



The Secretary of Energy  
Washington, DC 20585  
April 20, 1995

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OLWHPANETTA  
FILE CODE: ES95-007418

MEMORANDUM FOR LEON PANETTA

FROM: HAZEL R. O'LEARY Sent to Cabinet Affair via LotusNotes

SUBJECT: Weekly Report

KEY DEPARTMENT NEWS

• Survey Shows DOE Gaining in Public Trust and Confidence

A survey conducted in the last quarter of 1994 by Washington State University shows that Department of Energy efforts to decrease secrecy and increase public participation are paying off in greater trust and confidence among the people who deal most frequently with the agency.

The University conducted the first trust and confidence survey in 1992 at the request of DOE. The attitudes of stakeholders toward the Department showed improvements in all categories in the new survey. Trained interviewers from the University's Social and Economic Research Center conducted the telephone surveys.

The more than 300 surveyed stakeholders--those with a stake in the Department's defense programs, radioactive waste, and environmental clean-up missions--include State and local governments, hospitals and universities, industry and environmental groups, and labor unions.

• U.S. Business Interests in Caspian

Deputy Secretary of Energy Bill White returned to the Caspian region on April 14-24 for follow-up talks with government leaders in this resource-rich area. The ten-day, seven-nation trip includes meetings in Kazakhstan, Turkmenistan, Azerbaijan, Georgia, Armenia, Turkey, and Russia.

All of the countries are part of the Caspian Basin, the world's most promising location for new oil and gas production in the next century. In some countries, the Deputy Secretary's visit will be the first ever by a high-ranking U.S. official.

- **"Earth Day Park" - Features Solar Lighting and Sustainable Landscaping**

On April 20, 1995, we broke ground for a new D.C. park to celebrate Earth Day '95. The park near the Mall at Ninth Street and Independence Avenue, SW, will showcase sustainable landscaping and solar energy. "Earth Day Park" celebrates the 25th anniversary of Earth Day through a joint effort of DOE, the Department of Transportation, General Services Administration, and the District of Columbia.

The General Services Administration designed the park, in accordance with the Streetscape Manual developed by the interagency National Mall Road Improvement Project. Consistent with the President's recommendations for environmentally and economically beneficial landscaping, the park features drought-resistant, native plants to reduce the need for fertilizer, pesticide, and irrigation--driving down costs.

- **U.S. Consumer and Industry Saving Billions from Energy Department Research**

The American consumer and U.S. industry has saved billions of dollars as a result of energy efficiency technologies developed from Department of Energy research. On April 10 the Department released "Success Stories: The Energy Mission in the Marketplace," a 22-page catalogue of R&D breakthroughs and their market status. It offers a factual response to questions about whether these R&D programs have had a significant impact on the energy field and the U.S. economy.

- **Department of Energy and State Department Release Draft Environmental Impact Statement on Foreign Spent Nuclear Fuel**

The environmental impacts of a proposed United States policy for management of spent nuclear fuel from foreign research reactors are discussed in a draft report issued April 12, 1995, by the Departments of Energy and State. Many foreign research reactors currently use nuclear fuel containing highly enriched uranium (HEU) or are storing spent fuel containing HEU from past operations. The HEU could be extracted from the spent fuel and used to produce nuclear weapons.

## **AGENCY WORK ON PRESIDENTIAL INITIATIVES**

- **Speech to White House Conference on Small Business in Atlanta**

At the request of the White House, I made the keynote speech to the White House Conference on Small Business in Atlanta on Tuesday before an audience of 500. I focused on the Department's progress in our work to advance minority and small businesses. We have increased the volume of such contracts from \$3 billion to \$4.5 billion since 1993. I focused on other initiatives such as increasing small business access to our laboratories and streamlining regulation. Lastly, I highlighted

Administration initiatives benefit the small business sector, particularly our trade missions to China, India, Pakistan, and other nations. There was positive response to President Clinton's deficit reduction and the Department's reinvention.

**CONGRESS**

**Congressional Hearings**

*April 25, 1995* - Before Senate Armed Services, Strategic Forces Subcommittee regarding FY 1996 Budget Request for Environmental Management Programs.

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**OUTREACH**

**Meeting with Governor Beasley of South Carolina**

I had a positive meeting with Governor Beasley of South Carolina. The discussion focused on the future of the Savannah River site that has been significantly downsized due to reductions in defense production. We discussed downsizing, 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 that is necessary to maintain the nuclear weapons stockpile. The decision on siting will be issued in November.

## MEDIA

- **Washington Post**

I was interviewed by the *Washington Post* on our plans for a new facility to produce tritium, a short-lived nuclear weapons material that must be replenished even in a declining arsenal.

- **CEO Magazine**

I was interviewed by *CEO Magazine* regarding downsizing of the Department and my business background.

- **Speech to Small Business Conference in Atlanta, GA**

Local coverage (*Atlanta Journal-Constitution*) of my speech.

- **"Earth Day" Park Groundbreaking, Washington, DC**

Local and energy trade press attendance of event. Disseminated key Administration Earth Day and District of Columbia messages.

- **Savings from Energy Efficiency R&D**

Media coverage of the Department of Energy's consumer information about energy efficiency, including the *Washington Post* and *USA Today*.

- **Chicago Tribune**

Nuclear Medicine focus on DOE's Brookhaven Facility to treat brain tumors was featured in the *Chicago Tribune*.

- **Corporate Welfare**

*National Journal* interviewed Deputy Chief of Staff Dan Reicher and Deputy Under Secretary Al MacLachlan.

## REGULATORY REFORM

- No significant activity to report.

**FOIA ACTIVITY**

The *Los Angeles Times* requested copies of all correspondence between Senator Phil Gramm and the Department of Energy since 1990.

**SECRETARY'S SCHEDULE**

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1995

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1995

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ACTIVITY REPORT

TRANSMISSION OK

TRANSACTION # 5908  
 CONNECTION TEL 94586704  
 CONNECTION ID CABINET AFFAIRS  
 START TIME 04/21 07:37  
 USAGE TIME 02'01  
 PAGES 4

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Date: April 20, 1995

To: Phil Caplan (Fax# 456-6704)

From: Hazel R. O'Leary  
Secretary of Energy

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Transmittal consists of 3 pages, excluding this form.

X

Notes:

*May*

1995

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OLWH Panetta - E595008304



The Secretary of Energy  
Washington, DC 20585

OLWH PANETTA - E595-008304

May 4, 1995

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

**KEY DEPARTMENT NEWS**

**Announcement of the Department's Strategic Alignment Initiative**

Wednesday, I announced the elements of a strategic realignment of the Department of Energy. This initiative is another of the pieces necessary to achieve the \$14.1 billion in savings we have committed to our Administration and the American public.

The package will save \$7.1 billion. The most controversial element will be work force reductions of 3,800 Federal workers. We will attempt to utilize buy-out authority to minimize the potential for layoffs. The rest of the package includes asset sales of precious commodities accumulated during the Cold War, block granting several programs, and cutting travel and support services contracts. We will also close 24 offices. I will announce further closures this summer. Finally, legislation to achieve savings by privatizing power marketing administrations and selling the Naval Petroleum Reserves was sent to the Hill yesterday. The effect of this initiative is that we will be smaller and provide better services. Following the staff reductions, under 10,000 employees will remain on our rolls.

**A Research Partnership with the Steel Industry**

Tuesday, I signed a compact with the steel industry committing the Department to coordinate its research and development portfolio with the steel industry's technology vision. This is the fifth time the Department has agreed to work with an integrated industry over the last two years. Such initiatives allow us to leverage our research dollars to enhance the competitiveness of U.S. industry. We have similar agreements with the pulp and paper, textile, auto, and semi-conductor industries.

The steel industry is one of our Nation's most energy and waste intensive industries. Our efforts are geared to increase energy and production efficiency, while reducing pollutants. The industry currently employs 236,000 people. The event was well attended by press from the ten leading steel production States.



### Voluntary Agreement with the Rural Electric Cooperative to Reduce Emissions of Greenhouse Gases

Tuesday, I signed agreements with 202 rural electric cooperatives to voluntarily reduce greenhouse gas emissions. This effort is the last event of five with elements of the electric power industry. Cumulatively, we have signed agreements with over 500 electric utilities to achieve our global environmental policy objectives.

This voluntary program was the cornerstone of the Administration's Climate Change Action Plan and is evidence that voluntary, market-driven environmental initiatives can work.

### Speech to the Nuclear Energy Initiative

Next Monday, I will deliver the keynote address to the Nuclear Energy Institute. My remarks will focus on our Administration's commitment to characterize Yucca Mountain to determine if it is adequate to dispose of commercial spent waste. I will also discuss our internal review of various pieces of legislation that would authorize siting and construction of an interim storage facility.

## **AGENCY WORK ON PRESIDENTIAL INITIATIVES**

### Speech to the Nonproliferation Treaty Conference at the United Nations

Today, I addressed the Nonproliferation Treaty Conference in New York. My remarks highlighted our Administration's leadership in this vital area. I strongly advocated our Administration's position of indefinite extension of the Treaty. Following the speech, I conducted a press conference at the United Nations.

I also held bilateral meetings with South Africa, China, and Indonesia, the leader of the non-aligned movement which is advocating a different position.

### Briefing for South Asian Leaders

At the request of the White House, I will brief leaders from the South Asian American community. My remarks will focus on our Administration and the Department's successes in establishing better strategic and commercial relationships with India and Pakistan.

### Presentation of 1995 Performance Agreement to White House Offices

On May 15, 1995, I will present the elements of a Performance Agreement for 1995 that will be signed by the President. The Agreement makes specific commitments in our mission areas of national security, environmental management, science and technology and energy resources.

### Leading the Delegation to the International Energy Agency

I will chair the Annual International Energy Agency Meeting in Paris. The agenda will focus on energy security, the use of voluntary and market mechanisms to achieve environmental objectives, and continued reforms in energy policies in areas where demand is rapidly increasing.

Following this meeting, I will travel to Azerbaijan at the request of the oil industry to deliver a major speech at an oil and gas conference. This speech will focus on the strategic importance of energy and this region as a major transport of oil and gas.

## CONGRESS

### Congressional Hearings

*May 9, 1995* - Before Senate Environment and Public Works; Superfund, Waste, Control and Risk Assessment Subcommittee regarding Federal Facilities and Superfund.

*May 9, 1995* - Before House Resources Committee regarding Alaska North Slope.

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

*May 18, 1995* - Before House Resources Committee, Water and Power Resources Subcommittee regarding possible transfer of Department's Power Marketing Administrations.

*May 23, 1995* - Before House Government Reform and Oversight, Government Management, Information, and Technology Subcommittee regarding National Performance Review.

**OUTREACH**

Meeting with Joe Skeen

I will meet with Congressman Skeen of New Mexico to discuss the future of the Department's laboratories.

Meeting with Governor Batt and the Idaho Congressional Delegation

I will meet with Governor Batt and Senators Kempthorne and Craig to discuss the future waste shipment of naval reactors to the Idaho National Engineering Lab.

**MEDIA**

Interview with ABC News, TechnoPolitics, WTOP Radio and the Washington Post

I will conduct interviews with all of these media on the Department's alignment initiative.

