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SUMMARY OF TESTIMONY

ON THE

ENERGY CONSERVATION AND CONVERSION ACT OF 1975

ON

JULY 10–11 AND 14–18, 1975

PREPARED FOR THE USE OF THE

COMMITTEE ON FINANCE

BY THE STAFF OF THE

JOINT COMMITTEE ON INTERNAL REVENUE TAXATION

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SUMMARY OF FINANCE COMMITTEE TESTIMONY ON THE ENERGY CONSERVATION AND CONVERSION ACT OF 1975 (H.R. 6860)

The following is a summary of the testimony on the "Energy Conservation and Conversion Act of 1975" and related energy matters before the Senate Committee on Finance in public hearings. July 10–11 and July 14–18, 1975. The summary is subdivided according to major topics covered by the witnesses, and it also includes those who submitted written statements for the record received by the committee as of July 18, 1975.

This summary was prepared with the assistance of the following members of the Congressional Research Service of the Library of Congress: Henry Canaday, Wendell Fletcher, Jane Gravelle, Frances Gulick, David E. Gushee, Stephen Phillips and Robert Tannenwald.

I. OVERVIEW OF ENERGY SUPPLY AND DEMAND PROBLEMS

Honorable William E. Simon, Secretary of the Treasury

Maintains that the shortfall in domestic supply filled by imports threatens our national security, and that the continuing decline in domestic production and rise in consumption will adversely affect both national security and the balance of trade. Asserts that the greatest potential for increasing supply in the near term is in coal, oil and gas, but this supply will only be produced if there are sufficient incentives (prices) without unnecessary barriers created by government.

Honorable Frank G. Zarb, Administrator, Federal Energy Administration

Indicates that we are currently moving further away from energy independence. Feels that there is need for legislation to reduce consumption and bring on substitute products; if we do nothing, imports will increase. Supports the use of price increases, with the money rebated to the economy.

Honorable Thomas O. Enders, Assistant Secretary of State for Economic and Business Affairs

Discusses attempts at international cooperation between petroleum consuming nations and the formation of the International Energy Agency whose goals are (1) to provide security against a new embargo by developing oil stocks and sharing, (2) to share the burden of conservation, and (3) to coordinate measures to stimulate alternatives. Notes that the U.S. has lagged in reducing consumption.

Honorable Charles H. Percy, U.S. Senator from Illinois

Suggests that failure to enact mandatory conservation measures could eventually mean economic disaster for this country. Believes that dependence on foreign oil has generated inflation and created the worst recession since the Great Depression. Indicates that energy demand is outstripping supply; domestic production has nearly leveled out; crude oil production has dropped each year since 1970; coal production is about the same level as in the 1940s.

Points out that the oil embargo in late 1973 and early 1974 resulted in a brief interruption in rapid escalation of demand growth, but the demand curve is climbing again, particularly for automobile gasoline, for which demand is at its pre-embargo levels and rising. Suggests that Americans are willing to pay any price and risk financial disaster to avoid a change in driving habits. Believes conservation is the only way for America to have future energy security. States that a modest increase in demand of 3 to 4 percent a year will outstrip energy supplies and leave us dependent upon foreign oil; and that although we need to develop new sources of energy, conservation can narrow the gap between supply and demand.

Underscores the need for mandatory conservation by pointing out that, in order to meet projected demand for the year 2000, we will be mining three times as much coal as presently; digging an oil shale equivalent of one Panama canal each day; building nuclear powerplants at the rate of one a week; and producing a geothermal equivalent of 100 Hoover Dams.

Feels that a massive commitment to energy development will require sizeable economic investment and change in lifestyle, and will adversely affect the environment and that a commitment to conservation could reduce these impacts.

Asserts that Congress has acted irresponsibly in not enacting mandatory conservation measures. Points out that known domestic reserves of oil will meet present demand growth for only 10 years, and that estimated undiscovered domestic reserves will only last another 8 to 21 years. Feels that Congress should recognize the possibility of catastrophe if it fails to act.

Admiral E. R. Zumwalt, U.S. Navy (Ret.), President, Americans for Energy Independence

Indicates that the dependence of the United States on foreign oil, notwithstanding all measures taken to date, has increased at a rate of 3.7% from January 1970 to January 1975, and is now approaching an intolerable 40% of total demand. Notes that this increasing dependence comes at a time when, for a number of reasons, our foreign policy and military might cannot be used to dictate foreign oil prices or foreign oil supply. Contends that H.R. 6860, as amended by the House does not provide adequately for the United States to be able to begin to deal with these oil supply developments.

