramifications of the interim storage of Belgian spent reactor fuel at the Savannah River Site in South Carolina.
- November 4, Congressman Martin Frost (D-TX), Congresswoman Eddie Bernice Johnson (D-TX) and Governor Anne Richards to discuss the Administration's efforts regarding the shut down of the Superconducting Super Collider project.
- November 4, Congressman Bill Sarpalius (D-TX) to discuss issues of importance to his district, such as the future of the PANTEX facility.
- November 2, Senator Byron Dorgan (D-ND) to discuss projects the Department can undertake to benefit North Dakota's lignite industry;
- November 10, Congressman Tom Barlow (D-KY) to discuss issues affecting the coal industry.

THE WEEK AHEAD

• Texas Visit

I will travel to Amarillo November 11 to participate in fundraising events for Congressman Bill Sarpalius. Media coverage is expected.

Friday I will travel to the site of the Superconducting Super Collider. I hope to announce a severance package to the workers I will address. Hopefully, we will be able to reach an Administration position on whether the State will be compensated for its past investment in the SSC. I am coordinating my trip with the White House SSC team, Governor Ann Richards, Congressman Frost and Congresswoman Eddie Bernice Johnson. We are expecting the public and media to focus on several controversial issues including federal compensation for the Texas investment in the project, potential use of the site, and disposition of site assets. We are working to develop plans to address these issues before leaving for Texas.

• Building and Construction Trades Meeting

Monday, November 8 I will meet with Bob Georgine, National President of the Building and Construction Trades Council of the AFLCIO, and several Nevada union officials. The union wishes to express its support for the continuation of the Yucca Mountain Environmental Remediation project and future uses for the Nevada Test Site.

- Democratic Senatorial Campaign Committee Women's Council Gala

At the invitation of the Senators Mikulski, Boxer, Feinstein, Murray and Mosely-Braun I will attend this event.

- Institute of Nuclear Power Operators

Friday November 5 I will address an audience of 200 domestic and international industry CEOs and senior managers at this organization's annual conference in Atlanta. My remarks will center on the Administration's commitment to nuclear safety, near term options for nuclear waste disposal and updating the group on the progress of the Gore/Chernomyrdin Initiative. International media coverage is expected for this event.

- Independent Petroleum Association of America

Friday, November 5 I will address the 64th annual meeting of the Independent Petroleum association of America in New Orleans. I am addressing 1,200 independent oil and gas producers as a result of the mischaracterization by the Associated Press of recent remarks I made on energy policy that caused some controversy in the oil patch. Since the initial negative press, I have conducted interviews with nearly every newspaper that ran a negative article. This effort has generated positive press. I have also personally contacted several individuals who made negative quotes to the press.

At the conference I will speak of my advocacy for this industry since 1979, highlight that the Associated Press reporter who mischaracterized my remarks retracted his characterization, and, most importantly, focus on the Administration's efforts to assist the industry. Finally, I will meet with the leadership of the 33 State Associations and hold a press conference.

PRESS

- CNN Interview

Friday, November 5, while in Atlanta, a CNN Science and Technology editor will interview me about advances in technology for offshore drilling for oil and gas. Increased access to such technology will constitute an important element of our Domestic Gas and Oil Initiative, and this interview will be useful to inform the oil and gas industry of the Administration's efforts in this arena.

PRESIDENTIAL INITIATIVES

- North American Free Trade Agreement

I met with the following members of Congress over the past week to advocate NAFTA:

- Congresswoman Cynthia McKinney (D-GA)
- Congressman Bobby Rush (D-IL)
- Congresswoman Maxine Waters (D-CA)
- Congressman Cleo Fields (D-LA)

The results of these meetings were reported to the White House Office of Cabinet Affairs.

Tuesday, I participated in the Opinion Leaders Briefing at the Old Executive Office Building. The purpose of this event was to brief approximately 100 leaders from Illinois,

Nebraska and Ohio on the benefits of NAFTA. This briefing provided an opportunity to present the economic and energy benefits of NAFTA to regional leaders.