**REGULATORY REFORM**

External Requests

*Interagency Meeting on Treatment of Federal Cleanups.* The Department hosted an interagency meeting on May 1, 1995, which was chaired by the Council on Environmental Quality (CEQ), to resolve differences on whether to include cleanups in risk assessment bills pending in the Senate. The interagency consensus was that "major Federal cleanups" should not be made subject to the pending risk assessment bills, but that there would be Administration efforts to address several agencies' concerns about the current Federal cleanup process. Specifically, the interagency group agreed that the Environmental Protection Agency (EPA) would develop administrative reforms in connection with Federal cleanups conducted under the Comprehensive Environmental Response, Compensation, and Liability Act (commonly referred to as "Superfund"); that the Administration should seek legislative revisions to the Resource Conservation and Recovery Act to improve the implementation of Federal cleanup plans subject to both Federal and State oversight; and that the Administration should seek comprehensive Superfund reauthorization.

*Request from Congressional Budget Office.* The Congressional Budget Office requested that the Department provide costs estimates associated with implementation of risk legislation pending in the Senate. These bills are S.291 (Roth), S.333 (Murkowski) and S.343 (Dole). We are developing the cost estimates in consultation with the Office of Management and Budget.

*Request for Agency Comments on H.R. 994* (Regulatory Sunset and Review Act of 1995). With approval from the Office of Management and Budget, the Department has provided a response to Congresswoman Cardiss Collins supporting the objectives of the bill, but opposing its prescriptive nature and adverse agency impacts. The Department estimates incremental costs of implementing the bill to be at least \$2 million annually, taking into account additional personnel and related administrative processes and judicial review costs.

#### Upcoming Rules

*Clarification of Clothes Washer Test Procedures.* The Department expects to publish next week a revised notice of proposed rulemaking to clarify the treatment of washing machines that "lockout" certain water temperature combinations and, thus, contribute to energy efficiency.

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# ALBUQUERQUE JOURNAL

CIRCULATION: DAILY 24,000  
SUNDAY 21,000

PAGE NO. ARTICLE APPEARED: A-6

DATE: May 4, 1995

## O'Leary Unveils Cost-Cutting Plan

### DOE Targets 24 Offices, 3,788 Staff Jobs

By Kevin Galvin

THE ASSOCIATED PRESS

WASHINGTON — The Energy Department will close 24 offices and reduce staff by 3,788 workers over five years to realign for the post-Cold War era, Energy Secretary Hazel O'Leary said Wednesday.

The plan, expected to save \$1.7 billion, should stifle calls to eliminate the department, O'Leary said, adding that "it deserves to exist" in its new form.

Under the realignment plan, the department would also cut back on travel and sell excess precious metals and uranium.

O'Leary also proposed several privatizations and removing the Federal Energy Regulatory Commission from the department to save an additional \$3 billion.

"What you have left," O'Leary said, "is a right-sized, lean, mean Department of Energy, focused on its mission."

The proposals adopted by O'Leary came from a department report and are the first details of the \$14.1 billion in savings she promised in February.

The privatization plan and regulatory commission proposals require congressional approval.

The plan would save \$173 million by eliminating unnecessary travel and by promoting teleconferences.

A department inventory turned up 10,000 pounds of silver, platinum, gold and other precious metals.

The precious metals, along with

five tons of other metals and some rare gas reserves used to produce nuclear weapons, will be sold to generate \$73 million.

Overall, the reduction of the department's work force represents a 27 percent cut. O'Leary said she already has 2,100 applications for buyouts and expected attrition would account for most of the remainder. However, she said she may ask Congress for more buyouts.

O'Leary sent legislation to Congress on Wednesday to privatize the Power Marketing Administration for the western, southwestern and southeastern United States. She also asked that the petroleum and shale reserves be sold.

Under the plan announced Wednesday, field office staff will be cut by 1,450 employees, or 21 percent, and headquarters staff by 2,338, or 34 percent.

Staff would be consolidated from 16 facilities in and around Washington to four locations by 2000.

Around the nation:

• Energy efficiency regional support offices will close in San Francisco, New York, Kansas City, Mo., and Dallas. The Denver energy efficiency office will be consolidated into the Golden, Colo., office.

• Small energy offices will close in Bakerfield, Calif., and Casper, Wyo., if Congress approves legislation privatizing the shale and petroleum reserves. Fossil energy offices at Maitland, La., and Laramie, Wyo., will close in fiscal 1996.

TRI-CITY HERALD  
Tri-Cities, MAY 04 1995

# O'Leary's cuts aim at getting the job done

By LES BLUMENTHAL  
Hanford, Washington, D.C. bureau

WASHINGTON — Fighting to save her department from congressional critics who want to eliminate it, Energy Secretary Hazel O'Leary outlined \$1.7 billion in cuts Wednesday, including reducing federal employment by 27 percent and closing 12 small field offices.

The Department of Energy's Richland Operations Office was not among those slated for closure. Specific site-by-site reduction in force numbers were not available and it was unclear how many of the 500 DOE employees in the Richland office would be affected.

O'Leary's plan would reduce field office staff by 21 percent and headquarters staff by 24 percent, leaving overall reduction at about 27 percent, or 3,788 employees.

There were no indications whether field office reductions would be across the board or if some offices would take larger hits than others.

O'Leary said she hoped most of the reductions could be achieved by buyouts and attrition, but added all of the 2,100 slots allocated for DOE buyouts already have been claimed. At Hanford, there were 50 federal workers who applied for the buyout program.

"We have brought the budget down, but we didn't have a chance to bring down the workforce," O'Leary said at a news conference. "In the next five years we will bring the workforce more in line with our mission."

The field offices slated for closure include five energy efficiency support offices in San Francisco, New York City, Kansas City, Dallas and Denver; four fossil energy offices in Metairie, La., Laramie and Casper, Wyo., and Bakersfield, Calif.; two offices supporting DOE's general counsel in Houston and Dallas; and an energy policy office in France.

In addition, 12 of the department's 18 offices in the Washington, D.C., area would be closed.

O'Leary was blunt in describing her latest package of cuts.

"It represents cutting out the crap so we can get the job done," O'Leary said, adding she had become an advocate for the continuation of the Department of Energy.

The cuts O'Leary outlined Thursday are part of the \$14.1 billion in savings over the next five years promised earlier when she convinced the White House not to eliminate the department.

Besides the \$1.7 billion in "strategic realignment and downsizing," O'Leary plans to reduce the department's cleanup budget by \$1.4 billion over five years, sell three of the power marketing administrations and the Naval Petroleum Reserve for \$2.2 billion, and slice \$1.8 billion from applied energy programs and \$1.4 billion from the laboratory complex. She also plans to sell \$400 million in highly enriched uranium.

But even with those savings, the department's continued existence faces considerable opposition in Capitol Hill.

The chairman of the House Budget Committee, Rep. John Kasich, R-Ohio, is expected to recommend elimination of DOE in the House GOP budget blueprint later this month.

Among the \$1.7 billion in cuts over the next five years O'Leary outlined were:

- \$460 million by reducing support service contracts. The department spends \$700 million annually on such short-term contracts, designed to save money by avoiding long-term staff increases.

- \$170 million in travel expenses. The department spends about \$288 million annually on travel. About a fourth involves federal employees and the remainder involves contractor personnel.

- Sell about \$73 million in assets, including 10,000 pounds of silver, platinum and gold, such non-precious metals as lead, copper and aluminum and large volumes of rare gases.

But the bulk of the savings, about \$1 billion, comes from the cuts, realignments and staff reductions at DOE headquarters and field offices.

O'Leary said she was submitting legislation to Congress today to sell the Southeastern, Southwestern and Western Area Power Administrations and the Naval Petroleum Reserve. By the end of the month, O'Leary said she would submit legislation to turn the Bonneville Power Administration into an independent government-owned corporation.

"We've done our part, now it's up to the Congress of the United States to do their part," O'Leary said.

# Energy secretary outlines cuts to bolster embattled agency

By Lee Blumenthal  
San Francisco Bureau

PAS

WASHINGTON - Fighting to save her department from congressional critics who want to eliminate it, Energy Secretary Hazel O'Leary outlined \$1.7 billion in cuts Wednesday, including reducing federal employment by 27 percent and closing 12 small field offices.

Field office staff would be reduced by 21 percent and headquarters staff by 34 percent under O'Leary's plan. That would result in an overall reduction of about 27 percent, or nearly 3,800 employees.

O'Leary said she hoped most of the reductions could be achieved by buyouts and attrition, but added all of the 2,100 slots allocated for DOE buyouts already have been claimed.

"We have brought the budget down, but we didn't have a chance to bring down the work force," O'Leary said at a news conference. "In the next five years we will bring the work force more in line with our missions."

The field offices slated for closure are five energy efficiency support offices in San Francisco,

New York City, Kansas City, Dallas and Denver; four fossil energy offices in Bakersfield, Metairie, La., and Laramie and Casper, Wyo.; two offices supporting the DOE's general counsel in Houston and Dallas; and an energy policy office in Paris, France.

In addition, 12 of the department's 16 offices in the Washington, D.C., area, would be closed.

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"It represents cutting out the crap so we can get the job done," O'Leary said, adding she had become an "advocate for the continuation of the Department of Energy."

The cuts O'Leary outlined are part of the \$14.1 billion in savings over the next five years promised earlier when she convinced the

White House not to eliminate the department.

Besides the \$1.7 billion in "strategic realignment and downsizing," O'Leary plans to reduce the department's cleanup budget by \$4.4 billion over five years, sell three of the power marketing administrations and the Naval Petroleum Reserve for \$5.3 billion,

and slice \$1.2 billion from applied energy programs and \$1.4 billion from the laboratory complex. She also plans to sell \$400 million in highly enriched uranium.

But even with those savings, the department's continued existence faces considerable opposition on Capitol Hill.

The chairman of the House Budget Committee, Rep. John Kasich, R-Ohio, is expected to include the elimination of the DOE in the House GOP budget blueprint later this month.

In the Senate, Majority Leader Bob Dole has called for abolishing the DOE. But O'Leary has a friend in Sen. Pete Domenici, R-N.M., the chairman of the Senate Budget Committee. With two national labs and other DOE facilities in his state, Domenici has shown no interest in eliminating the department.

3 9-3

Thurs., May 4, 1995 Rocky Mountain News

# Energy Department to cut 24 offices, 3,800

O'Leary also plans to trim the fat from department by cutting staff travel, selling precious metals

Associated Press

WASHINGTON — The Energy Department will close 24 offices and reduce staff by 3,788 workers over five years to realign for the post-Cold War era.

Energy Secretary Hazel O'Leary said Wednesday that the plan should save \$1.7 billion and she hoped it would stifle calls to eliminate the department entirely.

The department would also cut back on travel and sell excess precious metals and uranium.

O'Leary also proposed several privatizations and removing the Federal Energy Regulatory Commission from the department, to save an additional \$5.3 billion.

"What you have left," O'Leary said, "is a right-sized, lean, mean Department of Energy, focused on its mission."

The proposals endorsed by O'Leary came from a department report and are the first details of the \$14.1 billion in savings she promised in February.

The privatization plan and regulatory commission proposals would require congressional approval.

The department will convert four energy grants into block grants for the states, saving \$68 million through a reduction of offices.

The reduction of the department's workforce would be 27%. O'Leary said she already has 2,100 applications for buyouts and expected attrition would account for most of the remainder. However, she said she may ask Congress for more buyouts.

O'Leary sent legislation to Congress on Wednesday to privatize

the Power Marketing Administration for the western, southwestern and southeastern United States. She also asked that the petroleum and shale reserves be sold.

In May, the department will ask that the Bonneville Power Administration, in Portland, Ore., be converted into an independent, government-owned corporation and that FERC be separated from the department.

Under the plan announced Wednesday, field office staff will be cut by 1,450 employees, or 21%, and headquarters staff by 2,338, or 34%. Staff would be consolidated from 16 facilities in and around Washington to four locations by 2000.

