

**7/25/79**

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THE WHITE HOUSE  
WASHINGTON  
7/25/79

Bob Linder

The attached letters were returned  
in the President's outbox today  
and are forwarded to you for  
appropriate handling.

Rick Hutcheson

Please date, send to stripping  
and have one set of copies  
sent to Jack Watson's office.

Thanks.

3133

THE WHITE HOUSE

WASHINGTON

July 17, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON

SUBJECT: Democratic Governors' Resolution

Mr. President,

I thought you might want to send a personal note to each of the Democratic Governors who voted aye on the resolution in Louisville "enthusiastically endorsing your renomination and re-election as President." Attached is such a note for your signature.

You might want to pen a few special words of thanks to Ella Grasso who was the proponent of the resolution and who advocated it strongly, as you know. Ella was also elected Chairperson of the Democratic Governors' Caucus. Bill Clinton was elected Vice Chair, and Bruce King was elected special representative to the DNC.

A handwritten signature in cursive script that reads "Jack". The signature is written in black ink and is positioned to the right of the word "Attachment".

Attachment



To Governor Ella Grasso

Thank you for your support in Louisville.  
I appreciate and value your help more than  
I can say.

As always, you have my warmest personal  
regards and best wishes.

Sincerely,



The Honorable Ella T. Grasso  
Governor of Connecticut  
Hartford, Connecticut 06115

*Thanks - & Congratulations!*



THE WHITE HOUSE  
WASHINGTON

phil --

f.y.i. -- then on to rick please

thanks--ssc

4 PM

Phil  
SSC

THE WHITE HOUSE

WASHINGTON

July 24, 1979

MEMORANDUM TO THE PRESIDENT

FROM: JERRY RAFSHOON 

Attached are the Q's and A's for the 9:00 p.m. press conference.

Jody is also preparing some obvious questions based on the press reaction to the more political and intangible issues.

We are negotiating the opening statement and you will have it in the morning.

I would like to have a full afternoon rehearsal in the Map Room, in which we will ask you questions, tape the answers and play them back. In other words, the same preparation for a press conference as for a speech.

*ok*  
*J*

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Draft #~~4~~  
July 27, 1979

OPENING STATEMENT

*Jody*

*Susan -  
let Terry &  
Jody have  
copy -  
J*

*My fellow citizens and ladies and  
gentlemen of the press.*

*spoke about*  
Ten days ago, I ~~talked frankly to the American~~  
~~people about~~ *for about* my deepest concern ~~for~~ the future of our  
country. *about* I ~~spoke of~~ a crisis of the American spirit,  
which *the problems of energy or*  
That crisis is as real as ~~energy shortages,~~ as real as  
*or any other*  
inflation, ~~as real as any of the material problems we~~  
face.

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<sup>know</sup>  
But I also spoke ~~of my conviction~~ that we can  
<sup>these crises</sup>  
overcome ~~that crisis of the spirit~~ by uniting in common  
purpose as we have done so often in the past. The  
opportunity we now have is ~~to unite~~ to seize control  
of our energy future -- to work together to cut our  
dangerous dependence on foreign oil.

Millions of Americans <sup>have</sup> responded positively to  
<sup>because</sup>  
what I said -- ~~for the simple reason that from their~~  
~~own feelings and their own experience,~~ they know I was  
telling the truth.

We have lost confidence in our institutions --  
all of us know that. But <sup>we</sup> ~~all of us~~ also know that  
<sup>can</sup>  
we ~~have the ability to~~ put pessimism aside, and move  
<sup>with</sup>  
forward together ~~in a spirit of~~ patriotism and hard  
work.

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In the ten days since I addressed the Nation,  
~~I have moved firmly to strengthen my ability to  
provide the American people with a clearer course.~~

[ I have today selected Paul Volcker, President  
of the New York Reserve Bank and a man who commands  
great respect in the financial community, to be  
Chairman of the Federal Reserve and to continue our  
efforts to strengthen the dollar and provide monetary  
stability. Mr. Volcker will work closely with his  
predecessor, G. William Miller, whom I have nominated  
to be Secretary of the Treasury and to take full  
charge of economic policy within my Administration.  
In addition, I have reaffirmed to our allies the  
direction of American foreign policy. And I have  
acted to bolster the effectiveness of my own staff and

~~broader the circle of advisors within the  
White House.]~~

unified and  
I have moved swiftly to create a better  
administration team - in good fighting  
shape to meet the challenges ahead.

~~[Beyond these actions]~~ I have proposed <sup>to the Congress</sup> a bold effort  
to use American ingenuity and <sup>American</sup> ~~American~~ strength to achieve  
American energy security. This massive effort will cost  
~~money~~ a great deal of money -- and these ~~absolutely~~  
critical funds can only come from a strong windfall profits  
tax on the oil companies.

The American people overwhelmingly support such a  
strong windfall profits tax, <sup>a</sup> ~~That~~ message clearly <sup>demonstrated</sup> got  
through <sup>by</sup> ~~to~~ the House of Representatives <sup>which</sup> ~~The~~ House has  
already passed a bill that <sup>will</sup> ~~would raise~~ \$143 billion between

~~1980 and 1990~~ to finance a <sup>sound</sup> ~~serious~~ energy program for our

*Now it is the Senate's turn, and*  
country. ~~[I believe that the House bill must be toughened,  
there will be a terrible struggle by  
not weakened.]~~ Tomorrow the Senate Finance Committee will  
*the oil lobby to gut the windfall*  
take up this issue -- and there is a real danger that the  
*profit tax bill. If this happens, then we*  
windfall profits tax will be gutted despite the massive  
*cannot reach our energy goals.*  
~~public support for a strong bill.~~

*and leave plenty of new funds and  
incentive for increased exploration and  
production of oil and gas in our own country.*

The Senate committee will be considering amendments that would take \$54 billion out of the Energy Security Fund and turn it over to the oil companies. That would be a loss of more than one-third of the total revenues.

~~Self the committee has to be in the hands of~~  
[We cannot afford that enormous loss if the United States Under these circumstances we could not and would not meet our goal of reducing our dependence out from under OPEC's thumb and back in control of our dependence on foreign oil by some 50% in the next decade.]  
own future] → insert A ←

This nation needs an Energy Security Fund with enough resources to finance domestic energy production and conservation, strengthen mass transit, and help the poorest among us meet rising energy costs. This nation needs an independent, publicly chartered Energy Security Corporation -- free of government red tape -- to spear-head the search for

*We cannot afford a politics as usual, business as usual approach to this threat to our national security.*  
alternative fuels. Therefore this nation needs a strong, permanent, meaningful tax on the windfall profits of the

oil companies.