Wednesday evening, I participated in a dinner with the Vice President, Secretaries Bentsen and Peña, and approximately 15 undecided members of Congress. There were three Congressmen at that meeting whose concerns can be addressed.

Today I participated in a briefing on NAFTA for leaders from the energy industry with Leon Penetta, Bob Rubin and you. Over 150 leaders from the gas, oil, coal, renewable, energy efficiency and equipment supplier industries participated. Additionally, leaders from the International Brotherhood of Electrical Workers were in attendance. There was a press opportunity following the event in which the participants from the labor community were prominently featured. The participants will then lobby their representatives in Congress.

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B. Mackall

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7:00 PM

Democratic Senatorial Campaign Committee
Women's Council's Gala Dinner (Business Attire)
The Capital Hilton
16th and K Streets, N.W.
(You are not speaking at this event)

TUESDAY, NOVEMBER 09, 1993

SCHEDULE FOR HAZEL R. O'LEARY

- 7:30 AM** DEPART RESIDENCE FOR DOE
Met by Reggie Sellers
- 8:00 AM - 8:30 AM** Beth, Carolyn, Johannah, LaWanna
- 8:30 AM - 10:00 AM** HOLD
- 10:00 AM - 10:45 AM** Daily Operations Report Issues
(Don Pearman, Tara O'Toole)
- 11:45 AM** DEPART DOE FOR CHANNEL INN HOTEL
Met by Reggie Sellers
- 12:00 PM - 1:30 PM** Speak at The Executive Women In Government
Monthly Meeting
Channel Inn Hotel - Pier 7 Restaurant
Banquet Room
650 Water Street, S.W.
- 2:00 PM - 2:30 PM** Executive Leadership Group Meeting
(Susan Head)
- 2:30 PM - 3:00 PM** HOLD
- 3:00 PM - 4:00 PM** Governor Ann Richards,
Congressman Martin Frost (D-TX),
Ron Carleton, Legislative Director,
Congresswoman Eddie Bernice Johnson
(D-TX), Auria Styles, Administrative
Assistant; Congressman Jim Chapman (D-TX),
Billy Moore, Administrative Assistant;
Jane Hickey, Director, State of Texas,
Washington Office
(Pete Didisheim, Rich Rosenzweig,
Dan Tate)
- 4:00 PM - 4:30 PM** HOLD
- 4:30 PM - 5:00 PM** Allen Kessler, Florida Power Corporation

7:30 PM

Dinner at Mr. & Mrs. Ivan Selin's in honor
of Princess Chulabhorn of Thailand
2905 32nd Street, N.W.

WEDNESDAY, NOVEMBER 10, 1993

SCHEDULE FOR HAZEL R. O'LEARY

- 8:00 AM DEPART RESIDENCE FOR CRYSTAL CITY
COURTYARD MARRIOTT
Met by Reggie Sellers
- 9:00 AM - 9:30 AM State Energy Advisory Board
(Frank Stewart)
Crystal City Courtyard Marriott
2899 Jefferson Davis Highway
Arlington, VA
- 9:35 AM DEPART CRYSTAL CITY COURTYARD MARRIOTT
FOR DOE
Met by Reggie Sellers
- 10:00 AM - 10:30 AM HOLD
- 10:30 AM - 11:15 AM Takao Ishiwatari, President,
The Power Reactor and Nuclear Fuel
Development Corporation (PNC of Tokyo)
- 11:30 AM - 12:00 PM HOLD
- 12:00 PM - 12:30 PM Bill White
- 12:30 PM - 1:30 PM Team Lunch
(B. DeGrasse, P. Didisheim, D. Dreyfus,
A. Durham, D. Forrister, M. Gauldin,
T. Grumbly, J. Hakes, J. Keliher, M. Krebs,
C. Moody, B. Nordhaus, T. O'Toole, D. Pearman,
B. Rainey, D. Reicher, V. Reis, R. Rosenzweig,
T. Cornwell-Rumsey, K. Simpson, W. Taylor,
S. Thomas, S. Tierney, B. White)
- 2:00 PM - 2:30 PM Congressman Tom Barlow (D-KY)
(William Taylor)
- 2:30 PM - 3:00 PM HOLD
- 3:00 PM - 4:00 PM Doreen Andrews