Maintains that the bill in its present form provides relatively insignificant restrictions in the expenditure of energy and deals inadequately with the problem of increasing our supply. Indicates that Americans for Energy Independence believe that, notwithstanding the conflicting pressures, Congress should place *maximum emphasis* on conservation of energy. Suggests that conservation legislation should be aimed at reducing energy consumption at the consumer level rather than at the manufacturing level—the latter which carries a substantial likelihood of increased unemployment.

Asserts that conservation ought to be pursued by non-inflationary measures as long as the possibility of renewed inflation exists; and that recovery from the recession and conservation should be compatible. Feels that conservation should be pursued by incentives to individuals and business rather than by rationing or some other form of dictation or regimentation. Argues that, stopping short of serious economic disruption, Congress must develop a comprehensive, forceful conservation program to lessen our dependence on foreign oil. Feels that we must once again galvanize our nation into a massive effort to free ourselves from being held hostage to the political and economic whims of the OPEC nations.

Recommends that Congress consider immediate steps to increase our domestic energy supplies. For the present, indicates that we must consider possible full use of the sources of energy which we have in abundance—coal and uranium. Notes that Americans for Energy Independence plan to study the conflicting interests in such usage in an effort to reach a workable program for tapping these energy sources.

Frederic B. Ingram, Chairman, Energy Corporation of Louisiana

Sees little difference in U.S. relying on foreign crude oil for 35% or 50% of supplies; views sizeable crude import dependency as inevitable; however, would seek lessened dependency on foreign refineries for products such as residual oil.

Gerard M. Brannon, Chairman, Economics Department, Georgetown University

Views Congressional compromise with President as necessary to provide orderly rise in energy prices, avoid "chaotic," uncompensated-for price increases that simple expiration of controls would lead to.

Elliott M. Estes, President and Chief Operating Officer, General Motors Corporation

Suggests that uncertainty over energy policy, by creating uncertainty over fuel prices, is depressing demand in the automobile industry. Believes that potential buyers are postponing their purchases until they know how much it will cost them to operate the car.

William A. Johnson, Professor of Economics, George Washington University, and Director, University Energy Policy Research Project

Generally favors "price incentives over volumetric controls" to achieve a reduction in demand and an increase in supply.

John C. Miller, President, Independent Petroleum Association of America

Maintains that even with maximum conservation efforts (limiting oil consumption growth to two percent annually), demand will be such that the U.S. must halt the decline in domestic production and increase production substantially. Points out that if the 1970 level of import dependency of 23 percent is to be restored by 1985, domestic production must be increased from the current level of 10.5 million barrels daily to 16 million barrels a day; while, if the 1970–75 rate of decline in domestic production continues, the nation would be dependent on foreign oil for half of its needs by 1980, and 60 percent of requirements by 1985.

II. OIL IMPORT LIMITATIONS

A. Quotas

Honorable William E. Simon, Secretary of the Treasury

Claims that quotas would produce either higher prices or shortages and rationing. Maintains that tariffs and quotas have the same price implication, but that quotas leave the price in the hands of producers and importers. Feels that quotas are more disruptive and uncertain. Asserts that if prices are controlled with quotas, shortages could become chronic. Contends that allocation is no solution, but rather it is partial rationing and that long-term rationing is inconsistent with our way of life.

Honorable Frank G. Zarb, Administrator, Federal Energy Administration

Indicates that government controls such as quotas were rejected by the Administration since they would create long-lasting disruption and would require allocation.

Honorable Charles McC. Mathias, U.S. Senator, Maryland

Objects to the reliance in H.R. 6860 on the quota mechanism as a means of achieving a balanced national energy picture. Believes that reduction by quota overemphasizes the supply side of the equation, without reducing demand for petroleum products, and that the quota system, if employed, will also require government intervention in allocation and pricing—an area which he feels government cannot function efficiently. Suggests, however, that the quota system proposed in H.R. 6860 is more shadow than substances, since the base volumes proposed are high, and the President would be authorized to increase volumes substantially.