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I want to serve notice tonight that I will do everything in my power to get such a windfall profits tax for America's energy security. ~~I don't care what it takes --~~ because it is critical to the future of this country. ~~[The Congress must act and act quickly.]~~

~~One more point before I take your questions. The windfall profits tax on the oil companies is even more than a matter of raising needed revenues for America's energy future. It is also a matter of right and wrong.~~

~~The American people are making sacrifices right now for our energy future, and I know they are prepared to do even more. Millions of people have waited in gasoline lines in recent months. Millions of us are going to work in offices and stores and plants that are considerably warmer than we might like. Americans don't mind sweating a bit for their country -- but the sacrifices have got to be fair. It cannot be just ordinary people who make all~~

the sacrifices. [The oil companies have to do their share as well.]

*phased*

The decontrol of oil prices has provided great incentives for domestic exploration and production. But for the sake of fairness, and for the sake of our energy future, some part of that huge increase in revenues must be shared ~~by~~ <sup>with</sup> the American people.

*Based on this*

*on the oil companies*

~~With a strong~~ windfall profits tax, we will have the resources to meet the energy challenge now facing us. And we will have taken a major step toward uniting our country in the effort to solve our broader problems of spirit and confidence.

# # #

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*Mounted South My -  
good team  
fighting shape*

MEN & WOMEN

MY FELLOW CITIZENS, AND ~~LADIES AND GENTLEMEN~~ OF THE PRESS.

<sup>to you</sup>  
TEN DAYS AGO, I SPOKE ABOUT MY DEEP CONCERN FOR THE FUTURE OF OUR  
COUNTRY -- ABOUT A CRISIS OF THE AMERICAN SPIRIT, WHICH ~~IS~~ <sup>I KNOW TO BE</sup> AS REAL AS  
THE PROBLEMS OF ENERGY OR INFLATION, OR ANY OTHER MATERIAL PROBLEMS WE FACE.

BUT I ALSO KNOW THAT WE CAN OVERCOME THESE CRISES BY UNITING IN  
COMMON PURPOSE AS WE HAVE DONE SO OFTEN IN THE PAST. THE OPPORTUNITY WE  
NOW HAVE IS TO SEIZE CONTROL OF OUR ENERGY FUTURE -- TO WORK TOGETHER  
TO CUT OUR DANGEROUS <sup>OVER</sup> DEPENDENCE ON FOREIGN OIL.

MILLIONS OF AMERICANS HAVE RESPONDED POSITIVELY TO WHAT I SAID --  
BECAUSE THEY KNOW I <sup>Am</sup> ~~was~~ TELLING THE TRUTH.

(=OVER=) (WE HAVE LOST CONFIDENCE.....)

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WE HAVE LOST CONFIDENCE IN ~~OUR~~ INSTITUTIONS -- ALL OF US KNOW THAT.  
BUT WE ALSO KNOW THAT WE CAN PUT PESSIMISM ASIDE, AND MOVE FORWARD TOGETHER  
WITH PATRIOTISM AND HARD WORK.

<sup>THESE</sup>  
IN ~~THE~~ TEN DAYS SINCE I ADDRESSED THE NATION, I HAVE MOVED SWIFTLY  
TO CREATE A BETTER ADMINISTRATION TEAM <sup>TO WORK FOR ME</sup> -- UNIFIED AND IN GOOD FIGHTING  
SHAPE TO MEET THE CHALLENGES AHEAD.

*DURING THIS SAME PERIOD*

I HAVE PROPOSED TO THE CONGRESS A BOLD EFFORT TO USE AMERICAN  
INGENUITY AND AMERICAN STRENGTH TO ACHIEVE AMERICAN ENERGY SECURITY.  
THIS MASSIVE EFFORT WILL COST A GREAT DEAL OF MONEY -- AND THESE CRITICAL  
FUNDS CAN ONLY COME FROM A STRONG WINDFALL PROFITS TAX ON THE OIL COMPANIES.  
A TAX ON PROFITS WHICH THE COMPANIES HAVE NOT EARNED.  
(=NEW CARD=) (THE AMERICAN PEOPLE.....)

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THE AMERICAN PEOPLE OVERWHELMINGLY SUPPORT SUCH A TAX -- A MESSAGE CLEARLY DEMONSTRATED BY THE HOUSE OF REPRESENTATIVES, <sup>OF OUR CONGRESS</sup> WHICH HAS ALREADY PASSED A BILL THAT WILL FINANCE A SOUND ENERGY PROGRAM ~~FOR OUR COUNTRY,~~ AND LEAVE PLENTY OF NEW FUNDS AND INCENTIVE FOR INCREASED EXPLORATION AND PRODUCTION OF OIL AND GAS IN OUR OWN COUNTRY.

NOW IT IS THE SENATE'S TURN, AND THERE WILL BE A <sup>MASSIVE</sup> ~~TERRIBLE~~ STRUGGLE BY THE OIL LOBBY TO GUT THE WINDFALL PROFIT TAX BILL. IF THIS HAPPENS, THEN WE CANNOT REACH OUR ENERGY GOALS.

I WANT TO SERVE NOTICE TONIGHT THAT I WILL DO EVERYTHING IN MY POWER TO GET SUCH A WINDFALL PROFITS TAX FOR AMERICA'S ENERGY SECURITY -- BECAUSE IT IS CRITICAL TO THE FUTURE OF THIS COUNTRY. *I NEED YOUR HELP,*  
*(LET THE U.S. SENATE KNOW HOW YOU FEEL,*  
*(=OVER=) (BASED ON THIS .....)*  
*THIS IS A DEMO. YR VOICE CAN & WILL BE HEARD*

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BASED ON THIS WINDFALL PROFITS TAX ON THE OIL COMPANIES, WE WILL HAVE THE RESOURCES TO MEET THE ENERGY CHALLENGE NOW FACING US.

AND WE WILL HAVE TAKEN A MAJOR STEP TOWARD UNITING OUR COUNTRY IN THE EFFORT TO SOLVE OUR BROADER PROBLEMS OF SPIRIT AND CONFIDENCE.