4:15 PM - 4:30 PM Drop-by: U.S. Uranium Industry Representatives
Secretary's Conference Room
(Rich Rosenzweig)

5:15 PM - 6:15 PM Appointment

6:30 PM DEPART DOE FOR RESIDENCE
Met by Reggie Sellers

THURSDAY, NOVEMBER 11, 1993
SCHEDULE FOR HAZEL R. O'LEARY

Holiday - Veteran's Day

NOTE: P.M. Depart for Travel - Texas

FRIDAY, NOVEMBER 12, 1993

SCHEDULE FOR HAZEL R. O'LEARY

NOTE: Travel - Texas

HOUSTON POST

OCT 31 1993

Clinton's planned energy policy likely to please oil, gas industry

BY DAN CARNEY
POST WASHINGTON BUREAU

P.A. 12

WASHINGTON — Bill Clinton never promised to be the energy president and has never had much support from the oil patch. But the energy policy he is planning to release could go a long way in addressing the domestic industry's declining fortunes.

Early drafts of the proposal obtained by The Houston Post, and interviews with senior administration officials and energy lobbyists, indicate the plan to be released as early as this week is likely to be enthusiastically received by the industry.

If nothing else, the plan should quell industry apprehensions about the administration's seriousness that were generated by a report last week that apparently misrepresented Energy Secretary Hazel O'Leary's views on domestic energy issues.

Like many of Clinton's policies, his energy plan is lengthy, complicated and calls for numerous agencies and departments to cut through some of their red tape to focus on a single issue. And like many of the energy proposals devised over the last several years, it lacks one controversial item many producers see as the key to shoring up the industry — an oil import fee or floor price.

What it does include is a wide range of changes to the tax code, regulations, and federal government policies designed to stimulate the domestic oil and gas industry for three basic reasons — to create jobs, to protect the environment and to strengthen the country's national security position by stemming its imports.

"The draft is extremely positive," said Denise Bode, president of the Independent Petroleum Association of America. "It really focuses on our themes — the crisis we've been in."

The plan would allow companies to write off a greater portion of their equipment purchases as

expenses, rather than as capital expenditures, thereby cutting their tax costs. The move is intended to give small companies greater access to expensive drilling technologies like 3D seismic surveys.

Also, with the point of bringing more technology to oil and gas fields, the plan calls for spinning off much of the seismic technology and other high-tech equipment developed by the Energy Department labs to monitor underground nuclear explosions.

In a bid to eliminate regulatory overkill, the plan seeks ways to streamline its own laws, and to coordinate state and local regulations with federal ones.

The plan ventures into the public lands and public waters issues by saying public stewardship responsibilities are not inconsistent with extraction of natural resources.

And while it says nothing about protecting marginal well production by enacting an oil import fee or floor price, the plan does take what may be a very tentative step in this direction by creating a study by the National Security Council and the National Economic Council.

While this might not seem significant, getting the defense and diplomatic establishments behind an import fee or floor price might be the only way to overcome the significant opposition these proposals have always faced, some experts believe.

One of the most telling elements of the Clinton energy plan is its name. It is tentatively called The Domestic Gas and Oil Initiative — a reverse of their normal order. Though the importance of oil is not discounted, it does not receive anywhere near the billing of natural gas.

An entire section is devoted to stimulating demand for gas. The other three sections are cutting regulations, getting technologies into the fields, and the NSC study of oil imports. Oil is dealt with in piecemeal fashion. Coal, hydroelectricity and nuclear energy are not covered in the plan.

