



The Secretary of Energy
Washington, DC 20585

WHIPANETTA
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March 2, 1995

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

*Report sent to Cabinet
Affairs via LotusNotes
March 3, 4:49 p.m.*

KEY DEPARTMENT NEWS

Completed Mission to India and China

Our presidential mission to India and China was completed last Friday. The trip was an outstanding success in advancing U.S. commerce interests in the region and continuing to develop a policy framework to liberalize energy markets as well as discussing issues important to the economic and security interests of our Nation with top leaders of India and China.

India - We witnessed the signing of 23 business agreements valued at \$1.4 billion. Since my original trip to India seven months ago, \$10 billion in energy investment has moved forward. I also discussed sensitive nuclear matters with my counterpart and broadened our cooperation on nuclear safety matters. It is likely India's nuclear minister will visit the U.S. in the fall. We are also continuing high-level exchanges with India's energy officials. India's Minister of Power will be in New York in the near future, and we will participate in several joint events.

It is critical that we continue to bolster our bilateral relationships with India as 13 percent of the world's power additions in the next 15 years will be made in India. The course India takes will have major environmental and economic impacts. This region also has major nuclear issues that must be confronted to ensure peace and stability in Asia.

China - We witnessed the signing of \$6.2 billion in energy deals (\$1.6 billion in U.S. content) in China. The deals were in the areas of renewable energy, energy efficiency, oil exploration, and power development. Frameworks were also developed that will continue the reform process to facilitate investment in electric power, oil and gas exploration, coal, renewable energy and energy efficiency.

I also held meetings with senior officials from the government. In these meetings a broad range of issues critical to our Government such as human rights, nonproliferation, and sustainable development were focused on. I delivered very detailed proposals to allow cooperation in nuclear power and sustainable development.

The trip was a great success. It was essential to continue our progress in the sector at the same time the intellectual property issues were being negotiated. It is an indication of our Administration's comprehensive engagement policy and evidence of the maturity of this relationship that we would operate on two tracks.

Nuclear Waste

I will testify on several pieces of legislation that would amend the Nuclear Waste Policy Act. As this legislation affects the storage and ultimate disposition of commercial spent waste and defense waste, and affects ratepayers of nuclear utilities in 32 states, these issues will receive press attention.

First Meeting of Advisory Committee of External Regulation

The Department has self-regulated its weapons complex and laboratories for 50 years. There has been much discussion over the last two years as to how to regulate these facilities. An outside advisory committee has been charged with developing a plan of action as to how to proceed. As our facilities are located in many States, this issue will receive media and public attention.

Speeches

Speech to the Operating Committee of AMTEX

I will speak to the leaders from the integrated textile industry on the status of our cooperative research and development partnership with the industry. This is a partnership between the full industry and the Department's laboratories designed to improve the industry's competitive position through changes in the manufacturing processes.

Speech to Asia Society

Next week, I will address the Asia Society focusing on our Presidential Mission on Sustainable Energy and Trade to China. I will highlight the sustainable development aspects of our Administration's policy of comprehensive engagement with China. I

will also discuss our other missions to India and Pakistan as part of a broader strategy of promoting sustainable development and energy/environmental exports to these nations as well as the national security impact of the missions.

AGENCY WORK ON PRESIDENTIAL INITIATIVES

Gore-Mbecki Commission

The first meeting of the Vice President Gore and Deputy President of South Africa Mbecki Commission was held this week. I will chair the Commission's Energy Committee. President Mandela has established a goal of electrifying 2,500,000 installations. The Department is already moving to install renewable energy facilities at 4,000 installations in South Africa. I hope to lead a business delegation to South Africa within the next six months.

Reformulated Gasoline Issues

Upon my return to the country, I made a proposal to the Chief of Staff's office on diffusing the reformulated gasoline situation in Milwaukee.

Lifting of the Alaskan Oil Export Ban

The Administration stated its support for the lifting of the ban on the export of Alaskan crude oil this week. This decision to change public policy established 22 years ago will generate publicity. We will ensure that the economic benefits of lifting the ban are understood in Southern California.

Meetings

Meeting with Senator Hatfield - I will meet with Senator Hatfield on Appropriations issues facing the Department. He is interested in our proposal to cut over \$4 billion from the Environmental Management program as Oregon is located downwind from our Hanford site.

Meeting with Representative Bob Walker - I will meet with Representative Walker on issues involving Science and Technology and the Department's plans in implementing the finding of the Galvin Commission on the future of the Department's national laboratories.

Meeting with Senator Lott - I will meet Senator Lott on issues involving the Strategic Petroleum Reserve.

CONGRESS

Congressional Testimony

March 1, 1995 - Before the Senate Energy and Natural Resources Committee regarding the Nuclear Waste Policy Act of 1995.

March 7, 1995 - Before the House Energy and Water Development Appropriations Subcommittee regarding our fiscal year 1996 Budget Request.

March 7, 1995 (afternoon) - Before the Senate Foreign Relations, Near Eastern and South Asian Affairs Subcommittee, perhaps with Secretary Ron Brown, regarding trade and investment opportunities in India and Pakistan.

March 14, 1995 - Before the House Interior and Related Agencies Appropriations Subcommittee regarding fiscal year 1996 Interior and Related Agencies Appropriations.

REGULATORY ACTION

External Requests

Risk Assessment Legislation. Department of Energy and Committee majority and minority staff will meet today in preparation for next week's Senate Committee on Energy and Natural Resources hearing on risk/cost-benefit issues. Assistant Secretary for Environmental Management, Thomas Grumbly, will testify at the March 6 hearing.

The Department continues to receive trade press inquiries concerning the impacts on DOE associated with pending legislation on regulatory moratorium and risk assessment. We have provided information from, as well as copies of, relevant responses to Representative Dingell and Chairman Clinger.

Upcoming Rules

Patent Policy Regulation. The Department expects to publish today a final rule amending the Department of Energy Acquisition Regulation to establish DOE patent policy. The rule supplements and implements a Federal acquisition regulation on patents to take into account unique DOE statutory requirements.

FOIA REQUESTS

* The *Los Angeles Times*, in connection with previous requests, requested a meeting with me to discuss my travel. Our press office is handling the request.

SECRETARY'S SCHEDULE

Calendars is available on Cabinet Affairs LotusNotes system.

SUB-CABINET SCHEDULE

Calendars will be sent via facsimile to the Office of Cabinet Affairs.

China Trip Ends with Signing of Energy Contracts

By PATRICK E. TYLER

Special to The New York Times

BEIJING, Feb. 24 — Energy Secretary Hazel R. O'Leary culminated her six-day visit to China today by presiding over the signing of several important contracts and accords for the American power-generation industry.

Among them was an agreement allowing the Westinghouse Electric Corporation to sell steam turbine and generating equipment to the Qinshan Nuclear Power Station in central China.

The Westinghouse agreement marks the first time since 1989 that an American company has been allowed to sell high-technology components for a Chinese nuclear-power plant. The military crackdown on pro-democracy protesters in Tiananmen Square in June 1989 prompted the United States to impose sanctions that froze transfers of high technology to China.

An earlier American law in 1985 prohibited sales of nuclear-power-plant technology to China unless the President certified that China was not helping other countries develop nuclear weapons. The law was passed because China was believed to be helping Pakistan with a nuclear-weapons program.



Pool photo by The Associated Press

Energy Secretary Hazel R. O'Leary toasted Chinese and United States business delegations in Beijing yesterday at the end of a six-day trip.

Today's Westinghouse agreement required a special waiver from the Clinton Administration, said Robert R. Norhaus, the Energy Department's general counsel. The waiver essentially "grandfathered" the Westinghouse contract as predating the Tiananmen sanctions. It also

limits Westinghouse to supplying generators, turbines and other equipment that serve the nonnuclear functions of the Chinese plant.

Referring to Westinghouse and other American companies that would like to supply such components in the fast-growing Chinese

nuclear-power industry, Ms. O'Leary said: "I would prefer to see our equipment sell. Given the likelihood that the United States may require this technology in 20 to 30 years, we would like that industry to stay healthy. One of the obvious markets for that industry is China."

Nathaniel D. Woodson, a Westinghouse executive who has been seeking foreign markets for the company's nuclear-generating systems since 1983, said, "I believe it is the first contract of any consequence with one of the nuclear plants in China."

Texaco Inc., which is seeking to expand its coal-gasification plant sales to China, also signed a contract to retrofit nine existing fertilizer plants in China with its environmentally clean gasification technology. China is studying whether it can afford to apply Texaco's "clean coal" process to electrical power production.

Ms. O'Leary said her visit had helped to secure or identify \$4.6 billion in potential business for American companies while increasing cooperation in energy development and pollution control with Beijing.

China is facing increasing energy shortages as its demand for electrical energy is outrunning supply by more than 20 percent.

\$4 Billion in Joint American-Chinese Deals Unveiled

By Steven Mufson
Washington Post Foreign Service

BEIJING, Feb. 24—Energy Secretary Hazel O'Leary announced 26 joint business ventures worth more than \$4 billion between U.S. and Chinese companies today, stressing a U.S. commitment to compete for big energy projects in the Chinese market.

U.S. and Chinese officials, meanwhile, continued talking into tonight about differences over Chinese copyright, patent and trademark protections. Steep U.S. tariffs on more than \$1 billion worth of imported Chinese goods are to take effect Sunday if no agreement is reached.

Ending a six-day visit to China, O'Leary appeared to step back from confrontation over China's continued nuclear weapons tests. President Clinton had earlier called on all nations in the nuclear weapons club to refrain from tests while working out the details of a new comprehensive test ban treaty. O'Leary herself

had condemned continued Chinese tests.

But today she said, "We are satisfied with the Chinese position." China has refused to stop testing now, but says it intends to support a comprehensive test ban starting in 1996, the target set by Clinton and the leaders of other major powers.

O'Leary said she raised the issue of human rights with Chinese Vice Premier Zou Jiahua today, but would not disclose the details of their discussion.

Business executives on O'Leary's trip said the secretary had helped improve relations and communications with Chinese officials, though they noted that the \$6 billion worth of agreements, including \$4.6 billion worth of U.S. goods, were all in the works before O'Leary's arrival.

O'Leary hailed the "establishment of a process" for dealing with U.S. business concerns about prices, legal structures, foreign exchange convertibility and the repatriation of profits. She said she had urged Chinese officials to focus their negotiating attention

on the final price of electric power to Chinese consumers, rather than trying to regulate rates of return on investment capital.

The largest deal she witnessed was the signing of a letter of intent to set up a joint venture to build and operate a 1,200 megawatt power station in Sichuan between the province's power company and a unit of General Public Utilities Corp., one of the biggest power firms in New Jersey. The plant requires a capital investment of more than \$1.2 billion, with the U.S. share of the financing more than \$1 billion.

O'Leary said she believed she had been able to keep her mission separate from the trade talks, which were dragging on tonight in a last-ditch effort to avert a U.S.-China trade war over U.S. complaints that China has failed to protect intellectual property.

U.S. Deputy Trade Representative Charlene Barshefsky said her talks on those issues with China's Minister of Foreign Trade and Economic Cooperation Wu Yi today were "cordial."

50 CENTS

CHINA TRADE FIGHT: THE BOTTOM LINE

IMPORTS RANGE FROM
CELL PHONES TO SHOES TO
RED SILK PJ's, Cover story, 1A

► U.S. GROUP OVERCOMES
INAUSPICIOUS TIMING, 1B

DISNEY ATTRACTIONS UPGRADING TO LURE GROWNUP TRAVELERS

► GO/ TRAVEL GUIDE, 7-8, 11D



O'LEARY: Leads dele-
gation to China, 1B

WEEKEND
EDITION

COVER STORY

Trade dispute doesn't stall energy pacts

Pollution stirs
opportunity

**'Made in China':
Cover Story, 1A**

By Kevin Maney
USA TODAY

YANQING, China — A dozen U.S. energy executives jam into a tiny, dark, kitchen of a two-room house in this farming village, a two-hour drive from Beijing. The house has no plumbing or

heat. A bare electric bulb dangles from the ceiling.

This is upper middle-class life in rural China.

The woman of the house shows visitors how she cooks by burning corn stalks in a concrete oven. In seconds, smoke fills the kitchen and the Americans, on Energy Secretary Hazel O'Leary's mission to China, move out. But smoky eyes are soon followed by smiles all around. The executives are led to a street where the whole village has turned out for a colorful dragon parade.

Quite a reception, especially during a trip that seemed to be disastrously timed. O'Leary's week-long trade mission, which ends today, brought more than 50 U.S. energy executives to China to develop business relationships with the world's fastest-growing economy. But a U.S.-China trade war over intellectual property rights has loomed all week. Chinese leader Deng Xiaoping, 90, is reportedly gravely ill, and some experts thought Chinese officials would be para-

lyzed awaiting Deng's death and a leadership change.

But this delegation had a remarkable week. What they learned, and the attitudes of both them and their Chinese hosts, say a lot about what is going on in China and about the difficulties ahead for what could be the USA's most important trade relationship in the 21st century.

Sunday. Somewhere over Japan on the chartered flight from Washington, 14 executives from the electric industry — meet meet midplane.

They talk about their goals for the trip. A big one is learning. "No matter how much any of us has done business in China, none of us knows what we're doing," says Nathaniel Woodson, president of Westinghouse's Energy Systems Business, getting nods of agreement.

Robert Sherman, vice president of Cogen Technologies of Houston, says U.S. companies are better off if China's central government is less involved in projects. Local or regional officials tend to make decisions, ignoring central ministries. "We ought to encourage that."

As the executives talk, they sound like consultants hired to come in to fix China. Sue Tierney, the No. 2 Energy Department person on the trip, notices and tries to debate the group. "It might be good to look at things from the Chinese point of view," she says.

Monday. Shanghai surprises many executives. In the heart of China's largest city (population 13.4 million), shops sell designer clothes and TCBY frozen yogurt. Bicycles, BMWs and people jam every square foot.

Joyce Chang, director of emerging markets for Salomon Bros. in New York, last visited three years ago. Her uncle lives in Shanghai. The city, is very different now, Chang says. Three years ago, there were few skyscrapers and a smattering of cars. Even the people dress noticeably better now, she says.

As the group gets down to business, Chang turns into an early star. At the trip's first major meeting, she tells her Chinese hosts — including Shanghai Vice Mayor Hua Jianmin — that they are doing several things wrong. The government limits return on investment to 12% to 15% — less than investors can get in other countries that have less risk. Yet, it won't give guarantees to offset the risk. Currency earned in China can't easily be converted to dollars.

The words ring true with the U.S. delegation. But the Chinese don't seem to



DEALING: Energy Secretary Hazel O'Leary introduces David Pendlebury of AlliedSignal at U.S.-China meeting.

listen. Politely, Vice Mayor Hua tells the Americans that businesses from many other countries are competing to come into China. "I felt we were going like this," Chang says later, making a gesture of two hands going in opposite directions and not touching.

But a deal-signing ceremony still follows. It's an elaborate show that gets headlines, even though all the deals were negotiated earlier. Most are tentative. Seven are signed. If they all go through, the U.S. companies will invest \$1.2 billion.

Tuesday. From Beijing, one group from the delegation travels to rural villages for a big eye-opener.

The first stop, Chongqing, offers a glimpse of a township and village enterprise, or TVE. TVEs let rural residents pool their money and start businesses. Some estimates say TVEs account for 40% of China's economy. Chongqing's TVE makes radiators and has a driver training school. The town's standard of living is high for China.

What's that mean? The group visits a family. Their house is concrete with two rooms downstairs, two upstairs. On a tiny dirt courtyard are a barbell and piles of coal for heat. Inside, the Lan family has two TVs, two stereo boomboxes, a small green refrigerator and an aquarium with goldfish. The filthy bathroom has a shower, sink and extra stove in one cramped cement room. In the kitchen is a stove that uses propane.



By Robyn Beck, AFP

THUMBS UP: O'Leary gets encouragement from Chinese police as she takes time from energy mission to climb one of the steepest sections of the Great Wall.

"They are very wealthy," says Allied Technology Group President Doreen Chiu, who was born in Hong Kong and speaks Mandarin. "They own the home. She's a school teacher. But they wouldn't say what they make."

Next stop is Yanqing, a big step down. Residents only dream of refrigerators and showers. The executives are looking for ways to get power to them and the 400 million other Chinese who have little or no electricity. Bob Freling of the non-profit Solar Electric Light Fund has a venture with the Chinese to sell \$350 home-solar stations. One station can drive two lights, a radio and a TV.

Later, O'Leary climbs the Great Wall, but doesn't look well. On the way to Beijing, she starts feeling sick. That night, the Chinese host the delegation at dinner. O'Leary can't make it.

Wednesday. Chinese ministers — including Deng's daughter, Deng Nan — stand on a dais delivering what sounds like direct readings of government economic reports. The 400 U.S. and Chinese business people in the China World Hotel's ballroom seem numb.

Then it's O'Leary's turn. Wearing a wireless microphone, she works the floor like a talk-show host. No one can tell she's sick. She charms the Chinese.

But her staff hears ominous news. The Chinese government may not approve major projects for some time. It wants to cool inflation — 25% last year — by slowing the economy. The only way for the government to slow the economy is to stop approving projects that boost growth. Raising interest rates wouldn't work because state enterprises borrow from the state bank and often don't pay the money back.

O'Leary doesn't think the government will hold off on any projects. "When I've pushed hard on the issue, nothing seems to be there."

Thursday. The air pollution is terrible in Beijing. A tower three blocks from the China World Hotel is barely visible through brown smog. Pollution is a major problem in China, and the executives see it as an opportunity.

Robert Horton's company, Custom Coals, has a partnership with China to build a 500-mile coal slurry pipeline. The venture would clean coal, crush it and mix it with water. "China is going to double the amount of coal it burns the next 10 to 15 years," Horton says. "If it's not clean, it'll be catastrophic."

Later, the delegation files into The Great Hall of the People, just off the infamous Tiananmen Square, for a series of oral reports on what each side learned during the week. The best line comes from Cao Zhengyan, a director for the State Planning Commission: "Our sessions this week have been like a long banquet, and now we must take some time to digest the dishes."

Friday. O'Leary witnessed the signing of contracts, letters of intent and memoranda of understanding between U.S. and Chinese companies. Value: more than \$4 billion, the U.S. embassy says. The accords, together with eight signed in Shanghai Monday, raised the U.S. private sector investment negotiated during her trip to \$4.6 billion. Later today the delegates will have their first chance to sightsee at Beijing's Forbidden City or shop at the Silk Market.

Hardly anyone in the delegation has mentioned the trade negotiations, going on down the street from their Beijing hotel. Bob Donovan, CEO of ABB Inc., says his fellow executives should be more interested. Intellectual property rights protection also means preventing the theft of energy production secrets or patented technology. "It's not just about Pearl Jam CDs," he says. "That's a fly on the elephant's back."

O'Leary prefers US ties, not tiffs

EASTERN EXPRESS 2.22.95

Jana Meservey, Reuter
Beijing

The United States Energy Secretary, Hazel O'Leary, yesterday played down the importance of the Sino-US trade talks, preferring to emphasize Washington's desire for stronger ties and widespread mutual cooperation.

"The President of the United States sent this very large business delegation to China with great hopes not only that we will succeed in formulating a very strong relationship and an energy partnership," O'Leary told Yu Qing, the vice-minister of the State Planning Commission, at the start of their meeting.

"Indeed he looks forward to our energy engagement deepening our understanding as two nations, and providing the foundation for many other opportunities to cooperate," O'Leary said as she began a three-day visit to Beijing.

O'Leary had arrived from Shanghai, where she witnessed the signing of agreements worth more than US\$1bn (about HK\$7.6bn) at

Shanghai. O'Leary ignored the simmering trade dispute as she sat down for talks in Beijing with the State Planning Commission chairman, Chen Jinhoa, and the Minister of Coal Industry, Wang Senhao.

She said she expected the signing of a memorandum of understanding in Beijing to lead to more energy deals between China and the United States as well as firm business. Eight agreements were signed in Shanghai by companies among O'Leary's entourage of more than 75 top US business executives. All but two were letters of intent that may or may not result in a firm contract.

O'Leary insists she will not measure the trip's success in terms of contracts signed. She has said she wants to build long-term relationships and outline the facts on why China cannot compete for international capital for energy projects with other emerging economies. Although China is expected to spend US\$200bn to US\$300bn developing energy until 2010, it is inviting foreign investment on terms that make it hard to make money.

Hazel O'Leary chats with Shanghai vice-mayor, Hua Jianmin, at the start of their two-day talks in Shanghai.



AGENCE FRANCE PRESSE

O'Leary brings glad tidings

HONG KONG STANDARD 2-22-95

FEB 22

AS Sino-US talks moved closer to averting a damaging trade war, US Energy Secretary Hazel O'Leary told the Chinese government yesterday that President Bill Clinton wanted strong ties and widespread mutual co-operation.

"The president of the United States sent this very large business delegation to China with great hopes not only that we will succeed in formulating a very strong relationship and an energy partnership," Ms O'Leary told Ye Qing, vice-minister of the State Planning Commission, at the start of their meeting.

"Indeed, he looks forward to our energy engagement deepening our understanding as two nations and providing the foundation for many other opportunities to co-operate," his O'Leary said as she began a three-day visit to China.

Ms O'Leary arrived in Beijing from Shanghai where she witnessed the signing of agreements worth more than US\$2 billion (HK\$7.8 billion), although most were vague promises since real business is tangled in Chinese red tape.

Her visit coincided with last-ditch talks in Beijing to avert a looming trans-Pacific trade war due to begin on 26 February, with US far-left sanctions over intellectual property piracy in China.

The talks raced against the clock on Monday, covering issues including copyright verification, software piracy and customs controls, the US embassy said in a statement.

"Although the two sides continue to narrow their differences, several outstanding issues remain to be resolved," it said.

The negotiations are due to move to a higher level when Deputy US Trade Representative, Charlene Barshefsky, takes over as the chief US negotiator at the invitation of Beijing.

Ms O'Leary ignored the simmer-

THE ROLE OF MUNICIPALITIES AND PROVINCE CO-OPERATED BY THE SHANGHAI MUNICIPAL AND THE U.S. DEPARTMENT OF



CORDIAL: US Energy Secretary Hazel O'Leary, second from right, chats to Shanghai vice-mayor Hua Jianmin, at the start of round-table talks. PHOTOS: AFP

ing trade dispute as she sat down for talks with State Planning Commission Chairman Chen Muhua and Minister of Coal Industry Wang Senbin.

Ms O'Leary said she expected the signing of a memorandum of understanding in Beijing to lead to more energy deals between China and the United States as well as concrete business.

Eight agreements were signed by US companies in Ms O'Leary's

encourage of more than 75 top US business executives in Shanghai. However, all but two were letters of intent that may or may not result in a firm contract.

Ms O'Leary has put the best face on the trade wrangle clouding her visit by insisting she would not measure the trip's success in terms of contracts signed.

Instead, Ms O'Leary has said she wants to build long-term relationships with Chinese industry leaders

and outline the facts on why China cannot compete for international capital for energy projects with other emerging economies.