Energy efficiency regional support offices will close in San Francisco, New York, Kansas City, Mo., and Dallas. The Denver energy efficiency office will be consolidated into the Golden, Colo., office.

## employees

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OCWHPanetta-E-95-008808  
DEPARTMENT OF ENERGY  
DUWHPANETTA-ES95-008808

**The Secretary of Energy**

Washington, DC 20585  
May 11, 1995

**MEMORANDUM FOR**      **LEON PANETTA**

**FROM:**                      **HAZEL R. O'LEARY**

**SUBJECT:**                      **Weekly Report**

Sent to Cabinet Affairs via  
Lotus Notes at 7:00 p.m.

**KEY DEPARTMENT NEWS**

**Upcoming Decision on Spent Fuel Environmental Impact Statement**

The Department is required by a court settlement to develop and approve an Environmental Impact Statement (EIS) setting forth a plan for disposing of the Department's spent fuel as well as spent fuel from the Navy. The EIS provided for storage of most of the fuel in South Carolina, Washington, and Idaho, where there is controversy about our plans.

**Event to Donate Excess Security Equipment to District of Columbia Public Schools**

Monday, I will transfer, on behalf of the Department of Energy, excess security equipment such as metal detectors to the D.C. Public Schools. Congresswoman Norton and the local School Board will be in attendance.

This event highlights our Administration's commitment to the District and should gain significant local media attention.

**Speech to the National Coal Council**

Wednesday, I will address the 10th anniversary conference of the National Coal Council. My remarks will focus on our alignment initiative and maintaining coal as a domestic energy option, while deploying American technology overseas to create jobs and protect the environment.

**Upcoming Travel to Paris, Baku, and Florence**

Wednesday, I will leave for Paris to chair the Annual Ministerial Meeting of the International Energy Agency. This will be the first time a U.S. Energy Secretary has chaired this event since 1980. The meeting will focus on issues of energy security, utilizing voluntary agreements and industrial partnerships with industry to achieve environmental objectives, and encouraging policy reform in countries where there is significant demand growth for Energy. At this meeting, Russia's Energy Minister will

receive IEA recommendations of policies to encourage investment in its oil and gas sector.

I will then travel to Azerbaijan, at the request of the U.S. oil industry, to make a speech at an oil and gas conference. The purpose of this speech is to highlight our Administration's support for private sector firms attempting to do business in this part of the world. My remarks will also focus on developing proposals to ensure the successful development of the Caspian -- a region rich in oil and gas resources. I will also meet with President Aliyev and American industry representatives.

I will then fly to Florence to address the world Geothermal Congress to advance the commercial interests of U.S. geothermal firms.

## **AGENCY WORK ON PRESIDENTIAL INITIATIVES**

### **Alignment of the Department of Energy**

The Department's recently announced alignment and downsizing initiative continues to receive major congressional, media, and public interest. We have tasked a group of employees to report back to me in 90 days with recommendations as to how to allocate, by program area, the employee reductions which are equivalent to 30 percent of our Federal work force.

### **Remarks to the House Budget Group on Realignment**

I spoke to the House budget group Wednesday. The discussion focused on our alignment initiative and why it is a better alternative than dismantlement and establishment of an unwieldy Science Department.

### **Briefing to South Asian Americans**

Monday, I will make a presentation to South Asian Americans. I will focus on our Department's and the Administration's commitments to this region of the world and efforts to build enduring security and commercial relationships with the nations.

## **CONGRESS**

### **Congressional Hearings**

*May 16, 1995 - Dan Dreyfus, Director, Radioactive Waste; before Senate Energy and Natural Resources Committee regarding Nuclear Waste Issues.*

May 16, 1995 - Secretary O'Leary; before House Government Reform and Oversight, Government Management Information, and Technology Subcommittee regarding National Performance Review.

May 16, 1995 - Under Secretary Curtis, Dr. Victor Reis, Assistant Secretary for Defense Programs, and Ken Baker, Acting Director of, Nonproliferation and National Security; before Senate Armed Services Strategic Forces Subcommittee regarding FY 1996 Budget Request for Atomic Defense Activities.

May 18, 1995 - TBD; before House Resources Committee, Water and Power Resources Subcommittee regarding possible transfer of Department's Power Marketing Administrations.

June 1, 1995 - Martha Krebs, Director of Energy Research; before House Government Reform and Oversight, Government Management, Information, and Technology Subcommittee regarding National Performance Review.

## **OUTREACH**

### **Meeting with Senators Craig and Kempthorne, Governor Batt and Navy Secretary Dalton**

I met with Idaho Governor Batt, Navy Secretary Dalton and the Idaho congressional delegation to discuss storage of DOE and Navy spent nuclear fuel at the Idaho National Engineering Laboratory. The Idahoans are reluctant to allow additional storage at the laboratory. Naval nuclear ships and submarines will be particularly affected if storage is not permitted. We will attempt to reach a compromise on the issue in the next few weeks.

### **Testify at House Government Reform and Oversight Subcommittee on Government Management, Information and Technology Subcommittee**

I will testify on the Department's realignment initiative Tuesday before this Committee.

### **Meeting with Senator Murkowski**

I will meet with Senator Murkowski, the Chairman of the Senate Energy Committee, on our alignment initiative and nuclear waste issues.

**MEDIA**

Interviews with the *Washington Post*, and *Science Magazine* Editorial Board

I have conducted interviews with these publications on our alignment initiative. I will be interviewed by *Insight* and *Time Magazine* next Wednesday.

Interviews on House and Senate Budget Resolution

I conducted interviews with the *Washington Post*, AP, Reuters, *New York Times*, *Los Angeles Times*, *Energy Daily*, *Houston Post* and the *Denver Post*.

Interview with CNN on Sulphur Lamp

I conducted an interview with CNN focusing on the sulphur lamp for a technology segment.

**REGULATORY REFORM**

External Requests

*Senate Environment and Public Works Subcommittee on Superfund, Waste Control and Risk Assessment.* Assistant Secretary for Environmental Management Tom Grumbly testified May 9 at a hearing on Superfund reauthorization. In his cleared prepared statement, Assistant Secretary Grumbly noted that "in its current form, Superfund has flaws that lead to unnecessarily high costs and long time frames for cleanups. These shortcomings in the current law will impede DOE's ability to achieve the cost savings and productivity increases we have set."

Upcoming Rules

*Proposed Revision to Clothes Washer Test Procedure.* The Department of Energy is proposing a change to the clothes washer test procedure regulation to test clothes washers that are designed to "lock out" wash/rinse water temperature selections from the normal cycle. This change, if adopted, will eliminate a loophole in the current test procedure, which has caused a controversy within the clothes washer industry.

**FOIA ACTIVITY**

No significant new FOIA requests to report.

**SECRETARY'S SCHEDULE**

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

**SUB-CABINET SCHEDULE**

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

# May

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

# June

1995

1995

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
				Reis - Omaha, NE 1	Reis - Omaha, NE 2	3
4	5	6	Ervin - Chicago, IL 7	Ervin - Mendota, France 8	Ervin - Mendota, France 9	Ervin - Mendota, France 10
11	12	13	14	15	16	17
Vivona - Phoenix, AZ	Vivona - Phoenix, AZ	Vivona - Phoenix, AZ Tierney - Jackson, WY	Vivona - Phoenix, AZ Tierney - Jackson, WY	Vivona - Phoenix, AZ Tierney - Jackson, WY Tierney - New York, NY	Vivona - Phoenix, AZ	
18	19	20	21	22	23	24
DS White - Mexico City	DS White - Mexico City	DS White - Mexico City	DS White - Mexico City	DS White - Mexico City	DS White - Mexico City	DS White - Mexico City
25	26	27	28	29	30	
		Tierney - Boston, MA	Tierney - San Francisco, CA	Tierney - San Francisco, CA	Tierney - San Francisco, CA	

1995

1995

# July

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
						1
2	3	4	5	6	7	8
9 Therney - San Diego, CA	10 Therney - San Diego, CA	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30 Therney - Monterey, CA	31					

# ALBUQUERQUE JOURNAL

CIRCULATION: DAILY 24,000

SUNDAY 21,000

PAGE NO. ARTICLE APPEARED: A-6

DATE: May 4, 1995

## O'Leary Unveils Cost-Cutting Plan

### DOE Targets 24 Offices, 3,788 Staff Jobs

By Kevin Galvin

THE ASSOCIATED PRESS

WASHINGTON — The Energy Department will close 24 offices and reduce staff by 3,788 workers over five years to realign for the post-Cold War era, Energy Secretary Hazel O'Leary said Wednesday.

The plan, expected to save \$1.7 billion, should suffice calls to eliminate the department, O'Leary said, adding that "it deserves to exist" in its new form.

Under the realignment plan, the department would also cut back on travel and sell excess precious metals and uranium.

O'Leary also proposed several privatizations and removing the Federal Energy Regulatory Commission from the department to save an additional \$5.5 billion.

"What you have left," O'Leary said, "is a right-sized, lean, mean Department of Energy, focused on its mission."

The proposals adopted by O'Leary came from a department report and are the first details of the \$14.1 billion in savings she promised in February.

The privatization plan and regulatory commission proposals require congressional approval.

The plan would save \$175 million by eliminating unnecessary travel and by promoting teleconferences.

A department inventory turned up 10,000 pounds of silver, platinum, gold and other precious metals.

The precious metals, along with

five tons of other metals and some rare gas reserves used to produce nuclear weapons, will be sold to generate \$75 million.

Overall, the reduction of the department's work force represents a 27 percent cut. O'Leary said she already has 2,100 applications for buyouts and expected attrition would account for most of the remainder. However, she said she may ask Congress for more buyouts.

O'Leary sent legislation to Congress on Wednesday to privatize the Power Marketing Administration for the western, southwestern and southeastern United States. She also asked that the petroleum and shale reserves be sold.

Under the plan announced Wednesday, field office staff will be cut by 1,450 employees, or 21 percent, and headquarters staff by 2,338, or 34 percent.

Staff would be consolidated from 16 facilities in and around Washington to four locations by 2000.

Around the nation:  
• Energy efficiency regional support centers will close in San Francisco, New York, Kansas City, Mo., and Dallas. The Denver energy efficiency office will be consolidated into the Golden, Colo., office.

• Fossil energy offices will close in Bakersfield, Calif., and Casper, Wyo., if Congress approves legislation privatizing the shale and petroleum reserves. Fossil energy offices at McParris, La., and Laramie, Wyo., will close in fiscal 1996.

BOSTON GLOBE MAY 04 1995

# Energy Department plans cuts

CLO

REUTERS

WASHINGTON - The Energy Department said yesterday that it plans to close 24 offices across the country, consolidate operations in Washington and reduce its work force by 27 percent over five years.

The department said the plan would save \$1.7 billion, part of the \$14.1 billion that the Clinton administration wants to save from the department over five years to help pare the budget deficit and offset a proposed middle-class tax cut.

The Energy Department, which manages the nation's nuclear stockpile, is a target of Republicans in Congress who say it outlived its use with the end of the Cold War.

But Energy Secretary Hazel O'Leary said that after the cutbacks the department will be focused on its "core missions."

"Our downsizing and alignment commitments will enable us to do our work better and at lower cost," O'Leary said in a briefing on the plan that also would cut administrative costs and sell off some department assets.

Besides consolidating offices in the Washington area,

closing 12 others across the country and cutting 2,788 employees, the administration has proposed selling three agencies that market power from federal dams and the Naval Petroleum Reserves, and separating the Federal Energy Regulatory Commission from the department.