BURRELLE'S

NEWS EXPRESS

PAGE 9 OF 14

BEST COPY AVAILABLE

HOUSTON CHRONICLE

OCT. 28 1993

O'Leary: Energy plan includes little guys

Secretary says she was misquoted

By DAVID IVANOVICH
Houston Chronicle

Energy Secretary Hazel O'Leary Wednesday sought to distance herself from suggestions that she has given up on small independent oil and gas producers as too feeble to salvage.

Fax machines have been whirling and businessmen buzzing throughout the oil industry over a speech and interview O'Leary gave in London Monday.

The Associated Press reported that O'Leary had no firm ideas on how to help independent oil operators and considered domestic producers a dying breed.

"I haven't gotten the answers for the mom and pop businesses," she was quoted as saying in an address to oil executives.

On Wednesday O'Leary insisted she was misquoted and completely misunderstood.

"I didn't say I had no firm

ideas," she said.

O'Leary argued that she was the one who pushed the department's domestic energy initiative, a proposal designed to help the domestic energy industry.

Rather than having a lack of ideas, O'Leary said she was merely trying not to release details before the department's full proposal is unveiled next month.

"We need to get the American people thinking about the plight of this industry, to build some public sentiment for helping the industry," she said.

"We have an obligation, like we did in the auto industry and textiles, to stop that job loss and return jobs to the industry," O'Leary said. "I'm honor bound to attempt it with this industry."

O'Leary said she supports doing whatever is "reasonably possible" to help mom-and-pop-style oil and gas producers. But deciding what is reasonable is an issue that Congress and the American people



Remarks by Energy Secretary Hazel O'Leary caused a furor among independents.

will have to examine, she said.

Denise Bode, president of the International Petroleum Association of America, said she had been surprised by the London comments. Wednesday's clarifications, she said, "reflect our understanding of what was going on

See O'LEARY on Page 4D.

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BURRELLE'S

NEWS EXPRESS

PAGE 1 OF 9

over at the Department of Energy.
 • Bode has seen a draft version of the energy initiative and noted, "I could have written pieces of it myself."

• "It basically says ... there's been a fundamental change in the oil industry, and the domestic producer is playing an even greater role," she said.

Bode did note, however, that the draft lacked adequate attention to marginal producers. Marginal producers are small, often family-owned businesses, which produce relatively small quantities of oil and

gas. Yet those marginal producers provide 20 percent of the nation's oil supply and 13 percent of its natural gas supplies.

Larry Strahan, president of People for an Energy Policy, however, wasn't buying O'Leary's explanations.

"To holler that she was misquoted with no proof of that sounds absurd," Strahan said. "Sure, I could go out and say anything I wanted to and then say I'm misquoted."

• Strahan's group has been pushing for an oil import fee or some other mechanism that would boost domestic oil production by 2 million barrels a day.

"She helped our membership drive more than anybody could have ever done," Strahan said.

2/2

BURRELLE'S

NEWS EXPRESS

PAGE 2 OF 9

SEATTLE TIMES
Seattle, WA

15

OCT 27 1993

U.S. to hold radioactive waste from Belgian nuclear reactor



Hazel O'Leary

WASHINGTON — The Energy Department is sidestepping a formal environmental review and plans to store 144 fuel rods of used weapons-grade uranium from a Belgian research reactor at its

weapons complex in South Carolina, Energy Department officials say.

Energy Secretary Hazel O'Leary, in an unusual move, transmitted a binding offer to accept the highly enriched uranium yesterday amid concerns that the Belgians were about to ship the fuel rods to Scotland for reprocessing — and possible diversion to military use.

There has been concern within the Clinton administration that tons of bomb-grade uranium from European research reactors — such as the BR-2 reactors in Belgium — might be diverted to weapons use if reprocessed or kept in crowded European storage.

"We're trying to discourage trade in fissile materials . . . and avoid the breakdown of our nonproliferation policy," one official said.