US energy companies say their problems in China have more to do with Chinese restrictions on their business than the immediate trade fight.

Although China is expected to spend between US\$200 billion and US\$300 billion developing energy up to 2010, it is inviting foreign invest-

ment on terms that make it hard to make money, US executives said. They believed Chinese provinces hungry for energy happily would make investment more attractive to foreigners but were hobbled by policy-makers in Beijing led by Premier Li Peng.

Chinese leaders have said the dispute over intellectual property protection could jeopardise the China ambitions of major US industries. —Rout

February 21, 1995

O'Leary Sees Under-Electrified China

a Promising Market for U.S. Energy Firms

By Steven Mufson
Washington Post Foreign Service

BEIJING, Feb. 20—It is safe to say that by the time Energy Secretary Hazel O'Leary finishes her six-day visit to China on Friday, she will have burned as much electricity as the average Chinese person uses over several months.

The disparity sums up the contrasts of China's energy situation. The country's rapid economic growth has made it an export powerhouse whose business is sought by Americans, but it is still divided between development and backwardness, between ambition and reality.

On the one hand, China is building its third nuclear power plant, scaling mountains and crossing deserts to find oil, and damming up one of the world's mightiest rivers to harness its hydropower.

On the other, the average Chinese citizen burns the equivalent of a single 100-watt light bulb a year in electric power. Most parts of the country operate with rolling brownouts because of limits in power production. And the nation will soon face the prospect of importing substantial amounts of oil for the first time in more than three decades.

O'Leary's visit is designed to offer American help—and solicit business for American firms. About 50 business executives have come with her, many of them hoping to receive a boost in their efforts to seal contracts or win Chinese regulatory approvals.

The energy company executives have

been attracted by the awesome size of China's energy needs.

China must add 100,000 megawatts of power-generating capacity by 2000 and invest approximately \$100 billion to finance those projects, according to one expert. That rate of growth is comparable to building a new Grand Coulee Dam every 4½ months. In addition, China is searching for oil and installing some coal pollution devices at big power plants.

China's shopping list includes coal-burning plants, liquefied natural gas terminals and gas-fired turbines, nuclear plants, oil exploration projects, natural gas pipelines, and upgraded oil refineries. At least a half-dozen major power plant projects involving American companies are awaiting approval by the State Planning Commission.

"This is the biggest power market in the world," said Lorenzo Lamadrid, China managing director of the Houston-based Wing Group, Ltd., a company involved in a variety of power-plant projects.

Most of the projects will be constructed by the Chinese, who have developed a domestic industry capable of building about 10,000 megawatts of new capacity a year. But China still needs foreign help to provide additional investment capital as well as certain types of technical expertise where its own experience or capacity is limited.

Coal, which supplies three-quarters of the country's energy needs, is at the heart of China's present and future energy plans. With immense coal reserves, and oil production peaking, it will be dependent on coal for

the foreseeable future, despite environmental concerns.

China's coal industry employs 7 million workers, has big stockpiles, and plans to open another 50 to 100 mines within three to five years.

Much of the coal comes from inland provinces, far from the biggest industrial and population centers along the coast. It is usually shipped by railroad and burned in power plants. In most cities, such as Beijing, coal is also burned in private homes in the form of briquettes, a leading cause of air pollution.

China's strategy is to build power plants at the mouths of coal mines, and transmit the energy through power lines. That saves the trouble of transporting the coal by railroads already choked with other traffic. American companies are working on several such coal projects.

In December, AES Corp. agreed to be an equity partner in a 2,100 megawatt plant in Shanxi Province that will be connected by transmission line to Jiangsu Province along the coast. AES is putting up \$115 million of the \$1.7 billion cost and assisting with contractors and other financing. Its partners are state-owned enterprises and energy bureaus in Shanxi and Jiangsu.

The Wing Group is planning two similar projects in Henan Province. Texaco Inc. is expected to sign an agreement during O'Leary's visit to build a coal gasification project.

The Chinese government has several concerns about electric power plant projects. One is that the projects funnel billions of dollars of investments into plants that have no export earnings. In addition, top leaders such as Pre-

mier Li Peng have opposed guarantees of steep rates of return for foreign investors.

But there is not much alternative if China's planners want the economy to continue to grow at double-digit rates. Even though Li sparked speculation that China would try to cap rates of return for foreign investors at 12 to 17 percent, U.S. companies say caps have not been mentioned in any negotiations on individual projects.

Additional energy supplies are unlikely to come from China's oil and gas industry. Oil production has flattened out at about 3 million barrels a day. The most productive oil field, Daqing, has peaked. But demand is soaring as the economy surges. China became a net oil importer last year and by 2000, oil industry experts predict it will be importing 1 million to 1.4 million barrels a day.

During the tenure of Communist leader Mao Zedong, Daqing, was a symbol of self-sufficiency. "Learn from Daqing" was a slogan for Chinese industry.

But during the 1970s, China opened its offshore areas to exploration by foreign oil companies. Diplomats here estimate that about \$3 billion in foreign investment has gone into China's offshore oil and gas prospects.

Recently foreign oil companies have been invited to bid for onshore areas too. Most intriguing to foreign companies has been access to the Tarim oil basin in China's remote Xinjiang Province in the northwest. Some geologists believe it could hold reserves similar to those in the Middle East.

So far, even though some oil has been found in Tarim, exploration there has been limited and inconclusive. Oil found so far has

been low quality and transportation from the desert, over mountain ranges to industrial areas would be costly.

Oil companies have complained that China has not made the best oil prospects available. Still, a large number of U.S. companies are at work here. Among them, Chevron Inc. is producing oil offshore in the South China Sea; Exxon Corp. is leading a group searching for oil in the Tarim Basin; and Louisiana Land and Exploration Co. is searching for oil in the Bohai Sea in shallow water similar to areas the company has developed in the Gulf of Mexico.

Natural gas could also start to play a bigger role. The Wing Group is planning to build a \$2.4 billion liquefied natural gas terminal and a gas-fired power plant outside of Shanghai, an area where space is limited, there are no coal reserves, and pollution is a problem. Enron Corp. is negotiating to build a natural gas pipeline to Hainan Island.

Nuclear power is another growing energy source for China, which has two plants operating, one it built and one built by the French state-owned Electricite de France.

China has held talks with the French utility and South Korean firms about adding plants. The United States has export controls on the sale of equipment for nuclear power plants and while those controls were eased last year, American companies are still limited in the types of equipment they can sell.

Energy analysts, however, say nuclear power is likely to play a limited role in China because of the huge investments required.

Feb. 21, 1995

U.S. Companies Sign China Deals Worth \$2 Billion

By JOSEPH KAHN
Staff Reporter

SHANGHAI - Eight U.S. companies signed energy-related deals valued at about \$2 billion with Chinese partners, but most acknowledged that they had yet to work out how to finance the projects under China's restrictive rules.

U.S. Secretary of Energy Hazel O'Leary presided over the signing ceremony in Shanghai on Monday, her first stop in a week-long tour to drum up business in China. But she and many of the 70 U.S. businesspeople and bankers accompanying her are complaining that China's rules limiting how much foreign investors can earn from energy projects are making it difficult to do business here.

"We've got a hard time convincing them that we've got to make a profit," said Robert Eggleston, president of EFH Coal Co., which signed a \$50 million memorandum of understanding with a company in Hunan province to build a coal-fired power plant. He said the two sides had yet to work out a financing arrangement, but that he was eager to get rolling anyway. "You've got to crawl before you can walk," he said.

Strong Turnout

The strong turnout by U.S. businesspeople shows that many are thinking the same way. China will add some 300 gigawatts of generating capacity by 2015, according to U.S. Energy Department projections. That will require between \$200 billion and \$300 billion in capital, and Beijing expects foreign investors to put up a large chunk.

"You've just got to be here," said Frank A. Maier, senior vice president of Dallas-based EDC International, a unit of Enserch Co., which also signed a deal Monday.

Ms. O'Leary and some businesspeople hope her so-called "presidential mission" will help reduce the backlog of deals approved in principle by investors and local governments in recent months but awaiting the nod from top officials in Beijing. China has tried to enforce a cap of 12% on the rate of return on power projects, which many investors consider far too low. The government has also balked at issuing guarantees sought by investors on such issues as electricity sales and availability of foreign exchange.

Facts on the Table

"I'm going to lay the facts on the table," Ms. O'Leary told reporters of her upcoming talks with senior Chinese officials. "Where does one get the best returns? That's where the deals get done."

Ms. O'Leary, who just completed a trip to India, cited that country and Pakistan as considerably more attractive for foreign energy companies. Unlike China, neither limits the ownership share of the foreign partner. India and Pakistan issue state guarantees to back power projects, while China generally declines to do so. India allows a rate of return as high as 25% and Pakistan puts no limit on profits, according to the energy department.

Despite those concerns, Ms. O'Leary expects to preside over signing ceremonies for other new projects in Beijing later this week.

The secretary also plans to advance

discussions on nuclear deals. U.S. companies have been left out of a recent flurry of activity to build new nuclear power plants in China, owing to Washington's restrictions on the export of potentially weapons-related technology. The U.S. has sought guarantees that China would not misuse or re-export such technology. Ms. O'Leary said, however, that she does not expect this trip to result in a breakthrough on that subject.

Most of the deals signed Monday were memorandums of understanding or letters of intent, which means that negotiations are still at a relatively early stage. There were two exceptions. Enserch and East Wind Power Partners of the U.S. signed a joint venture agreement to build a \$27 million thermal power plant in Zhejiang province, and New Jersey-based Community Energy Alternatives Inc. formed a joint venture to provide a \$23 million central steam, hot water and cooling system to the Jinqiao Export Processing Zone in Shanghai.

Another company, Wing Group, signed a project-development proposal to convert a coal-fired power plant into a 650-megawatt liquefied petroleum gas plant in a deal valued at \$700 million. That agreement was signed Friday, before Ms. O'Leary's arrival in Shanghai.

also
WSJ
same day

Energy Deals	
U.S.-China energy agreements	
U.S. COMPANY	PROJECT VALUE (DOLLARS)
Owens-Corning	Insulation plant \$25
EFH Coal	Coal-fired plant \$50
Institute of Gas Technology	Gas turbine \$70
WING Group	LPG power \$700
Coastal Corp.	Gas turbine \$25
Copen Technologies	Coal-fired plant \$1,200
ENSERCH Corp. East Wind Power	Coal-fired plant \$27
Community Energy Alternatives	Heat/cooling system \$23

Note: dollar figures are total estimated value of the project including investment of Chinese partners.
Source: U.S. Department of Energy

Tuesday 21 February 1995 Hongkong Standard

US energy mission seen as 'truce' in trade dispute

SHANGHAI: By sending his energy secretary to China and pitching her into the middle of a heated trade dispute, United States President Bill Clinton is telegraphing a business-as-usual message to Beijing.

Whether Beijing will be receptive is unclear, Western diplomats based in Shanghai say.

Chinese leaders have warned that the dispute over intellectual property protection, in which Washington is threatening trade sanctions, could jeopardise the China ambitions of major US industries.

At issue is how the US and other Western nations can press legitimate concerns over fair trade with China without risking a backlash that could damage the very business interests they are trying to protect, diplomats and US business executives say.

It is a problem that Washington faces not just on trade but on a range of other issues, including weapons proliferation and human rights.

Energy secretary Hazel O'Leary arrived in Shanghai on Sunday on a "Presidential Mission", and told reporters: "I'm very comfortable being here."

Relaxed and beaming, she sipped cocktails in a tourist hotel with the 50 members of her business entourage who are chasing contracts worth billions of dollars in the world's largest energy market.

Trade talk progress

Meanwhile, US officials in Beijing were racing against the clock to avert a trade war.

Washington and Beijing will implement tit-for-tat sanctions on 26 February, if no agreement is reached. On Sunday, a US negotiator said there had been progress and the level of talks would be taken up a notch.

Mr Clinton is hoping his tough message to Beijing on trade will not drown out Ms O'Leary's sales pitch.

If there is a trade war, he wants to ensure that the damage will be limited. Ms O'Leary has been emphasising that her visit is part of a long-term engagement and she will not measure its success by contracts signed.

Beijing has threatened broad retaliation against US industry, singling out the Big Three US car makers — Ford, Chrysler and General Motors — as well as aircraft maker Boeing. It has not specifically mentioned power companies.

So far, Mr Clinton's approach on intellectual property has the support of corporate America, though few US businessmen believe the risk of a trade war is high.

The president's support would be put to the test if companies such as Ford or Boeing were shut out of the vast Chinese market over a dispute that does not directly affect their business.

In the current dispute over Chinese copyright and trademark infringements, Washington is battling mainly on behalf of Hollywood and the music and software industries.

Alarm bells

Beijing is happy to point out that when it comes to handing out contracts in China, America's loss would be Europe and Japan's gain.

This sets alarm bells ringing among American multi-nationals counting on new markets in Asia, particularly in China, to fuel their expansion into the next century. However, some US industries are more vulnerable than others to Chinese pressure.

Boeing's order books have been filled by Chinese airlines. Ford's hopes of beating the competition and getting permission to build vehicles in Shanghai is hanging on a decision that Beijing will make in the next few weeks.

Energy companies can generally afford to take a more relaxed view.

China is forecast to spend US\$200 (HK\$1.5 trillion) to \$300 billion on developing energy up to 2010. But it has turned away foreign investors by imposing strict conditions.

Beijing last year capped the rate of return on foreign investments in conventional power plants at 12 per cent and limited ownership to less than 50 per cent. This has frozen negotiations on all large-scale projects.

Ms O'Leary has been trying to dispel the atmosphere of crisis hanging over Sino-US ties.

"Heck, if it was easy somebody else would be doing it," she joked with reporters, referring to the difficulties of doing business in China.

"I've never observed that things go smoothly on all fronts." *Reuters*

FEB 25 1995

Energy chief clinches deals during China visit

Hazel O'Leary announces the ventures, which combined with pacts signed earlier in Shanghai, total more than \$8 billion

By ELAINE KURTENSACH
The Associated Press

BELLING — While Chinese and American negotiators labored to avert a trade war, U.S. Energy Secretary Hazel O'Leary on Friday announced joint ventures worth more than \$4 billion.

Further underlining the complexity of U.S.-Chinese economic relations, eight U.S. movie studios went to court in Beijing to sue stores for selling pirated versions of the films.

Such pirating is at the heart of the trade dispute over China's protection of copyrights, trademarks and patents. U.S. Deputy Trade Representative Charlene Hershovsky held last-week talks Friday with Chinese Foreign Trade Minister Wu Yi on the issues.

Washington has threatened sanctions if no deal is reached by Sunday; the sanctions would more than double the cost of about \$1 billion of Chinese imports. China has said it

earlier in Shanghai, total more than \$8 billion, about \$4.5 billion of which would go to U.S. companies.

"President Clinton sent this delegation to China to forge stronger bonds of friendship between the U.S. and China and produce economic and environmental benefits to both our countries," O'Leary said.

"We have accomplished our mission."

China's desperate need for international financing to meet the dramatic rise in energy demands appears to have outweighed its frustration with U.S. demands for best improvements in its protection

of copyrights, patents and trademarks.

China is expected to need between \$200 billion and \$300 billion to finance a doubling of electrical output in the next 15 years. U.S. companies are hoping to win a large share of that business.

Of the deals signed during O'Leary's mission, \$2 billion are in electric power generation, \$1.4 billion in advanced coal projects, \$280 million in renewable energy projects, \$420 million in energy efficiency, \$215 million in oil and gas projects, and \$20 million in environmental protection technologies.



O'LEARY

would retaliate with its own sanctions.

But the trade delegation led by O'Leary appears to have managed to translate its business

dealings surrounding the copyright talks.

The energy ventures announced Friday, combined with deals signed

DALLAS MORNING NEWS FEB 25 1995

U.S., China still at impasse over piracy issues

Associated Press

P. 9F

BEIJING — Chinese and U.S. negotiators sought to avert a trade war as the U.S. Energy Secretary announced 26 new joint ventures.

The ventures brought the total of U.S.-China energy projects contracted during Energy Secretary Hazel O'Leary's eight-day business mission to more than \$6 billion.

The United States says piracy of U.S. companies about \$1 billion a year. Washington has threatened punitive measures that would double the tariffs on more than \$1 billion of Chinese imports if no agreement is reached by Sunday. China has promised to retaliate with its own sanctions.

Also Friday, eight U.S. movie companies brought two Chinese stores to court for selling pirated videos.

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Halliburton enters venture with China

U.S. announces \$4 billion in energy deals

By Richard Alm P.1F

Staff Writer of The Dallas Morning News

Dallas' Halliburton Co. on Friday signed a joint venture deal with one of China's provinces to manufacture meters to measure the flow of oil and gas.

Dale Jones, Halliburton's president, signed the new agreement in Beijing, China's capital, during Energy Secretary Hazel O'Leary's mission to China. The deal comes just days before the possible imposition of U.S. trade sanctions over China's failure to protect U.S. companies' copyrights, patents and trademarks.

"The Chinese energy sector offers tremendous opportunities for American-based firms to participate in this expanding energy

market while helping create supporting jobs in the United States," Ms. O'Leary said.

Ms. O'Leary's delegation managed to insulate itself from the tensions surrounding the trade dispute. China's desperate need for international financing to meet the dramatic rise in energy demands appears to outweigh its frustration with U.S. demands for better protection of intellectual property.

China is expected to need between \$200 billion and \$300 billion to finance a doubling of electrical output in the next 15 years. U.S. firms are hoping to win a large share of that business.

Please see CHINA on Page 2F.

The visiting Americans announced \$4 billion in energy ventures Friday. When combined with deals signed earlier in Shanghai, the total rises to more than \$6 billion.

Halliburton's joint venture partner will be the Liahe Petroleum Exploration Bureau, a government agency located in a province containing the third largest

producing oil and gas field.

The bureau will build the liquid and gas metering systems according to Halliburton's specifications. The Dallas company will provide technology and training in manufacturing, assembly, calibration, sales and marketing.

Halliburton will own 51 percent of the joint venture. The 10-year joint venture is likely to generate revenues of \$40 million, only a

small addition to the coffers of a company doing \$5.7 billion a year.

Mr. Jones said Halliburton had other business deals in China, including a 1983 deal with the Chinese National Petroleum Co. to supply a wide range of products and services to the Chinese oil and gas industry. Guy Marcus, Halliburton's vice president of investor relations, said Friday's agreement "is another seed that

has been planted in a market we feel has significant growth potential."

Of the deals signed during Ms. O'Leary's mission, \$2 billion are in electric power generation, \$1.4 billion in advanced coal projects, \$630 million in renewable energy projects, \$428 million in energy efficiency, \$31.5 million in oil and gas projects and \$20 million in environmental technologies.

The largest is a \$500 million project between Texaco Inc.'s Alternative Energy Group, the Ministry of Chemical Industry and the China Petro-Chemical Corp. to build nine plants to convert coal into clean synthetic gas for the production of chemical fertilizer.

Meanwhile, Chevron Corp.'s Chevron Overseas Petroleum Ltd. unit announced a

production sharing agreement with China to explore for natural gas in the South China Sea.

"President Clinton sent this delegation to China to forge stronger bonds of friendship between the U.S. and China and produce economic and environmental benefits to both our countries," Ms. O'Leary said. "We have accomplished our mission."

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CONTINUED

From C-1

P.2
the U.S. and China for commercial partnerships in sustainable energy technology. The Chinese energy sector offers tremendous opportunities for American-based firms to participate as partners in this expanding energy market while helping create supporting jobs in the United States."

Halliburton has had strong business connections in China for many years. In 1993, it formed a joint service company with the Chinese National Petroleum Co. to supply a wide range of products and services to the oil and gas industry in China.

The Liaoh Province contains the third largest producing oil and gas field in China, producing about 14 million tons of oil and 1.7 billion cubic meters of gas annually. Founded in 1967, the Liaoh Petroleum Bureau employs about 117,000 people.

The 26 U.S.-China contracts, letters of intent and memoranda of understanding also included a contract to explore for natural gas in the South China Sea, sales of U.S. wind turbines, hydro-power and coal-washing equipment, components for a nuclear power station and joint venture power plants.

Later, at a news conference, O'Leary said her mission had achieved its objectives of finalizing the business deals and building a long-term energy relationship between the private and public sectors of the United

States and China.

The largest deal was a letter of intent to set up a joint venture to build and operate a 1,200 megawatt power station in western Sichuan between the province's power company and a unit of General Public Utilities, one of the biggest power firms in New Jersey, the U.S. Embassy said.

The plant requires a capital investment of more than \$1.2 billion, with the U.S. share of the financing more than \$1 billion, it said.

Such agreements are a boost for Chinese leaders, eager to channel more foreign capital and technology into the energy sector and reduce power shortages.

Foreign bankers have expressed concern over the terms under which China was inviting foreign capital into this sector, with Beijing eager to have no bank guarantees of repayment and a cap on the rate of return.

O'Leary said she had not encouraged the Chinese firms involved in the power projects to offer a state bank guarantee for them, saying that the process was more important.

"This involves adequate and fair payment for the risk, an affordable price (for the power to be sold), a legal structure which is enforceable and attention to foreign exchange and repatriation," she said.

In another deal, General Motors signed an agreement to set up its fourth joint venture in China, producing automobile parts, the official Xinhua News Agency reported.

GM signed the \$14 million contract with China North Industries Group and the Delphi Saginaw Steering Systems.

The venture is to produce axles and constant-velocity joints for the Daihatsu Tianjin Automobile Co., and axle shafts for the Changan Alto, a domestic car, the report said.

It did not say when production would begin.

It was not clear what effect a trade war between the United States and China might have on the project.

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Halliburton Energy signs joint venture agreement in China

FROM STAFF AND WIRE REPORTS

Halliburton Energy Services, the Houston-based segment of Halliburton Co. in Dallas, signed an exclusive agreement Friday to form a joint venture in China for manufacture and sale of flow measurement equipment.

Twenty six energy deals were signed Friday between U.S. and Chinese companies. The deals were worth \$4 billion, a boost for electricity-hungry China and a promising finale to a five-day trip by

PCT U.S. Energy Secretary Hazel O'Leary.

The Halliburton joint venture, owned 51 percent by Halliburton and 49 percent by the Liaohe Petroleum Exploration Bureau, will produce and sell high technology turbine flow meters and flow measurement products for oilfield service throughout the world.

Officials anticipate the 10-year venture will generate revenue of \$40 million.

Halliburton will transfer technology and provide technical training as its part

of the joint venture. The Liaohe Petroleum Bureau will build liquid and gas meter calibration systems to Halliburton specifications.

The agreement was signed in Beijing by Dale Jones, president of Halliburton, the largest U.S. based oilfield service company.

The joint venture agreement, O'Leary said, "is a strong indication of the new climate that is being created between

Please see CHINA, C-8

CONTINUED

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World briefs *A26*

26 joint ventures with China announced

BEIJING — Energy Secretary Hazel O'Leary announced 26 joint business ventures worth more than \$4 billion between U.S. and Chinese

companies Friday, stressing a U.S. commitment to compete for big energy projects in the Chinese market.