#

#

# To RESTORE Am  
SPIRIT

To RESTORE  
CONF IN THE  
FUTURE OF  
OUR GRT  
COUNTRY

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2:00 PM

THE WHITE HOUSE  
WASHINGTON

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MEETING WITH THE PRESIDENT'S COMMISSION ON COAL  
AND REPRESENTATIVES OF THE CONGRESSIONAL COAL CAUCUS

Wednesday, July 25, 1979  
2:00 p.m. (15 minutes)  
The Cabinet Room

From: Stu Eizenstat

Stu

I. PURPOSE

To formally receive the Commission's draft recommendations on increasing coal use, to hear the views of the Coal Caucus and to reemphasize your support for coal development.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: This meeting combines a previously scheduled (July 13) meeting with the Coal Commission, and a previously requested meeting with the Coal Caucus. The Coal Commission has now released its recommendations which parallel your energy program in some respects. (Rockefeller memo to you is attached.)
- B. Participants: Senators Byrd, Randolph, Huddleston, Percy and Ford, Congressmen Austin Murphy, Carl Perkins, John Buchanan, Nick J. Rahall and John Murtha. Voting members of the Coal Commission Jay Rockefeller, Willard Wirtz, Dewey Presley, Marvin Friedman, and Jesse Core. Commission staffers Michael Koleda and William Hobgood.
- C. Press Plan: Press photo opportunity at beginning of the meeting. (White House photo only)

III. TALKING POINTS

- o I think you all share my belief that coal must and will be the backbone of our energy future. In both the short and long term we must not only increase our direct use of coal but must develop the capacity to convert coal to liquid and gas fuel.
- o In my energy program I have recommended a major new effort to develop 30 coal synthetics plants to produce the equivalent of up to 1.5 million barrels of oil per day.

- o In the nearer term I am recommending a substantial program to convert our nation's utilities from oil to coal and other fuels. This should save up to 750,000 barrels of oil per day by 1990.
- o The synthetics plants will be largely coal-based, requiring enormous amounts of additional coal production. The oil-based burners will be converted primarily to coal-burning plants. That will also require increased coal production.
- o Both of these recommendations were based on the excellent work of the Coal Commission, under Jay Rockefeller's direction.
- o I am convinced that the proposals for synthetic fuel development and utility conversion, based on the advice of a wide cross-section of advisors, can be reached without sacrificing our environment or threatening the health and safety of our workers or the public.
- o But the energy goals and programs I set out for the American people last week cannot be reached unless we have a strong windfall profits tax to provide the needed revenues. Your help will be crucial in convincing the Senate that a tough tax is a pre-condition to moving forward with the type of program you and I have proposed. Without your help, we face the prospect of the Senate Finance Committee and the Senate approving a very weak tax - one inadequate to finance the program you and I want.
- o We cannot allow that to happen. For if we do, this nation will never unite to overcome the larger crises of spirit I talked to the nation about last week. We have an opportunity now to bring the country together in a common effort and we should leap at that opportunity.



**The President's  
Commission on Coal**

600 E Street, N.W., Suite 500  
Washington, D. C. 20004  
(202) 376-2001

July 9, 1979

MEMORANDUM TO THE PRESIDENT

From: John D. Rockefeller IV

The direct use of coal is the cheapest and fastest way to reduce oil imports beyond what can be achieved through conservation. Synthetic fuels will not begin to be an alternative to imported oil until the late 1980's. Failing to exploit the oil savings from increased direct use of coal places the entire burden of import reduction for the next five-seven years on conservation measures. Failing to use the direct coal option means we cut oil import dependency less than is possible. Maintaining oil imports at 8.5 million barrels per day by 1985 is to maintain vulnerability to oil supply disruption at approximately today's unacceptable levels.

The program the Commission recommends calls for oil savings of approximately 1.5 million barrels per day by 1985 and 4.6 by 1990. All the oil savings by 1985 are from the direct use of coal. By 1990 the savings are half direct use of coal and half synthetic fuels. Our best guess now is that the composition of the synthetic fuels is about 50 percent coal and 50 percent shale.

Using a base case oil import projection of 8.3 million barrels per day by 1985 and 9.2 millions barrels per day by 1990, this projection would yield a 17 percent reduction by 1985 and a 50 percent reduction by 1990.

The percentage reduction, and the resultant level of oil imports will depend on the base case projection used and are not a proper point at issue. What is at issue is whether your oil reduction program will seek to achieve the substantial oil savings that can be realized in the near term through the direct use of coal.

Reconversion of utility boilers to coal can be consistent with the Clean Air Act. The reconverted coal unit can be made as clean as the oil it replaces. In some cases, the costs of the reconversions can be reduced through the use of innovative air quality modeling approaches such as the probabilistic approach used by EPA in the recently announced Brayton Point reconversion in Massachusetts. Doug Costle agrees. I disagree with efforts to link reconversions to weakening the Clean Air Act. Reconversion can be achieved within the provisions of the existing Clean Air Act.

The estimated capital costs of reconversion in the enclosed, revised draft (July 9, 1979) include all costs associated with reconversion at the plant, including costs of coal handling, storage, and installation of pollution control equipment.

The capital costs of reconversion are largely offset, over time, by lower operating costs associated with coal. Incentives included in the Budget Impacts table are those estimated to be necessary in that year to keep the costs to utility customers on average no higher from reconversion than they otherwise would be.

Accelerated replacement of oil and gas fired boilers with new coal fired units should have the backing of EPA and DOE. The new coal units are cleaner than most units they replace and this is one of the most cost effective ways of reducing oil imports. I am surprised that those two departments haven't been more aggressive in explaining the desirability of this option. Several points need to be emphasized.

First, analysis shows that the economics of early retirement of an oil or gas fired boiler and replacement with a new coal unit is close or favorable now without incentives owing to the lower cost of coal as a boiler fuel. Utility costs will tend to be higher in the short run as capital costs are amortized and lower over the longer run due to lower operating costs. The incentives necessary to keep utility costs to the consumer on average no higher from accelerated retirement are not large.

Second, by speeding up the timetable of these inevitable replacement, we speed the timetable of oil import reduction, reducing our vulnerability to supply disruption that much quicker.

The question of a gas glut is of fundamental importance. Whether there is a two-year, 10-year, or 20-year glut is unclear. In any event, use of natural gas as a boiler fuel in the utility sector should be eliminated as quickly as possible. Natural gas should be used to replace oil in home heating, industrial processes, and in industrial and certain utility boilers where coal is not practical. Given the seriousness of our oil dependency, there is never a gas glut so long as oil is being used where gas could do the job. This process of realignment of fuels must be begun on an accelerated basis now.

The capital costs of accelerated replacement should not fall on the customers involved. The benefits of reduced oil consumption are national in scope. Incentives to cover these costs should be provided, financed by a general federal revenue source.

In my judgement, the commitment to oil reduction at yesterday's meeting was too weak. There is too much faith in synthetic fuels and conservation, and no commitment to the direct use of coal. The American people are ready for stronger steps and they need to see actions with faster payoff beyond the changes in lifestyle commensurate with conservation. Therefore, I do not think the limit on imports to 8.5 million barrels of oil per day is sufficient discipline. It is a remote accounting discipline. The kind of discipline we need would pair the passive discipline of conservation with the active discipline of an aggressive, environmentally acceptable, cost effective coal substitution program.

DRAFT REPORT  
OF  
THE PRESIDENT'S COMMISSION ON COAL

ACCEPTABLE WAYS TO HASTEN THE  
SUBSTITUTION OF COAL FOR OIL

JUNE 29, 1979

**DRAFT**

# DRAFT

America's growing reliance on imported oil has brought us to the verge of a national crisis. The Commission believes that our vast available coal reserves must be tapped to dramatically reverse this alarming trend.