O'Leary on the Record

ENERGY Secretary Hazel O'Leary, in vehemently denying anti-oil industry language attributed to her by the Associated Press, has pushed the Clinton administration further toward a sensible energy policy.

O'Leary was quoted as saying that the U.S. independent oil industry was too feeble to save and that tying national interests to the oil industry might be outdated.

She strongly denied that in an interview with World Reporter Jim Myers. And the denial rings true. O'Leary and Clinton operatives have indeed been working on some programs to help the independent oilman.

Whatever the particulars of the misquote controversy, O'Leary made sense in Myers' interview.

She noted that the Clinton administration is the first in 12 years to even talk about independents. Actually, she's being a bit partisan. It's hard to remember any president that worried much about the independents. But certainly Reagan and Bush did nothing, despite high hopes of big financial supporters in the industry.

O'Leary said she is working on ways to help the independents by giving greater access to drilling areas, more sensible regulation and better use of technology. But most importantly, she said she feels an obligation to educate the public that policies supporting the industry are in the best interests of the public.

The oil industry doesn't need government support as much as it needs government to let it alone. That won't happen, as O'Leary said, until the public can be convinced that a thriving domestic oil industry — one that indeed does make big profits — is good for the country.

It is, of course. And indeed the country's welfare is tied to the independent oil industry, not as much as it once was but still to a very important level.

Give O'Leary and Clinton a chance. At least at this point, O'Leary is saying — and denying — the right things.

Good Marriage

HILLCREST Medical Center and Children's Medical Center are long-established institutions that are very important to Tulsa and northeastern Oklahoma. Any move to help ensure their long-term financial health and stability is to be applauded.

So, news of an impending merger of the two hospitals under a single parent company — probably Hillcrest Health Care Corp. — is good news.

Like all hospitals today, Hillcrest and CMC must deal with huge, potentially crippling, financial pressures. Uncompensated health care — services provided to patients who cannot pay or services for which Medicare or Medicaid reimburse less than actual cost — is the greatest problem, but not the only one. Cost of malpractice insurance is sky-high and increasing rapidly.

Amarillo Globe-Times

(Circ: 31,187) DAY Fri DATE 10.29.93 PAGE 18

O'Leary denies oil statement

By WFS REEVES
Globe-News Business Writer

Energy Secretary Hazel O'Leary said an Associated Press writer wrongly interpreted her remarks Monday at a London financial conference.

The AP reported from London that O'Leary had said small domestic oil companies might be too feeble to salvage in an era when Big Oil is setting its sights overseas.

"I never, I repeat never, said that," O'Leary told the Globe-News in a phone interview.

O'Leary said the Independent Pe-

troleum Association of America and other trade groups "put quotes around that thing, and then held a press conference and told the world that I said it."

The Associated Press said Wednesday its original report was accurate, both in quotes and interpretation.

The AP story caused an uproar among independents in the Amarillo area and across the nation. They said O'Leary cast them in a bad light in front of investors who potentially could help them.

O'Leary spoke at the International Herald Tribune's Annual Oil and

Money Conference. But the interview with the AP, she said, was after the conference ended.

O'Leary said she is upset and believes she has been misunderstood. She said she is the first energy secretary in 12 years to meet with any association of independent producers. And upon her confirmation in the Senate, she said, she promised to help domestic oil and gas producers out of the slump they've been in for the past decade.

The nation's reliance on foreign oil does worry her, she said, counter to what people may have taken from the AP story.

CHICAGO SUN-TIMES

OCT 21 1983

Nation

BRIEFINGS 78

ATTITUDE ADJUSTMENT: The Clinton

administration's AIDS adviser, Kristine Gebbie, said at a conference on teenage pregnancy that just talking about sex "in terms of do's and diseases" is not working. She said the United States needs to view human sexuality as "an essentially important and pleasurable thing." Until it does so, "we will continue to be a repressed, Victorian society that misrepresents information, denies sexuality early, denies homosexual sexuality particularly in teens and leaves people abandoned with no place to go," she said. "I can help just a little bit in my job, standing on the White House lawn talking about sex with no lightning bolts falling on my head," said Gebbie, a former nursing educator and Washington state health official.