U.S. and Chinese officials, meanwhile, continued talking into this morning about differences over Chinese copyright, patent and trademark protections. Steep



O'Leary

U.S. tariffs on more than \$1 billion worth of imported Chinese goods are to take effect Sunday if no agreement is reached.

Ending a six-day visit to China, O'Leary appeared to step back from confrontation over China's continued nuclear weapons tests. President Clinton had earlier called on all nations in the nuclear weapons club to refrain from new tests while working out the details of a new comprehensive test ban treaty.

But Friday she said, "We are satisfied with the Chinese position." China has refused to stop testing now, but says it intends to support a comprehensive test ban starting in 1996, the target set by Clinton and the leaders of other major powers.

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1995

April

1995

SUNDAY	MONDAY	TUESDAY	WEDNESD	THURSDAY	FRIDAY	SATURDAY
						1
DS White - Mexico (T) 2	DS White - Mexico (T) 3	DS White - Mexico (T) 4	DS White - Mexico (T) 5	DS White - Mexico (T) 6	7	8
9	10	11	12	13	14	15
16	17	US Curtis - Boston 18	US Curtis - Chicago 19	US Curtis - Chicago 20	21	22
23	24	25	26	27	28	29
30						

1995

March

1995

SUNDAY	MONDAY	TUESDAY	WEDNESD	THURSDAY	FRIDAY	SATURDAY
			US Curtis - Amarillo, TX 1	US Curtis - Amarillo, TX 2	US Curtis - Amarillo, TX 3	4
5	6	US Curtis - Las Vegas, NV 7 Tierney - Houston, TX	US Curtis - Las Vegas, NV 8 Tierney - Houston, TX	US Curtis - Las Vegas, NV 9	10	11
12	13	14	15	16	17	18
19	20	21	Taylor - Chicago, IL 22	Taylor - Chicago, IL 23	Taylor - Chicago, IL 24	25
26	27	28	29	30	31	

Diary

STOCKS

Dow Jones Industrials



Close 4,011.74

Change

NASDAQ -0.27 ↓
 AMEX +132 ▲
 S&P +120 ▲

INTERNATIONAL

CHINA TRADE: U.S. Energy Secretary Hazel O'Leary yesterday announced American-Chinese ventures worth more than \$4 billion. The deals came during a trade mission to China held despite a reported lack of progress in talks about alleged Chinese piracy of U.S. movies, music and computer software. The

United States has threatened to impose sanctions if no agreement on the issue is reached by tomorrow.

BEER SALES: Dutch beer imports fell to 28.5 percent of the American market last year, making the Netherlands second behind Canada, which rose to 30.3 percent, the American National Association of Beer Importers said. Both countries increased sales, with Dutch shipping up 11 percent and German up 23 percent. The other strong gainer was Mexico, with sales up 16 percent and a market share of almost 19 percent.

NATIONAL

AIRWAVE AUCTION: Bidding for regional rights in the Federal Communications Commission's latest auction has reached a total of \$6.5 billion but may be nearing a conclusion, news services reported yesterday. Winners in the bidding, which started almost three months ago, would get the right to develop new, powerful radio communications systems in metropolitan areas.

FORD RECALL: Ford Motor Co. recalled 1990 Ford Taurus and Probe and Mercury Sable cars. The 273,700 vehicles, all with 3-liter engines, do not meet federal emissions standards.

MAZDA RECALL: Mazda North America Inc. recalled some Protege cars with 1.5-liter engines. The company,

which said it didn't know yet the extent of the problem, said the cars have a defective piston spring valve that could lead to sudden engine failure.

RUMOR DU JOUR: Ted Turner, chairman of Turner Broadcasting Inc., held merger talks yesterday with all three major broadcast television networks, according to several reports, all citing unidentified sources. According to the rumors, Turner and partner Tele-Communications Inc. would first buy out Time Warner's stake in Turner Broadcasting, and then merge Turner's holdings — which include CNN — with some TCI programming operations and either NBC, CBS or ABC,

REGIONAL

JOBLESS: Lorain had the highest unemployment rate of any Ohio city at 14.2 percent in January, the Ohio Bureau of Employment Services said yesterday. The statewide rate, unadjusted for seasonal factors, was 5.1 percent. Other rates, by county: Cuyahoga, 4.8 percent; Geauga, 4.8 percent; Lake, 4.9 percent; Lorain, 9.9 percent; Medina, 4.7 percent; Portage, 5.0 percent; Summit, 4.9 percent. By city: Cleveland, 9.1 percent; Elyria, 10.7 percent; Lorain, 14.2 percent; Mansfield, 7.6 percent; Canton, 8.6 percent; Akron, 6.8 percent; Warren, 9.2 percent.

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Halliburton signs deal with China

From staff and wire reports

U.S. Energy Secretary Hazel O'Leary on Friday announced 26 joint business ventures worth more than \$4 billion between U.S. and Chinese companies.

Those included a contract signed by Houston-based Halliburton Energy Services for a joint venture agreement with Liaohs Petroleum Exploration Bureau to manufacture high technology turbine flow meters and flow measurement products. The venture is expected to generate \$40 million over 10 years.

Frederick, Md.-based Amoco/Enron Solar, a solar power joint venture between Amoco Corp. and Houston-based Enron Corp., will also conduct a feasibility study to explore building a photovoltaic manufacturing plant and a solar electric generating facility in China.

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

CONTROL NO. ES- 95-003747		ACCRYS NO.		DATE SENT 3/03/95		DATE DUE					
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UNDER SECRETARY				INTELLIGENCE AND NATIONAL SECURITY (IS)							
BONNEVILLE POWER ADMINISTRATION (BPA)				INSPECTOR GENERAL (IO)							
CONGRESSIONAL 1, 10, 20, 30, 40 AND 50				LABORATORY MANAGEMENT (LM)							
CHIEF FINANCIAL OFFICER (CF)				NUCLEAR ENERGY (NE)							
DEFENSE PROGRAMS (DP)				PUBLIC AND CONSUMER AFFAIRS (PA)							
ECONOMIC IMPACT AND DIVERSITY (ED)				POWER MARKETING LIAISON OFFICE (PMA)							
ENERGY EFFICIENCY AND RENEWABLE ENERGY (EE)				POLICY, PLANNING AND PROGRAM EVALUATION (PO)							
ENERGY INFORMATION ADMINISTRATION (EI)				CIVILIAN RADIOACTIVE WASTE MANAGEMENT (RW)							
ENERGY RESEARCH (ER)				SCIENCE, EDUCATION AND TECHNICAL INFORMATION (ST)							
ENVIRONMENT, SAFETY AND HEALTH (EH)				MIS DIVISION							
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M.L.
3/6/95



The Secretary of Energy
Washington, DC 20585

OLIPANETTA 1995-004399

March 9, 1995

MEMORANDUM FOR LEON PANETTA

*Report sent to Cabinet
Affairs via LotusNotes
March 9, 5:40 p.m.*

FROM: HAZEL R. O'LEARY

SUBJECT: Weekly Report

KEY DEPARTMENT NEWS

Article on Yucca Mountain

In last Sunday's New York Times, there was an article that contained the findings of a Los Alamos scientist who has hypothesized that plutonium in wastes that might be disposed of at the potential Yucca Mountain repository could explode in the distant future spreading radiation over long distances. This paper is currently being peer reviewed by other scientists. The Department released a statement that indicated we will thoroughly investigate this theory during the scientific investigation of Yucca Mountain.

Spent Fuel Environmental Impact Statement

In the next few weeks, the Department will issue two environmental impact statements. Both will be controversial. The first will focus on the impacts to health and safety of citizens living near our Savannah River Site of taking back spent fuel rods from foreign research reactors. This program is an important element of our non-proliferation efforts as we seek to convert foreign research reactors to low enriched fuel, thereby reducing proliferation risks.

We will also issue an EIS on storage and disposition of defense and Naval-origin spent fuel in the Department of Energy complex. The Department of Energy is committed to prepare the EIS in the context of a court decision that allowed the Navy to ship a specified amount of Naval spent fuel to Idaho. The EIS deals with large amounts of spent fuel and will be controversial in States that are storage possibilities.

Speeches

Asia Society

Today I will speak to the Asia Society. I will focus upon our Administration's successes in moving cutting-edge energy technologies into the world's fastest growing market.

Leadership America Awards

I will receive an award from Leadership America for my work in disclosing radiation experiments.

National Council of Blacks in Higher Education

I will give the keynote address to the National Council of Blacks in Higher Education on March 16, 1995.

National Environmental Policy Act

I will give a speech on the 25th Anniversary of the National Environmental Policy Act.

Testimony

Testimony before the House Science Committee

I will testify before the Science Committee on the status of implementing the Galvin Commission Report on the future of the laboratories. I will announce the establishment of Laboratory operating board to implement such recommendations as downsizing the complex.

Testimony before the House Interior Appropriations Subcommittee

I will testify before the Subcommittee next Tuesday. The Committee funds our energy efficiency and fossil energy programs. The proposed site of the Naval Petroleum reserves will be controversial.

AGENCY WORK ON PRESIDENTIAL INITIATIVES

President's Council on Sustainable Development

I will participate in the final principals meeting at the April 27th meeting of the President's Council on Sustainable Development. This meeting will look at policies to achieve the Council goals to improve energy efficiency and increase the use of renewable energy.

Reformulated Gasoline (RFG) Issues

At the request of the White House, my staff convened a meeting of oil industry officials to determine a public affairs strategy. The industry is expected to cooperate on the RFG issue as long as they feel they are not being unfairly attacked. They also

have an interest in working with the Administration to ensure that there is a strategy in place to maintain the integrity of the program. The substance of these meetings was communicated to the White House and EPA.

Meetings

Meeting with Representative Gates

I will meet with Rep. Gates on issues to be discussed before the House Interior Appropriations Subcommittee.

CONGRESS

Congressional Testimony

March 14, 1995 - Before the House Interior and Related Agencies Appropriations Subcommittee regarding fiscal year 1996 Interior and Related Agencies Appropriations.

March 15, 1995 - Before the House Energy and Water Development Appropriations Subcommittee regarding fiscal year 1996 Energy and Water Development Appropriations (CLOSED)

March 15, 1995 - Before the House Resources Committee, Water and Power Subcommittee regarding the sale of Alaska Power Administration

March 15, 1995 - Before the Senate Energy and Water Development Appropriations Subcommittee regarding fiscal year 1996 budget for Bonneville Power Administration.

March 16, 1995 - Before the House Energy and Water Development Appropriations Subcommittee regarding fiscal year 1996 Energy and Water Development Appropriations.

REGULATORY ACTION

External Issues

Tom Grumbly, Department of Energy Assistant Secretary for Environmental Management, testified on March 6 before the Senate Energy and Natural Resources Committee regarding the use of risk assessment in the Department's cleanup efforts and S. 333. Mr. Grumbly, along with Administrator Katzen, was supportive of the thrust of the bill; echoed Administration concerns expressed on bill provisions dealing with judicial review, super mandates and thresholds; and offered on behalf of the

Administration to work with the Committee "to evolve a sound and effective approach that captures many of the essential principals in S. 333 as introduced by Senators Murkowski, Johnston, and Lott."

While the Administration witnesses were challenged on some of the concerns raised, Committee Members, nonetheless, expressed pleasure with the Administration's offer to work toward compromise risk legislation. This provides the Administration with an important opportunity to work on a bipartisan basis to develop acceptable risk legislation.

Upcoming Rulemakings

The Department will issue shortly a proposed rule to provide technical and financial assistance to State and local governments on alternative fuels. Such assistance would be available in response to Department of Energy approved plans to accelerate the introduction and use of alternative fuels and alternative fueled vehicles within each State. Financial assistance could be used by States to offset the cost of a congressionally imposed alternative fueled vehicle acquisition mandate, which was the subject of a recently published notice of proposed rulemaking.

SECRETARY'S SCHEDULE

Calendars is available on Cabinet Affairs LotusNotes system.

SUB-CABINET SCHEDULE

Calendars will be sent via facsimile to the Office of Cabinet Affairs.

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

CONTROL NO. 95-004399		ACCTS NO.		DATE SENT 3/10/95		DATE DUE					
TYPE OF DOCUMENT/ADDRESSEE MEMORANDUM FOR LEON PANETTA FROM THE SECRETARY				SUBJECT WEEKLY REPORT							
FROM EXECUTIVE SECRETARIAT											
TO		ACTION COPY TO	INFO COPY TO	TO		ACTION COPY TO	INFO COPY TO				
THE SECRETARY				HEARINGS AND APPEALS (HO)							
DEPUTY SECRETARY				HUMAN RESOURCES AND ADMINISTRATION (HR)							
UNDER SECRETARY				INTELLIGENCE AND NATIONAL SECURITY (IS)							
BONNEVILLE POWER ADMINISTRATION (BPA)				INSPECTOR GENERAL (IO)							
CONGRESSIONAL 1, 18, 28, 38, 48 AND 58				LABORATORY MANAGEMENT (LM)							
CHIEF FINANCIAL OFFICER (CF)				NUCLEAR ENERGY (NE)							
DEFENSE PROGRAMS (DP)				PUBLIC AND CONSUMER AFFAIRS (PA)							
ECONOMIC IMPACT AND DIVERSITY (ED)				POWER MARKETING LIAISON OFFICE (PMA)							
ENERGY EFFICIENCY AND RENEWABLE ENERGY (EE)				POLICY, PLANNING AND PROGRAM EVALUATION (PE)							
ENERGY INFORMATION ADMINISTRATION (EI)				CIVILIAN RADIOACTIVE WASTE MANAGEMENT (CW)							
ENERGY RESEARCH (ER)				SCIENCE, EDUCATION AND TECHNICAL INFORMATION (ET)							
ENVIRONMENT, SAFETY AND HEALTH (EH)				MIS DIVISION							
ENVIRONMENTAL RESTORATION AND WASTE MANAGEMENT (EM)											
FIELD MANAGEMENT (FM)											
FOSSIL ENERGY (FE)											
GENERAL COUNSEL (GC)											
OS/O'LEARY (ES CENTRAL FILES)			X								
ACTION REQUIRED (ES USE ONLY)				STAFF ACTION SUMMARY							
SIGNATURE				OFFICE	NAME/INITIALS	DATE					
APPROVAL				1							
INFORMATION				2							
CONCURRENCE				3							
COMMENTS AND/OR REMARKS				4							
X OTHER (SEE REMARKS)				5							
REMARKS: THE ATTACHED MEMO WAS SENT TO THE CABINET VIA LOTUSNOTES ON MARCH 9, 1995. THIS COPY IS BEING FORWARDED TO YOUR OFFICE FOR YOUR FILES.				6							
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				REMARKS:				M.L. 3/13/95			
				ES CONTACT: MICHAEL LOHR 6-0471							



The Secretary of Energy
Washington, DC 20585

OLW/PANETTA/8915-004888

March 16, 1995

MEMORANDUM FOR LEON PANETTA

FROM: HAZEL R. O'LEARY

Transmitted to Cabinet Affairs via
LotusNotes, 5:35 p.m.

SUBJECT: Weekly Report

KEY DEPARTMENT NEWS

- Presidential Letter on Nuclear Waste Issues

The Department has been working with appropriate White House staff to develop a presidential letter which states the Administration position on legislation designed to mandate the construction of an interim storage facility. Due to the large number of States with significant interest in this issue, the letter will generate significant media coverage and congressional and gubernatorial interest. The Department will work with appropriate White House staff to ensure that affected Governors and congressional delegations are briefed in advance of the letter being sent and to develop a media strategy.

The issue raised by the scientist claiming that plutonium buried in the repository would explode has decreased in visibility. A statement was put out that stated our clear intent to peer review this theory and to widely disseminate its findings.

- Announcement of Retirement Package at our Savannah River Site

The Department will layoff 4,200 workers at its Savannah River site due to the proposed \$4.4 billion in cuts in the Department's Environmental Management Program. A retirement package will be announced on Friday, March 17 or Monday, March 20, 1995. Because of the site's impact on the local economy, this announcement will receive widespread media attention in South Carolina and Georgia.

- SPEECHES

- Speech to the National Conference of Blacks in Higher Education

I will address the National Conference of Blacks in Higher Education on Thursday in Washington. The theme of the speech will be education's role in preparing the next generation for the global economy and our Administration's and the Department's initiatives to create opportunity for minority students.



Speech to the International Minority Business Conference

I will give the keynote address at the International Minority Conference which will focus on the Administration's efforts to open doors for U.S. business in China and attempts to involve minority business in the important process of utilizing our diverse population as a strength benefitting our Nation's competitiveness.

Speech to the American Wind Energy Association

I will address the American Wind Energy Association on Monday, March 27. The speech will focus upon the Administration's initiatives and support of renewable energy development, focusing on wind.

Speech on the 25th Anniversary of the National Environmental Policy Act

I will speak on the role of the National Environmental Policy Act in facilitating national energy and environmental policy decision.

TESTIMONY

Testimony before the House Appropriations Subcommittee on Interior and Related Agencies

I testified before the Subcommittee on Tuesday on the Department's Energy Efficiency and Fossil Energy programs.

AGENCY WORK ON PRESIDENTIAL INITIATIVES

Meeting with South Africa's Ambassador to the U.S.

I am meeting with South Africa's ambassador to plan a upcoming Presidential delegation to South Africa that will focus on deploying renewable energy technologies to provide electric power to South African townships.

Meeting with Senior Officials from the Big 3 Automakers

I will meet with the representatives of the Big Three Automakers next week. The Department funds 80 percent of our Administration's clean car initiative, and at this meeting, we will seek to determine just how active these companies will be in supporting the program and budget request on the Hill.

- **OUTREACH**

- Prime Minister of Kazakstan

I will meet with the Prime Minister of Kazakstan on Tuesday. We will discuss issues related to U.S. acceptance of highly enriched uranium and energy development.

- **MEDIA**

- Interview with National Public Radio's *Talk of the Nation*

I appeared on National Pubic Radio's *Talk of the Nation* on Wednesday to discuss Department initiatives that have already saved \$5 billion over two years and proposals to save \$14 billion over the next six years.

- Appearance on *Crossfire*

I will appear on *Crossfire* Thursday evening to discuss proposals to abolish the Department of Energy.

- Interview with Associated Press and Dow Jones

I will conduct an interview with the Associated Press and Dow Jones on the ongoing restructuring of the electric power industry.

- **CONGRESS**

- Congressional Hearings

March 21, 1995 - Before the Senate Energy and Natural Resources, Energy Production and Regulation Subcommittee regarding Bonneville Debt Repayment (S.92).

March 21, 1995 - Before House Commerce Energy and Power Subcommittee regarding Impact of International Climate Change Negotiations on U.S. Economy.

March 22, 1995 - Before House National Security Military Readiness Subcommittee regarding Naval Petroleum and Oil Shale Reserves.

March 22, 1995 - Before House Resources Committee regarding Alaska North Slope Oil (H.R. 70).

March 22, 1995 - Before the Senate Energy and Natural Resources Committee regarding FY 1996 National Defense Budget for the Department.

March 23, 1995 - Before House Interior and Related Agencies Appropriate Subcommittee regarding FY 1996 Interior and Related Agencies Appropriations; Energy Information Administration; Economic Regulatory Administration; Hearings and Appeals; Emergency Preparedness.

March 28, 1995 - Before House Interior and Related Agencies Appropriations Subcommittee regarding FY 1996 Interior and Related Agencies Appropriations -- Energy Conservation.

March 30, 1995 - Before House Resources, Water and Power Subcommittee regarding Power Marketing Administration Overview.

April 4, 1995 - Before Senate Armed Services Committee regarding FY 1996 Budget for National Security Program.

REGULATORY ACTION

• External Requests

Tara O'Toole, Department of Energy Assistant Secretary for Environment, Safety and Health, will participate in an Administration briefing on pending risk assessment legislation March 17, 1995. The briefing for majority and minority staff on scientific and technical issues associated with the various pending risk bills is at the request of the Senate Environment and Public Works Committee.

Tom Grumbly, Department of Energy Assistant Secretary for Environmental Management, has been requested by the Senate Energy and Natural Resources Committee to provide answers by March 24, 1995, to a number of questions for the record, including questions relating to S.333. Mr. Grumbly testified on the bill before the Committee on March 6, 1995.

• Upcoming Rulemakings

State and local government alternative fuels incentives program. The Department's proposed rule to provide technical and financial assistance to State and local governments to accelerate the introduction and use of alternative fuels and alternative fueled vehicles will be published in the *Federal Register* on March 21, 1995.

Office of Hearings and Appeals (OHA) Procedures. The Department's Office of Hearings and Appeals issues a final rule streamlining the procedures for OHA matters and updating filing requirements. The rule will be published in the *Federal Register* on March 21, 1995.

FREEDOM OF INFORMATION ACT

The Democratic National Committee has submitted a Freedom of Information Act request for all correspondence between the Department of Energy and California Governor Pete Wilson, including any correspondence while Governor Wilson served in the United States Senate.

SECRETARY'S SCHEDULE

Calendars are available via the Office of Cabinet Affairs LotusNotes system.

SUB-CABINET SCHEDULE

Calendars will be sent via facsimile to the Office of Cabinet Affairs.