At your request, the Commission held two days of hearings and undertook a thorough study of the means, costs and benefits of stemming oil imports through increased coal use. The report we deliver to you today contains our findings and recommendations based upon this effort.

The Commission believes that growing American reliance on imported oil threatens our security; constrains our foreign policy; and undermines our ability to manage the economy, to control our balance of payments, to keep the dollar sound worldwide, and to bring inflation under control at home. And the recessionary effect of escalating world oil prices will severely hamper your attempts to balance the budget.

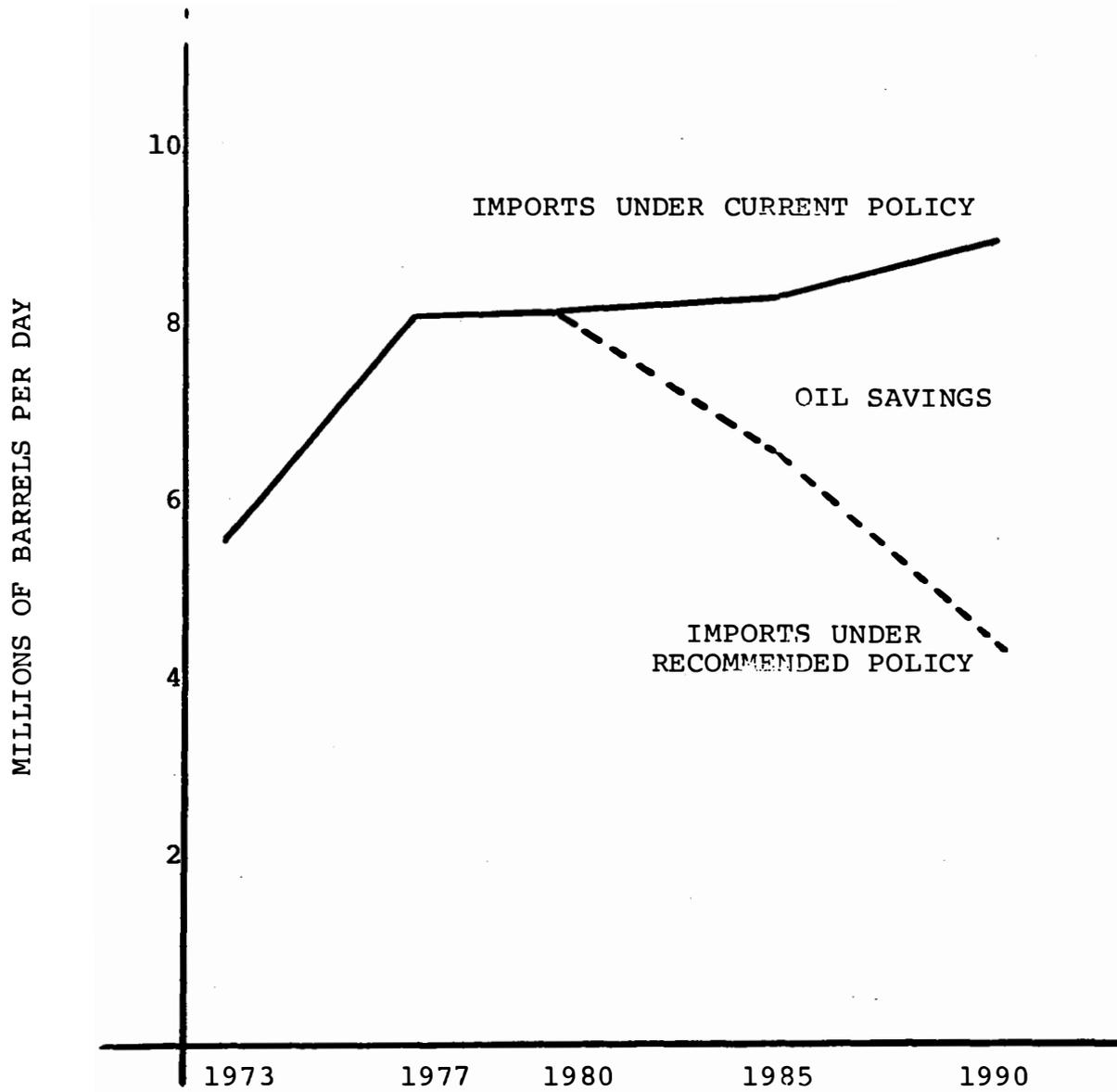
Neither the exact causes, nor the specific responsibilities for our current energy situation are clear. However, we are certain that now is the time for government to act and to do so decisively.

Current policies, at best, will only slow the growth in oil imports so that by 1990 they will be at 9 million barrels per day. We recommend a program of actions involving both the direct use of coal and the creation of a synthetic fuels industry to decrease oil imports 1.4 million barrels per day or 17 percent by 1985 and 4.6 million barrels per day or 50 percent by 1990.

This is shown graphically in Figure 1.

FIGURE 1

PROJECTED OIL IMPORT LEVELS UNDER  
CURRENT AND PROJECTED POLICY  
(Millions of Barrels Per Day)



Coal will play this role with results in the near to mid-term, if aggressive actions are taken immediately, and deliberately, to mandate the direct use of coal to replace oil now being burned under electrical utility and large industrial boilers.

Actions must be taken now to develop a synthetic fuels industry that will further hasten the substitution of coal for oil over the longer term.

The direct use of coal and the development of synthetic fuels are the two key elements in a strategy of coal replacement of oil. Direct use of coal will replace oil more quickly at less cost and still permit maintenance of clean air standards.

The recommended coal substitution program will require additional investment and budget outlays. Realistically, any program to reduce oil imports and provide appropriate environmental protection will impose added costs on our economy. We believe that the benefits of reducing our dependence on imported oil in terms of enhancing economic security, relaxing constraints on our foreign policy, and keeping the dollar sound worldwide outweigh the costs of reducing oil imports. Because we all benefit from decreased national reliance on imported oil, the cost of the coal substitution program we recommend should be shared by all Americans.

Current energy policy must be toughened. The reasonable, practicable objectives are clear:

1. COAL-CAPABLE ELECTRICAL UTILITY BOILERS NOW BURNING OIL SHOULD BE RECONVERTED TO BURN COAL.

Approximately 80 electrical utility plants burn oil to generate steam in boilers that once were fired by coal. These plants tend to be located in the Northeast.

Reconversion of these utility boilers from oil to coal will save 400 thousand barrels of oil per day. This can all be accomplished by 1985.