Kristine Gebbie

CREDIT COMPLAINTS: One in five complaints to the Federal Trade Commission in the last four years concerned credit bureaus, a consumer group reported as it called for tougher regulation of credit reporting. The U.S. Public Interest Research Group released the study to coincide with a hearing before the House Banking subcommittee on consumer credit and insurance, which is considering legislation to crack down on errant credit reporting. A credit bureau official said the bill would discourage creditors from providing information on debtors.

→ **O'LEARY WON'T CROSS:** Energy Secretary Hazel O'Leary canceled a speech before the National Petroleum Council because she did not want to cross a picket line at the Madison Hotel in Washington, where the meeting took place. The Hotel and Restaurant Employees union has been picketing the hotel since Friday as part of an ongoing dispute over a contract that expired Sept. 8.

ENVOY PROBED: The State Department said



Robert B. Oakley, the U.S. special envoy to Somalia, is under investigation for possible conflict-of-interest violations arising from his work as a private consultant. The New York Times reported that the Lebanese Middle East Airlines had hired Oakley's Washington-based company this year to help regain profitable routes from Lebanon to the United States suspended while Oakley was the State Department's chief counterterrorism official in 1985. The investigation will not affect his role as envoy to Somalia, U.S. officials said, and he soon will be returning to East Africa.

WORK-STUDY: Labor, business and educational officials backed legislation Wednesday that would create school-to-work, job-training partnerships for most high school students. Witnesses at a House Education and Labor Committee said such programs are needed because three-fourths of the students in the nation's high schools are not college-bound. Bills pending in the House and Senate would allow 11th- and 12th-graders to enroll in the new school-to-work programs.

WAL-MART LOSES: Greenfield, Mass., voters narrowly defeated a rezoning measure that would have allowed a Wal-Mart department store in the town of 18,000 people. Downtown merchants, young professionals who fled big cities, ex-hippies, social activists and diehard Yankees formed an alliance that led the campaign against rezoning land two miles outside downtown. A company spokeswoman said she knew of no other community that had voted down a Wal-Mart.

HOG HEAVEN: Motorcycle fanatics roared into midtown Manhattan to help kick-start the Harley-Davidson Cafe, a new three-story restaurant replete with snarling engines, make-believe exhaust fumes, and catwalks brimming with motorcycles dating back 90 years. "There's nothing more American than a Harley," said former football star O.J. Simpson, who attended the party. "As a Harley is to America, a Swiss Army knife is to the Swiss."

FRONT PAGE

INYO REGISTER-Sunday, October 17, 1993

YUCCA MOUNTAIN**DOE tries new
input approach**

By Todd Fitchette
Inyo Register News Editor

The Department of Energy is trying something new with it's Yucca Mountain project.

Instead of going forward with decisions, then informing those affected by it later with a "devil-may-care" attitude, the DOE sought to solicit pre-decisional input from affected units of local government.

Brad Mettam, Inyo County's Yucca Mountain project coordinator, indicated he likes the idea

because it gives those potentially affected by any decision a chance at input rather than "having us beat them up later over it."

Mettam said the affected units of local government — Inyo County, the State of Nevada, and Nevada's nine counties — are still groping through the foreign process. "This is all new for DOE to provide information first," he said.

Mettam was in Las Vegas last week where he heard updates on various issues facing the proposed repository.

tion 82,000 Daily
95,000 Sunday

THE AUGUSTA CHRONICLE

Augusta, Georgia

Thursday, October 21, 1993 - SOUTH CAROLINA EDITION
From Page 1 - Carolina Chronicle Insert
Page 1 of 1

Cleanup money welcomed

AIKEN - Environmentalists, politicians and Savannah River Site officials praised a decision by the secretary of En-

ergy last week to restore \$10 million to the site's environmental restoration budget.