Department of Energy Sub-Cabinet

1995

March

1995

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY						
			1	2	3	4						
5	6	US Curtis - Las Vegas, NV Reis - Las Vegas, NV Tierney - Houston, TX	7	US Curtis - Las Vegas, NV Reis - Las Vegas, NV Tierney - Houston, TX	8	US Curtis - Las Vegas, NV Reis - Las Vegas, NV	9	10	Grumbly - Estonia	11		
12	13	14	Hakes - Las Vegas, NV Las Vegas, NV Grumbly -	15	Hakes - Golden, Co	16	Hakes - Las Vegas, NV	17	18			
US Curtis - Omaha, NE Reis - Omaha, NE	19	US Curtis - Omaha, NE Reis - Omaha, NE	20	US Curtis - Omaha, NE Reis - Omaha, NE Dreyfus - Warrenton, VA	21	Ervin - Seattle, WA Reis - Omaha, NE Dreyfus - Warrenton, VA Grumbly - San Francisco, CA	22	Ervin - Denver, CO Dreyfus - Warrenton, VA Taylor - Chicago Godley - Pittsburgh, PA	23	Ervin - Kansas City, MO Grumbly - Aikens, SC Taylor - Chicago O'Toole - New York	24	25
Godley - Houston, TX	26	DS White - Houston, TX Godley - Houston, TX	27	DS White - Denver, Co	28	29	30	31				

Department of Energy Sub-Cabinet

1995

April

1995

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
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DS White - Venezuela 2	DS White - Venezuela Tierney - Dallas, TX 3	DS White - Venezuela Dreyfus - Spain Nordhaus - Atlanta, GA Godley - Baton Rouge, LA Tierney - Dallas, TX 4	Dreyfus - Spain Nordhaus - Atlanta, GA 5	Dreyfus - Spain Godley - Houston, TX Tierney - New Haven, CT Tierney - Boston, MA 6	DS White - Anchorage, AK US Curtis - Tokyo, Japan Dreyfus - Spain Godley - Houston, TX Tierney - Boston, MA 7	DS White - Anchorage, AK US Curtis - Tokyo, Japan Dreyfus - Spain 8
DS White - Anchorage, AK US Curtis - Tokyo, Japan 9	DS White - Anchorage, AK US Curtis - Tokyo, Japan O'Toole - Idaho Falls, ID 10	US Curtis - Tokyo, Japan O'Toole - Idaho Falls, ID 11	US Curtis - Tokyo, Japan O'Toole - Idaho Falls, ID 12	O'Toole - Idaho Falls, ID 13	DS White - New Independent States O'Toole - Idaho Falls, ID 14	DS White - NIS 15
DS White - NIS 16	DS White - NIS 17	DS White - NIS US Curtis - Boston, MA 18	DS White - NIS US Curtis - Chicago, IL Tierney - Paris France 19	DS White - NIS US Curtis - Chicago, IL Nordhaus - Providence, RI Tierney - Paris France Tierney - Providence, RI 20	DS White - NIS Tierney - Providence, 21	DS White - NIS 22
DS White - NIS 23	Grumbly - Port Canavel, FL 24	25	26	Tierney - Vancouver, Canada 27	Vancouver, Canada 28	29
Dreyfus - Las Vegas, NV 30						

Department of Energy Sub-Cabinet

1995

May

1995

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	Hakes - Vancouver, Canada Dreyfus - Las Vegas, NV 1	Hakes - Vancouver, Canada Dreyfus - Las Vegas, NV 2	Hakes - Vancouver, Canada Dreyfus - Las Vegas, NV 3	Dreyfus - Las Vegas, NV 4	Dreyfus - Las Vegas, NV 5	6
DS White - New Mexico 7	DS White - New Mexico Godley - Houston, TX 8	DS White - New Mexico Godley - Houston, TX Tierney - Madison, WI 9	DS White - New Mexico Grumbly - Aikens, SC Godley - Houston, TX 10	DS White - New Mexico Godley - Houston, TX 11	12	13
14	15	Hakes - Potomac, MD 16	Hakes - Potomac, MD O'Toole - New Haven, CT 17	Hakes - Potomac, MD 18	19	Tierney - Paris France 20
Tierney - Paris France 21	Hakes - Towson, MD Tierney - Paris France 22	Hakes - Towson, MD Tierney - Paris France 23	Hakes - Towson, MD O'Toole - Kansas City, MO Tierney - Paris France 24	Hakes - Towson, MD 25	Hakes - Towson, MD 26	27
28	29	30	31			



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The Secretary of Energy
Washington, DC 20585

March 23, 1995

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

Transmitted via LotusNotes
to Cabinet Affairs

KEY DEPARTMENT NEWS

Nuclear Waste

We have begun to develop a process with the Office of Management and Budget and the Office of Environmental Policy to devise a set of criteria which the Administration will use to formulate a position on interim storage legislation. Our goal is to complete this review in a low key and expeditious manner.

Announcement of Retirement Package for Reduction-in-Force at Savannah River Site

Approximately 4,000 Savannah River employees were laid off because of cuts in our environmental cleanup program. We announced an early retirement program to minimize the impact of involuntary layoffs on the community. The package was well received by employees and created widespread media attention in the South Carolina and Georgia region.

American Wind Energy Association Speech

I will speak to the American Wind Energy Association Monday. My address will focus on our Administration's and Department's efforts to deploy renewable energy technologies in domestic and international markets.

WORK ON PRESIDENTIAL INITIATIVES

Meeting with the Prime Minister of Kazakhstan

I met with Prime Minister Akezhan Kazhegeldin of Kazakhstan to discuss our initiatives to ensure the safety and security of nuclear materials and encourage energy development. The Department also hosted a lunch at the Blair House for the Prime Minister.

• **Participation in Risk Legislation**

The Department is participating in the White House effort to ensure passage of responsible risk legislation. The Department has much at stake in this debate since we are the largest responsible party under current Superfund law. The outcome of this debate will dramatically impact the cost of our cleanup program.

• **Meeting with the Big Three Automakers**

I will meet with the Vice Presidents for Research and Development of the "big three" automakers Friday. We will discuss their support of the Administration's Clean Car initiative and other transportation initiatives. The Department provides the largest share of funding for the Clean Car initiative.

• **Movement of Legislation to Export Alaskan Crude Oil**

The Senate Energy Committee passed legislation which would remove the current ban on the export of Alaskan crude oil. This initiative continues to draw favorable press attention.

CONGRESS

• **Testimony Before the Senate Armed Services Committee**

April 4, 1995 - I will testify before the Senate Armed Service Committee focusing on our initiatives to ensure the safety and reliability of the nuclear stockpile without employing underground testing and our initiatives to support the comprehensive test ban and non-proliferation treaty negotiations.

• **Other Testimony**

March 24, 1995 - Before House Commerce Committee, Oversight and Investigations Subcommittee regarding Implementation and Enforcement of Clear Air Act of 1990.

March 27, 1995 - Before Senate Foreign Relations Committee regarding U.S. Dependence on Imported Oil.

March 28, 1995 - Before House Energy & Water Development Appropriations Subcommittee regarding FY 1996 Energy and Water Development Appropriations.

March 28, 1995 - Before House Interior and Related Agencies Appropriations Subcommittee regarding FY 1996 Interior and Related Agencies Appropriations-- Energy Conservation.

March 29, 1995 - Before House National Security Committee, Military Procurement Subcommittee regarding FY 1996 National Defense Budget for the Department.

March 30, 1995 - Before House Resources, Water and Power Subcommittee regarding Oversight on Operation of Power Marketing Administrations and Bureau of Reclamation.

April 4, 1995 - Before the Senate Armed Services Committee regarding FY 1996 Budget for National Security Programs.

April 26, 1995 - Before Senate Interior Appropriations Subcommittee regarding FY 1996 Interior and Related Agencies Appropriations for Fossil Energy.

May 16, 1995 - Before Senate Armed Services Strategic Forces Subcommittee regarding FY 1996 Budget Request for Atomic Defense Activities (TENTATIVE).

REGULATORY ACTION

External Requests

Reform of Energy Regulations. We are consulting with the Office of Information and Regulatory Affairs in preparation for an interagency review of energy-related regulations. We anticipate that this effort will encompass energy-related regulations administered by the Departments of Energy, the Interior and Agriculture, as well as those within the responsibility of the Federal Energy Regulatory Commission and the Nuclear Regulatory Commission. This review is part of the Vice President's Reinvention of Government II effort on regulatory reform.

Upcoming Rules

Home Appliance Test Procedures and Reporting Requirements Rule. The Department published today in the Federal Register a proposed rule that would revise test procedures for certain home appliances (water heaters, kitchen ranges, ovens and microwave ovens, and clothes washers) and reporting requirements for clothes washers, dryers and dishwashers. The intent of the rule is to provide a comparable energy consumption measure that will assist consumers in making purchasing decisions. A public hearing on the proposed rule is scheduled for July 12, 1995, and the public comment period ends August 31, 1995.

MEDIA

Minneapolis Star Tribune

The *Minneapolis Star Tribune* interviewed me on diversity issues this week.

New York Times

Jack Cushman, reporter for the *New York Times*, interviewed me for a story he is writing about Republican-sponsored legislation to abolish the Department of Energy.

Time Magazine

Time interviewed me about the Administration's review of affirmative action policy.

Media on China Policy

To promote the success of our Presidential Mission on Sustainable Energy and Trade to China and the Administration's effort to open up new markets in China for American firms, I met with reporters from *Bloomberg's Business News*, *Associated Press*, *Voice of America*, *Monitor Radio*, *Reuters*, *Newark Star Ledger*, *Journal of Commerce* and *CNBC*.

Defense Writers Group

I will hold an interview with the Defense Writers Group, an association of approximately 20 writers. Our focus will be our Administration and Department initiatives which support a comprehensive test ban treaty and extension of the nonproliferation treaty.

Close Up Foundation

C-SPAN will show my appearance before the Close Up Foundation discussing the Administration's Energy Policy.

FOIA REQUESTS

The *Los Angeles Times* has made an additional FOIA request for information related to Secretarial travel. The most recent request seeks information on the cost of any military aircraft and charter aircraft used.

WEEK IN REVIEW

- **International Minority Business Development Corporation Speech**

Today I delivered the keynote address to the International Minority Business Development Corporation. This organization seeks to open doors for minority businesses in international markets. This conference focused on the opportunities for U.S. firms in the Chinese market. I communicated our Administration's efforts to open markets in China and ensure minority business participation in this process.

OUTREACH

- **Meeting with the Ambassador to Pakistan**

I will meet with the Ambassador to Pakistan to discuss Prime Minister Bhutto's upcoming State Visit to the United States.

- **Meeting with African Ambassadors**

The Department will host the Ambassadors to several African nations next week. We will focus on initiatives to promote sustainable energy development on the African continent.

SECRETARY'S SCHEDULE

Calendars are available through the Office of Cabinet Affairs LotusNotes system.

SUB-CABINET SCHEDULE

Calendars will be sent via facsimile to the Office of Cabinet Affairs.

1995

March

1995

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DS White - NIS 23	Grumbly - Port Canavel, FL 24	25	26	Providence, RI TiemeY - Vancouver, Canada 27	Vancouver, Canada 28	29
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May

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	28		29		30		31						

DOE

BRIEFS

NEWS YOU CAN USE

March 22, 1995

SMALL BUSINESS OFFICE GETS TOP HELP

Percy McCraney now directs the department's worldwide small business efforts that exceeded \$4 billion dollars in 1994. A native of Shreveport, La., McCraney is Deputy Director, Office of Small and Disadvantaged Business Utilization, Office of Economic Impact and Diversity. He graduated from Southern University and Southern University Law School and served as a Louisiana State Senate staff attorney for commerce, governmental affairs and insurance committees.

Media Contact: Joanna Stancil, 202/586-5806

PLUTONIUM SAFETY STRIDES MADE

Protection for workers, the public and the environment has received a boost at department plutonium storage facilities. More than 30 percent of the corrective actions have been completed. The final plan outlining definitive actions will be available April 3. A draft document issued last November summarized action to address 299 plutonium vulnerabilities cited by the Plutonium Working Group Report.

Media Contacts: Jayne Brady or Wendy Butler, 202-586-5806

FOUR NEW GRANTS IMPROVE ENERGY EFFICIENCY

Federal facilities in four states will receive grants from DOE's Federal Energy Management Programs to improve building energy efficiency:

The Soldiers and Airman's Home in Washington, D.C., will save \$1,247,000 for lighting retrofit projects in four buildings.

NASA Marshall Space Center in Huntsville, Ala., will reduce electricity by about 306,000 KWH per year and save \$221,876 through a project that replaces T-12 fluorescent lighting fixtures and magnetic ballasts.



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NASA-Dryden Flight Research Center in Edwards, Calif., will save \$857,206 by retrofitting 1066 lighting fixtures with more efficient T-8 fixtures with electronic ballasts.

The Smithsonian Institution Museum Support Center in Suitland, Md., will save \$298,000 on lighting project that replaces existing fluorescent fixtures with energy efficient T-8 fixtures that use electronic ballasts.

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

ALTERNATIVE FUELS RULE PROPOSED

The Department of Energy proposes a rule under the Energy Policy Act that sets plan guidelines for accelerating the introduction and use of alternative fuels and alternative fueled vehicles by the year 2000. A public hearing will be held at the department on May 1, 1995. Under this program state governments may apply for financial assistance to accelerate their use of alternative fuels and alternative fueled vehicles. The rule becomes effective in fiscal year 1996 and is scheduled to appear in next week's Federal Register. For additional information, contact Francis Mallgrave, Program Manager at 202/586-8077.

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

CONFERENCES/WORKSHOPS/SPEECHES

O'LEARY TO ADDRESS US-CHINA BUSINESS CONFERENCE

Secretary of Energy Hazel O'Leary will deliver a keynote address and answer media questions about US-Chinese joint business opportunities on Thursday, March 23, in New York City. She is scheduled to hold a press availability at 11:15 a.m. and speak at a noon luncheon at the US-China Business Conference, Inter-Continental Hotel, 48th Street and Lexington Avenue. O'Leary recently led an energy and trade mission to China that resulted in joint business ventures valued at \$6 billion.

Media Contact: Penny Adams or Amber Jones, 202/586-5806

YERGIN TASK FORCE MEETS ON MARCH 30

The Secretary of Energy Advisory Board Task Force on Strategic Energy Research and Development. The task force will focus on integration and planning of R&D needs, plus plans for a continued examination of DOE's portfolio of civilian energy research and development. Dr. Daniel Yergin, president of Cambridge Energy Research Associates, chairs the independent task force. The meeting is open to the press and public and will be held from 8:45 a.m. to 1 p.m. at the Hyatt Regency Crystal City Hotel, 2799 Jefferson Davis Highway, Arlington, Va.

Media Contact: Jeff Sherwood, 202/586-5806

B-95-009

-30-

DOE

NEWS

NEWS MEDIA CONTACTS:
Matthew Donoghue, 202/586-5806
Bill Wicker, 202/586-5827

FOR IMMEDIATE RELEASE
March 15, 1995

MEDIA ADVISORY

DEPUTY ENERGY SECRETARY TO RELEASE "REPORT CARD" ON DOMESTIC NATURAL GAS AND OIL INITIATIVE

At the invitation of the Interstate Oil & Gas Compact Commission (IOGCC), Deputy Secretary of Energy Bill White will address its winter meeting on Thursday, March 16, at 11 a.m. in the South Carolina Room at the Mayflower Hotel, 1127 Connecticut Ave. NW, Washington, D.C.

Copies of the first annual progress report on President Clinton's Domestic Natural Gas and Oil Initiative will be distributed. After his presentation, the Deputy Secretary will speak to the Clinton/Gore Administration's efforts to improve environmental technologies and practices through regulatory reform. He also will answer questions.

The IOGCC, which represents states with virtually all the production of domestic oil and gas, is a leading advocate for protecting states' ability to regulate resources within their boundaries.

Facilities will be available for the media. Parking is located on DeSales Street NW (between 17th Street and Connecticut Avenue), and the hotel is Metro accessible (Red Line/Farragut North).

- DOE -

N-95-010



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U.S. Department of Energy

Office of the Press Secretary

Washington, DC 20585

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03/23/95

ACTIVITY REPORT

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USAGE TIME	05'00
PAGES	10

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Date: March 23, 1995
 To: Mr. T. J. Glauthier, OMB Fax# 395-4639
 From: Hazel R. O'Leary

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Transmittal consists of 9 pages, excluding this form.

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Notes:



The Secretary of Energy
Washington, DC 20585

OLW/Panetta - ESG-005825

OLW/PANETTA - ESG-005825

March 30, 1995

MEMORANDUM FOR LEON PANETTA

FROM: HAZEL R. O'LEARY Transmitted to Cabinet Affairs via LotusNotes, 5:40 p.m.

SUBJECT: Weekly Report

KEY DEPARTMENT NEWS

Last Meeting of Task Force to Recommend \$1.2 Billion in Cuts in Department's Applied Technology Program

Several months ago, I appointed Dan Yergin, the Nobel Prize winning author, to chair a task force of experts to recommend cuts in the Department's Applied Technology program. This is an important initiative as we are committed to reducing these programs by \$1.2 billion over 5 years, and represent an essential component of our efforts to reduce our budget by \$14 billion over 5 years.

The Task Force held its last meeting today to review draft recommendations. Final recommendations will be forwarded in early June and will receive widespread media attention.

Announcement of Rocky Flats Contract Award

Our site in Rocky Flats, Colorado is our 2nd largest environmental cleanup facility. The facility covers 6,500 acres, and its cleanup of nuclear materials is governed by a complicated compliance agreement between the State of Colorado, the Department and the Environmental Protection Agency.

On Tuesday, we anticipate awarding a new contract to a management and operations contractor to oversee cleanup of the site. The contract is for a period of five years, and \$3.5 billion. This announcement will be front page news in Colorado due to the size of the contract and the controversy associated with this site. This is also an important announcement as the contract will be inclusive of the principles developed in our contract reform initiative.

Meeting of Department's Largest Management and Operations Contractors

I will speak to the Society of Newspaper Editors on Wednesday at their annual convention in Dallas, Texas. My address will focus on the contributions the



Department makes to insuring a diverse energy portfolio, national security, environmental protection and the scientific and technological expertise of the U.S. In this speech, I will also highlight our openness initiative and efforts to reinvent the Department by cutting \$14.1 billion from our budget over 5 years.

Testimony Before the Senate Armed Services Committee

I will testify before the Senate Armed Services Committee on Tuesday. My testimony will focus on initiating a new tritium source necessary to maintaining the nuclear stockpile, maintaining the nuclear stockpile without testing, reforming the cleanup of our former weapons production facilities, and non-proliferation initiatives.

AGENCY WORK ON PRESIDENTIAL INITIATIVES

Participation in Several Events for Prime Minister Bhutto's Visit

I will be participating in several events next week during Prime Minister Bhutto's visit at her request. The events follow:

- *Signings of Memorandum of Understanding Between American Business and the Government of Pakistan*

On Thursday evening, I will participate with the Prime Minister and Secretary Brown in an event witnessing the signings of many business transactions between American energy companies and the Government. These signings follow the \$4 billion worth of deals signed when I was in Pakistan in September.

Following the MOU signings, I will attend a dinner hosted by the Prime Minister.

- *Events in New York*

On Friday, I will participate in a conference with the Prime Minister, and other leading Pakistan officials, and leaders from the financial community.

Prior to this event, it is possible that the Prime Minister and I will conduct joint interviews with financial media. These interviews provide a forum to communicate the Administration's strategic interest in Asia, and successes in opening up foreign markets for U.S. firms.

- *Financial Roundtable in Washington*

In Washington, the Department will host a financial roundtable with leaders from the Pakistani and U.S. Government, and business leaders from the financial community and electric power sector participating. This roundtable

will review the current state of Pakistani reforms, and next steps in the reform process.

One on One Meeting with the Prime Minister

I will meet with the Prime Minister on Tuesday afternoon to discuss continued cooperation in the energy arena.

CONGRESS

Testimony Before the Senate Armed Services Committee

I will testify before the Senate Armed Services Committee on Tuesday. My testimony will focus on initiating a new tritium source necessary to maintaining the nuclear stockpile, maintaining the nuclear stockpile without testing reforming the cleanup of our former weapons production facilities, and non-proliferation initiatives.

Meeting with Senator Lott & Exon

I met with Senator Lott as he chairs the Armed Services Subcommittee with jurisdiction over the Departmental programs.

Taping for Representative Pallone

I will participate in Congressman Pallone's television show for airing in his New Jersey district.

Congressional Hearings

April 4, 1995 - Before Senate Armed Services Committee, FY 1996 Budget for National Security Program.

April 26, 1995 - Before Senate Interior Appropriations Subcommittee, FY 1996 Interior and Related Agencies Appropriations -- Energy Conservation.

April 26, 1995 - Before Senate Interior Appropriations Subcommittee, FY 1996 Interior and Related Agencies Appropriations -- Fossil Energy.

REGULATORY REFORM

External Requests

Accelerated Review of DOE Directives.

At today's quarterly meeting with the Department's management and operating contractor Chief Executive Officers (CEO's), Departmental Secretarial Officers briefed

the CEO's on progress in eliminating burdensome internal directives applying to environment, safety and health; environmental management; field management; and national security issues. The Department will schedule a review of the 26 most burdensome orders identified by DOE contractors and national laboratories. We have expanded the effort to cover 92 orders and will reduce them to 27 by July 31, 1995. The remaining directives will be performance-based and are being developed in consultation with DOE national laboratories, field elements and contractors.

Meeting with Senator Domenici's staff.

Today, Department of Energy staff will meet with Alex Flint of Senator Domenici's staff to discuss the cost of Department of Energy directives and regulations applicable to Department of Energy National Laboratories. The Senator has expressed his concern about the lack of comprehensive information on the cost of complying with the Department's directives and regulations. We have begun to compile and consider such costs as part of our regulatory development process, but do not yet have the comprehensive information on financial and human resource costs sought by the Senator.

Upcoming Rules

Personnel Assurance Program.

The Department will be shortly issuing a final rule governing access to classified matter to include drug testing provisions for persons in sensitive positions. This rule will establish the Personnel Security Assurance Program to assure the reliability of Department of Energy contractors who have access to nuclear materials and classified material.

PRESS INQUIRIES

None to report..

FOIA REQUESTS

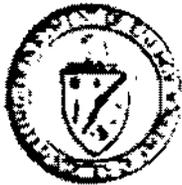
None to report.

SECRETARY'S SCHEDULE

Calendars will be sent via facsimile to the Office of Cabinet Affairs.

SUB-CABINET SCHEDULE

Calendars will be sent via facsimile to the Office of Cabinet Affairs.