2. OIL AND GAS FIRED UTILITY BOILERS NOT CAPABLE OF BURNING COAL SHOULD BE REPLACED BY NEW COAL FIRED UNITS.

Large quantities of oil and natural gas are burned under electrical utility boilers which cannot be converted to burn coal. These tend to be located in the South and Southwest. Because of the much lower cost of coal, the economics of replacing the existing generating units with new coal units are close. Over its useful life, the new coal plant will be cheaper to the consumer.

The new coal units must meet the New Source Performance Standards and will emit less sulfur dioxide and nitrogen oxide than most existing oil units. Replacing these oil and gas units with new coal units will hasten an inevitable process. The oil savings will be over half a million barrels per day by 1985 and over one million barrels per day by 1990.

3. NEW LARGE INDUSTRIAL BOILERS SHOULD BE ABSOLUTELY PROHIBITED FROM BURNING OIL OR NATURAL GAS.

Under current policy, an estimated one million barrels of oil and natural gas will be burned per day under large industrial boilers. Prohibiting oil and natural gas in new industrial boilers larger than 5 megawatts will save approximately 400 thousand barrels of oil per day by 1985. By 1990 these savings will reach 800 thousand barrels per day.

These three actions to speed the direct use of coal in the utility and industrial sectors will save 1.4 million barrels of oil per day by 1985. By 1990 the savings will be 2.3 million barrels per day, representing a 25 percent reduction in oil imports.

4. IMMEDIATE ACTION MUST BE TAKEN TO DEVELOP A MAJOR, EFFICIENT SYNTHETIC FUELS INDUSTRY.

A synthetic fuels industry capable of producing 2.3 million barrels per day by 1990 must be developed. This will save 25 percent of oil imports by 1990. In combination with proposals for increased direct use of coal, a total 50 percent reduction in imported oil can be achieved by 1990.

\* \* \*

The reasonable, practicable objectives are clear. The objectives call for specific, bold actions.

Only mandated conversion to coal -- without administrative discretion -- will work.

No exemptions, extensions, exceptions, or waivers should be allowed. Penalties for non-compliance should be automatic and substantial. Incentives will be required. There are several options such as: allowing rapid tax depreciation for new equipment; offering additional tax credits; or directly paying for a share of the necessary equipment or operating costs. The incentives need to be sufficient, but no more than necessary to cover the extra costs involved.

To achieve the synthetic fuels objective, the most promising technologies should be identified quickly and construction begun immediately. A market for the full production of the 2.8 million barrels per day of synthetic fuels must be guaranteed.

The creation of a U.S. synthetic fuels industry within ten years will be an extraordinary peacetime challenge. Forty to fifty plants each with a capacity of 50,000 barrels per day equivalent would be required. However, it can be done with industry and government cooperation and public understanding and support.

This program means a doubling of coal production by 1985-86. This kind of commitment requires a climate of certainty within both the public and the private sectors. It is a challenge to the coal industry and to government.

A national commitment of this magnitude depends on stability in this industry. The Commission is working with management and labor toward this end, and we see progress.

Federal energy and related policies must be molded to a clear, bold, plan of action. The Commission is convinced that the primary obstacle to greater coal use is the lack of a strong, consistent federal coal policy and the framework of certainty such a policy would provide.

We are struck by the degree to which federal agencies -- DOE, EPA, ICC, DOI, DOT and others -- are pursuing uncoordinated, independent policies to the detriment of oil import reduction. We urge the establishment of a procedure to identify and resolve regional, state and local conflicts and reconcile competing interests within the federal government and between federal and state governments to enable this Nation to aggressively pursue a program of oil import reduction through increased reliance on domestic coal.

Mr. President, we submit this report to you in the certainty that the American people will respond to a challenge of this magnitude.

TABLE 1

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RECOMMENDED PROGRAM

<u>Coal Substitution Actions</u>	<u>Imported Oil Savings</u> (Millions of Barrels Per Day)	
	<u>By 1985</u>	<u>By 1990</u>
Reconversion of coal-capable utility boilers now using oil and natural gas.	0.4	0.4
Accelerated construction of new boilers fired by coal and other fuels to replace existing oil and gas utility and industrial boilers.	0.6	1.1
Prohibition of oil and natural gas in new industrial boilers.	0.4	0.8
Introduction of synthetic fuels.	(0.5 ?)	2.3
TOTAL	1.4-1.9	4.6

*Mandatory Conversion  
Health/Safety of Miners  
Quota re imp oil*

*4 1/2 savings difficult  
to cut coal  
non conventional gas*

*1.3      2.2      coal  
6.0      = Synfu  
etc.*

TABLE 2

CUMULATIVE CAPITAL COSTS OF  
RECOMMENDED PROGRAM  
(in billions of 1978 dollars)

<u>Action</u>	<u>1985</u>	<u>1990</u>
Reconversion of coal-capable utility boilers now using oil and natural gas.	3.2	3.2
Accelerated construction of new boilers fired by coal and other fuels to replace existing oil and gas utility boilers. <u>a/</u>	27.0	48.0
Prohibition of oil and natural gas in new boilers for utilities and industry.	6.3	14.0
Synthetic fuels program. <u>b/</u>	<u>20.0</u>	<u>92.0</u>
TOTAL	56.5	157.2

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a/ It's important to remember that the cost of this program falls to zero eventually. This is because the action only accelerates an investment that would have happened anyway.

b/ Assumes 46 plants each producing 50,000 bpd in 1990. Each plant is assumed to cost \$2 billion to build.

TABLE 3

BUDGET IMPACTS OF THE RECOMMENDED ACTIONS  
(in billions of 1978 dollars)

Action	1985	1990
Reconversion of coal-capable utility boilers now using oil and natural gas.	0.4	-
Accelerated construction of new boilers fired by coal and other fuels to replace existing oil and gas utility and large industrial boilers.	3.0	3.0
Prohibition of oil and natural gas in new industrial boilers.	1.2	1.9
Synthetic fuels program. <sup>a/</sup>	<u>1.1 - 2.2</u>	<u>0.0 - 7.6</u>
TOTAL	\$5.7 - \$6.8	\$4.9 - \$12.5

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<sup>a/</sup> Synthetic fuels are assumed to cost \$30 per barrel. We assumed a high (\$30) and a low (\$21 in 1990) price for imported oil. No subsidy would be required in 1990 with the high oil price. A \$7.6 billion subsidy would be needed with the low oil price.