O'Leary said these measures, which must be approved by Congress, would save \$5.3 billion. But the plan to sell the power marketing agencies, which would save \$3.7 billion of that, has met strong resistance from members of Congress whose constituents benefit from the cheap electricity.

The department also proposed cutting spending by \$1.4 billion on decontaminating nuclear weapons sites. It is considering plans to save \$1.4 billion from its national laboratories and \$1.2 billion from research programs.

The plan did not include closing any national labs, despite criticism that the huge complex is no longer needed.

Regional offices will be closed or consolidated in San Francisco, New York, Dallas, Kansas City, Houston, as well as in Laramie and Casper, Wyo., Bakersfield, Calif. and Metairie, La.

DENVER POST

MAY 4 1995

# DOE to cut 3,788 jobs over 5 years

By The Washington Post

**WASHINGTON.** — The Energy Department will reduce its workforce by 3,788 employees, or 27 percent over the next five years, Secretary Hazel O'Leary announced yesterday. The largest share of the staff cuts will come in the Washington area, which will lose about 2,510 federal jobs.

O'Leary said yesterday that her downsizing plan would save an estimated \$1.7 billion, and accompanying initiatives would add another \$12.7 billion in savings. The Energy Department has been under siege by congressional Republicans who want

AT

to abolish the agency as the GOP makes deep spending cuts to balance the federal budget. O'Leary's willingness to cut on her own reflects her determination to fight to save the department.

Her budget cuts will likely affect companies that do business with her department. The DOE, which manages the nation's nuclear arsenal, contracts with area firms for technical analysis, communications and administrative services, and O'Leary said she would cut such support-service contracts by \$460 million over the next five years.

In addition to the downsizing plan,

O'Leary yesterday sent Congress proposals to sell three federal electric power agencies and the Naval Petroleum Reserves and convert the Bonneville Power Administration into an independent, government-owned corporation. The department also intends to create block grants for states, reduce departmental travel expenses and sell its stockpile of precious metals — about 10,000 pounds of gold, silver and platinum — and other metals such as copper and stainless steel.

O'Leary said she was committed to making more than half of her staff cuts in the next two years.

Thurs., May 4, 1995 Rocky Mountain News

# Energy Department to cut 24 offices, 3,800

O'Leary also plans to trim the fat from department by cutting staff travel, selling precious metals

Associated Press

AS1

WASHINGTON — The Energy Department will close 24 offices and reduce staff by 3,788 workers over five years to reorganize for the post-Cold War era.

Energy Secretary Hazel O'Leary said Wednesday that the plan should save \$1.7 billion and she hoped it would stifle calls to eliminate the department entirely.

The department would also cut back on travel and sell excess precious metals and uranium.

O'Leary also proposed several privatizations and removing the Federal Energy Regulatory Commission from the department, to save an additional \$5.3 billion.

"What you have left," O'Leary said, "is a right-sized, lean, mean Department of Energy, focused on its mission."

The proposals endorsed by O'Leary came from a department report and are the first details of the \$14.1 billion in savings she promised in February.

The privatization plan and regulatory commission proposals would require congressional approval.

The department will convert four energy grants into block grants for the states, saving \$68 million through a reduction of offices.

The reduction of the department's workforce would be 27%. O'Leary said she already has 2,100 applications for buyouts and expected attrition would account for most of the remainder. However, she said she may ask Congress for more buyouts.

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## employees

57

575

## DENVER-ROCKY MOUNTAIN NEWS MAY 4 1995

## IN COLORADO

**DOE workers abound in state**

Colorado has one of the largest concentrations of Department of Energy employees in the nation.

The Denver Support Office — slated to close and be consolidated with the Golden Field Office — has 24 employees and a budget of \$26 million. It works with energy-efficiency technology in six states and provides energy to low-income families and retrofit technology to schools and hospitals.

Energy Secretary Hazel O'Leary last month predicted that DOE employees at Rocky Flats won't bear the worst of the cuts. But 2,500 Flats contract employees are expected to lose their jobs this year.

Other local DOE offices:

■ National Renewable Energy Laboratory, Golden; research and development. Budget, \$237 million; 950 employees.

■ Golden Field Office, oversees the Golden facility, works with industry, provides administrative support to 10 DOE offices around the nation. Budget, \$90 million; 58 employees.

■ Western Area Power Administration, Golden, markets and transmits hydropower produced at federal dams in 15 states. Budget, \$679 million; 1,467 employees in 15 states; 700 federal and contractor employees in Golden.

6511 — Bill Scanlon

785

DETROIT FREE PRESS

MAY 04 1995

**Energy agency to cut staff** *24*

WASHINGTON — The Energy Department said Wednesday it plans to close 24 offices across the country, consolidate operations in Washington and reduce its workforce by 27 percent over five years.

The department said the plan would save \$1.7 billion to help offset a Clinton administration middle-class tax cut proposal.

LOS ANGELES TIMES MAY 04 1995

BRIEFLY *DD*

## SECURITIES

**SEC-Futures Merger Wouldn't Save Much, GAO Says:** A controversial House bill proposing to merge the Securities and Exchange Commission and the Commodity Futures Trading Commission may increase regulators' efficiency but is unlikely to save a lot of money, the General Accounting Office said. The review, the first independent assessment of the proposal, was offered by the investigative arm of Congress before a House Banking subcommittee. The GAO said the merger "may prove very difficult to accomplish" because the CFTC opposes it, and also that it could pose a risk of the much larger SEC dominating the CFTC, "favoring the securities industry's interests over the interest of the futures markets." Futures and commodities markets officials reiterated their opposition to the merger.

## ENERGY

**Energy Department Outlines \$1.7 Billion in Cuts:** The department plans to close 24 offices and reduce its staff by 3,755 workers over five years to realign for the post-Cold War era, ~~Energy Secretary Hazel O'Leary~~ said. The plan should suffice calls to eliminate the department, which "deserves to exist" in its new form, she said. Under the plan, the department would also cut back on travel and sell excess precious metals and uranium. O'Leary also proposed several privatizations and removal of the Federal Energy Regulatory Commission from the department to save another \$5.3 billion. ~~O'Leary promised~~ in February to cut costs in the department.

## COMPANY TOWN ANNEX

**Thorn EMI Denies Rumors of Sale:** The London-based company said it is not in talks with a third party regarding the sale of its EMI Music business, either as an entire entity or in parts. In a brief statement, Thorn said that it has no intention of participating such discussions. The London Stock Exchange declared Thorn shares indicative, meaning that prices quoted by market makers are not firm until the company makes an official statement. Last week, Thorn EMI made the same denial to APOL World Equities Report after rumors began circulating that a sale of its music arm to Walt Disney Co. was in the works. Thorn EMI's shares had risen last week on the rumor but had been steady earlier this week.

## HEALTH CARE

**Health Systems International Profit Up:** The Pueblo, Colo.-based health care company reported a 19% increase in first-quarter earnings per share, before merger-related severance costs, to 49 cents, from 41 cents a share for the three months ended March 31, 1994. The company also said enrollment in its health maintenance organizations, including the recently acquired M.D. Health Plan in Connecticut, climbed 12.6%. Revenue for the quarter rose 11.1% to \$627.5 million. Income before the effect of merger-related severance costs climbed 17.8% to \$24.2 million. HSI recorded severance costs of \$8.9 million related to its merger with WellPoint Health Networks Inc. They equate to \$5.3 million, or 11 cents per share, on an after-tax basis, bringing net income for the quarter to \$18.9 million, or 38 cents per share.

(rest of column irrelevant and so not attached)

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Post Register  
Idaho Falls, ID  
Circulation 29,400  
May 3, 1995  
Front Page

# DOE downsizing could shave operating budget by nearly half

Brandon Loomis  
Post Register

Department of Energy contractor employees have borne the brunt of budget cuts in recent months, but today the department announced it will take some of the medicine, too.

To cut costs and stave off congressional budget hawks who want to eliminate the department altogether, Energy Secretary Hazel O'Leary announced she will cut federal employees and close field offices while shrinking headquarters in Washington.

The Idaho field office and Idaho National Engineering Laboratory were not listed specifically in any of the proposals, so it remains unclear how the cuts will affect the site.

Realignments and reduction could shave nearly \$2 billion from the department's budget over five years, and legislation proposed by O'Leary could save another \$6.8 billion.

The department now spends about \$14 billion a year.

None of the cuts should harm core department missions, O'Leary said, but will streamline their process and end fringe missions like power marketing through the government's smaller power administrations.

"It represents getting the crap so we can do this work," O'Leary said in a telephone news conference.

Bozeman Power Administration, which markets power in the Northwest, will remain in government hands but become a government-owned corporation, if Congress approves.

The administrative cuts could eliminate 9,766 of the department's 18,907 oversight jobs. Headquarters

"This is a dynamic move by the department to reduce the budget, and it will have substantial impacts throughout the nation to enhance efficiency and cost effectiveness. We don't know what the local impacts will be ... but we don't feel the impacts in Idaho will be anything we can't absorb."

DOE-Idaho Manager John Wilczynski

would lose 2,340 jobs, while 1,450 field office jobs would be cut.

Twelve smaller field offices will close or consolidate. The Idaho office is not on that list.

DOE-Idaho Manager John

Wilczynski said the realignment should have positive effects by allowing laboratory work to proceed with less overhead and administrative interference.

"This is a dynamic move by the department to reduce the budget, and it will have substantial impacts throughout the nation to enhance efficiency and cost effectiveness," Wilczynski said. "We don't know what the local impacts will be ... but we don't feel the impacts in Idaho will be anything we can't absorb."

The Idaho office employs about 450 people, mainly in INEL oversight positions.

Other cost-cutting measures will promote teleconferences to replace expensive travel which now costs the department \$180 million a year, and to

sell off the Nevada Petroleum and Oil Shale Reserves and stockpiles of precious metals with no immediate use.

The power administrations proposed for sale are Western Area, Southwestern and Southeastern Administrations.

The Energy Department's downsizing would be small compared to other recent job losses at the INEL, but it would continue the trend of cuts for eastern Idaho's largest employer.

Employment at the INEL peaked in 1993 at close to 18,000. The work force is now estimated at 9,000.

Lockheed Idaho Technologies Co., the INEL's new contractor, absorbed a big chunk of the cuts earlier this year, eliminating 1,250 jobs through early retirement and incentive plans.

DENVER POST

MAY 4 1995

# Feds urge sale of power agency

By **Adrian Bortolotto**  
Denver Post Staff Writer  
WASHINGTON — The Clinton administration urged Congress yesterday to sell the 1,400-employee Western Area Power Administration in Golden, creating the prospect of major changes in the way electricity is sold in the West.

Officials estimated the government could reap \$2.84 billion by selling WAPA's sprawling 15-state, electric-transmission network to private or public utilities. But they acknowledged a sale could bring local layoffs and the prospect of higher electric rates for some consumers.

WAPA acts as a sort of middleman, selling low-cost hydropower from dams to cities, rural cooperatives, government agencies and schools from Minnesota to California. Its Colorado customers include the large Tri-State Generation and Transmission co-op based in Thurston and municipal utilities in Colorado Springs. Half of the agency's 1,400 employees

## Privatizing WAPA could mean changes in how electricity is sold

work in leased office space in Golden, with the rest located throughout the service area. The proposed sale is part of a series of agency moves proposed by Energy Secretary Hazel O'Leary that include eliminating 1,700 jobs, shutting 37 Energy Department field offices and selling three of the government's power marketing administrations and several reserves in Wyoming and California.