Department of Energy
Washington, DC 20585

OFFICE OF THE EXECUTIVE SECRETARIAT
FACSIMILE TRANSMITTAL FORM

Fax Number: FTS 896-4403 Verify (Voice) FTS 896-5081 Verify (Alternate) FTS 896-5078
CML 202-586-4403 CML 202-586-5081 CML 202-586-5078

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Date: March 30, 1995
To: Phil Caplan
From: Hazel R. O'Leary

Transmitted copies of 3

03/30/95 16:32 202 586 7736 DOE EX SEC 001

ACTIVITY REPORT

TRANSMISSION OK

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CONNECTION TEL	94586704
CONNECTION ID	Canon ECM
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1995

March

1995

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY						
			1	2	3	4						
5	6	US Curtis - Las Vegas, NV Reis - Las Vegas, NV Tierney - Houston, TX	7	US Curtis - Las Vegas, NV Reis - Las Vegas, NV Tierney - Houston, TX	8	US Curtis - Las Vegas, NV Reis - Las Vegas, NV	9	10	Grumbly - Estonia	11		
12	13	14	Hakes - Las Vegas, NV Grumbly - Las Vegas, NV	15	Hakes - Golden, CO	16	Hakes - Las Vegas, NV	17	18			
US Curtis - Omaha, NE Reis - Omaha, NE	19	US Curtis - Omaha, NE Reis - Omaha, NE	20	US Curtis - Omaha, NE Reis - Omaha, NE Dreyfus - Warrenton, VA	21	Ervin - Seattle, WA Reis - Omaha, NE Dreyfus - Warrenton, VA Grumbly - San Francisco, CA	22	Ervin - Denver, CO Dreyfus - Warrenton, VA Taylor - Chicago Godley - Pittsburgh, PA	23	Ervin - Kansas City, MO Grumbly - Aikens, SC Taylor - Chicago O'Toole - New York	24	25
Godley - Houston, TX	26	DS White - Houston, TX Godley - Houston, TX	27	DS White - Denver, CO	28	29	30	31				

1995

April

1995

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
						1
DS White - Venezuela 2	DS White - Venezuela Tierney - Dallas, TX 3	DS White - Venezuela Dreyfus - Spain Nordhaus - Atlanta, GA Godley - Baton Rouge, LA 4	Dreyfus - Spain Nordhaus - Atlanta, GA 5	Dreyfus - Spain Godley - Houston, TX Tierney - New Haven, CT Tierney - Boston 6	DS White - Anchorage, Ak US Curtis - Tokyo, Japan Dreyfus - Spain Godley - Houston, TX 7	DS White - Anchorage, Ak US Curtis - Tokyo, Japan Dreyfus - Spain 8
DS White - Anchorage, AK US Curtis - Tokyo, Japan 9	DS White - Anchorage, AK US Curtis - Tokyo, Japan O'Toole - Idaho Falls, ID 10	Tierney - Dallas, TX US Curtis - Tokyo, Japan O'Toole - Idaho Falls, ID 11	US Curtis - Tokyo, Japan O'Toole - Idaho Falls, ID 12	O'Toole - Idaho Falls, ID 13	Tierney - Boston, DS White - New Independ- ent States O'Toole - Idaho Falls, ID 14	DS White - NIS 15
DS White - NIS 16	DS White - NIS 17	DS White - NIS US Curtis - Boston, MA 18	DS White - NIS US Curtis - Chicago, IL Tierney - Paris France 19	DS White - NIS US Curtis - Chicago Nordhaus - Providence, RI Tierney - Paris France Tierney - . 20	DS White - NIS Tierney - Providence, 21	DS White - NIS 22
DS White - NIS 23	Grumbly - Port Canavel, FL 24	25	26	Providence, RI Tierney - Vancouver, Canada 27	Vancouver, Canada 28	29
Dreyfus - Las Vegas, NV 30						

1995

May

1995

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	
	Hakes - Vancouver, Canada Dreyfus - Las Vegas, NV	1 Hakes - Vancouver, Canada Dreyfus - Las Vegas, NV	2 Hakes - Vancouver, Canada Dreyfus - Las Vegas, NV	3 Hakes - Vancouver, Canada Dreyfus - Las Vegas, NV	4 Dreyfus - Las Vegas, NV	5 Dreyfus - Las Vegas, NV	6
DS White - New Mexico	7 DS White - New Mexico Godley - Houston, TX	8 DS White - New Mexico Godley - Houston, TX Tieme - Madison, WI	9 DS White - New Mexico Grumbly - Aikens, SC Godley - Houston, TX	10 DS White - New Mexico Godley - Houston, TX	11	12	13
14	15	16 Hakes - Potomac, MD	17 Hakes - Potomac, MD O'Toole - New Haven, CT	18 Hakes - Potomac, MD	19	20 Tieme - Paris France	
21 Tieme - Paris France	22 Hakes - Towson, MD Tieme - Paris France	23 Hakes - Towson, MD Tieme - Paris France	24 Hakes - Towson, MD O'Toole - Kansas City, MO Tieme - Paris France	25 Hakes - Towson, MD	26 Hakes - Towson, MD	27	
28	29	30	31				



DLWH Panetta - ES95-006239
The Secretary of Energy
Washington, DC 20585

ES95-006239
DLWH PANETTA ES95-006239

April 6, 1995

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

Sent to Cabinet Affairs via
LotusNotes

KEY DEPARTMENT NEWS

Baseline Environmental Management Review

The Department is required by statute to submit to the Congress cost estimates for cleanup of weapons production sites. The Report was delivered to the Congress last week. The report's *base case* estimates that over the life of the program, assumed to be 75 years, the cleanup will cost approximately \$230 billion. The effect of future land use, new technology development, facilities configuration, funding, schedule, and residual cleanup standards were evaluated. Land use emerged as the variable that will have the most significant impact on the program's cost. New technologies also will play an important role. The report has received widespread media attention in affected States (Washington, Idaho, Colorado, Tennessee) and coverage is expected to continue. Projected costs are estimates and do not reflect funding decisions. They significantly exceed current budget targets. We hope the report will serve as foundation and useful information as changes to the program are considered.

Awarding of Contract to Cleanup Rocky Flats Site

As communicated last week, the Department awarded a five-year \$3.1 billion contract to clean up its Rocky Flats site. ICF/Kaiser was awarded the contract. The contract includes the principles in the Department's Contract Reform Initiative. Most important to the taxpayer is that the contractor will not be paid unless it delivers real results to an American public.

The contract commits ICF/Kaiser to addressing specific plutonium-related challenges, shipping all enriched radioactive uranium off the site, cleaning up five of the ten largest hazardous sites at the plant, and turning over 19,000 acres of land to the public. The announcement received widespread media attention this week.

Nuclear Waste Issues

The Administration's position on legislation to immediately designate Yucca Mountain as an interim storage facility was communicated to the Hill this week. The



Department is working with the Office of Management and Budget and other White House offices to develop criteria by which the Administration could evaluate such legislation. The review should be completed within one month.

Speech to the American Society of Newspaper Editors

I spoke to the American Society of Newspaper Editors (ASAE) on Wednesday. My address highlighted the Department's science and technology, environmental cleanup, and national security missions. I also spoke of our initiatives to open up the Department to increase the public trust and confidence in the Department. This allowed me to focus on the President's initiatives to declassify previously classified material making it available to the public.

AGENCY WORK ON PRESIDENTIAL INITIATIVES

Visit of the Prime Minister of Pakistan

I will participate in several meetings and events with Prime Minister Bhutto during her trip to Washington and New York. I visited Pakistan last September with 100 business leaders. During that visit, I witnessed the signing of \$4 billion in Energy agreements and initiated discussions between our governments to develop a policy framework in Pakistan which would facilitate investment in Pakistan. Events include:

• *Witnessing Additional Business Agreements between the American Business Community and the Government of Pakistan*

I will attend a ceremony with Secretary Brown and Prime Minister Bhutto in which 36 Memoranda of Understanding and two Implementing Agreements in the energy sector will be signed. Twenty-nine of these agreements are in the electricity arena. Following the ceremony, I will attend a dinner hosted by the Prime Minister.

• *Participating in an Investor Conference and Media Event in New York*

I will travel to New York Friday to participate in a seminar for investors in Pakistan with Prime Minister Bhutto and business leaders. I will talk about the macro economic and energy policy reforms advanced by the Government of Pakistan to encourage investment.

Following this conference the Prime Minister and I will participate in a roundtable with leading financial media. Press attending will be the *New York Times*, *Journal of Commerce*, *Far Eastern Economic Review*, *Time Magazine*, *Associated Press*, *Bloomberg Business News*, *Knight Ridder Financial*, and *Reuters*. This forum presents an excellent opportunity to highlight the

importance of Asia to our nation's economic security, and the success we have had in opening up foreign markets to U.S. firms.

•*Hosting A Financial Roundtable in Washington*

On Monday, the Department will host a forum on issues requiring resolution to encourage financing of energy investment in Pakistan with leaders from the business community and Pakistan's most senior government officials participating.

•*One on One Meeting with the Prime Minister*

On Tuesday, I will meet with the Prime Minister to discuss issues of continued concern of the American business community and Pakistan's continued reform process.

I will also participate in the Vice President's dinner for Prime Minister Bhutto.

CONGRESS

Testimony Before the Senate Armed Services Committee on Department National Security and Cleanup Programs

I testified Tuesday before the Senate Armed Services Subcommittee with jurisdiction over the Department's National Security programs. The Senators' primary areas of interest included our plans to develop a new tritium source to maintain the nuclear stockpile (decision on location and technology is due in November), the safety of the nuclear stockpile without underground testing, and our ability to meet our statutory cleanup obligations while cutting the Environmental Management budget by \$4.4 billion over five years.

Congressional Hearings

April 26, 1995 - Before Senate Interior Appropriations Subcommittee, FY 1996 Interior and Related Agencies Appropriations -- Energy Conservation.

April 26, 1995 - Before Senate Interior Appropriations Subcommittee, FY 1996 Interior and Related Agencies Appropriations -- Fossil Energy.

May 16, 1995 - Before Senate Armed Services Strategic Forces Subcommittee, FY 1996 Budget Request for Atomic Defense Activities (TENTATIVE)

OUTREACH

Meeting with Governor Beasley of South Carolina

I will meet with the Governor Beasley in the near future. The Department and the State have many ongoing issues including the future of the Savannah River site, which continues to be downsized as a result of reduced defense production, the State's desire to host a new tritium production site, and our plan to store foreign research reactor fuel at the site.

Meeting with the Chairman of the International Atomic Energy Agency

I will meet with Hans Blix, chairman of the International Atomic Energy Agency, to discuss several issues including negotiations to extend the Non-proliferation Treaty and other initiatives.

Attend Fundraiser to retire Senator Kennedy's Debt

I attended a fundraiser on Tuesday evening to retire the debt of Senator Kennedy.

MEDIA

Interview with Dallas ABC Radio Affiliate

I conducted an interview with Dallas' largest radio station on the debate over the future of the Department and our efforts to cut \$14.1 billion over five years.

Interview with the Dallas Morning News

At the *Dallas Morning News* I discussed the Administration's attempt to stimulate domestic oil and gas production. I communicated our Administration's support of legislation to spur production in the outer-continental shelf, and other initiatives such as the repeal of the Alaskan Export Ban. Administration efforts to reduce finding costs through technology transfer and rationalization of regulation were also discussed.

Interview with TechnoPolitics & ABC News Radio

I will conduct interviews with these public affairs programs in the near future. The interviews will focus on the future of the Department.

REGULATORY REFORM

No significant actions to report this week.

FOIA ACTIVITY

No significant Freedom of Information Act requests have been received.

SECRETARY'S SCHEDULE

Calendars will be sent via the Office of Cabinet Affairs' LotusNotes.

SUB-CABINET SCHEDULE

Calendars will be sent via facsimile to the Office of Cabinet Affairs.

Friday - March 31, 1995
Page 9A
Page 1 of 1

SOUTH CAROLINA EDITION

DOE work not wanted, Perry says

By John Winters
Staff Writer

WASHINGTON - Defense Secretary William Perry has told key lawmakers his agency does not want to take over the Energy Department's nuclear weapons work, as some in Congress favor.

Mr. Perry sent letters Wednesday to Sen. Strom Thurmond, R-S.C., chairman of the Armed Services Committee, and Rep. Floyd Spence, R-S.C., chairman of the House National Security Committee, outlining his opposition to the proposal.

"Over the past 50 years, there has been a clear and distinct separation of the nuclear weapons-related roles and responsibilities of the Department of Defense and Department of Energy," the letter said.

"This dual-agency approach has served the nation well by creating institutional checks and balances that are vital for meeting the performance, safety and reliability requirements of the nuclear arsenal."

Mr. Perry's letter also stressed new technical challenges facing the weapons program with the decision to halt underground testing.

"This is not a time to be fundamentally restructuring the management of these activities," the letter said.

Mr. Perry added that he thought it important for his agency to focus on current missions and not add functions "that more appropriately belong in the Department of Energy."

Mr. Thurmond, who wants to transfer Energy's nuclear work to Defense, had not seen the letter late Thursday and would comment afterward, his spokeswoman said.

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for
weekly
report*

Amarillo Daily News

(Circ: 21,197) DAY Friday DATE 3-31-95 PAGE 4A

Congress will have to address energy issues

T. Boone Pickens knows energy.

The former Amarillo resident and oil-and-gas magnate now living in Dallas took his knowledge of the energy business to Capitol Hill the other day and spoke words of wisdom.

"It almost borders on insanity to believe we are not going to be confronted with another crisis," Pickens told the Senate Foreign Relations Committee in predicting yet another oil shock. "I'll bet good money it's going to happen before the end of the decade. The gun's loaded. The trigger's going to be pulled."

The triggerman, in this instance, would be the unstable Middle East governments that have their twitching hands on all those oil spigots.

A recent government study pointed out that the United States is importing more than half of all the oil it uses. That leaves us vulnerable to the whims and wishes of governments that are as unstable as the shifting sands of the region they call home.

Witnesses told the committee that potential unrest in Saudi Arabia, which accounts for 12 percent of the world's oil production and 25 percent of the world's proven oil reserves, could prompt a terrible shock to the world oil market. Of course, we had all that scary talk in the months leading up to the Persian Gulf War in early 1991.

What to do?

Former Reagan administration Ener-

The United States is importing more than half of all the oil it uses.

gy Secretary Don Hodel, who also spoke to the committee, said the United States should enact several measures to head off such a shock. Set floor prices for oil to protect domestic oil producers from future collapses in the base price of oil, he said. Such measures, Hodel added, also would offer protection for alternative energy research.

Pickens, too, weighed in with suggestions to remedy the situation. He says the country should redouble its efforts to convert to natural gas use — a message he has been delivering for years.

Indeed, these are the messages that Washington has been hearing — and for the most part ignoring — since before the 1973-74 oil crisis, the one that caused all those long lines and brought about the skyrocketing pump prices. The government has said in the two decades since that time that it got the message and that it would strive for energy independence.

Yet we're farther away from that goal than ever before.

Is anyone listening — really listening — to these dire warnings?

Cleanup to get under way

By Janet Day

Denver Post Business Writer

A16

Kaiser-Hill Co. of Englewood signed on the dotted line yesterday, taking over cleanup of the beleaguered former Rocky Flats nuclear-weapon plant.

Arnold smiles, jokes and assurances in an interactive press conference with Energy Secretary Hazel O'Leary in Washington, D.C., the newly formed partnership promised to begin cleanup of the most hazardous areas of the plant immediately.

And by the turn of the century, they expect to have shipped uranium out of the plant, consolidated plutonium into a single secure area, cleaned the most hazardous areas and reduced the size of the plant's problem area.

Kaiser-Hill is a joint venture between two of the country's largest engineering firms: CH2M Hill Cos. Ltd. of Englewood and ICF Kaiser International Inc. of Fairfax, Va. The five-year contract is estimated to be worth \$3.8 billion.

"This is the Olympic games of our business," said Ralph Peterson, CH2M's president, who was in Washington for the announcement. "Rocky Flats is the toughest problem around, and if you're determined to be the best, as we are, you have to solve the toughest problems."

In a radical change for the Energy Department, the actual value of the contract won't be known until Kaiser-Hill and its team of partners meet specific contract goals, including a timetable for moving all of the radioactive plutonium into one safe area.

Historically, operators of the nation's bomb factories received a set fee and bonuses, often in spite of continued environmental and safety problems at the plants.

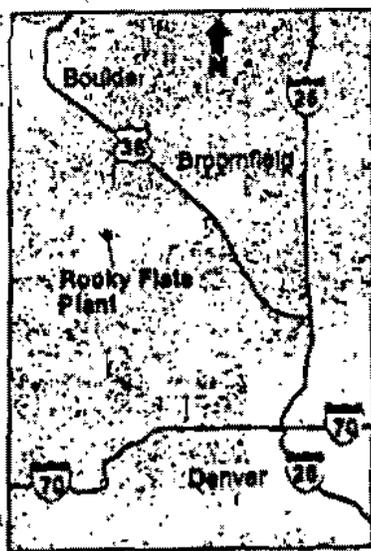
The Kaiser-Hill team will include a variety of partners with special areas of expertise. Those firms will do the specialized work while Kaiser-Hill manages the overall plant operations.

Energy Department officials say the contract and team structure will lead to real cleanup work instead of continued monitoring and paperwork

"This is a new partnership that will produce results. Kaiser-Hill is a very powerful combination," O'Leary said. "It integrates the main contractor with those that do the heavy lifting."

The partners, who beat out a team formed by The Parsons Group of California, include Westinghouse Electric Corp. and Babcock & Wilcox Co. for nuclear materials handling; Morrison Knudsen Corp. and BNFL Inc. for environmental restoration and waste management; DynCorp for site operations; Wackenhut for security and Quanterra for lab services.

The group begins four months of



The Denver Post

transition work with former contractor EG&G Inc. and takes over in July.

Rocky Flats and the Idaho National Engineering Lab are the only En-

ergy Department facilities operating under such contracts. The next plant to move into contract reform is the Savannah River plant in Aiken, S.C.

A lot of unanswered questions remain. Details of each contract with Kaiser-Hill and its partners must be forged; every inch of the plant must be assessed for cleanup priority; budgets must be hashed out with a stingy Congress — and hundreds of long-time employees must be laid off.

Rocky Flats employs about 6,000 people. By the end of the contract, the department wants that number trimmed to 2,000. Nearly 1,000 people will lose their jobs this year.

"We're anxious and apprehensive about what this all means," said Jerry Harden, head of the United Steelworker's of American local 8031, which represents most hourly employees. "This is the fourth contract team I've seen in my 28 years here. There's great promise, but there's also great frustration from the employees concerned about their future."

FLATS from Page 1A

contains radioactive elements at a "background" level, or the same amount found in places away from the plant, Energy Department officials said. Background radiation occurs everywhere, the result of naturally radioactive elements and that left from nuclear-weapon testing fallout in the '50s.

Nonetheless, the land will be repeatedly tested prior to any removal from Rocky Flats' control. But based on soil tests and studies of wind patterns when there were fires and other radioactive emissions from the plant, those areas have not been tainted, said Mark Silverman, the Energy Department's manager at Rocky Flats.

"We would obviously verify that before we turn it over to the public," he said. "But the winds are primarily easterly. The majority of the land being considered is to the south, and an area in the north buffer zone."

Only a small portion of the vast site at the base of the Flatirons between Boulder and Golden actually was used in the production of nuclear weapons. The buffer zone is a remnant of the Cold War and designed as much to keep people and things out of the long-secret plant as to keep the plant's pollution away from people and things.

The Department of Energy, which owns weapons plants and laboratories across the country, is the nation's fourth-largest holder of U.S. land. Energy Secretary Hazel O'Leary has made returning some of the land to the public one of her priorities in cleaning up and converting weapons plants to commercial uses where possible.

Removing the uncontaminated land from Rocky Flats control also reduces the size of the area regulated by the federal Superfund and other hazardous waste laws, meaning the company can concentrate on cleaning up the dangerous areas of the plant's interior, Kaiser-Hill officials said.

Kaiser-Hill proposed getting rid of the land as part of its bid to manage the cleanup of the plant. The firm yesterday won the contract and will take over plant operations in July.

While nothing is official yet, plenty of ideas are springing up for future uses of the buffer land. A group of investors and developers has approached the plant about using some of the land — with its panoramic views — for a golf course. Plant employees have proposed turning some of the area into an environmental camp. Other possibilities include open space, commercial and light industrial development.

2/2

5012

New Flats firm to turn over land

Kaiser-Hill Co. to free 2,000 acres

By Janet Day
Denver Post Business Writer

A1

The new operators of Rocky Flats want to turn thousands of acres at the former nuclear weapons plant over to metro-Denver municipalities and developers.

Englewood-based Kaiser-Hill Co. proposed "returning to the public domain" about 2,000 acres south and north of the plant's central area this year and an equal amount next year.

Exactly what land will be offered and how — by putting up a "for sale" sign, deeding it to the county or by some other means — hasn't been determined yet. That will be hashed out in the coming months by the U.S. Department of Energy, the U.S. Environmen-

■ PRESS CONFERENCE: Englewood firm takes over 16A

tal Protection Agency and Kaiser-Hill with input from local officials.

But don't expect expensive houses to immediately spring up on the plateau with its astounding views of Boulder's distinctive Flatirons. And don't worry that the government is trying to unload dangerously contaminated land that fairly glows in the dark from radioactive plutonium.

The areas under consideration on the far southern and northern edges of the vast plant

Please see FLATS on 16A

CONTINUED

Cleaning up Rocky Flats

Kaiser Hill Co. has been handed a timetable for cleaning up Rocky Flats; compensation is based on performance.

Kaiser Hill's goals at Rocky Flats:

1995 Begin consolidating radioactive plutonium into one area at the plant; release 19,000 acres of buffer land to the public.	1996 Clean up five of the top 10 hazardous substance pollution sites at the plant; complete stabilization and consolidation of plutonium; return additional land to the public; ship all of the enriched radioactive uranium off site.	1997 Complete cleanup of old waste disposal ponds, Woman Creek and the landfill.	1998 Clean up the remaining high-risk hazardous substance sites and clean up all "hot spots" of isolated pollution.	2000 Consolidate the plutonium into a single building and reduce the size of the core, protected area of the plant.
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Speeding gasoline tankers are a real highway threat

The transportation of nuclear waste is not a problem. Storing it forever may be a different issue.

To substantiate this, I suggest that all concerned residents read the recent news article, "Blast shuts down bridge." The hazardous material, dear folks, was gasoline, not nuclear. The real hazard is all around you every day, passing you at 70-plus miles per hour with impunity. Wake up to the real hazards on the roadways of this great nation.

What you don't want in our waterways is gasoline. The next time you notice a speeding tanker, take his license number and report your concerns.

Vic Skar

Energy OKs new SRS separation package

By John Whiters
Staff Writer

WASHINGTON — The Department of Energy has approved a new separation package for Savannah River Site employees, easing some previous restrictions and addressing concerns raised by Augusta-Aiken area congressmen.

The nine changes are expected to allow more employees to accept one

of the separation packages and avoid being laid off. The site must eliminate 4,200 positions, and current estimates are that between 1,900 and 2,300 could be laid off.

Here are some key changes: allowing employees to include previous service at other DOE sites; extending the early retirement date by four months; raising the voluntary separation package for those who started work after September 1991

from \$5,000 to \$7,500; providing contractor employees who move to another corporate location up to \$12,000 in relocation expenses; and allowing school tuition assistance of \$10,000 to be used over a four-year, instead of two-year, period.

"The secretary's announcement is, by and large, good news for the men and women of Savannah River Site," said U.S. Sen. Strom Thurmond, R-S.C., referring to Energy

Secretary Hazel O'Leary. "I am pleased that she has amended these plans so that SRS employees, their families and our communities will benefit."

Rep. Lindsey Graham, the Republican whose 3rd District includes

Please see SRS on SA



O'Leary

Changes

Following are nine changes approved by Energy Secretary Hazel O'Leary to Savannah River Site's separation packages. Employees who already accepted the earlier package will have it adapted to reflect these changes:

- Employees may include previous continuous service at other Energy Department sites. Previously, only SRS work was included.
- Extended the maximum early retirement date to Sept. 30, 1995, which adds four months.
- Wackenhut Services Inc., the security contractor, will have the same benefits as Westinghouse. This increases the package for Wackenhut employees.
- Employees accepting a package and then being rehired by their former employer within one year must pay back cash/benefits based on a pro-rated share. Previously, being rehired by the site meant packages had to be paid back; now only if rehired by same company.
- Construction employees rehired within six weeks will have to pay back a pro-rated share.
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CONTINUED

Panel Receives Update On DOE Storage Problems

► Hazardous conditions at four facilities cited in earlier report.

By SHANNON BAYNHAM
Staff Writer

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



David Karp ASSOCIATED PRESS

Energy Secretary Hazel O'Leary, center, reaffirmed the need for affirmative action in an increasingly interconnected world at an American-Chinese business symposium in

New York on Thursday. She is flanked by Roger Hinton, left, president and CEO of International Minority Business Corp., and Dr. Hu Yongheng.