**TABLE 4****PROJECTED EMISSIONS OF SULFUR DIOXIDE  
IN THE UTILITY SECTOR  
(million tons/year)**

	<u>1975</u>	<u>1985</u>	<u>1990</u>	<u>1995</u>
Emissions under current policy	18.7	19.8	20.3	20.7
Emissions under Recommended program	18.7	19.8	19.1	19.6

**TABLE 5****PROJECTED EMISSIONS OF PARTICULATES  
IN THE UTILITY SECTOR  
(million tons/year)**

	<u>1985</u>	<u>1990</u>	<u>1995</u>
Emissions under current policy	.97	.99	1.03
Emissions under Recommended program	.96	.88	.94

**TABLE 6****PROJECTED EMISSIONS OF NITROGEN OXIDES  
IN THE UTILITY SECTOR  
(million tons/year)**

	<u>1985</u>	<u>1990</u>	<u>1995</u>
Emissions under current policy	7.6	8.8	9.9
Emissions under Recommended program	7.6	8.7	9.8

TABLE 7

COAL PRODUCTION  
(millions of tons per year)

	<u>1977</u>	<u>1985</u>	<u>1990</u>	<u>1995</u>
Current Policy	673	1,030	1,425	1,705
Under Recommended Program	673	1,165	1,880	2,285

**DRAFT**

TABLE 8  
INITIAL RE-CONVERSION CANDIDATES

<u>Company</u>	<u>Plant</u>	<u>Unit</u>	<u>MW</u>	<u>State</u>	<u>Estimated Oil Savings bbl/day</u>
Central Hudson Gas Electric Company	Danskammer*	3	147	New York	3,162
		4	239	New York	5,141
Niagara Mohawk	Albany*	1	100	New York	2,151
		2	100	New York	2,151
		3	100	New York	2,151
		4	100	New York	2,151
Consolidated Edison	Arthur Kill*	20	335	New York	7,206
		30	491	New York	10,561
Consolidated Edison	Ravenswood	30	1,028	New York	22,112
Philadelphia Electric	Cromby*	2	230	Pennsylvania	4,947
Virginia Electric Power Company	Chesterfield*	2	69	Virginia	1,484
		4	188	Virginia	4,043
Baltimore Gas & Electric	C.P. Crane*	1	190	Maryland	4,087
		2	209	Maryland	4,496
Virginia Electric Power Company	Portsmouth*	3	185	Virginia	3,979
		4	239	Virginia	5,141
Virginia Electric Power Company	Possum Point	3	114	Virginia	2,452
		4	239	Virginia	5,141
Baltimore Gas & Electric	Wagner*	1	133	Maryland	2,861
		2	136	Maryland	2,925
United Illuminating Company	Bridgeport Harbor	1	82	Connecticut	1,764
		2	180	Connecticut	3,872
		3	400	Connecticut	8,604
			5,234		112,582

# DRAFT

TABLE 8 (continued)

## INITIAL RE-CONVERSION CANDIDATES

<u>Company</u>	<u>Plant</u>	<u>Unit</u>	<u>MW</u>	<u>State</u>	<u>Estimated Oil Savings bbl/day</u>	
New England Power Company	Salem Harbor	1	82	Massachusetts	1,764	
		2	82	Massachusetts	1,764	
		3	156	Massachusetts	3,356	
		4	482	Massachusetts	10,368	
Delmarva Power & Light Company	Edge Moor*	3	75	Delaware	1,613	
		4	150	Delaware	3,227	
Public Service Electric & Gas	Berger	1	280	New Jersey	6,023	
		2	280	New Jersey	8,174	
	Hudson	1	380	New Jersey	3,764	
		Burlington	7	175	New Jersey	3,011
	Kearney	7	140	New Jersey	3,011	
		8	140	New Jersey	2,216	
	Sewaren	1	103	New Jersey	2,151	
		2	100	New Jersey	2,345	
		3	109	New Jersey	2,560	
		4	119	New Jersey	2,689	
	Tampa Electric	Gannon	1	125	Florida	2,560
			2	125	Florida	2,689
Long Island Lighting	Port Jefferson	3	188	New York	4,044	
		4	188	New York	4,044	
			<u>3,479</u>		<u>74,836</u>	

**DRAFT**

TABLE 8 (continued)

INITIAL RE-CONVERSION CANDIDATES

<u>Company</u>	<u>Plant</u>	<u>Unit</u>	<u>MW</u>	<u>State</u>	<u>Estimated Oil Savings bbl/day</u>	
Hartford Electric Light Company	Middletown**	2	114	Connecticut	2,452	
		3	239	Connecticut	5,141	
	Norwalk Harbor**	1	163	Connecticut	3,506	
		2	163	Connecticut	3,506	
	TOTAL			679		14,605
				9,392		202,023

\* These plants have received prohibition orders from DOE.

\*\* Prohibition order from DOE rescinded due to impediment prohibiting issuance of NOE.

# DRAFT

TABLE 9

## FOLLOW-UP RE-CONVERSION CANDIDATES

<u>Company</u>	<u>Plant</u>	<u>Unit</u>	<u>MW</u>	<u>State</u>	<u>Estimated Oil Savings bbl/day</u>
Alabama Electric Cooperative, Inc.	McWilliams	3	25	Alabama	538
Public Service of Colorado	Zuni	3	39	Colorado	839
Northeast Utilities: Connecticut Power & Light Company	Devon	3	66	Connecticut	1,420
		7	104	Connecticut	2,237
		8	104	Connecticut	2,237
Hartford Electric Light Company	Middle Town**	1	69	Connecticut	1,484
Northeast Utilities: Connecticut Power & Light Company	Montville	5	75	Connecticut	1,613
Delmarva Power & Light Company	Delaware City	1	28	Delaware	603
		2	28	Delaware	603
		3	28	Delaware	603
		4	28	Delaware	603
Delmarva Power & Light Company	Edge Moor*	1	66	Delaware	1,420
		2	66	Delaware	1,420
Potomac Electric Power Company	Buzzard Point	2	35	District of Columbia	753
Savannah Electric & Power Company	Port Wentworth	1	50	Georgia	1,076
		2	54	Georgia	1,162
		3	103	Georgia	2,216
		4	126	Georgia	2,710
Georgia Power	McManus*	1	50	Georgia	1,076
		2	94	Georgia	2,022
<b>SUBTOTAL</b>		16	1,238		26,635

**DRAFT**

TABLE 9: (continued)

## FOLLOW-UP RE-CONVERSION CANDIDATES

<u>Company</u>	<u>Plant</u>	<u>Unit</u>	<u>MW</u>	<u>State</u>	<u>Estimated Oil Savings bbl/day</u>
Commonwealth Edison Company	Ridgeland	1	173	Illinois	3,721
		2	173	Illinois	3,721
		3	173	Illinois	3,721
		4	173	Illinois	3,721
University of Illinois	Abott	5	3	Illinois	65
		6	8	Illinois	108
		7	8	Illinois	215
Village of Winnetka	Winnetka**	5	3	Illinois	65
		6	5	Illinois	108
		7	10	Illinois	215
Iowa Power & Light Company	Des Moines	6	75	Iowa	1,613
		7	114	Iowa	2,452
Iowa Electric Light & Power Company	Sutherland	1	38	Iowa	817
		2	38	Iowa	817
		3	82	Iowa	1,764
Iowa Public Service Company	Maynard Station	7	54	Iowa	1,161
Iowa Public Service Company	George Neal	1	147	Iowa	3,162
Kansas Power & Light Company	Lawrence	2	38	Kansas	817
		3	49	Kansas	1,054
		4	114	Kansas	2,452
		5	403	Kansas	
Kansas Power & Light Company	Tecumseh	7	82	Kansas	1,764
		7	150	Kansas	3,227
<b>SUBTOTAL</b>			<b>2,113</b>		<b>45,449</b>