The White House first hinted at the move when it unveiled its fiscal 1996 budget. But it needs the help of the Republican-controlled Congress, which is eyeing the elimination of two entire federal agencies — possibly including the Energy Department — to achieve its goal of balancing the budget.

"We've done our part. Now it's up to the Congress of the United States," O'Leary said at a news conference. "This is downsizing, privatizing, deficit reduction."

It's uncertain whether lawmakers who received news served by the power administration will approve the sale. Sen. Larry Pressler, R-S.D., who has advocated privatizing many public agencies, already said he is strongly opposed to any sale. Congress authorized the creation of WAPA in 1977 and would have to approve its sale.

WAPA's 16,700 miles of transmission lines would make an attractive acquisition for utilities eager to serve Las Vegas, Las Angeles and other booming markets.

Deputy Energy Secretary Bill White said the government hasn't yet decided whether to

sell the system whole or piecemeal. Observers are divided on whether a WAPA sale would mean higher electric rates. Municipal and company-owned utilities in the West would lead to higher wholesale costs would trickle down to consumers and some, particularly in outlying areas.

However, the Edison Electric Institute, representing investor-owned power companies, estimates the sale of WAPA and two power administrations could net the government as much as \$8.9 billion if one factored in revenues, dividends and interest.

The Edison trade group estimates utilities in areas served by WAPA would see less than 5 percent for 90 percent consumers.

The Energy Department field-office chief for combining the agency's 23-00 Denver office with a Golden office is still away. The office oversees other energy and renewable energy programs and is to transfer to states.

BT

TRI-CITY HERALD  
Tri-Cities MAY 04 1995

# O'Leary's cuts aim at getting the job done

By LES BURNENTHAL  
Headquarters, D.C. area

WASHINGTON — Fighting to save her department from congressional critics who want to eliminate it, Energy Secretary Hazel O'Leary outlined \$1.7 billion in cuts Wednesday, including reducing federal employment by 27 percent and closing 12 small field offices.

The Department of Energy's Richland Operations Office was not among those slated for closure. Specific site-by-site reduction in force numbers were not available and it was unclear how many of the 800 DOE employees in the Richland office would be affected.

O'Leary's plan would reduce field office staff by 21 percent and headquarters staff by 24 percent, leaving overall reduction at about 27 percent, or 3,788 employees.

There were no indications whether field office reductions would be across the board or if some offices would take larger hits than others.

O'Leary said she hoped most of the reductions could be achieved by buyouts and attrition, but added all of the 2,100 slots allocated for DOE buyouts already have been claimed. At Hanford, there were 30 federal workers who applied for the buyout program.

"We have brought the budget down but we didn't have a chance to bring down the workforce," O'Leary said at a news conference. "In the next five years we will bring the workforce more in line with our mission."

The field offices slated for closure include five energy efficiency support offices in San Francisco, New York City, Kansas City, Dallas and Denver; four fossil energy offices in Metairie, La., Laramie and Casper, Wyo., and Bakersfield, Calif.; two offices supporting DOE's general counsel in Houston and Dallas; and an energy policy office in France.

In addition, 12 of the department's 18 offices in the Washington, D.C., area would be closed.

O'Leary was blunt in describing her latest package of cuts.

"It represents cutting out the crap so we can get the job done," O'Leary said, adding she had become an "advocate for the continuation of the Department of Energy."

The cuts O'Leary outlined Thursday are part of the \$14.1 billion in savings over the next five years promised earlier when she convinced the White House not to eliminate the department.

Besides the \$1.7 billion in "strategic realignment and downsizing," O'Leary plans to reduce the department's cleanup budget by \$1.4 billion over five years, sell three of the nuclear marketing administrations and the Naval Petroleum Reserve for \$2.5 billion, and slice \$1.2 billion from applied energy programs and \$1.4 billion from the laboratory complex. She also plans to sell \$600 million in highly enriched uranium.

But even with those savings, the department's continued existence faces considerable opposition on Capitol Hill.

The chairman of the House Budget Committee, Rep. John Kasich, R-Ohio, is expected to recommend elimination of DOE in the House GOP budget blueprint later this month.

Among the \$1.7 billion in cuts over the next five years O'Leary outlined were:

- \$450 million by reducing support service contracts. The department spends \$700 million annually on such short-term contracts, designed to save money by avoiding long-term staff increases.

- \$170 million in travel expenses. The department spends about \$200 million annually on travel. About a fourth involves federal employees and the remainder involves contractor personnel.

- \$300 million in assets, including 10,000 pounds of silver, platinum and gold, such non-precious metals as lead, copper and aluminum and large volumes of rare earths.

But the bulk of the savings, about \$1 billion, comes from the cuts, realignments and staff reductions at DOE headquarters and field offices.

O'Leary said she was submitting legislation to Congress today to sell the Southeastern, Southwestern and Western Area Power Administrations and the Naval Petroleum Reserve. By the end of the month, O'Leary said she would submit legislation to turn the Bonneville Power Administration into a government-owned corporation.

"We've done our part, now it's up to the Congress of the United States to do their part," O'Leary said.

Thursday, May 4, 1995

LPO

FRONT PAGE

HERALD

# DOE cuts deeper to thwart GOP

By Jonathan Weisman  
STAFF WRITER

OAKLAND — The Department of Energy will shed 3,788 employees and shut down 24 offices — including one in Oakland — in a last-ditch effort to save the agency from Republican wrath.

About \$1.7 billion in savings will be realized over five years, said Energy Secretary Hazel O'Leary. The Energy Department's operations office in Oakland will survive the realignment, but a small energy-efficiency support office in the federal building will be closed by October 1996. That will cost about a dozen jobs.

When the dust settles, the cuts will likely trim 100 jobs from the Oakland's 418-employee operation. In all, the Energy Department's work force will be cut by 27 percent. Field office staff will be reduced by 21 percent, or 1,450 jobs.

"What we have left is an aligned, right-sized, lean, mean Department of Energy focused on its real missions," O'Leary said.

The long-awaited realignment plan was greeted with little enthusiasm among Republican budget cutters. Republican leaders, including Senate majority leader Robert Dole, R-Kansas, have made the department a top target for elimination.

"That hasn't changed," said a Dole aide, a position seconded by House Budget Committee staff members.

"I don't think the department should be saved," said Scott Hodges, a senior budget analyst at the Heritage Foundation who has been working with Republicans on their 1996 budget.

"This is kind of like throwing the deck hands off the Titanic."

Those deck hands arrived early Wednesday morning at Energy Department auditorium in Oakland to hear their fate. After O'Leary detailed the cuts, most of the employees expressed resignation.

They were just relieved that it was not worse, said Patricia Merz of Pleasanton, an Energy Department human relations employee.

"Like every federal employee I'm concerned about my job," said Castro Valley resident Jim Dorn, who works in the department's equal employment opportunity office. "We're all going to take a hit."

For contractor-run facilities such as the Lawrence Livermore, Lawrence Berkeley and Sandia national laboratories, the cuts should bring welcome relief from stifling federal oversight. O'Leary said eliminating DOE management will give more decision-making authority to the labs.

Fewer people at Lawrence Livermore will be dedicated only to responding to Energy Department requests and questions, said George Craig, past president of the lab's Society of Professional Scientists and Engineers.

Moreover, the Clinton administration's proposals to privatize federal power agencies and commissions will focus the department on the labs' main mission: science and technology.

"The emphasis will be on less regulation, more fundamentals," Craig said.

The bulk of the cuts are aimed at Washington. The department will reduce its headquarters work force by 34 percent, or 2,338. By 1999, O'Leary plans to close 12 of the DOE's 18 offices around the Capital.

The department will shut down energy-efficiency support offices in Oakland, New York City, Kansas City and Dallas, saving \$38 million over five years. Other offices will be shuttered in Bakersfield, Wyoming, Louisiana and even Paris, France.

The department will reign in its annual \$305 million travel bill by \$175 million over five years, and it will sell off 10,000 pounds precious metals such as silver, gold and platinum, and five tons of other metals for \$75 million.

"Lots of people who had authority over this material didn't know they had it," O'Leary said.

O'Leary sent legislation to Congress on Wednesday to privatize the Power Marketing Administration for the western, southwestern and southeastern United States. She also asked that the petroleum and shale reserves be sold.

In May, the department will ask that the Bonneville Power Administration, in Portland, Ore., be converted into an independent, government-owned corporation and that the Federal Energy Regulatory Commission be separated from the department.

"We've done our part," O'Leary declared. "Now it's time for the Congress of the United States to do its part."

Circulation 82,000 Daily  
99,000 Sunday

## THE AUGUSTA CHRONICLE

Augusta, Georgia

Thursday - May 4, 1995  
Page 5C  
Page 1 of 1

SOUTH CAROLINA EDITION

# Energy job reductions to affect SRS

By Stephen Dolaney Hale  
South Carolina Bureau

AIKEN -- Department of Energy workers at Savannah River Site were not affected by the latest job cuts at the site, but they found out Wednesday they will be part of a 27 percent reduction of department employees nationwide during the next five years.

Energy Secretary Hazel O'Leary announced a Strategic Alignment and Downsizing Initiative Wednesday. She said the measure will yield \$1.7 billion toward federal deficit reduction by closing 24 offices and eliminating 3,768 jobs. She also submitted legislation that would cut

another \$5.3 billion from the federal budget.

SRS spokesman Jim Giusti said it would be about three months before the department decides how many of its 881 workers at the site will be affected.

Mr. Giusti said the numbers won't compare to the 4,200 jobs lost this year by site contractors. He said officials hope the department's reductions will be handled through attrition and perhaps some early retirements.

The just-completed reduction "has much more impact on the community than this," he said.

"The impact of this is that we are going to be able to manage the Department

of Energy more efficiently and to save the taxpayer dollars."

Studies on how defense and environmental management missions within the department will be realigned must be completed before anyone will know how federal employees at SRS will be affected, Mr. Giusti said.

According to Wednesday's announcement, the department can offer early retirement to employees at any age if they have 25 years of service, or if they are age 50 and have 20 years of service. This offer expires Sept. 30, but a two-year extension has been applied for.

Of the 3,768 job reductions, 2,335 will come from department headquarters in

Washington. Another 1,450 will come from the 7,050 employees nationwide. About 500 of those cuts will be completed in 1997, with the rest over the next four years.

There is no indication that any job reductions will begin before Oct. 1, Mr. Giusti said.

Field offices will be closed in San Francisco; New York; Kansas City; Metairie, La.; Laramie, Wyo.; Houston and Paris, France. Two offices will be closed in Dallas.

The department will also save \$58 million by consolidating four energy grants into block grants to states, making it easier to submit applications for funding for

technology transfer activities and allowing the department to close five of 18 regional finance offices, Ms. O'Leary said.

Another \$75 million will be saved by selling surplus assets, including 10,000 pounds of gold, silver and platinum, she said.

With congressional authorization, the department also proposes to save \$3.7 billion more by privatizing three power marketing administrations that sell electricity produced at federal hydroelectric projects.

The department is also calling for saving another \$1.3 billion through selling the Naval Petroleum reserves.

MINNEAPOLIS STAR TRIBUNE MAY - 4 1995

## She uses her energy wisely<sup>38</sup>

Energy Secretary Hazel O'Leary, one of the few members of President Clinton's Cabinet to avoid scandal, says the climate in Washington is rougher than she expected but her days in Minnesota left her well prepared.

She told a gathering of University of Minnesota alumni in Washington, D.C., Tuesday night: "Everything I need to know to survive, I learned in Minnesota."