O'Leary extols diversity

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By Hillary Chura
Associated Press

NEW YORK — In a swipe at the GOP, Energy Secretary Hazel O'Leary on Thursday reaffirmed the need for affirmative action in an increasingly interconnected world.

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"That doesn't mean that everyone necessarily has to look like (Chinese) Premier Li Peng or Secretary O'Leary,

but for a forward-thinking company, it means its leadership and the people working in those areas need to reflect the diversity of the globe."

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CONTINUED

San Jose Mercury News

Circulation 274,484

MAR 16 1995

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Hansen disagrees. His work, he said, is not the sort of detailed engineering data that would be useful to, say, North Korea. "I don't have any trouble sleeping at night," he said.

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In fact, Hansen has offered his services to the declassification section of the Energy Department, which is considering the hiring of reviewers to search the public literature for weapons documents. Energy officials have not taken him up on his offer, but Hansen says they are eagerly awaiting his CD.

Editorials

Public Meeting Supports Reactor's New Function

It is difficult to imagine, but a public meeting was actually held to discuss operation of a nuclear reactor and the transport of radioactive materials and nuclear waste — and the crowd supported the plan.

Sandia National Laboratories held a public hearing to discuss the conversion of a research reactor to the full-time production of nuclear tracers for medical use. The reactor, Sandia's Annular Core Research Reactor, would make molybdenum-99, which is then used to make other radioactive medicines.

Of course, the shift to medical materials production wouldn't mark the beginning of the movement of radioactive materials to and from the research reactor. It has been up and going — and its fuel didn't simply appear at the site. It is today's new openness and public participation in proposals involving radioactivity that opened this change in reactor mission to public scrutiny.

While such scrutiny is time-consuming and opens such projects to challenge, justified and not, by anybody, over time it will restore credibility to the safety practices of the Department of Energy and to the careful use of radioactive materials in civilian applications.

Knowledge is the best antidote to fear, in the case of nuclear reactors as well as in life in general.

Sandia's Annular Core Research Reactor is one step closer to a new and valuable role as a producer of radioactive substances for medical uses. As the current brouhaha over the proposed closing of Kirtland Air Force Base makes clear, we need all the new and civilian uses of our military-oriented high technology facilities as we can get.

Downsizing of Kirtland Won't Leave Big Pieces

There wouldn't be much in the way of an economic development consolation prize if the downsizing of Kirtland Air Force Base were to go through as proposed.

Less than 5 percent of the base's property could be used to lure companies and create new jobs, according to the volunteers fighting to head off the closure recommendation. Most of Kirtland's 52,000 acres would continue to be occupied by the Air Force's Phillips Laboratory and non-military tenants like Sandia National Laboratories.

"We're hoping more people get the message that we're going to be left holding an empty bag here," said retired Air Force Gen. Leo Marquez, who heads the volunteer committee.

Of course, subsidizing civilian economic development probably doesn't figure as a high priority to Pentagon penny-pinchers, but it might resonate with the civilian members of the federal Defense Base Closure and Realignment Commission.

The key to the arguments against the drastic downsizing of Kirtland is that the further the committee looks, the more it appears that the projected savings will be largely offset by costs — many to federal agencies other than the Air Force. It must be remembered that it is total federal spending that is the objective in this painful downsizing process — not just the Air Force budget.

ALBUQUERQUE JOURNAL

(J.M. PEPPERDAY, Publisher 1826-1856 H.P. PICKRELL, Editor 1856-1864)
(G. THOMPSON LANG, Publisher 1856-1871)

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Cecil J. Crawford, Senior Editor

Ken Wah, Editor

A6

Monday, April 3, 1995

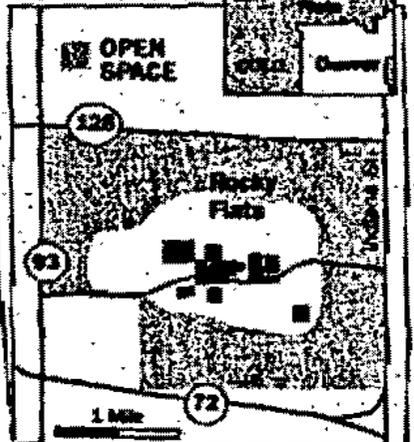
A crowd at Rocky Flats watches Tuesday as Energy Secretary Hazel O'Leary announces the awarding of the plant's operating contract to Englewood based CH2M Hill and ICF Kaiser Engineers of Fairfax, Va.

Clara Adams/Rocky Mountain News



Part of Flats could open to public use this year

PROPOSED ROCKY FLATS OPEN SPACE



Rocky Mountain News

New contractor unveils surprising plan to make 1,900 acres available

By Bill Scanlon

Rocky Mountain News Staff Writer

Rocky Flats' new contractor wants to open 1,900 acres of the plant's buffer zone to the public by October.

But some members of an oversight committee say that may be too soon.

Another 2,100 acres surrounding the plant will be opened for public use by October 1996, George O'Brien, chief executive

IN BUSINESS

Rocky Flats workers could earn big bonuses

officer of Kaiser-Hill, the new contractor at the former nuclear weapons plant, said Tuesday.

Rocky Flats has 6,400 acres in a buffer zone surrounding its 400-acre industrial park in Jefferson County.

The fast track announced Tuesday astonished members of the committee looking at uses of the land.

"I'm surprised. That seems optimistic," said DeAnn Butterfield, who directs the Rocky Flats Local Impacts Initiative.

"The public must see the plans," she said, noting that 14 tons of weapons-grade plutonium remains in buildings surrounded by the buffer zone.

Mark Silverman, the Department of Energy's manager at Rocky Flats, said opening the buffer zone in October is an aggressive goal and that it must be presented to the Future Site Use Working Group first.

Proposal for the northern section of the buffer include a park and a golf course.

Joe Wyenand, division director of the Rocky Flats Environmental Restoration Group, said the golf proposal wasn't well received.

Wed., April 5, 1995 Rocky Mountain News

Flats workers could earn big bonuses

Employees would split \$420 million with new plant contractor if cleanup goals are met

By Bill Scanlon

Rocky Mountain News Staff Writer

Rocky Flats employees could share up to \$420 million in bonuses with Kaiser-Hill, the management team that will run the plant for the next five years.

Rewarding both management and labor with bonuses is a steep departure from past practices at the nation's nuclear weapons and cleanup sites, Energy Secretary Hazel O'Leary said Tuesday. She announced Kaiser-Hill as the winner in the bid to succeed EG&G as prime contractor at Rocky Flats.

"Those are real, live bucks, powerful motivators," O'Leary said via an audio and video hookup

from her Washington, D.C., headquarters. "We're moving to a performance-based contract — you indicate what you're going to deliver. And you get paid when you deliver."

Under the \$3.5 billion five-year contract, Kaiser-Hill will pay salaries and benefits for thousands of workers and bring in 250 of its own people to help run the plant. For that, it is guaranteed \$70 million in profits, or 2% above the operating costs.

But if it can cut costs and save up to \$1.2 billion over those five years, it is entitled to bonuses of up to \$420 million — 35% of that \$1.2 billion. The government and taxpayers save the other \$780 million. The contract says half the \$420 million must go to the employees.

"That's a pretty darn good incentive," Mark Silverman, manager of DOE Rocky Flats said.

EG&G Rocky Flats Inc. won \$65 million in bonuses during the past five years running the plant.

"But none of it got to workers. In fact, none of it got below the vice president level," he said.

Rocky Flats employs 6,000 now, but plans to trim to 3,600 by the end of this year and to 2,000 by the time Kaiser-Hill's five-year contract is up.

The staffing level could stay at around 2,000 for the next 55 years, based on O'Leary's projections that cleanup at Rocky Flats will cost \$22.5 billion and take 60 years.

The first five years will be busy. George O'Brien, president and chief executive officer of Kaiser-Hill, predicted "dramatic cost savings" and vowed to meet the deadlines posed by DOE.

Kaiser-Hill, a joint venture of two leading environmental firms, ICF Kaiser International Inc. of

Fairfax, Va., and Englewood-based CH2M Hill Cos. Ltd., won a close contest with Parsons Corp. of Pasadena, Calif.

Kaiser-Hill won because it was both more specific and more aggressive about yearly cleanup goals, Silverman said.

The transition period begins immediately. Kaiser-Hill officially takes over July 1. Ralph Peterson, chief executive of CH2M Hill, said if a company like his wants to be the best in the world, it has to tackle the toughest problems.

"Rocky Flats is the Olympic Games" of environmental cleanup, he said.

Before deciding to bid, CH2M Hill assured itself that success was possible, that DOE was very clear in its goals, that it could bring in expert partners and that regulators wanted to cooperate, he said.

AM

May

1995

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SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	Hakes - Vancouver, Canada Dreyfus - Las Vegas, NV	Hakes - Vancouver, Canada Dreyfus - Las Vegas, NV	Hakes - Vancouver, Canada Dreyfus - Las Vegas, NV	Dreyfus - Las Vegas, NV	Dreyfus - Las Vegas, NV	
DS White - New Mexico	DS White - New Mexico Godley - Houston, TX	DS White - New Mexico Godley - Houston, TX Tierney - Madison, WI	DS White - New Mexico Grumbly - Aikens, SC Godley - Houston, TX	DS White - New Mexico Godley - Houston, TX		
		Hakes - Potomac, MD	Hakes - Potomac, MD O'Toole - New Haven, CT	Hakes - Potomac, MD		Tierney - Paris France
Tierney - Paris France	Hakes - Towson, MD Tierney - Paris France	Hakes - Towson, MD Tierney - Paris France	Hakes - Towson, MD O'Toole - Kansas City, MO Tierney - Paris France	Hakes - Towson, MD	Hakes - Towson, MD	

April

1995

1995

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
						1
DS White - Venezuela 2	DS White - Venezuela Tierney - Dallas, TX 3	DS White - Venezuela Dreyfus - Spain Nordhaus - Atlanta, GA Godley - Baton Rouge, LA 4	Dreyfus - Spain Nordhaus - Atlanta, GA 5	Dreyfus - Spain Godley - Houston, TX Tierney - New Haven, CT Tierney - Boston 6	DS White - Anchorage, Ak US Curtis - Tokyo, Japan Dreyfus - Spain Godley - Houston, TX 7	DS White - Anchorage, Ak US Curtis - Tokyo, Japan Dreyfus - Spain 8
DS White - Anchorage, AK US Curtis - Tokyo, Japan 9	DS White - Anchorage, AK US Curtis - Tokyo, Japan O'Toole - Idaho Falls, ID 10	Tierney - Dallas, TX US Curtis - Tokyo, Japan O'Toole - Idaho Falls, ID Ervin - Los Angeles, CA 11	US Curtis - Tokyo, Japan O'Toole - Idaho Falls, ID Ervin - San Antonio, TX 12	O'Toole - Idaho Falls, ID 13	Tierney - Boston, DS White - New Independ- ent States O'Toole - Idaho Falls, ID 14	DS White - NIS 15
DS White - NIS 16	DS White - NIS 17	DS White - NIS US Curtis - Boston, MA 18	DS White - NIS US Curtis - Chicago, IL Tierney - Paris France 19	DS White - NIS US Curtis - Chicago Nordhaus - Providence, RI Tierney - Paris France Tierney - 20	DS White - NIS Tierney - Providence, 21	DS White - NIS 22
DS White - NIS 23	Grumbly - Port Canavel, FL 24	25	26	Providence, RI Tierney - Vancouver, Canada 27	Vancouver, Canada 28	29
Dreyfus - Las Vegas, NV 30						

Friday - March 31, 1995
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Page 1 of 1

SOUTH CAROLINA EDITION

DOE work not wanted, Perry says

By John Winters
Staff Writer

WASHINGTON - Defense Secretary William Perry has told key lawmakers his agency does not want to take over the Energy Department's nuclear weapons work, as some in Congress favor.

Mr. Perry sent letters Wednesday to Sen. Strom Thurmond, R-S.C., chairman of the Armed Services Committee, and Rep. Floyd Spence, R-S.C., chairman of the House National Security Committee, outlining his opposition to the proposal.

"Over the past 50 years, there has been a clear and distinct separation of the nuclear weapons-related roles and responsibilities of the Department of Defense and Department of Energy," the letter said.

"This dual-agency approach has served the nation well by creating institutional checks and balances that are vital for meeting the performance, safety and reliability requirements of the nuclear arsenal."

Mr. Perry's letter also stressed new technical challenges facing the weapons program with the decision to halt underground testing.

"This is not a time to be fundamentally restructuring the management of these activities," the letter said.

Mr. Perry added that he thought it important for his agency to focus on current missions and not add functions "that more appropriately belong in the Department of Energy."

Mr. Thurmond, who wants to transfer Energy's nuclear work to Defense, had not seen the letter late Thursday and would comment afterward, his spokeswoman said.

Amarillo Daily News

(Circ: 21,137) DAY Friday DATE 3-31-95 PAGE 4A

Congress will have to address energy issues

T. Boone Pickens knows energy.

The former Amarillo resident and oil-and-gas magnate now living in Dallas took his knowledge of the energy business to Capitol Hill the other day and spoke words of wisdom.

"It almost borders on insanity to believe we are not going to be confronted with another crisis," Pickens told the Senate Foreign Relations Committee in predicting yet another oil shock. "I'll bet good money it's going to happen before the end of the decade. The gun's loaded. The trigger's going to be pulled."

The triggerman, in this instance, would be the unstable Middle East governments that have their twitching hands on all those oil spigots.

A recent government study pointed out that the United States is importing more than half of all the oil it uses. That leaves us vulnerable to the whims and wishes of governments that are as unstable as the shifting sands of the region they call home.

Witnesses told the committee that potential unrest in Saudi Arabia, which accounts for 12 percent of the world's oil production and 25 percent of the world's proven oil reserves, could prompt a terrible shock to the world oil market. Of course, we had all that scary talk in the months leading up to the Persian Gulf War in early 1991.

What to do?

Former Reagan administration Ener-

The United States is importing more than half of all the oil it uses.

gy Secretary Don Hodel, who also spoke to the committee, said the United States should enact several measures to head off such a shock. Set floor prices for oil to protect domestic oil producers from future collapses in the base price of oil, he said. Such measures, Hodel added, also would offer protection for alternative energy research.

Pickens, too, weighed in with suggestions to remedy the situation. He says the country should redouble its efforts to convert to natural gas use — a message he has been delivering for years.

Indeed, these are the messages that Washington has been hearing — and for the most part ignoring — since before the 1973-74 oil crisis, the one that caused all those long lines and brought about the skyrocketing pump prices. The government has said in the two decades since that time that it got the message and that it would strive for energy independence.

Yet we're farther away from that goal than ever before.

Is anyone listening — really listening — to these dire warnings?

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



David Marp Associated Press

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Energy OKs new SRS separation package

By John Walters
Staff Writer

WASHINGTON — The Department of Energy has approved a new separation package for Savannah River Site employees, easing some previous restrictions and addressing concerns raised by Augusta-Aiken area congressman.

The nine changes are expected to allow more employees to accept one

of the separation packages and avoid being laid off. The site must eliminate 4,200 positions, and current estimates are that between 1,900 and 2,300 could be laid off.

Here are some key changes: allowing employees to include previous service at other DOE sites; extending the early retirement date by four months; raising the voluntary separation package for those who started work after September 1991

from \$5,000 to \$7,500; providing contractor employees who move to another corporate location up to \$12,000 in relocation expenses; and allowing school tuition assistance of \$10,000 to be used over a four-year, instead of two-year, period.

"The secretary's announcement is, by and large, good news for the men and women of Savannah River Site," said U.S. Sen. Strom Thurmond, R-S.C., referring to Energy

Secretary Hazel O'Leary. "I am pleased that she has amended these plans so that SRS employees, their families and our communities will benefit."

Rep. Lindsey Graham, the Republican whose 3rd District includes

Please see SRS on BA



O'Leary

Changes

- Following are nine changes approved by Energy Secretary Hazel O'Leary to Savannah River Site's separation packages. Employees who already accepted the earlier package will have it adapted to reflect these changes:
- Employees may include previous continuous service at other Energy Department sites. Previously, only SRS work was included.
 - Extended the maximum early retirement date to Sept. 30, 1995, which adds four months.
 - Wackenhut Services Inc., the security contractor, will have the same benefits as Westinghouse. This increases the package for Wackenhut employees.
 - Employees accepting a package and then being rehired by their former employer within one year must pay back cash benefits based on a pro-rated share. Previously, being rehired by the site meant packages had to be paid back; now only if rehired by same company.
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New Flats firm to turn over land

Kaiser-Hill Co. to free 2,000 acres

By Janet Day
Denver Post Business Writer

A1

The new operators of Rocky Flats want to turn thousands of acres at the former nuclear weapons plant over to metro-Denver municipalities and developers.

Englewood-based Kaiser-Hill Co. proposed "returning to the public domain" about 2,000 acres south and north of the plant's central area this year and an equal amount next year.

Exactly what land will be offered and how — by putting up a "for sale" sign, deeding it to the county or by some other means — hasn't been determined yet. That will be hashed out in the coming months by the U.S. Department of Energy, the U.S. Environmen-

■ PRESS CONFERENCE: Englewood firm takes over 15A

tal Protection Agency and Kaiser-Hill with input from local officials.

But don't expect expensive houses to immediately spring up on the plateau with its astounding views of Boulder's distinctive Flatirons. And don't worry that the government is trying to unload dangerously contaminated land that fairly glows in the dark from radioactive plutonium.

The areas under consideration are the far southern and northern edges of the vast plant

Please see FLATS on 15A

CONTINUED

Cleaning up Rocky Flats

Kaiser Hill Co. has been handed a timetable for cleaning up Rocky Flats; compensation is based on performance.

Kaiser Hill's goals at Rocky Flats:

1995 Begin consolidating radioactive plutonium into one area at the plant; release 18,000 acres of buffer land to the public.	1996 Clean up five of the top 10 hazardous substance pollution sites at the plant; complete stabilization and consolidation of plutonium; return additional land to the public; ship all of the enriched radioactive uranium off site.	1997 Complete cleanup of old waste ponds, Woman Creek and the landfill.	1998 Clean up the remaining high-risk hazardous substance sites and clean up all "hot spots" of isolated pollution.	2000 Consolidate the plutonium into a single building and reduce the size of the core, protected area of the plant.
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1/2
52

1/2 12

Speeding gasoline tankers are a real highway threat

The transportation of nuclear waste is not a problem. Storing it forever may be a different issue.

To substantiate this, I suggest that all concerned residents read the recent news article, "Blast shuts down bridge." The hazardous material, dear folks, was gasoline, not nuclear. The real hazard is all around you every day, passing you at 70-plus miles per hour with impunity. Wake up to the real hazards on the roadways of this great nation.

What you don't want in our waterways is gasoline. The next time you notice a speeding tanker, take his license number and report your concerns.

Vic Skaar

Cleanup to get under way

By Janet Day

Denver Post Business Writer

A16

Kaiser-Hill Co. of Englewood signed on the dotted line yesterday, taking over cleanup of the beleaguered former Rocky Flats nuclear-weapon plant.

Amid smiles, jokes and assurances in an interactive press conference with Energy Secretary Hazel O'Leary in Washington, D.C., the newly formed partnership promised to begin cleanup of the most hazardous areas of the plant immediately.

And by the turn of the century, they expect to have shipped uranium out of the plant, consolidated plutonium into a single secure area, cleaned the most hazardous areas and reduced the size of the plant's problem area.

Kaiser-Hill is a joint venture between two of the country's largest engineering firms: CH2M Hill Cos. Ltd. of Englewood and ICF Kaiser International Inc. of Fairfax, Va. The five-year contract is estimated to be worth \$3.5 billion.

"This is the Olympic games of our business," said Ralph Peterson, CH2M's president, who was in Washington for the announcement. "Rocky Flats is the toughest problem around, and if you're determined to be the best, as we are, you have to solve the toughest problems."

In a radical change for the Energy Department, the actual value of the contract won't be known until Kaiser-Hill and its team of partners meet specific contract goals, including a timetable for moving all of the radioactive plutonium into one safe area.

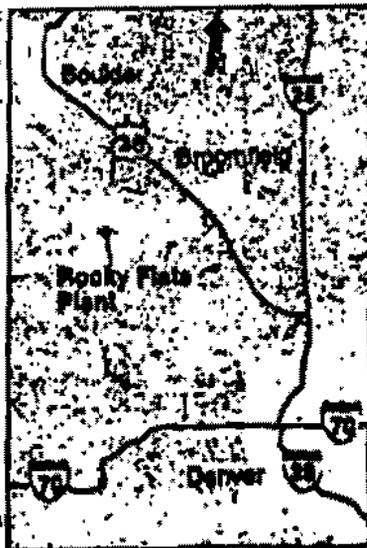
Historically, operators of the nation's bomb factories received a set fee and bonuses, often in spite of continued environmental and safety problems at the plants.

The Kaiser-Hill team will include a variety of partners with special areas of expertise. Those firms will do the specialized work while Kaiser-Hill manages the overall plant operations. Energy Department officials say the contract and team structure will lead to real cleanup work instead of continued monitoring and paperwork.

"This is a new partnership that will produce results. Kaiser-Hill is a very powerful combination," O'Leary said. "It integrates the main contractor with those that do the heavy lifting."

The partners, who beat out a team formed by The Parsons Group of California, include Westinghouse Electric Corp. and Babcock & Wilcox Co. for nuclear materials handling; Morrison Knudsen Corp. and ENVI Inc. for environmental restoration and waste management; DynCorp for site operations; Wackenhut for security and Quanterra for lab services.

The group begins four months of



The Denver Post

transition work with former contractor EG&G Inc. and takes over in July.

Rocky Flats and the Idaho National Engineering Lab are the only En-

ergy Department facilities operating under such contracts. The next plant to move into contract reform is the Savannah River plant in Aiken, S.C.

A lot of unanswered questions remain. Details of each contract with Kaiser-Hill and its partners must be forged; every inch of the plant must be assessed for cleanup priority; budgets must be hashed out with a stingy Congress — and hundreds of long-time employees must be laid off.

Rocky Flats employs about 6,000 people. By the end of the contract, the department wants that number trimmed to 2,000. Nearly 2,000 people will lose their jobs this year.

"We're anxious and apprehensive about what this all means," said Jerry Harden, head of the United Steelworker's of American local 303, which represents most hourly employees. "This is the fourth contract I've seen in my 28 years here. There's great promise, but there's also great frustration from the employees concerned about their future."

PLATS from Page 1A

contain radioactive elements at a "background" level, or the same amount found in places away from the plant, Energy Department officials said. Background radiation occurs everywhere, the result of naturally radioactive elements and that left from nuclear-weapon testing fallout in the '60s.

Nonetheless, the land will be repeatedly tested prior to any removal from Rocky Flats control. But based on soil tests and studies of wind patterns when there were fires and other radioactive emissions from the plant, those areas have not been tainted, said Mark Silverman, the Energy Department's manager at Rocky Flats.

"We would obviously verify that before we turn it over to the public," he said. "But the winds are primarily easterly. The majority of the land being considered is to the south, and an area in the north buffer zone."