Honorable William Donald Schaefer, Mayor of Baltimore, Maryland

Supports inclusion of S. 1950, the Petroleum Products Import Act, as an amendment to H.R. 6860 in order to encourage increased domestic refining capacity by making importation of crude petroleum products more economical than importation of finished products, while at the same time returning a portion of the increased tariff on finished products to the utilizing state. Feels that without adequate incentives to increase domestic refining capacity new refineries will be constructed, if at all, in Europe, the Caribbean or the Middle East, not the United States. Maintains that the approach proposed in S. 1950 would not only help assure greater energy self-sufficiency, and provide jobs related to the construction and operation of petrochemical facilities, but would also provide States and cities with needed revenues.

Leonard Woodcock, President, United Automobile, Aerospace, and Agricultural Implement Workers of America

Believes that restricting imports, and setting up a system of quotas, licenses and duties for petroleum imports has the potential to cause "substantial harm" to our economy, and would be a costly and inefficient means of protection against disruption in international oil markets. Asserts that such a system would generate additional inflation and hinder "any" possible economic recovery at a time when effective bargaining with the international oil cartel is an encouraging possibility. Points out that current energy problems and their inflationary consequences matured at a time when oil import quotas were in effect. Feels that national protection from such short term actions as the 1973–74 oil boycott could be provided by establishing adequate oil reserves and by implementing a buffer-stock policy. Under this, reserves would be replenished when prices were relatively low, and released in the event of dramatic and unforeseen changes in domestic and international oil markets.

William A. Johnson, Professor of Economics, George Washington University and Director, University Energy Policy Research Project

Contends that quotas are inflexible and either ineffective or cause shortages. Rejects argument that an effective tariff will cause no increase in price.

Asserts that exceptions in the quota system are inequitable; furthermore, in that many of them are for refined products, they lead to the exporting of U.S. refining capacity. Also, since import preferences have tended to be located geographically in East, maintains that this has led to excessive dependence of the East on imported oil.

Believes that imports used by petrochemicals for manufacture of exported products should be exempt from any quota that might be imposed because of the importance of such products to the economy.

Lewis Sheketoff and Charles H. Burkhardt, on behalf of New England Fuel Institute

Strongly oppose a quota system. Contend that it would be bureaucratically cumbersome, would create shortages, would cause higher prices, would hurt independent importers and marketers, and would discourage construction of new refinery capacity.

Edward F. Renshaw, Department of Economics, State University of New York at Albany

Favors a quota which would provide for import reductions when the price of foreign oil increases. Believes that the effect would be to prevent OPEC members from increasing their oil revenues by raising prices.

James J. O'Connor and Al Nouse, on behalf of Edison Electric Institute

Oppose quotas and duties on imported oil on the basis that they would increase the prices of fuels to utilities and pose the probability of fuel shortages, thus threatening reliability of service.

William T. Slick, Jr., senior vice president, Exxon Company, on behalf of the American Petroleum Institute, Mid-Continent Oil and Gas Association, Rocky Mountain Oil and Gas Association, and Western Oil and Gas Association

Contends that the import quota provisions of H.R. 6860 will create a permanent energy shortage "which will have serious economic impacts." Asserts that the maximum quotas under the bill will within two years begin to fall substantially below the volume of oil imports needed to fuel an expanding economy. Feels that the resultant self-imposed embargo will create permanent energy shortages and could result in an 8-percent reduction in GNP and a loss of up to two million jobs before 1980.

Frederic B. Ingram, Chairman, Energy Corporation of Louisiana

Opposes the quota and auction system prescribed by H.R. 6860; sees it as breaking the Federal commitment to refiners, discouraging new domestic refinery construction and especially damaging to independent refinery operations. Believes that the limited financial resources of latter render them unable to compete with larger, integrated firms in either planning refinery growth or bidding for quota-limited crude imports.

Proposes that if the quota system in H.R. 6860 is retained for imported crude, oil should be allocated among refiners rather than being auctioned.

Herbert S. Richey, Vice Chairman, Chamber of Commerce of the United States

Objects to quotas as "legislated shortages."

Lewis Sheketoff and Charles H. Burkhardt, on behalf of New England Fuel Institute

Strongly oppose both import quotas and an auction system.