**DRAFT**

TABLE 9: (continued)

## FOLLOW-UP RE-CONVERSION CANDIDATES

<u>Company</u>	<u>Plant</u>	<u>Unit</u>	<u>MW</u>	<u>State</u>	<u>Estimated Oil Savings bbl/day</u>
Central Maine Power Company	Mason	3	33	Maine	710
		4	33	Maine	710
Baltimore Gas & Electric Company	Gould Street	3	104	Maryland	2,237
Baltimore Gas & Electric Company	Riverside*	4	72	Maryland	1,547
		5	81	Maryland	1,742
Delmarva Power & Light Company	Vienna	7	38	Maryland	817
		4	125	Massachusetts	2,689
Boston Edison Company	Edgar	5	125	Massachusetts	2,689
		6	138	Massachusetts	2,689
Boston Edison Company	Mystic	4	88	Massachusetts	2,968
		5	88	Massachusetts	1,893
New England Gas & Electric	Kendall Square	3	30	Massachusetts	645
Cambridge Electric Light Co.					
Northeast Utilities: Holyoke Water Power Company	Mount Tom*	1	136	Massachusetts	2,925
Northeast Utilities: Montaup Electric Company	Somerset	6	122	Massachusetts	2,624
Northeast Utilities: Western Massachusetts Electric Company	West Springfield	2	50	Massachusetts	1,076
		3	114	Massachusetts	2,452
Detroit Edison Company	St. Clair*	5	358	Michigan	7,700
Detroit Edison Company	River Rouge	1	<u>283</u>	Michigan	<u>6,087</u>
SUBTOTAL			2,018		43,406

**DRAFT**

TABLE 9: (continued)

## FOLLOW-UP RE-CONVERSION CANDIDATES

<u>Company</u>	<u>Plant</u>	<u>Unit</u>	<u>MW</u>	<u>State</u>	<u>Estimated Oil Savings bbl/day</u>
Interstate Power Company	Fox Lake	3	82	Minnesota	1,764
Kansas City Power & Light Company	Hawthorn	1	69	Missouri	1,484
		2	69	Missouri	1,484
		4	90	Missouri	1,936
St. Joseph Power & Light Company	Lake Road*	5	85	Missouri	1,828
Springfield Utilities	James River	5	109	Missouri	2,345
Omaha Public Power District	Jones Street	12	49	Nebraska	1,053
Public Service of New Hampshire	Schiller**	4	50	New Hampshire	1,076
		5	50	New Hampshire	1,076
Deepwater Operating Company	Deepwater	1	82	New Jersey	1,764
		6	74	New Jersey	1,592
GPU: Jersey Central Power & Light Company	Sayreville	4	123	New Jersey	2,646
		5	125	New Jersey	2,689
GPU: Jersey Central Power & Light Company	Werner	4	60	New Jersey	1,291
Consolidated Edison Company	Astoria	1	180	New York	3,872
		2	180	New York	3,872
		3	376	New York	8,088
		4	380	New York	8,174
		5	387	New York	8,324
Central Hudson Gas & Electric Corporation	Danskamer	1	72	New York	1,549
		2	74	New York	1,592
Consolidated Edison Company	East River	5	156	New York	3,356
		6	156	New York	3,356
		7	180	New York	3,872
<b>SUBTOTAL</b>			<b>3,258</b>		<b>70,083</b>

**DRAFT**

TABLE 9. (continued)

## FOLLOW-UP RE-CONVERSION CANDIDATES

<u>Company</u>	<u>Plant</u>	<u>Unit</u>	<u>MW</u>	<u>State</u>	<u>Estimated Oil Savings- bbl/day</u>
Long Island Lighting Company	E.F. Barrett	1	188	New York	4,044
Long Island Lighting Company	Far Rockaway	4	114	New York	2,452
Long Island Lighting Company	Glenwood	4	114	New York	2,452
		5	114	New York	2,452
Niagara Mohawk Power Corporation	Oswego	4	92	New York	
Orange and Rockland Utilities	Lovett	3	69	New York	1,979
		4	180	New York	1,484
		5	202	New York	3,872
Carolina Power & Light Company	Sutton	1	113	North Carolina	4,345
		2	113	North Carolina	2,431
Oklahoma Gas & Electric Company	Mustang	2	63	Oklahoma	1,355
Philadelphia Electric Company	Delaware	7	156	Pennsylvania	3,356
		8	156		<u>3,356</u>
<b>SUBTOTAL</b>			<b>1,674</b>		<b>219,151</b>

# DRAFT

TABLE 9 (continued)

## FOLLOW-UP RE-CONVERSION CANDIDATES

<u>Company</u>	<u>Plant</u>	<u>Unit</u>	<u>MW</u>	<u>State</u>	<u>Estimated Oil Savings bbl/day</u>
Virginia Electric Power Company	Chesterfield*	3	113	Virginia	2,431
Virginia Electric Power Company	Portsmouth*	1	113	Virginia	2,431
		2	113	Virginia	2,431
Virginia Electric Power Company	Yorktown**	1	188	Virginia	4,044
		2	188	Virginia	4,044
Virginia Electric Power Company	Possum Point	2	69	Virginia	1,484
Wisconsin Public Service Corporation	Weston	2	75	Wisconsin	<u>1,613</u>
<b>SUBTOTAL</b>	<b>5</b>	<b>8</b>	<b>859</b>		<b>18,478</b>
<b>TOTAL</b>			<b>11,160</b>		<b>237,629</b>

\* Remaining under ESECA jurisdiction.

\*\* Rescinded due to impediment prohibiting issuance of NOE.

12:15 PM

THE WHITE HOUSE

WASHINGTON

July 24, 1979

PHOTOGRAPH WITH MR. AL LINEBERRY, SR.

Wednesday, July 25, 1979

12:15 p.m. (3 minutes)

The Oval Office

From: Hugh Carter *HC*

I. PURPOSE

Photograph with Mr. Albert S. Lineberry, Sr., National Chairman of the Association of Baptists for Scouting.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: On Sunday, June 3, 1979, during your Sunday School Class you were presented with the Good Shepherd award by the Association of Baptists for Scouting. The pictures taken at that time did not come out, and the Association needs them for the September issue of their publication.