Only a small portion of the vast site at the base of the Flatirons between Boulder and Golden actually was used in the production of nuclear weapons. The buffer zone is a remnant of the Cold War and designed as much to keep people and things out of the long-secret plant as to keep the plant's pollution away from people and things.

The Department of Energy, which owns weapons plants and laboratories across the country, is the nation's fourth-largest holder of U.S. land. Energy Secretary Hazel O'Leary has made returning some of the land to the public one of her priorities in cleaning up and converting weapons plants to commercial uses where possible.

Removing the uncontaminated land from Rocky Flats control also reduces the size of the area regulated by the federal Superfund and other hazardous waste laws, meaning the company can concentrate on cleaning up the dangerous areas of the plant's interior, Kaiser-Hill officials said.

Kaiser-Hill proposed getting rid of the land as part of its bid to manage the cleanup of the plant. The firm yesterday won the contract and will take over plant operations in July.

While nothing is official yet, plenty of ideas are springing up for future uses of the buffer land. A group of investors and developers has approached the plant about using some of the land — with its panoramic views — for a golf course. Plant employees have proposed turning some of the area into an environmental camp. Other possibilities include open space, commercial and light industrial development.

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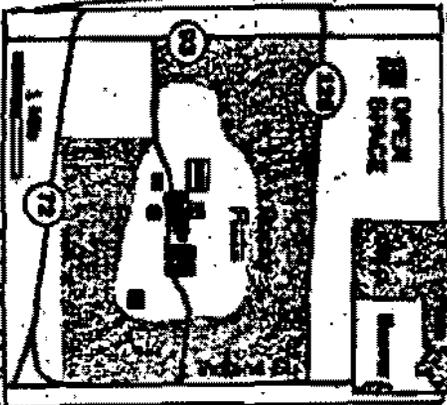
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A crowd at Rocky Flats watches Tuesday as Energy Secretary Hazel O'Leary announces the awarding of the plant's operating contract to Englewood-based CH2M Hill and KCS Kaiser Engineers of Fairfax, Va.



Part of Flats could open to public use this year

PROPOSED ROCKY FLATS OPEN SPACE



New contractor unveils surprising plan to make 1,900 acres available

By Bill Swanson

Rocky Mountain News Staff Writer

Rocky Flats, new contractor wants to open 1,900 acres of the plant's buffer zone to the public by October.

But some members of an oversight committee say that may be too soon.

Another 2,100 acres surrounding the plant will be opened for public use by October 1996, George O'Brien, chief executive

officer of Kaiser-Hill, the new contractor at the former nuclear weapons plant, said Tuesday.

Rocky Flats has 6,400 acres in a buffer zone surrounding its 400-acre industrial park in Jefferson County.

The fast track announced Tuesday astonished members of the committee looking at uses of the land.

"I'm surprised. That seems optimistic," said Devann Bortnick, who directs the Rocky Flats Local Impacts Initiative.

"The public must see the plant," she said, noting that 14 tons of weapons-grade plutonium remains in buildings surrounded by the buffer zone.

Mark Silverman, the District head of Engery's manager at Rocky Flats, said opening the buffer zone in October is an aggressive goal and that it must be presented to the Future Site Use Working Group first.

Proposal for the northern section of the buffer include a park and a golf course.

Joe Wyszard, division director of the Rocky Flats Environmental Restoration Group, said the golf proposal wasn't well received.

Wed. April 3, 1985 Rocky Mountain News

Flats workers could earn big bonuses

Employees would split \$420 million with new plant contractor if cleanup goals are met

By Sam Swanson
Special Contributor from Supercenter



Rocky Flats employees could share up to \$420 million in bonuses with Kaiser-Hill, the management team that will run the plant for the next five years.

Resolving both management and labor with bonuses is a steep departure from past practices at the nation's nuclear weapons and cleanup sites, Energy Secretary Hazel O'Leary said Tuesday. She announced Kaiser-Hill as the winner in the bid to succeed EG&G as prime contractor at Rocky Flats.

"Those are real live bucks, powerful motivators," O'Leary said via an audio and video hookup

from her Washington, D.C., board quarters. "We're moving to a performance-based contract — you indicate what you're going to deliver. And you get paid when you deliver."

Under the \$3.5 billion five-year contract, Kaiser-Hill will pay salaries and benefits for thousands of workers and bring in 250 of its own people to help run the plant. For that, it is guaranteed \$70 million in profits, or 2% above the operating costs.

But if it can cut costs and save up to \$1.2 billion over those five years, it is entitled to bonuses of up to \$420 million — 35% of that \$1.2 billion. The government and taxpayers save the other \$780 million. The contract says half the \$420 million must go to the employees.

"That's a pretty darn good incentive," Mark Silverman, managing director of DOE Rocky Flats said.

EG&G Rocky Flats Inc., won \$65 million in bonuses during the past five years running the plant.

"But some of it got to workers. In fact, none of it got below the vice president level," he said.

Rocky Flats employs 6,000 now, but plans to trim to 3,600 by the end of this year and to 2,000 by the time Kaiser-Hill's five-year contract is up.

The staffing level could stay at around 2,000 for the next 85 years, based on O'Leary's projections that cleanup at Rocky Flats will cost \$22.5 billion and take 60 years.

The first five years will be busy. George O'Brien, president and chief executive officer of Kaiser-Hill, predicted "dramatic cost savings and vowed to meet the deadlines posed by DOE.

Kaiser-Hill, a joint venture of two leading environmental firms, NCF Kaiser International Inc. of

Parkton, Va., and Englewood-based CH2M Hill Cos. Ltd., was a close contest with Parsons Corp. of Pasadena, Calif.

Kaiser-Hill won because it was both more specific and more aggressive about yearly cleanup goals, Silverman said.

The transition period begins immediately, Kaiser-Hill officials takes over July 1. Ralph Peterson, chief executive of CH2M Hill, said if a company like his wants to be the best in the world, it has to tackle the toughest problems.

"Rocky Flats is the Olympic Games" of environmental clean-up, he said.

Before deciding to bid, CH2M Hill assured itself that success was possible, that DOE was very clear in its goals, that it could bring in expert partners and that regulators wanted to cooperate, he said.

Editorials

Public Meeting Supports Reactor's New Function

It is difficult to imagine, but a public meeting was actually held to discuss operation of a nuclear reactor and the transport of radioactive materials and nuclear waste—and the crowd supported the plan!

Sandia National Laboratories held a public hearing to discuss the conversion of a research reactor to the full-time production of nuclear tracers for medical use. The reactor, Sandia's Annular Core Research Reactor, would make molybdenum-99, which is then used to make other radioactive medicines.

Of course, the shift to medical materials production wouldn't mark the beginning of the movement of radioactive materials to and from the research reactor. It has been up and going—and its fuel didn't simply appear at the site. It is today's new openness and public participation in proposals involving radioactivity that opened this change in reactor mission to public scrutiny.

While such scrutiny is time-consuming and opens such projects to challenge, justified and not, by anybody, over time it will restore credibility to the safety practices of the Department of Energy and to the careful use of radioactive materials in civilian applications.

Knowledge is the best antidote to fear, in the case of nuclear reactors as well as in life in general.

Sandia's Annular Core Research Reactor is one step closer to a new and valuable role as a producer of radioactive substances for medical uses. As the current broohaha over the proposed closing of Kirtland Air Force Base makes clear, we need all the new and civilian uses of our military-oriented high technology facilities as we can get.

Downsizing of Kirtland Won't Leave Big Pieces

There wouldn't be much in the way of an economic development consolation prize if the downsizing of Kirtland Air Force Base were to go through as proposed.

Less than 5 percent of the base's property could be used to lure companies and create new jobs, according to the volunteers fighting to head off the closure recommendations. Most of Kirtland's 52,000 acres would continue to be occupied by the Air Force's Phillips Laboratory and non-military tenants like Sandia National Laboratories.

"We're hoping more people get the message that we're going to be left holding an empty bag here," said retired Air Force Gen. Leo Marquez, who heads the volunteer committee.

Of course, subsidizing civilian economic development probably doesn't figure as a high priority to Pentagon penny-pinchers, but it might resonate with the civilian members of the federal Defense Base Closure and Realignment Commission.

The key to the arguments against the drastic downsizing of Kirtland is that the further the committee looks, the more it appears that the projected savings will be largely offset by costs—many to federal agencies other than the Air Force. It must be remembered that it is total federal spending that is the objective in this painful downsizing process—not just the Air Force budget.

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Gerald J. Crawford, Senior Editor

Kenn White, Editor

A6

Monday, April 3, 1995



The Secretary of Energy
Washington, DC 20585

April 13, 1995

OLW/PANETTA-895-007024
FILE OUT

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

KEY DEPARTMENT NEWS

Convocation at the University of Maryland-Eastern Shore

I gave the annual convocation address at the University of Maryland-Eastern Shore campus. Over 1,000 people were in attendance at this historically black college university (HBCU). The address focused on Department initiatives with the HBCU. We have increased funding to HBCU's to 10% of the Department's education budget - up significantly since 1992. I also focused on our Administration's efforts to increase access to higher education for African-Americans.

Realignment of the Department of Energy

I initiated a process in December to realign the Department of Energy consistent with our commitment to reduce our budget by \$14 billion over 5 years. A group of approximately 40 departmental employees have been working with private sector experts on this effort. The final report should be completed by May 5, 1995.

The purpose of this exercise is to further restructure the Department and save money. It is my hope that this plan will include initiatives to reduce staff, duplication of work, eliminate unnecessary programs at field offices and other similar right-sizing projects. As these recommendations will affect our field complex, there will be significant congressional interest and media attention. We will brief appropriate White House offices prior to public communication of the plan.

AGENCY WORK ON PRESIDENTIAL INITIATIVES

Speech to White House Conference on Small Business in Atlanta

At the request of the White House, I will make the keynote speech to the White House Conference in Atlanta on Tuesday. My address will focus on the Department's progress in the increasing amount of contracts given to minority and small businesses. We have increased the volume of such contracts from \$3 billion to \$4.5 billion since 1993. I will focus on other initiatives such as increasing small business access to our laboratories. Lastly, I will highlight Administration initiatives that have benefitted the small business sector.



Meeting of the President's Council on Sustainable Development

I will attend the final principals meeting of the President's Council on Sustainable Development in San Francisco on April 27, 1995.

CONGRESS

Congressional Hearings

April 26, 1995 - Before Senate Interior Appropriations Subcommittee, FY 1996 Interior and Related Agencies Appropriations – Energy Conservation.

April 26, 1995 - Before Senate Interior Appropriations Subcommittee, FY 1996 Interior and Related Agencies Appropriations – Fossil Energy.

April 26, 1995 - Before Senate Armed Services, Strategic Forces Subcommittee, FY 1996 Authorization for Environmental Management Programs.

May 16, 1995 - Before Senate Armed Services Strategic Forces Subcommittee, FY 1996 Budget Request for Atomic Defense Activities (TENTATIVE).

OUTREACH

Meeting with Governor Beasley of South Carolina

I will meet with Governor Beasley of South Carolina. The discussion will focus on the future of the Savannah River site which has been significantly downsized due to reductions in defense production. Issues which we will discuss include worker displacement, community and economic dislocation, our plans to store foreign research reactor fuel at the site, and South Carolina's potential to be the preferred site for a new tritium production sources which is necessary to maintain the nuclear weapons stockpile. (South Carolina is a leading candidate for this facility as the site has produced tritium for the past 50 years).

Meeting with State Senator Larry Young

I met with Larry Young, an African-American Senator from Maryland. We discussed several events that would communicate our Administration's initiatives which have benefitted the minority community.

MEDIA

Science Magazine

I will be interviewed by *Science Magazine*, the nation's most widely read science journal. I will focus on the importance of science and technology to fuel the economy; and the Department's role in supporting our Administration's technology initiatives. The potential dismantlement of the Department will also be subject to discussion.

TechnoPolitics

This PBS program will focus on the same issues as the *Science Magazine* interview.

Discover Award

Discover Magazine is expected to present the Department of Energy and Fusion Lighting, Inc. its award for Environmental Technological Innovation for development of the Sulfur Lamp. The Discover Awards will be held at the Epcot Center on April 29, 1995. The Sulfur Lamp, about the size of a golf ball, contains a small quantity of sulfur, which, when excited by microwaves, produces a high quality white light at twice the efficiency of conventional sources and free of harmful mercury.

REGULATORY REFORM

External Requests

Administration Working Groups on S.343. The Department is participating actively in several of the Administration's working groups on regulatory reform issues included in S.343. The Department is the team leader for working groups dealing with cleanup issues, risk assessment, and peer review issues.

Upcoming Rules

Energy Savings Performance Contracts Rule. The Department has issued a final rule establishing an innovative program to accelerate private sector financing of investments in cost-effective energy conservation measures in Federal buildings without spending taxpayer dollars. This rule will inaugurate a congressional mandated experiment in procurement reform by allowing Federal agencies to contract for private sector energy conservation services, subject to performance guarantees, and to pay for them in the future from the resulting costs savings. The rule was published in the Federal Register on April 10, 1995.

Directives Reduction

The Department is publishing a Federal Register notice announcing the availability of draft DOE Directive on the Internet. The Department is in the process of revising internal directives in order to reduce burdens and improve efficiency of DOE contractor operations.

FOIA ACTIVITY

No significant Freedom of Information Act requests have been received.

SECRETARY'S SCHEDULE

Calendars will be sent via facsimile to the Office of Cabinet Affairs.

SUB-CABINET SCHEDULE

Calendars will be sent via facsimile to the Office of Cabinet Affairs.

April 10, 1995

Be Careful: Go Slow on Ward Valley

³⁴ Mistakes made in the burial of radioactive waste are virtually uncorrectable, for radioactivity that escapes into the ambient soil is all but impossible to recapture. This is why the proposal that low-level (but still slightly hazardous) radioactive waste should be buried at Ward Valley, just 20 miles from the Colorado River, deserves the most exacting and, equally important, the most public scrutiny possible.

More than a year ago, Interior Secretary Bruce Babbitt, tacitly judging inadequate the safety review conducted by Gov. Pete Wilson's Department of Health Services, declined to transfer the affected federal land to state control. Babbitt promised a public, evidentiary hearing and, in the interim, commissioned the National Academy of Sciences to conduct an independent study addressing the fear that radioactivity could migrate from the dump to ground water and through ground water to the river.

Last summer the academy's Board

of Radioactive Waste Management convened a panel and held hearings in California. There were unsettling reports at the time that the panelists' conflict-of-interest disclosures (many have ties to the nuclear power industry) had taken place behind closed doors and that dump proponents—some of them financially interested parties—were given days to argue their case, while opponents were given just hours. Sen. Barbara Boxer (D-Calif.) filed an objection with academy President Bruce Alberts, but to no avail.

Now, on the eve of the delivery of the academy's Ward Valley report, Robert Loux, executive director of Nevada's Nuclear Waste Project Office, U.S. Sen. Richard Bryan (D-Nev.) and three New York state legislators have reported in detail—and with anger and alarm—on virtually identical academy behavior in their states. They accuse the academy of concealing its panelists' conflicts of interest in the review of proposed nuclear waste facilities in

their states and of failing to allow opponents any semblance of a fair hearing.

Lamentably enough, if begins to appear that rather than resolving others' questions, the academy itself is in danger of becoming a question. The proposed Ward Valley facility and others like it around the country, if science can prove them safe, should not be stopped for political reasons. By the same token, science should not be compromised to fit what politicians have already decided.

We do not intend to prejudge the outcome of any inquiry into the safety of the proposed Ward Valley dump. We remain concerned, however, now as throughout this controversy, that there be no prejudgment by the relevant authorities. Babbitt and Energy Secretary Hazel O'Leary must take the well-documented and disturbingly consistent reports of Sens. Bryan and Boxer and the New York legislators seriously in evaluating the academy's record in the area of radioactive waste management.

BPA's rates envied and threatened

At least half of the 10 million people who live in the Pacific Northwest — Washington, Oregon, Idaho and portions of Montana and Wyoming — benefit from some of the lowest cost electricity in the country.

The Bonneville Power Administration is the nation's largest power-marketing agency. It is the wholesaler of electric energy generated by 30 federal dams, most of them in the Columbia River, and a nuclear plant at Hanford.

Bonneville's customers pay less than half the national average rate for electricity.

BPA's low rates are envied — and resented — by people who live in less-favored states. They complain the billions of federal dollars invested in dams, transmission systems, irrigation projects and barge canals are government subsidies that give the Northwest an unfair advantage over other regions.

Fierce congressional battles have been fought in vain efforts to, in the words of a former Virginia lawmaker, "get the Northwest off the federal dole."

Three presidents — Reagan, Bush and Clinton — have wanted to sell the BPA, but have backed down in the face of a united Northwest opposition.

Bonneville has become a "sacred cow."

Republicans now in control of Congress are committed to cut spending and downsize government. House Speaker Newt Gingrich appointed Rep. Scott L. Klug of Wisconsin to come up with a list of things the government should not be doing. Klug's list has been endorsed by Rep. John Kasich of Ohio, chairman of the House Budget Committee.

Not surprisingly, since Klug worked in Seattle as a television reporter before he became a Wisconsin politician, Bonneville is high on his list of targets. The federal government, he argues, should not be in the utility business, and he has introduced bills to sell Bonneville and four other federal electric utilities, including the Tennessee Valley Authority.

Klug estimates such sales could raise \$5 billion for the government. His list includes the dairy subsidy, which is important to Wisconsin's economy. His rationale, as reported by *The New York Times*: "... anyone who is intellectually honest about this has to question programs in their own backyard."

PERSPECTIVES

by
William C.
Bequette

TRI-CITY HERALD
Tri-Cities
APR 9 1995

Some Republican lawmakers from districts with industries targeted by Klug are questioning what he wants to do in their backyards. To them, "privatization" is a dirty word.

Nowhere is the word more offensive than in the Northwest where nine new Republicans were swept into Congress on a unified promise to reduce government.

They've sent Kasich a letter opposing sale of BPA and proposing instead BPA's \$16 billion debt be refinanced, a plan already introduced by Sen. Mark Hatfield, R-Ore., and Rep. Peter DeFazio, D-Ore.

The Republicans say refinancing BPA's debt at market rates, including an initial \$100 million premium payment to the Treasury, would bring the federal government about \$65 million a year for the next five years.

The letter to Kasich was signed by Reps. Jennifer Dunn, R-Wash., Linda Smith, R-Wash., Randy Tate, R-Wash., George Nethercutt, R-Wash., Jim Bunn, R-Ore., Wes Cooley, R-Ore., Barbara Cubin, R-Wyo., Mike Crapo, R-Idaho, and Doc Hastings, R-Wash.

Hastings, whose home is in Pasco, is considered among the more conservative of the nine. Yet he has endorsed the DeFazio bill and has introduced a similar bill of his own. Although his defense of BPA may strike some conservative thinkers as deviant, past 4th Congressional District representatives to Congress would applaud it.

Before Hastings, Republicans Hal Holmes, Catherine May and Sid Morrison and Democrat Mike McCormack all supported, and protected, BPA.

Smith, who represents the southwest corner of Washington, hardly had taken her seat in the House when she called for the elimination of four Cabinet-level departments and deep cuts in federal spending for the arts and welfare.

But in February, she came out strongly against the sale of Bonneville.

"I've always supported privatization," the *Times* quoted her as saying, "but not if it's going to destroy the economy of our region."

She said two-thirds of the Northwest's basic industries and four-fifths of the people living in her congressional district would be affected adversely by sale of Bonneville. She believes higher electric rates would result and aluminum smelters in her district would be shut down.

Rep. Jennifer Dunn, a former Washington State Republican Party chairwoman, doubts a private company would want to buy the BPA because of the high costs of restoring the salmon runs. Bonneville is required by law to pay a large share of those costs.

Although several other members of the House and Senate from the Northwest have yet to take a public position on the proposed sale of Bonneville, none is likely to favor it. They know to vote against Bonneville is to commit political suicide.

April 9, 1995

Archer had enough influence with House Speaker Newt Gingrich and other House leaders to add the minimum tax repeal to the tax bill.

DeLay, the third-ranking House Republican, said Archer and Gingrich have grown to respect each other in recent years. "Newt made him a believer" by developing a strategy for Republicans to take control of the House, he said.

But the two men have far different styles.

Gingrich thrives on confrontation; Archer, though thoroughly partisan, brings a genteel manner to his dealings.

Rep. Andrew Jacobs, an Indiana Democrat who serves on the Ways and Means Committee, says Archer maintained his demeanor through the bitter committee fights over the Republicans' welfare reform proposals. "He's very courteous to all the members of the committee."

Archer says his dealings with other members are shaped by his experiences with heavy-handed Democrats, both in Austin and Washington.

"I don't think you reward your friends and punish your enemies," he said. "There are always going to be winners and losers, but we should operate with complete respect for each other. Sometimes, the other side makes that a little difficult."

There are other, less genteel aspects that Archer generally has avoided because he has such a secure political base.

He doesn't take contributions from political action committees, and he doesn't raise money from Washington lobbyists. Both self-imposed rules are unique for a chairman of the Ways and Means Committee.

To be sure, Archer helps others raise money. He was scheduled to be the featured guest at a Chicago fund-raiser this week for Rep. Phil Crane, R-Ill., a senior member of the tax-writing committee.

"I don't think it is up to me to tell others not to take PAC money," he said. "It's a legal part of the process, although I think it should not be."

Archer's life off Capitol Hill revolves around his family - his wife, Sharon; his mother, who lives in Houston; and five children, two stepchildren and eight grandchildren.

He flew to Austin for the opening of Lady Bird Johnson's National Wildlife Research Center because his son, Rick, was the lead architect.

Archer's conservatism is also reflected in his most recent financial disclosure, which listed assets of about \$2.2 million fairly conservatively invested - and no liabilities.

April 9, 1995

Rolling the dice at Rocky Flats

Kaiser-Hill hopes for profits where others have failed

By Janet Day
Denver Post Business Writer

Enormous as the Rocky Flats clean-up contract seems, it's just the tip of the proverbial iceberg for CH2M Hill Companies Ltd.

The Englewood engineering firm last year formed a partnership with ICF Kaiser International Inc. of Virginia that last week won the \$3.5 billion, five-year contract to tackle the radioactive and toxic pollution at the former nuclear weapons plant near Broomfield.

The Kaiser-Hill contract is CH2M Hill's first venture as a lead contractor in the nuclear-cleanup business, but it's not likely to be the last.

CH2M Hill already is evaluating whether to bid for a similar contract to clean up the equally — if not more — polluted Savannah River nuclear weapons plant near Aiken, S.C. And whatever technology CH2M Hill learns or develops at Rocky Flats could be applied elsewhere, especially in the former Soviet Union, where CH2M Hill already has a strong business presence.

"The firms that aspire to be recognized as the best in their class achieve that recognition by solving the toughest problems," Ralph Peterson, president of CH2M Hill, said after the Tuesday contract announcement. "Success at Rocky Flats continues to ratify what we believe is our world-class standing in tackling environmental problems."