U.S. Rep. Butler Derrick, D-Johnston, announced the budget adjustment saying it would allow the department "to fully fund cleanup efforts" next year. Mr. Derrick said last Thursday that he contacted the secretary last month requesting funds after learning of an estimated \$10 million shortfall in the 1994 SRS cleanup budget.

The announcement was made in Mr. Derrick's office in Washington by Energy Assistant Secretary Tom Grumbly.

Mr. Grumbly said the money will allow the site to "meet all regulatory and legal requirements" for the many clean-up projects under way there.

New light fixtures cut energy bill

By The Associated Press ^{9A}

WASHINGTON — The Energy Department is trying to do its part to cut electricity use.

It has replaced 34,000 light fixtures in its sprawling headquarters complex with more energy efficient ones.

Energy Secretary Hazel O'Leary said the change will cut lighting costs at the building by 60 percent and save the government \$340,000 a year.

If the more efficient lights were installed in all government buildings the savings could be as much as \$250 million a year, she said.

The department, which administers federal research and assistance programs for energy conservation, has been criticized by congressional investigators for wasting energy at many of its buildings across the country, especially at defense weapons plants.

O'Leary said the installation was done without the government paying money up front.

The company that replaced the lights will be paid from energy cost savings and from an energy conservation rebate from the electric utility, officials said.

New citizens group guiding Fernald cleanup

Task: Mesh needs with technology

By Nick Miller
Post staff reporter

When a group appointed to help decide Fernald's fate has its first public meeting tonight, it begins work knowing its recommendations will be "considered carefully but not legally binding."

Those words, "considered carefully but not legally binding," are how the Department of Energy describes the level of influence wielded by the Fernald Citizens Task Force.

The task force is the first-ever appointed by the Energy Department to conduct a complete review of a nuclear weapons site and its work could serve as a model for advisory groups at other sites.

Fernald processed uranium for nuclear weapons from 1953 through 1989. It is now focused on a cleanup project under the federal Superfund program that could cost taxpayers an estimated \$10 billion.

The group has been brought together by the Energy Department to help guide cleanup at the idled weapons plant. Although it won't have final say, the group will influence the future use and cleanup levels at the site, according to Department of Energy officials.

The task force includes as ex-officio members some of the key governmental decision makers from the Department

of Energy, U.S. EPA and Ohio EPA," said John Applegate, a University of Cincinnati law professor who directs the task force. "If we really work together to reach some kind of consensus, that pretty much guarantees the government will take our work seriously because they were part of the process."

The group's task is this: Compile ideas and concerns from a wide cross-section of people affected by Fernald's future, then combine this with scientific data to formulate sound recommendations.

Applegate said the public's interest is key to Fernald's future.

"The two go hand-in-hand," he said. "Better decisions will mean greater public acceptance of those decisions."

Ken Morgan, Energy Department spokesman at Fernald, said public acceptance is critical to the success of cleanup and has become one of the primary forces behind decisions made at the Crosby Township site.

The task force must answer four questions:

- What should be the future use of the site?
- What should be the cleanup levels?
- Where should radioactive and hazardous wastes at Fernald be disposed?
- What should be the cleanup priorities?

Several possibilities for Fernald's future have been raised by Energy Department officials, including converting it to a recreation area or an industrial site. Other proposals are to treat and remove