B. Participants: Mr. and Mrs. Al Lineberry, Sr.  
Hugh Carter

C. Press Plan: White House photographer

Electrostatic Copy Made  
for Preservation Purposes

12:20 PM

THE WHITE HOUSE

WASHINGTON

July 24, 1979

PHOTO OPPORTUNITY WITH GEORGE STEVENS

Wednesday, July 25, 1979

12:20 p.m. (3 minutes)

The Oval Office

From: Jerry Rafshoon 

I. PURPOSE

For George Stevens to present to you a copy of the videotape of the Kennedy Center Gala honoring Teng Xiaoping. George donated his services as director of the Gala and has presented a copy of the tape to Vice Premier Teng as well.

White House photographer only.

**Electrostatic Copy Made  
for Preservation Purposes**

12:25 PM

THE WHITE HOUSE

WASHINGTON

July 24, 1979

PHOTO OPPORTUNITY WITH REP. STEVE NEAL  
AND EUNICE AYERS

Wednesday, July 25, 1979  
12:25 p.m. (3 minutes)  
The Oval Office

From: Frank Moore *F.M./BR*

I. PURPOSE

To meet and be photographed with Eunice Ayers.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

Background: Eunice Ayers has been the Registrar of Deeds in Forsyth County (Winston-Salem), North Carolina since her appointment on March 15, 1949. When she ran for office in 1952, she was the first woman to run for elective office in Forsyth County. For the last 20 years she has been elected without opposition and in 1968, she was the only Democrat to be elected in Forsyth County on the entire ticket.

As Registrar of Deeds, Mrs. Ayers has been a leader in the country in computerizing birth certificates, wills, deeds, etc. As a result she won the award for the Outstanding Registrar of Deeds for 1972-73.

Mrs. Ayers has been President of the North Carolina Young Democrats (1948), Chairman of the Democratic Party of Forsyth County (1962), an alternate delegate to the Democratic National Convention (1956) and delegate and member of the Platform Committee to the Democratic National Convention (1960).

She has met every Democratic President at the White House since and including Franklin Roosevelt.

Today, Governor Jim Hunt appointed Mrs. Ayers to the State Banking Commission.

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STEVE NEAL

Committee: #11 Banking, Finance & Urban Affairs  
Subcommittees: Domesitic Monetary Policy  
General Oversight &  
Renegotiation  
International Development  
Institutions & Finance  
International Trade, Investment  
& Monetary Policy, CHAIRMAN

Administration Support for the 96th Congress: 69.2%

Wife: Landis

During his first term in Congress (94th), Neal maintained his conservative voting record by occasionally casting conservative votes to keep the liberal ratings low. He appears to be becoming more conservative, but has continually supported the major Administration programs. He resigned his position on the Committee on Science & Technology so that he could devote more of his time to banking legislation.

Recently Neal's major legislative effort has been his Solar Bank Bill which you mentioned by name in your solar energy remarks last month. Our version of the solar bank bill has not yet been sent to the Hill because it has reached an impasse -- OMB and DPS cannot resolve a difference of opinion. Neal's bill is closest to the DPS position. We expect Hamilton to make a decision on the bill within the next few days.

Participants: The President, Rep. Steve Neal, Eunice Ayers, Bill Cable.

Press Plan: White House photographer only.

### III. TALKING POINTS

1. Congratulate Eunice Ayers on her appointment to the North Carolina State Banking Commission.
2. Thank Neal for his early efforts on the Solar Bank Bill and for his continual support of the Administration.

THE WHITE HOUSE

WASHINGTON

July 25, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Frank Moore *F. M. /BR*

SUBJECT: Conversation with Senator Muskie

The Senate Budget Committee begins its markup of the second budget resolution on Tuesday. Senator Muskie's staff has told us that the Senator is inclined to use this opportunity to emphasize the importance of the Windfall Profits Tax to the Administration program, but they have urged that you take tomorrow morning's opportunity to encourage him to do so.

I would urge that you ask Senator Muskie to remain after the breakfast and make the following points:

- If the Congress fails to enact a tax as tough as the one you have proposed, you and the Congress will be faced with a difficult choice: Cutting back the import reduction program thereby putting the nation's energy security at risk, or imposing enormous and historically high income tax burdens on the public.
- We have every reason to believe that the tax reported by the Finance Committee will not meet that test, and that it will be up to the full Senate to repair the damage so that Russell Long will not have maximum negotiating room in conference.
- You need Senator Muskie's help and the help of the Budget Committee to pass the tax, and you will be depending on his help on the floor.
- You have instructed your staff to cooperate fully with the Hart Task Force of the Budget Committee which is studying the Administration program.

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12:10 PM

THE WHITE HOUSE

WASHINGTON

Meeting with Bob & Barbara Goldberg  
Wednesday, July 25, 1979  
12:10 p.m.  
(3 minutes)  
The Oval Office

(by: Fran Voorhees) *Fran*

I. PURPOSE: photo opportunity

II. BACKGROUND, PARTICIPANTS, PRESS:

- A. Background: When you presented Justice Goldberg with the Medal of Freedom, we did not give them enough notice so that his son and family could be present. You called his son in Anchorage, Alaska at the time and invited them to stop by whenever they were in Washington. The family is visiting Justice Goldberg this week at their Virginia farm.
- B. Participants: Bob and Barbara Goldberg  
Children: Esther, age 11  
Angus, age 9  
Duncan, age 6  
Justice and Mrs. Goldberg (Dorothy)
- C. Press: White House Photographer
- D. Special Note: Bob Goldberg was a Carter delegate in '76; expects to be again in '80; he is an attorney in Anchorage.

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for Preservation Purposes**

> Stevens - good

THE WHITE HOUSE  
WASHINGTON

> Baker - good

> Tip

> Byrd { Brilliant! !

> Proxmire { Marvellous!  
Excellent!

> Reuss = Best of 4?

Sta holding up report  
for FRA re Milwaukee  
RR

Paul Volcker

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notes re telephone calls  
to persons indicated above  
regarding paul volcker 7/25/79

Coal Comm 7-25-79

Coal backbone (2x by '85)

Direct substitution <sup>oil</sup> coal

no enviro sacrifice

in Clean Air Act

Synfuels - 30 = coal plants

Cost coal < oil - savings =  
reconversion

~~WPT~~

New coal units cleaner in  
most than oil units replaced  
cases ~~7/85~~ ~~7/90~~

Not good where coal not  
advisable

WPT

meeting with coal  
commission 7/25/79

telephone call/mayor coleman young 7/25/79

THE WHITE HOUSE  
WASHINGTON

Coleman Young  
Proud of Stu & Jack

HUD Bradley - sk  
Deputy Landview ++ & const.  
Fadillo Goldschmidt ++ cont @

DOT respond to cities  
Black deputy = Bill Beckham

HEW - Harris good

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