"But it also provides us a new and broadened experience base in the nuclear cleanup arena, which we will be able to use in other areas of the world."

Success? At Rocky Flats? Not many people have put those two thoughts together in recent years.

After four decades of producing detonators for hydrogen bombs out of radioactive plutonium, Rocky Flats has become an environmental, political and financial mess.

Fires and leaks spewed radioactive elements into the air over the years. What went up into the air subsequently came down onto the ground, leaving some areas tainted. Other leaks and spills polluted groundwater and soil with radioactive elements and toxic chemicals. Worker safety problems went hand-in-hand with environmental problems at the plant.

It all came to a head in the summer of 1989 when agents from the FBI and Environmental Protection Agency raided the plant armed with tips about illegal practices and dangerous operations.

Legally, not much resulted from the in-



Special to The Denver Post / E&S Rocky Flats

A worker holds a plutonium "button" at Rocky Flats in 1985 photo.

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April 9, 1995

ROCKY FLATS from Page 1G

including a change in the "corporate culture" of the Cold War that led to so much secrecy and suspicion about the plant.

But EG&G quickly found itself in trouble. Critics claim the company didn't adequately research what it was getting into. Insiders say the rules changed too often for EG&G to get a grasp on anything at the plant.

First, the company was supposed to reopen the bomb-producing operations. Then the Berlin Wall fell, and the Soviet Union disbanded, leaving little need for Cold War weapons production and a new focus on cleaning up the plant quickly.

"Bringing EG&G in so swiftly didn't do them any good. The shut-down was too abrupt; the change in contractors was too abrupt; it was harder to restart than they thought," said George O'Brien, president of Kaiser-Hill. "The rules changed on EG&G several times. Of course, they'll change again, but I don't think we'll have to deal with another end to the Cold War and those types of changes."

New rules are just one of the reasons why Kaiser-Hill thinks it can succeed where other companies have failed at Rocky Flats. Another reason is the company's confidence in the expertise and experience of its executives and the parent companies.

Kaiser-Hill is a 50-50 partnership formed by ICF Kaiser and CH2M Hill specifically to tackle Rocky Flats. Its top executives are a mix of longtime Kaiser employees, CH2M Hill veterans and a few outsiders.

At the top is O'Brien, a friendly but blunt and acerbic executive who most recently headed Kaiser's operations at the Hanford weapons plant in Washington state. He's a former Navy aviator and captain of the U.S.S. Carl Vinson.

Another military man will head the transition phase and operations at Rocky Flats. He's Cal Waller, a retired three-star army general who was second-in-command of Operation Desert Storm for ground combat operations and logistics.

Kaiser-Hill also has hired a Rocky Flats nemesis from the 1980s: Melinda Kassen, formerly with the Environmental Defense Fund in Boulder and most recently on the staff of the U.S. House Armed Services Committee. She will be the company's environmental attorney.

Both Kaiser and CH2M Hill have years of experience in environmental cleanup, at the nation's weapons plants and in working with each other.

"Jim Edwards (the chief executive of ICF Kaiser) and I sat down for the first time 17 years ago when we were both working on fledgling Superfund activities," Peterson said. "We've since teamed together on a number of projects. We have a long history, a lot of confidence in each other."

"We know each other well," said O'Brien. "We've been friendly, fierce competitors in the past. There's a mutual respect."

ICF Kaiser is one of the nation's largest engineering, construction and consulting firms, with 80 offices around the world and 5,700 employees. It began in 1969 as the Inner City Fund, a Washington, D.C., firm that helped minority-owned businesses. It changed its name to ICF Inc. and reorganized as a consulting firm in energy, environment and health care.

In 1988, ICF acquired Kaiser Engineers Inc. It subsequently went through a few name more changes, went public in 1989 and in 1992 merged all of its operations under the name ICF Kaiser International.

Previous projects include building rapid-transit systems in cities around the world, construction projects in the former Soviet Union and the on-going cleanup of the Department of Energy's Hanford site. The company also heads the 12-year \$3.4 billion Boston Harbor cleanup project. Halfway through the contract, ICF Kaiser's project is on time and on budget.

For 1994, the company posted \$631.7 million in gross revenue, but reported a net loss before charges of \$12.5 million. In 1993, the company earned \$8.6 million before charges.

Its stock is traded on the New York Stock exchange under the symbol ICF. Its stock price has ranged between \$2 and \$3 per share this year.

CH2M Hill is privately held. It's considered the top engineering con-

sulting firm in the country. In recent years, CH2M Hill has moved subsidiaries to the Denver area as part of Peterson's vision of establishing Colorado as a hub of environmental business.

The company was founded in 1946 in Corvallis, Ore. Its name is derived from the initials of several firms that have been merged with the company over the years. Today, it has offices around the world and employs more than 4,000 people.

Where Kaiser's strengths lie primarily in construction engineering, CH2M Hill's are in environmental technology.

About 20 percent of CH2M Hill's work is with the federal government, primarily with EPA. The company's

federal environmental contracts came under question in 1992 with accusations of overbilling federal agencies for millions of dollars. The case was settled with the company implementing new standards for reviewing costs, but claiming the government actually owed it money rather than the other way around.

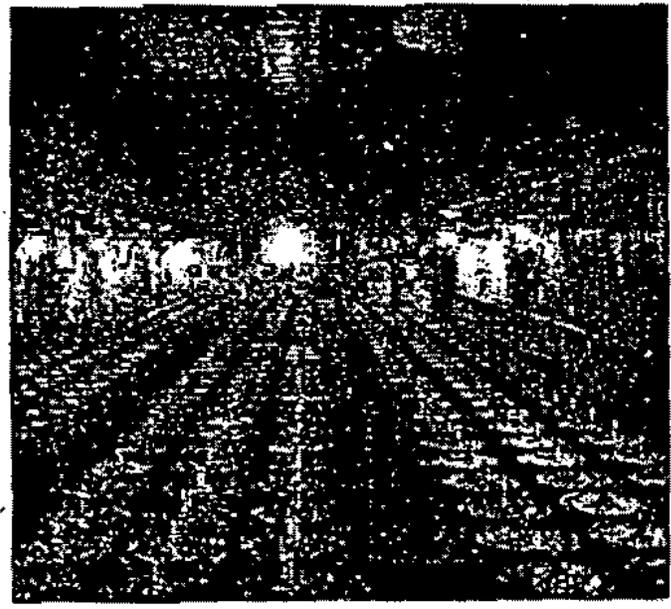
Nonetheless, its reputation is high among clients, regulators and competitors.

So why would it risk that reputation at Rocky Flats, where so many other fortunes have fallen?

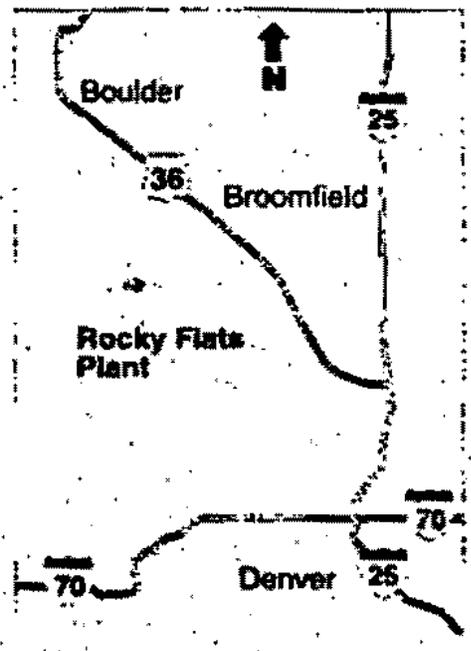
"It's the Olympic games of our business. This is the toughest problem around and if you're determined to be the best, as we are, you have to solve the toughest problems," Peterson said. "But before we decided to weigh in on this project, we looked long and

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The former Rocky Flats nuclear weapons plant, above, in an aerial view looking northwest. At left, plutonium stored in cases in a secured vault at the plant.



investigation. But overall, it effectively shut down Rocky Flats forever. No bombs will ever be made there again.

To many people, the job that remains is far more daunting: cleaning up the mess left behind.

Few were willing to tackle that job. When the Department of Energy last

year asked for proposals to take the cleanup into the next century, only two groups followed through: Kaiser-Hill and the Parsons Group of California.

A few others poked around, requested the paperwork and never appeared again. Another group made a bid, then withdrew. Too many had failed before in the effort to run Rocky Flats.

The plant opened under the direction of Oxy Chemical Co., which was followed many years later by Rockwell International Corp., which ran the plant until the 1990 raid led DOE to oust Rockwell.

DOE brought in EG&G Inc. of Massachu-

The Denver Post sets with much of the same fanfare that accompanied last week's Kaiser-Hill announcement. Great things were promised.

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hard to satisfy ourselves that success is possible, and it is.

"It doesn't mean it's going to be easy. It's a tough, tough problem. But we're convinced real progress can be made."

It better be. The financial health of both Kaiser and CH2M Hill is at stake. If Kaiser-Hill doesn't meet the goals spelled out in its contract at Rocky Flats, it won't get paid for that part of its job.

The new performance-based contract guarantees paying Kaiser-Hill's operating costs plus 2 percent in profit. But if the company can cut costs by \$1.2 billion — one of the specific goals in the contract — it can reap a \$420 million bonus.

And for the first time in DOE history, employees will share in that bonus. Half of it must go to the plant's employees, providing a new incentive for the workers.

But there will be far fewer people to share that bonus with. Nearly 2,000 Rocky Flats employees will lose their jobs this year and an equal number of jobs are expected to be eliminated over the duration of the five-year contract. Rocky Flats today employs about 6,000 people. DOE wants that number down to 2,000, where it will stay for the next 30 or more years of the cleanup operation.

Even if all goals are met, neither Kaiser-Hill, the parent companies nor the major subcontractors on the Rocky Flats project are expected to get rich. Many costs must be paid up front and repayment depends on meeting the goals of the cleanup contract.

By some analysts' estimates, ICF Kaiser will get less than \$10 million a year out of the project.

But officials point to the long-term, non-monetary benefits of the contract, such as proving to lawmakers, environmentalists and citizens groups that progress can be made, developing technology that can be applied in more lucrative private ventures and gaining experience that can lead to additional government contract work.

Bloomberg Business News contributed to this report.

KAISER-HILL Co.

Some of the players:

■ **George O'Brien**, president and chief executive officer: A former naval aviator with 30 years' experience in construction, transit and nuclear operations. Most recently with ICF Kaiser International Inc. at the Hanford, Wash., nuclear weapons plant.

■ **Cal Walker**, vice president of site operations and integration: A three-star general who was second-in-command of Operation Desert Storm who will head the transition team at Rocky Flats.

■ **Bob Card**, vice president of environmental management and integration: A CH2M Hill executive credited with doubling the company's global environmental business in five years.

■ **Gary Vorheis**, vice president of special material management and integration: Considered one of the country's most knowledgeable experts in plutonium handling and management. The only EG&G Inc. executive to join Kaiser-Hill leadership.

■ **Tony Buhl**, vice president of environmental safety and health. The first director of risk assessment for the U.S. Nuclear Regulatory Commission and director of public safety for the Department of Energy.

■ **Stan Bensussen**, general counsel: A specialist in environmental law who formerly was the corporate counsel for ICF Kaiser at the Hanford weapons plant.

■ **Meilinda Kassen**, environmental counsel: Rocky Flats' nemesis in the 1980s when she worked for the Environmental Defense Fund in Boulder. Most recently on the staff of the U.S. House Armed Services Committee.



George O'Brien

The Partners:

■ **ICF Kaiser International Inc.**: One of the country's largest engineering firms with a focus on construction. Currently cleaning up the Boston Harbor on time and under budget. Based in Fairfax, Va.

■ **CH2M Hill Companies Ltd.**: The nation's top engineering firm with a focus on technology in environmental cleanups. Based in Englewood.

■ **Westinghouse Electric Corp.**: Considered a leader in nuclear management, with contracts at many of the country's other weapons plants.

■ **Babcock & Wilcox Co.**: The nation's largest private producer of enriched uranium and plutonium fuel components.

■ **Morrison Knudsen Corp.**: The sixth-largest environmental remediation contractor in the United States. Most recently hired a new chief executive after ousting the previous one amid financial turmoil.

■ **BNFL Inc.**: A technology company specializing in economic conversions. Already involved in a Rocky Flats privatization project.

■ **DynCorp**: Will provide site support services.

■ **Wackenhut**: Will provide security services.

■ **Quanterra Environmental Services**: Will provide laboratory services. Based in Denver and already working on off-site analyses at Rocky Flats.

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Radiation tests exposed chemists

WASHINGTON - The Army exposed chemists at its Los Alamos lab in the 1940s and 1950s to such high doses of radiation that their white blood cell counts dipped, according to documents released yesterday by a presidential advisory panel. The documents show that health officials believed there would have been an outcry had workers known about the impact of the gamma radiation tests and feared divulging the reports. The declassified documents are among many being reviewed by a panel appointed by President Clinton to assess the government's role in human radiation experiments and whether it should compensate some of the test subjects. (Reuters)

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Sunshine amid the secrets

Cold War over; SRS opening up

By MIKE LIVINGSTON
Staff Writer

ALDEN — As new generations turn their attention away from the threat of nuclear annihilation, the bomb makers of the world are doing atomic show and tell. This is going on at the Department of Energy's vast nuclear-weapon facilities, including the Savannah River Site.

For the first time, researchers are getting access to records that will reconstruct the radiation doses received by SRS workers and the surrounding communities. Epidemiologists and others hope to determine the medical risks and actual disease history that accompanied making bombs.

As well, the swords of destruction are beaten into plowshares as the once-secret technologies are transformed into peaceful applications.

The accident and contamination record of the former Soviet Union is becoming very well-known: high-level nuclear waste poured directly into the Techa River, the similar destruction of Lake Karschal, the Mayak waste-tank explosion, the dumping of deadly atomic wastes into the Arctic Sea.

The legacy of the United States' huge nuclear-weapon complex will not reflect such horrors. Yet the rush to build doomsday devices put many workers at risk, especially early on in the Cold War, and all the work was done under the strictest secrecy possible.

"There was really an oppressive classification program over the years to protect the information," said Roger Heusser, deputy director of DOE's Office of Declassification. "We are now going over a policy review to determine what more should be declassified in the post-Cold War."

U.S. Energy Secretary Hazel O'Leary ordered up the new machine early in March, but the review was not the first move. During the past 18 months the department declassified about 100 key categories of information about the nation's nuclear-weapon program. The goal is to allow maximum public access to DOE people and programs without sacrificing remaining national security concerns.

"Back in the old days, something was declassified only if it leaked out," Heusser said. "The people at SRS, the people living in Alden and around the site, wanted to know how much of this was done, how much of that. We released what we could, and this is the type thing we've been doing."

O'Leary also released information about nuclear test experiments on humans. Across the United States, it has been estimated that more than 200,000 servicemen and women were exposed to radiation during weapons tests from 1945 until 1962.

"I didn't know it was so extensive," Heusser said. "She once

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'Peacekeeping' & the SRS

So where does environmental clean-up of the Savannah River Site and other federal nuclear weapons facilities rank in the Clinton administration's priorities?

The answer is "low" — lower than the president's "peacekeeping" failures in Haiti, Somalia and elsewhere.

This became clear late last week when Congress authorized \$3.1 billion to pay for those operations. Much of the money comes from savings in so-called "low priority" programs in Defense and Energy departments' budgets.

Among the "low-priority" items slashed — \$200 million — is environmental waste cleanup at the nation's nuclear weapons' facilities. The precise effect on SRS is not yet known, but there will be an impact, raising this question:

How can nuclear waste cleanup be "low priority" when a just-released congressionally authorized study reports it will cost \$1 billion annually to clean up SRS alone over the next 40 years? — and the longer it's delayed, the more expensive it gets.

According to the report, at least \$170 billion will be necessary just to prevent the situation from getting worse at the 132 federal nuclear facilities in 22 states. This is especially true at SRS where ongoing missions continue to cause pollution problems.

So at a time when Washington

should be increasing cleanup funds, it's cutting them. Last week's \$200 million rescission may also result in more job losses at SRS, in addition to the 4,300 being cut. Many are already in clean-up.

How much expertise can the plant shed before seriously jeopardizing its fundamental cleanup mission?

Here's what DOE's environmental restoration czar, Thomas Grumbly, wrote to the Senate Appropriations Committee, headed by Mark Hatfield, R-Oregon (the only GOP senator opposed to the balanced budget amendment), some weeks ago when the panel was considering ridding the cleanup budget:

"We understand that the proposal would direct the department to take the proposed cuts from 'low priority' activities. Let me be clear. Certain activities may be a low priority, but they are not optional."

Grumbly went on to make the point that because the "rescission occurs midway through the fiscal year, it will have an effect roughly double that of a similar cut taken at the start of the fiscal year."

There are many good reasons to oppose President Clinton's misadventures abroad — and now add one more. Nuclear waste cleanup should not be sacrificed for his misbegotten foreign policy.

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SRS' old technology finding new purposes

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asked her staff who knew about it and no one said a word at that meeting. I told her I knew about it 20 years ago and she asked me how I felt. I broke down and cried."

Making it easier

Brian Costner, director of the Energy Research Foundation, which monitors SRS operations, applauded the evolving process of openness. It has become a lot simpler to interact with SRS officials and have confidence about what is going on there and in the rest of the weapons complex.

"It's getting to the point that we can get an accurate and fast answer to a question," he said. "It makes it easier for the public to get involved."

Costner said the new attitude was no more evident than in the summer of last year when scientists of the former Soviet bloc toured SRS' L Reactor, which produced tritium and plutonium until it was shut down in 1988. Here were the former enemies of the United States, incredibly, in the bowels of a device designed and operated to kill them.

Officials at another SRS watcher, Citizens for Nuclear Technology Awareness, feel the same about declassification.

"Back in the old days, something was declassified only if it leaked out. The people at SRS, the people living in Aiken and around the site, wanted to know how much of this was done, how much of that. We released what we could and this is the type thing we've been doing."

DOE OFFICIAL ROGER HEINER

"Now we're greeted by guys in blazers and ties instead of camouflaged SWAT teams," said Director Michael Butler. "The changes say we want to open up to public view."

The "big view," as Butler called it, is for SRS to develop partnerships with private industry. The idea is to convert weapons-making technology to whatever will work in the private sector. With 4,200 layoffs for SRS this year and probably an equal number next year, it's a whole new ball game for the complex, he said.

The area communities also have been seeing a new SRS since Westinghouse took over the DOE management contract from DuPont in April 1989.

Bill Reinig, for years director of health protection at SRS as well as superintendent of all technical departments, recalled that DuPont got only \$1 for the term of its contract, whereas Westinghouse gets a base fee and incentive fees. This allows for more community-based programs.

"DuPont didn't have much leeway, but Westinghouse can plow money back into the community in

projects for parks, hospitals, education and so on," Reinig said. "That's a big change, too, as well as DOE's realization there is no need for this great secrecy."

One of the most interesting revelations expected out of the new access policies will be a reliable, fact-based picture of radiation releases and human exposures from DOE facilities.

At SRS, for the first time, an independent group has been allowed to sift through thousands of once-classified documents and top-secret files that will reveal the radioactive truth about the past.

Dr. John Till, an Orangeburg County native and resident, is a health physicist who earlier worked on human radiation doses from Nevada nuclear tests as well as from environmental releases from DOE's Hanford facility in Washington state. His team is wrapping up a 2½-year study to catalog all the data.

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"We are trying to find all the old records, get them declassified and entered into a huge database," he said recently at his family farm in Neeses. "We had to do this backwards at Hanford and lots of times it was pure accident if we found something. We can do it much more logically at SRS under the changing atmosphere."

Into the maze

The job is huge. The team has pored through tens of thousands of boxes, many containing valuable handwritten memos from the early days, and declassified some 200,000 pages.

Once the data are cataloged, other researchers and the public can study them. Valuable conclusions from the data will probably not be available for at least two or three more years, Till said.

"It's a very complex process to consider what was going on back then — what was going up the stacks or being released in the water," he said. "It's like going through a maze. But as scientists, we know we can find our way out of it. There will be enormous benefits from these studies."

Another study, an epidemiological examination of disease rates SRS, suggested a small increase in risk for leukemia.

The researchers warned, however, that the results were "statistically insignificant" because of the relatively low numbers in the study population. The important point is that the results were based on the inclusion of heretofore secret radiation-dosage data.

"The moral of this study is that the more we follow up on this and the more we pool our information, the more we will understand," said study director Dr. Donna Cragle, a scientist with the Oak Ridge (Tenn.) Institute for Science and Education.

The term "radiation" has always had a mysterious aura about it, probably because it can't be seen and scientists continue to debate its dangers at low levels.

People who live in communities around the 210-square-mile complex, however, have mostly lived comfortably over the years with SRS as their neighbor. The consensus seems to be that if there were a significant health problem caused by SRS, it would have been found out by now.

In the little town of Williston, several retired SRS employees gathered at the local drugstore for coffee and a chat.

"I've worked for years on reactors top and bottom and in the (plutonium) separations area," said Charles Van Derburgh, still strong and vigorous at 60. "People around here don't worry about releases. Of course, I might have some trouble later on, when I get old."

Bill Rhodus, 67, worked at SRS for 22 years. He said the safety instruction was so intense at the complex that, often, workers couldn't get anything done because of it.

"They really stressed that," he said. "It seemed ridiculous, but we learned that it was not a waste of time. Compared to the average industry, you would stand a better chance at long life working out there."

Meanwhile, more former SRS workers will likely join Rhodus and Van Derburgh around the coffee pot. Over the next two years, almost half its current work force of about 20,000 will likely be laid off.

"Now we're greeted by guys in blazers and ties instead of camouflaged SWAT teams. The changes say we want to open up to public view."

MICHAEL BUTLER, DIRECTOR OF CITIZENS FOR NUCLEAR TECHNOLOGY ADVANCEMENT

SRS' future

The future of the site lies not in annihilation, but remediation. SRS' mission to clean the site up is vast. And while it cleans up, it will also share its accumulated, formerly secret, technologies.

The Savannah River Regional Diversification Initiative was created to work with DOE and Westinghouse to divert such technology from weapons making to civil service. Through the initiative, there will be opportunities for small business to international corporations to profit from SRS' legacy.

"A lot of that technology was created for only one purpose and is not useful for other applications, but out of 100 opportunities we find maybe five with real potential," said Susan Payne, special-projects director for the initiative.

Some of the declassified items being adapted to general use are a pipe crawler developed to go into contaminated areas and a well-drilling rig that can change direction and drill horizontally once deep in the ground. Also, quite a lot of SRS' extensive biomedical technology is moving into the public realm.

"Hopefully, we can put together packages so that people or companies who can use the technologies can locate in the area," Payne said. "If people are laid off, we would like for them to stay here and perhaps start their own companies."

John Granaghan, former site manager for DuPont and now retired, mused about the past over coffee at Aiken's Green Boundary Club. Most of the businesspeople in Aiken were thoughtful about a government-funded economy as the plant expanded over the years. Most didn't put all their eggs in the SRS basket — those who did were caught short.