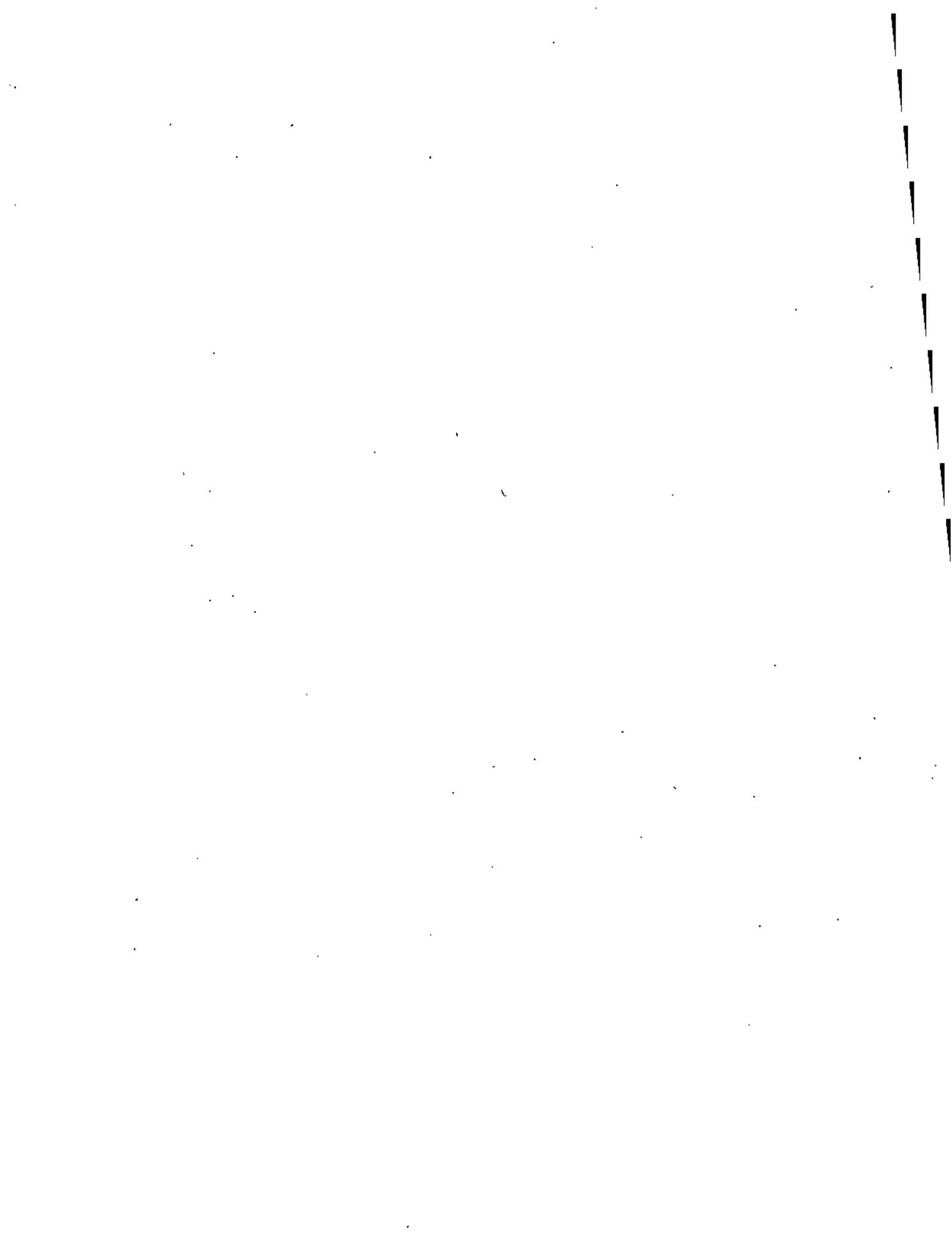
the wastes there, and declare it a "national sacrifice zone."

Determining Fernald's future will set the stage for recommending cleanup levels for storage silos, contaminated soil, waste pits found to be leaking and other environmental problems.

One tricky issue is balancing what the public wants and expects with what is realistic financially and technically.

Applegate said he uses one guideline for Fernald.

"I prefer that the future use for the site drive the technology rather than the other way around," he said. "Let's decide what we want to see happen here and let's get the technology to do it, rather than deciding this is all we have available and we'll decide based on that."





Department of Energy
Washington, DC 20585

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X

Date: 11/4/93
To: Christine Varney
From: She - O'Searcy

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Date: 11/4/95
To: Dean Burke
From: Sec. O'Searcy

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