"The climate in this town today is such that the smallest thing you do or utter — one misstep — opens you up for attack. Sometimes, the best way to progress is with that fine bit of humility. . . . That's the lesson I learned in Minnesota. There's no real need to crow about what you do. You simply need to go about doing it."

As secretary, O'Leary has overseen the Energy Department's conversion from a Cold War-era nuclear-weapon-building complex to peacetime work, including the cleanup of nuclear waste and uncovering the extent of radiation experiments on unaware humans.

— Greg Gordon

Page 3 of 4

# Lab seen shrinking by 10%

By Jonathan Weisman  
STAFF WRITER

LIVERMORE — The Lawrence Livermore National Laboratory will likely shrink by 10 percent over the next five years as operational changes at the Energy Department improve laboratory efficiency, lab Director C. Bruce Tarter said Thursday.

Such a budget cut could cost the lab at least 700 jobs while saving the federal government nearly \$100 million a year. Indeed, the cuts already may be taking shape.

Employees of one of the lab's mainstays, the National Energy Research Supercomputing Center, were told Tuesday

■ The lab will adopt a controversial layoff policy.

A-11

their budgets would be slashed by 25 percent, said Bruce Kelly, a lab computer scientist and the president of the Society of Professional Scientists and Engineers.

Lawrence Livermore could lose the center altogether, Kelly said. The Energy Department will put it out to competitive bid with the Lawrence Berkeley National Laboratory. If the other lab wins, the center's 130 employees were told, some of them soon could be moving to Berkeley.

"The very least we're looking at is a 25 percent hit," Kelly said.

The fate of the supercomputing center fits neatly with Tarter's own assessment of the lab's future. In a quarterly address to employees, Tarter was generally upbeat about the lab's long-term survival, predicting the new Congress will increase defense research while holding steady on most basic science spending.

But energy research — the original purpose of the computing center — is under intense congressional scrutiny and likely will absorb the bulk of the cuts.

Those programmatic cuts would be in addition to the 10 percent "efficiency" hit the Energy Department believes it can extract from the labs in five years. Those savings would come from reducing the bureaucratic orders and oversight that raise the lab's overhead costs enormously.

"We've said . . . we can do about that much," Tarter said. "I think that's a realistic efficiency target for the next five years."

Tarter was frank about Congress' intentions. Two years ago, partnerships with private industry were seen as the salvation of the nuclear weapons labs. Now, the Republican-dominated Congress is "very skeptical."

But the suite of new scientific tools designed to replace underground nuclear testing has strong support in Congress and the White House. That should lead to increases in defense spending, at least in the short run.

The weapons program soon will be reconfigured to reflect the shift from designing new weapons to taking care of the old ones, Tarter said.

The two central nuclear weapons divisions will be physically split up. The group that worked primarily on the second, thermonuclear stage of weapons explosions — A Division — will be moved to the laser section of the lab, so designers can work more closely on the National Ignition Facility, the \$1.1 billion megaser.

David Dearborn, an A Division physicist, said scientists will be watching the move with some concern, but he dismissed speculation that the division could be swallowed by the laser's directorate.

The division that worked on nuclear triggers — B Division — will move to the new building, originally built to house the now-defunct Star Wars effort. The two divisions have worked side by side for 40 years, said weapons physicist Tom Thomson.

# DOE plans cuts for INEL

By Tim Jackson  
Of The Journal

Energy Secretary Hazel O'Leary today announced a bold plan to downsize the U.S. Department of Energy, a move she said will yield \$1.7 billion toward reducing the federal deficit.

"It represents — and my mother will kill me for this — cutting out the crap so DOE can do its work," O'Leary said during a telephone news conference from Washington.

But O'Leary's Strategic Alignment and Downsizing Initiative raises more questions than it answers about the future of more than 6,000 employees at the Idaho National Engineering Laboratory.

"This is a dynamic move by DOE to reduce the budget," said John Wilczynski, manager of DOE's Idaho office.

"It will have substantial impacts throughout the nation which will enhance efficiency and cost effectiveness. We don't know what the local impacts will be. We feel the impacts in Idaho will be something we can absorb and we look forward to the changes in efficiency."

Wilczynski said DOE leaders in Washington will determine what share of cuts INEL will take.

O'Leary's statement that she intends to downsize contractor work forces nationwide by 19,000 people or 13 percent by October through initiatives announced earlier seems to indicate no more INEL contractor job cuts are in the works.

Already this year, INEL contractor Lockheed Idaho Technologies Inc. has cut 1,250 jobs from the site's work force by offering

redundant employees with incentives to quit or retire early.

INEL spokesman Brad Bugger said DOE leaders haven't yet decided where to trim 1,450 jobs that O'Leary said need to be cut at field offices around the country during the next five years, possibly including some DOE employees who work in Idaho Falls.

O'Leary's plan also includes cutting 2,338 jobs at DOE headquarters in Washington during the next five years.

Key points of O'Leary's plan:

- Close 24 DOE offices nationwide.

- Push legislation to privatize three power marketing administrations and the Naval Petroleum and Oil Shale Reserves to generate \$5.3 billion.

- Push legislation that would transform Bonneville Power Administration into a government department and remove the Federal Energy Regulatory Commission from DOE control. The laws would generate \$5.3 billion.

- Sell 10,000 pounds of gold, silver and platinum, five tons of other metals and thousands of tons of chemicals to generate \$75 million and reduce storage costs.

- Reduce employee travel and leverage government buying power on behalf of contractors to save \$175 million during the next five years.

- Use several ways officials have identified to speed and reform cleanups at DOE sites to save \$20 million. This includes reducing time lines for writing environmental impact statements from an average of 33 months to 15 months.

(See INEL, A-8)

CONTINUED

## INEL

(Continued from A-1)

"We know DOE can operate more efficiently," O'Leary said. "We also know how difficult change can be. Our implementation team will ensure quick progress and that work force reductions are handled with sensitivity. Reductions in force will be our last choice."

O'Leary called the move a historic step in restructuring DOE for

its vital post-Cold War missions.

"Our downsizing and alignment commitments will enable us to do our work better and at lower cost," O'Leary said. "Our legislative package puts the ball squarely in Congress' court. With their cooperation, we can deliver \$5.3 billion more of our \$14.1 billion commitment made to President Clinton and American taxpayers in December."



The Secretary of Energy  
Washington, DC 20585

May 18, 1995

OLWH PANETTA  
6595-009274  
OLWH PANETTA-6595-009274

MEMORANDUM FOR LEON PANETTA

FROM: HAZEL R. O'LEARY

Sent to Cabinet Affairs via  
Lotus Notes, 5/18, 7:00 p.m.

SUBJECT: Weekly Report

### KEY DEPARTMENT NEWS

- Cuts in Nuclear Weapons Site Cleanup

The Department delivered a strong warning to Congress about potential impacts of significant cuts to the budget for cleaning up nearly 50 nuclear weapons sites in 19 States. I outlined the impacts of a \$1 billion cut from the fiscal year 1996 budget request, including the loss of more than 10,000 jobs.

- Donation of Excess Security Equipment to D.C. Schools

Monday we donated more than \$1.5 million of excess security equipment from our nuclear weapons plants to District of Columbia public schools to improve safety.

We formally transferred more than 150 metal detectors, x-ray machines, video monitors, cameras, and VCRs to D.C. School Superintendent Franklin Smith during a ceremony at Woodson Senior High School in Anacostia. The equipment has become excess as the Department realigns and shuts down facilities and operations.

The equipment is being transferred to support a new program called "Zero Tolerance" --a comprehensive violence reduction strategy initiated earlier this year by D.C. public schools. Due to budgetary constraints however, the District has been unable to implement many security measures necessary to ensure a safe learning environment.

- E.O. Lawrence Awards

I presented the \$10,000 E.O. Lawrence Awards to eight scientists and engineers for work ranging from demonstrating better ways to manufacture metals to finding ripples in the structure of the universe.

## AGENCY WORK ON PRESIDENTIAL INITIATIVES

- Testimony to the House Government Management Subcommittee

I testified before the House Government Reform and Oversight Committee's Subcommittee on Government Management, Information and Technology. The hearing focused on consolidation and restructuring in the Executive Branch. My testimony provided a strong defense of the Department's missions and of our cost-cutting and alignment activities as part of Reinventing Government-Phase II. I addressed the risks to the American public if the Department's national security, weapons site clean-up, energy, or science and technology missions were disrupted through dismantlement of the Department or termination of our missions. Members of the Subcommittee from both parties recognized that these missions are Government responsibilities and simply moving these missions to other agencies would not provide significant savings.

## CONGRESS

- Congressional Hearings

*May 19, 1995* - TBD; before House Commerce, Energy and Power Subcommittee regarding Berlin Conference on Climate Change.

*June 1, 1995* - Martha Krebs, Director of Energy Research; before House Science, Basic Research Subcommittee regarding Field Hearing: The Future of Federally-Supported Science.

*June 6, 1995* - TBD; before Senate Energy and Natural Resources, Energy Production and Regulation Subcommittee regarding S.708 -- Repeal of Section 210 of Public Utilities Regulatory Policies Act.

*June 6, 1995* - Bonneville Power Administration Official; before House Government Reform and Oversight, Government Management, Information, and Technology Subcommittee regarding Corporate Structures for Government Functions: Advantages and Disadvantages of Government Operations at DOE and Federal Aviation Administration.

## OUTREACH

- Meeting with Mexico's Secretary Pichardo

I met with Mexico's Secretary of Energy, Ignacio Pichardo Pagaza, and discussed Mexico's new openings in natural gas pipelines, Pichardo's plans for regulatory reform, and Deputy Secretary Bill White's upcoming visit to Mexico City. Secretary Pichardo

took the opportunity to invite Deputy Secretary Bill White and me to participate in next year's Binational Commission in Mexico City.

- **Meeting with Representative Nethercutt**

I met with Rep. Nethercutt [R-WA] to discuss Hanford cleanup activities and the potential acceptance of foreign spent fuel. Further meetings with Department representatives were requested by Rep. Nethercutt to discuss use of the Corps of Engineers for additional work at the site.

## **MEDIA**

- **Debates on DOE Elimination**

Twice this week, I debated Congressman Tiahrt (R-KS), head of the Republican Freshman Task Force to Eliminate DOE. One appearance was on *Inside Opinion* (CNBC) and the other was on *CNN Morning News*. The Associated Press ran a major story about the debates.

- **Washington Post**

The *Washington Post* included a number of features on the Department, including an editorial with general support for DOE science and technology, another editorial supporting the Energy Information Agency, and a column by Mary McGrory supporting the Department. News coverage addressed the lack of direction among Republicans for DOE science and technology program; a front page story noted that DOE elimination would be very difficult. The Federal Page covered my testimony to the House Government Management Subcommittee on reinventing DOE.

- **Donation of School Supplies**

DOE donated security equipment to D.C. public schools and generated extensive, local print and electronic coverage.

## **REGULATORY REFORM**

- No significant items to report.

## **FOIA ACTIVITY**

- No significant new requests 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

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Date: May 18, 1995  
To: Phil Caplan (Fax# 456-6704)  
From: Hazel R. O'Leary

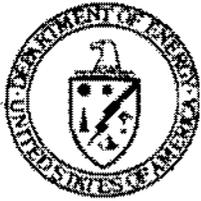
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Transmittal consists of \_\_\_\_\_ pages, excluding this form.

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Notes:

*No calendar or  
newsclippings at this  
time per Ann Lavin*



The Secretary of Energy  
Washington, DC 20585

May 25, 1995

OLWHPanetta - ES95-009713

OLWHPANETTA-ES95-009713  
FBI/DOJ

MEMORANDUM FOR LEON PANETTA

FROM: HAZEL R. O'LEARY

Sent to Cabinet Affairs via  
LotusNotes, 5/25, 7:35 p.m.

SUBJECT: Weekly Report

**KEY DEPARTMENT NEWS**

**INTERNATIONAL ENERGY AGENCY MEETING**

Earlier this week, I chaired the ministerial meeting of the International Energy Agency (IEA). The meeting included senior representatives from 23 IEA member countries and the European Union.

The meeting focused on the theme "Energy in a Global Market" and included discussions of energy and environment, energy security, and relations with non-member countries, including Russia. Increasing investment and transferring advance technologies to growing energy markets like Russia are important ways that the industrialized countries can contribute to global energy security. In addition, the meeting considered the increasingly important role developing nations will play in energy security and global environment. We discussed ways to begin broader cooperation to promote sustainable development of these important energy markets.

**CASPIAN OIL AND GAS CONFERENCE**

On May 24, I spoke at the opening ceremony of the Second International Caspian Oil and Gas Conference in Baku, Azerbaijan. The conference addressed oil and gas development prospects in the Caspian Sea region, which includes several former republics of the Soviet Union.

We are keenly interested in promoting international trade and investment in the Caspian, which is both the birthplace of the international oil industry, as well as one of the world's richest locations for new oil and gas production. We worked to strengthen support for new partnerships involving U.S. businesses that will create jobs in America and help ensure the economic self-sufficiency of the Caspian region's Newly Independent States.

I was joined by President of Azerbaijan Heydar Aliyev in presenting remarks at the opening ceremony yesterday morning. I addressed the U.S. commitment to bolstering the economies of the Newly Independent States, diversifying the energy supplies in the world market, and facilitating U.S. investment in the region.

My visit follows a seven-nation tour of the Caspian region by Deputy Secretary of Energy William White in April that underscored this Administration's commitment to supporting the region's economic independence and competitiveness in the global market. The visit also reflects the importance the U.S. places on energy development in the region contributing to the diversity of the world's energy supply.

### NEW ARGONNE NATIONAL LABORATORY CONTRACT

Taking a major step toward changing the way the Department does business, Deputy Secretary White announced a new performance-based contract with the University of Chicago for management and operation of Argonne National Laboratory. The new contract will run through September 30, 1999, and is estimated to involve about \$2.2 billion in operating costs over this term for basic and applied research and development.

The Department expects management improvements under the new contract to save more than \$77 million over the next five years. Under the new contract, this effort will be managed under a "quality" approach designed to reward results and eliminate micromanagement. It has also been structured to give the Department flexibility in adapting programs and activities at Argonne to support implementation of DOE's Strategic Alignment Initiative.

Argonne is one of the Nation's leading multiprogram research and development laboratories. With sites in Illinois and Idaho, Argonne's research ranges from fundamental basic research in the physical sciences to the application of advanced technology to a variety of current challenges to our society, including energy, environment, economic competitiveness, and health.

## CONGRESS

### CONGRESSIONAL HEARINGS

*June 1, 1995* - Martha Krebs, Director of Energy Research; before House Science, Basic Research Subcommittee Field Hearing regarding "The Future of Federally Supported Science."

*June 6, 1995* - TBD; before Senate Energy and Natural Resources, Energy Production and Regulation Subcommittee regarding S.708 -- Repeal of Section 210 of Public Utilities Regulatory Policies Act.

*June 6, 1995 - Bonneville Power Administration Official TBD; before House Government Reform and Oversight, Government Management, Information, and Technology Subcommittee regarding "Corporate Structures for Government Functions: Advantages and Disadvantages of Government Operations at DOE and Federal Aviation Administration."*

*June 15, 1995 - TBD; before House Science Committee Joint Subcommittees: Technology and Basic Research regarding intellectual property.*

## OUTREACH

Under Secretary Charles Curtis met with Yuri Kostenko, Ukrainian Minister of Environmental Protection and Nuclear Safety.

## MEDIA

*Business Week* published an editorial supporting Department of Energy functions.

Coverage of the House Committee on Government Reform and Oversight's hearing have included messages supportive of the Department.

The *New York Times* published two articles on successive days that highlighted the importance of DOE to civilian control of nuclear weapons and basic research.

*San Francisco Examiner* reprinted a Mary McGrory column supporting the Department.

Articles in Texas -- including the *Dallas Morning News* and the *Midland Daily* -- covered small oil companies' opposition to GOP budget cuts and support for DOE research funding.

The Republican budget cuts, as well as the National Association of Regulatory Commissioner's meeting, have increased media interest in the status of Yucca Mountain and civilian nuclear waste. Director of Civilian Radioactive Waste Management Dan Dreyfus has conducted a number of interviews about the program.

In addition, the Secretary has been mentioned in a number of news articles about the International Energy Agency meeting including the *Washington Times* and regional newspapers.

**REGULATORY REFORM**

**EXTERNAL REQUESTS**

*Elimination or Reduction of Regulations.* The Department is finalizing its report to the President on its efforts to eliminate or reduce existing regulations. Preparation of the report has provided an excellent basis for measuring progress in reducing regulatory burdens and streamlining operations. Approximately 60 percent of the Department's non-procurement regulations are being eliminated or revised. With respect to procurement regulations, 50 percent will be eliminated with the remainder to be revised to reflect the use of performance-based measures and best business practices. The Department's report will be transmitted by June 1, 1995.

**UPCOMING RULES**

*Department of Energy Management and Operating Contracts.* The Department will be publishing in the next few days a final rule to revise contractor purchasing system requirements by eliminating the concept of the "Federal norm." In lieu of the detailed tenets contained in the Department of Energy Acquisition Regulation, which have resulted in the inefficient layering of non-commercial systems and practices, the Department has identified certain purchasing system objectives and standards common to superior purchasing activities, including both commercial and public benchmarks.

**FOIA ACTIVITY**

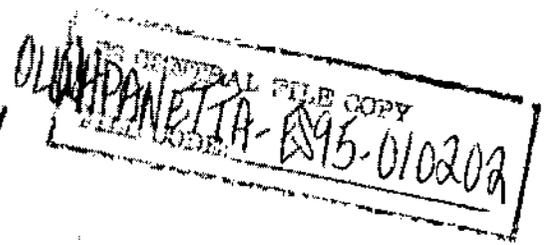
No new significant Freedom of Information Act requests to report.

**SECRETARY AND SUB-CABINET SCHEDULES**

Calendars for the Secretary and Department of Energy Sub-Cabinet officials are provided on the Office of Cabinet Affairs LotusNotes system.



The Secretary of Energy  
Washington, DC 20585



June 1, 1995

MEMORANDUM FOR LEON PANETTA

FROM: HAZEL R. O'LEARY

Sent to Cabinet Affairs  
via Lotus Notes, 6/1, 6 p.m.

SUBJECT: Weekly Report

## KEY DEPARTMENT NEWS

### Introduction of Legislation to Dismantle the Department

On June 8, a group of House Republicans are expected to introduce legislation that would eliminate the Department. I am coordinating a major response from our Hill supporters, industry leaders, university officials, and non-government organizations. We will emphasize the threat dismantlement poses to the Department's vital mission, the lack of cost savings, and the advantages of our recent realignment and downsizing.

### Nuclear Weapons Conference

Today, I co-chaired a joint DOE-DOD meeting on technical confidence in the nuclear weapons stockpile at Offutt Air Force Base in Nebraska. We discussed the content of the stockpile stewardship program and evaluated how the component elements of stockpile stewardship address safety and reliability issues of the future stockpile. The technical judgements of the experts at this meeting will be one of several factors that I and the other Principals of the National Security Council must consider as we review the U.S. position on the issue of hydronuclear and low-yield testing.

### Agreement with Italian Minister to Promote Joint Energy Research and Development

On May 26, I signed an agreement with Alberto Clo, Italy's Minister of Industry, Commerce and Handicraft, to encourage cooperation in energy research and development. The agreement provides a framework that encourages joint experiments and tests; the exchange of scientific and technical information, personnel, materials, and equipment; jointly funded research and development projects of interest to both parties; and consultations on energy planning and energy policy and market issues.

Accomplishments under a previous agreement include a demonstration of U.S. coal/water mixture technology in Italy, coal studies, improvements in coal gasification and liquefaction technology, enhanced oil recovery programs in both countries, and exchange



of information and experience in renewable energy sources, particularly geothermal energy. The new accord improves on the previous one by addressing the issue of protecting intellectual property created during joint research.

#### **Address to World Geothermal Congress in Italy**

I addressed the World Geothermal Congress on May 26 in Florence, Italy. I emphasized that this reliable, abundant, and environmentally friendly resource, which has been successful in the U.S., is rapidly becoming a competitive source of energy worldwide. Through cooperation between governments and between government and industry, we can accomplish this quickly.

The Department of Energy has actively cooperated with private industry to promote the development of the geothermal energy market in the U.S., and the industry has grown rapidly since the 1970s. The Department recently formed a consortium with the Environmental Protection Agency (EPA) and several electric utilities to promote geothermal heat pumps.

#### **Response to National Security Committee Cuts in Cleanup Budget**

The Department responded publicly to cuts of nearly \$750 million taken by the House National Security Committee from its Environmental Management budget. We are concerned about cuts directed to specific program areas, particularly in the high-risk nuclear materials program. In light of the serious health, environmental, and safety problems posed by the former nuclear weapons complex, these cuts will have a substantial impact on program results. If enacted, the impacts will be felt around the country through delays in cleanup actions and in additional reductions in the work force. We will stand by the President's budget, which supports the most analytically defensible program, and will work with the Congress to address these concerns.

### **AGENCY WORK ON PRESIDENTIAL INITIATIVES**

#### **Secretarial Visit to Costa Rica**

On June 8-10, I will lead a delegation to Costa Rica, where I will sign an agreement to reduce emissions of greenhouse gases with seven Central American energy ministers. The signing will be part of the U.S. Initiative on Joint Implementation (USIJI)-sponsored "International Prospects for Joint Implementation: A Workshop for the Americas." The agreement will provide a framework to promote U.S. private sector investment in energy and land-use projects which reduce or sequester greenhouse gas emissions. Costa Rica has been a key ally on joint implementation under the Framework Convention on Climate Change.

## CONGRESS

### Congressional Hearings

*June 6, 1995 - Susan Tierney, Assistant Secretary - Policy*; before Senate Energy and Natural Resources, Energy Production and Regulation Subcommittee regarding S.708 -- Repeal of Section 210 of Public Utilities Regulatory Policies Act.

*June 6, 1995 - Bonneville Power Administration Official TBD*; before House Government Reform and Oversight, Government Management, Information, and Technology Subcommittee regarding Corporate Structures for Government Functions: Advantages and Disadvantages of Government Operations at DOE and Federal Aviation Administration.

*June 6, 1995 - Deputy Secretary William White*; before House Commerce, Energy and Power Subcommittee regarding Alternative Fuel Vehicles.

*June 7, 1995 - Robert Nordhaus, General Counsel*; before Senate Energy and Natural Resources Committee, Oversight and Investigations Subcommittee regarding National Environmental Policy Act.

*June 15, 1995 - DOE Official TBD*; before House Science Committee Joint Subcommittees: Technology and Basic Research regarding Intellectual Property.

## OUTREACH

### Remarks to the House Wednesday Group

I will meet with the House Wednesday Group on June 7 from 8 to 9 a.m. Generally, attendance ranges between two and three dozen moderate Republican members representing diverse interests and widespread geography. At this members-only session, I will speak for about twenty minutes about proposals to dismantle the Department, reinvention, downsizing, and budget issues.

## MEDIA

*Federal Times* wrote about the potential elimination of the Department of Energy, highlighting the unclear savings value.

The May *Government Executive* magazine wrote a lengthy article about the "quixotic quest" to eliminate the Department. Key messages included issues around transferring weapons functions to the Department of Defense.

Stories appeared in the *Chicago Tribune* and *New York Times* on Yucca mountain and the proposed legislation that would halt the project.

I was interviewed by *National Journal* for a cover story that should appear this week.

**REGULATORY REFORM**

**External Requests**

*Report to the President on Elimination and Reduction of Regulations.* Today, the Department transmitted its report on efforts to reform its regulations. The Department has targeted 75 percent of the Department's regulations for elimination or reinvention. This will result in a 726-page reduction in the *Code of Federal Regulations*, as well as reinvented regulations that reflect performance-based measures and best business practices.

**Upcoming Rules**

*Weatherization Assistance Program for Low-Income Persons.* The Department will publish on June 5, 1995, an interim final rule amending the regulations for the Weatherization Assistance Program to change the formula used to distribute funds among the States under the Program. The new formula increases the overall equity of fund allocations under the program regulations, while preserving existing State program capabilities. The principal criteria in the formula reflect: number of low-income households by State, climatic conditions using weather data by State, and residential energy expenditures by low-income households by State. The Department has made appropriate revisions in this interim final rule to accommodate possible rescissions to fiscal year 1995 appropriations for the program.

**FOIA ACTIVITY**

No significant new Freedom of Information Act requests to report.

**SECRETARY AND SUB-CABINET SCHEDULES**

Calendars are provided to Cabinet Affairs via LotusNotes.

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Department of Energy  
Washington, DC 20585

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FACSIMILE TRANSMITTAL FORM

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CML 202-586-4402 CML 202-586-5081 CML 202-586-5078

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Date: June 1, 1995  
To: Mr. T. J. Glauthier, OMB (Fax# 395-4639)  
From: Hazel R. O'Leary,  
Secretary of Energy

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Transmittal consists of 4 pages, excluding this form.

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Notes:



Department of Energy  
Washington, DC 20585

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

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Date: June 1, 1995  
To: Phil Caplan (Fax# 455-6704)  
From: Hazel P. O'Leary  
Secretary of Energy

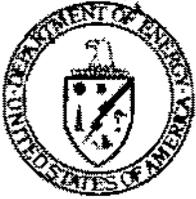
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Notes:

*No calendar  
or clippings*



The Secretary of Energy  
Washington, DC 20585



June 8, 1995

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

**KEY DEPARTMENT NEWS**

**India Energy Business Meeting in New York**

On June 16, I will travel to New York City to address the World Congress Conference on electric power investment opportunities in India. My comments will draw upon my recent experiences in India and other parts of Asia and will focus on opportunities for American energy and power providers and financiers. The Indian power market is one of the largest in the world, valued at \$45 billion with a projected need for approximately 60,000 megawatts. The following day, I will address a seminar on financing Indian power projects.

**New Step in Nuclear Stockpile Conversion**

On June 7, we took a big step in reducing the national excess nuclear stockpile, when DOE and the United States Enrichment Corporation (USEC) began the dilution of highly enriched uranium (HEU) to a lower level for use as commercial nuclear reactor fuel at the Portsmouth Gaseous Diffusion Plant in Piketon, Ohio.

This action reflects a commitment made last year to reduce our stockpile of excess military nuclear material and serves as an example to other nations throughout the world that have also agreed to recycle weapons material for peaceful uses.

This uranium, which was slated for military uses during the Cold War, will now provide electricity for people throughout the world.

**Approval of Management Plan for DOE and Navy Spent Nuclear Fuel**

On June 1, I selected three Department of Energy sites in Idaho, South Carolina, and Washington for interim management of DOE and Navy spent nuclear fuel. The decision follows the April issuance of an Environment Impact Statement (EIS) and the

announcement of a preferred alternative to consolidate DOE and Navy spent nuclear fuel by fuel type at the three sites. This decision represents a balanced consideration of potential environmental risks, public concerns and cost-effective management, while

supporting continued successful operation of the Navy nuclear fleet. In 1993, an Idaho Federal District Court enjoined shipments of DOE and Department of the Navy spent nuclear fuel to Idaho until a decision could be made following an EIS. Late last month, a Federal judge issued a court order continuing that injunction. I am hopeful that we will reach an equitable resolution with Idaho on this matter that is responsive to both State interests and national needs.

### **Department of Energy Wins 1995 Federal Environmental Quality Award**

The Department of Energy has been named one of two winners of the 1995 Annual Federal Environmental Quality Award sponsored by the National Association of Environmental Professionals and the Council on Environmental Quality. This prestigious honor cites Federal agencies for excellence in implementing the National Environmental Policy Act (NEPA).

We have only begun our efforts to streamline and improve the DOE NEPA Compliance Program. We are cutting in half--from 33 months to 15 months--the average time it takes to prepare environmental impact statements and changing the way we contract for NEPA analysis. These and other actions will improve our decision-making regarding our programs and projects and result in savings of more than \$20 million the next five years.

## **AGENCY WORK ON PRESIDENTIAL INITIATIVES**

### **International Agreement to Reduce Greenhouse Gases**

On June 9, in Costa Rica I will join energy ministers from seven Central American nations in signing a cooperative agreement to advance joint pilot projects to reduce greenhouse gas emissions throughout the Americas. The agreement will serve as a catalyst for new projects and new opportunities to reduce greenhouse gas emissions and promote sustainable energy development. We will build historic partnerships that will benefit Central America's people, business, and environment while developing new markets for U.S. firms and their workers.

## **CONGRESS**

### **Congressional Hearings**

*June 13, 1995 - Under Secretary Charles Curtis; before the Senate Energy and Natural Resources Committee regarding S.755--Privatization of United States Enriched Corporation.*

*June 14, 1995* - TBD, before the House Government Reform and Oversight Committee, Civil Service Subcommittee regarding background investigations for Federal employment.

*June 15, 1995* - Assistant Secretary for Environmental Management Thomas Grumbly, before the Senate Energy and Natural Resources Committee regarding S.871--Legislation on Hanford.

*June 16, 1995* - Assistant Secretary for Environmental Management Thomas Grumbly, before the House Commerce, Commerce, Trade, and Hazardous Materials Subcommittee regarding Superfund Reauthorization.

## OUTREACH

I spoke with Senator James Exon (*D-NE*) and Representatives John Dingell (*D-MI*), Vic Fazio (*D-CA*), Jimmy Hayes (*D-MS*), Mike Doyle (*D-PA*), Dan Schaefer (*R-Co*), Zach Wamp (*R-TN*), Vern Ehlers (*R-MI*), and Bill Baker (*R-CA*) regarding various budget issues and the June 8 Republican announcement calling for dismantlement of the Department.

## MEDIA

The *National Journal* published a cover story on the Department of Energy and our efforts to reinvent government. A question and answer session was included as a side-bar story.

The Oak Ridge Summit received statewide coverage in Tennessee, as well as a prominent story in the *Washington Post*.

The *Washington Post* reported on the study by Environmental and Energy Study Institute that supports DOE's efforts on fuel efficiency.

*Newsweek* featured a high-tech invention developed by Department of Energy labs, in conjunction with the private sector.

Today, the Freshman Republican Task Force held their press conference on eliminating the Department. The Department pursued extensive responsive coverage. I held a media lunch yesterday, and Deputy Secretary White held a press conference few hours after the Republican announcement.

## REGULATORY REFORM

### External Requests

*June 15 Report to the President on Regulatory Reform Initiative.* This week we worked with the National Performance Review and Department of Transportation staffs to complete an interagency review of Department's draft report to the President on this subject. We will deliver our final report to the President by June 15, 1995.

### Upcoming Rules

*Final Guidelines for Mentor Protégé Pilot Initiative.* The Department will publish tomorrow, in advance of next week's White House Conference on Small Business, final guidelines for its Mentor Protégé Pilot Initiative. The Initiative is designed to encourage DOE Management and Operating contractors and DOE prime contractors to assist energy-related small disadvantaged, 8(a), and women-owned businesses in enhancing their business and technical capabilities for full participation in the Department's mission. This integrated working arrangement among companies will promote economic and technological growth, foster the establishment of long-term business relationships, and increase the number of small disadvantaged, 8(a), or women-owned businesses that receive Department of Energy, other Federal, and commercial contracts.

## FOIA ACTIVITY

No significant new Freedom of Information Act requests to report.

## SECRETARY AND SUB-CABINET SCHEDULES

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The Knoxville News-Sentinel, Saturday, June 3, 1995

# Energy chief rips GOP cuts as destructive to U.S., Oak Ridge

By Frank Munger

News-Sentinel Oak Ridge bureau

OAK RIDGE — U.S. Energy Secretary Hazel O'Leary was sometimes subtle, sometimes blunt, but she made it abundantly clear Friday she believes the budget course outlined by Congress is ill-conceived and will needlessly destroy much of what's good about government — including important programs in Oak Ridge.

At an Oak Ridge Summit luncheon attended by luminaries of the political, business and scientific worlds, O'Leary urged people to express their displeasure at funding cuts that threaten environmental progress and research vital to the nation's economy.

The energy secretary used charts to illustrate the severe loss of funding for Oak Ridge over the next several years if current budget projections are carried out. Entire research programs could be eliminated at Oak Ridge National Laboratory, and there might not even be enough money to pay for the contract closeouts, she said.

"Don't sit on your key lime pie

and do nothing," she told those finishing up their lunch.

O'Leary said she doesn't believe the fight over research dollars has to be partisan, but in earlier comments to the press she did not restrain her criticism of the newly Republican Congress.

She said she admires discipline of people following a party line but insisted this time it is misplaced and shortsighted.

While agreeing with Republican goals for a leaner government and more jobs, O'Leary said she can't agree with their plan to accomplish those goals. Some of the cuts would destroy the science and technology capable of creating jobs for the next 25 to 50 years, she said.

"I cannot support this budget that's been put forward by the Republicans in the House. It is senseless, and it rips away from the United States the capability to be competitive . . . It's in-

sane."

When it was suggested that her charts showing deep funding cuts made people quiver with fear, O'Leary said, "The time for quivering is over . . . Don't quiver. Stand up and fight."

She said it's incredible that small nations, such as South Korea, are spending more money than the United States per capita on research and development to increase their economic competitiveness.

"What is going on?" she asked.

The Oak Ridge Environmental Peace Alliance and other environmental groups said Friday they plan to file suit against DOE to challenge a recent environmental assessment on bomb-grade uranium brought to the Oak Ridge Y-12 Plant last year from the former Soviet state of Kazakhstan. The enriched uranium was transported here as part of the secret Project Sapphire, which officials said reduced the threat of atomic terrorism.

Stephen Smith, a spokesman for OREPA, said environmental-

Please see O'LEARY, page A5



## O'Leary

Continued from page A1

ists believe DOE did not follow requirements of National Environmental Policy Act by fully characterizing the material be-

fore issuing a "finding of no significant impact."

DOE plans to issue contracts to blend the Sapphire material with other uranium to reduce its potential use in weapons and convert it into fuel for nuclear reactors.

O'Leary said DOE assessed

the Kazakhstan material before bringing it to Oak Ridge, adding that international authorities would oversee future work. She said she was surprised that "a small group of people" would stand in the way of a project of great benefit to nonproliferation goals.

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News-Sentinel Oak Ridge bureau

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## O'Leary

Continued from page A1

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