Tom Love, President, National Oil Jobbers Council

Opposes quotas set forth in H.R. 6860, but endorses the granting of standby authority requiring the President to restrict imports only to the extent to which domestic energy resources are not being fully utilized. Maintains that the oil import quotas would create an artificial shortage so severe that the Government could not avoid rationing or at least continuing the present company-by-company allocation regulations. Feels that enhancement of the value of imported oil justifies paying today's cost for imported oil because of oil's contribution to national productive capacity. Favors removing the duty on all imported oil.

David B. Kenny, American Hotel and Motel Association

States that the Association is strongly opposed to gasoline rationing and to any direct mandatory allocation programs, including any which would ban the sale of gasoline for 12 to 24 hour periods.

Indicates that the Association is also opposed to any "severe" import quota system which could lead to a mandatory allocation program. Points out that the hotel-motel industry is a $10 billion industry employing over one million people, that in 46 of the 50 states tourism is one of the top three industries, and that it "depends exclusively for its livelihood on travel" which is dependent on the availability of fuel.

George H. Lawrence, Vice President, American Gas Association

Urges that petroleum products imported for use as SNG feedstocks be exempted from the import duties, import quotas and import license fees of Title I or that, in the alternative, a special classification for SNG operators be established similar to that created for small refiners and independent marketers in Section 112(b).

Perry Wilson, Petrochemical Energy Group

Feels that it would be counterproductive to impose import quotas on feedstocks for petrochemicals. Asserts that not only would it have only a minor impact on quantities of petroleum imported—only 4 percent is used for this purpose—it would damage the domestic petrochemicals industry as an employer and as a contributor to favorable trade balances.

Arthur T. Soule, President, Independent Fuel Terminal Operators Association

Opposes a quota system on the basis that it will be bureaucratically cumbersome, will cause shortages, will force prices up, and will hurt independent importers resulting in reduced competitor. Claims a quota is not necessary, as users are conserving energy and that their savings are reflected in reduced foreign purchases.

Elliott M. Estes, President and Chief Operating Officer, General Motors Corporation

Believes that quotas should be imposed for a limited period of time if decontrol of energy prices does not sufficiently encourage production and discourage consumption.

National Association of Counties

Expresses concern that H.R. 6860 does not exempt crude oil manufactured into asphalt from the import quota and tariff systems proposed in title I. Notes that the bill does exempt finished asphalt used in this country. States that 93 percent of paved highways in the country have asphaltic surfaces, and that county governments in 40 states have primary responsibility for highway construction, maintenance and repair. Indicates that maintenance costs on highway surfaces have increased 30 percent in the past year, and that counties and the public they serve can ill-afford increased costs for asphalt.

R. M. Cooperman, Executive Director, Independent Zinc Alloyers Association

Urges elimination of Section 111(d) in H.R. 6860 which exempts petrochemical feed stocks from quantitative restrictions in proposed quota on imports because domestically-produced zinc is a viable substitute and consumes less energy to produce.

B. Duties

Honorable William E. Simon, Secretary of the Treasury

Does not favor the import duties; claims they would remove flexibility.

Honorable Frank G. Zarb, Administrator, Federal Energy Administration

Does not favor the import duties. Objects to the elimination of Presidential authority to set license fees; feels that this would decrease flexibility and cause prices to drop.

Honorable Charles McC. Mathias, U.S. Senator from Maryland

Feels that shift from reliance on foreign petroleum sources to domestic sources should not be marked by sudden, radical shifts of policy, but rather by constant and steady progress, as is proposed in S. 1950. S. 1950 proposes a temporary system (through 1980) of tariff-free licenses for residual fuels and middle distillates; otherwise, the tariff would be $2/barrel on residual fuels, $3/barrel on middle distillates and jet fuel, and $4/barrel on motor gasoline.

Pointing out that regions which are dependent upon imports resist a national tax, suggests that S. 1950, which would return tariff revenues to the State in which the sale first occurred, would help resolve problems of regional equity in relatively simple fashion. Feels that the ad valorem tariffs proposed in H.R. 6860 are insufficient, given current costs of petroleum products.

Lewis Sheketoff and Charles H. Burkhardt, on behalf of New England Fuel Institute

Supports the ad valorem duty of 2 percent on crude oil and 5 percent on products, and the elimination of the supplemental fee system. Maintains that the duty system would operate in the same direction as consumption cutback programs.

Perry Wilson, Petrochemical Energy Group

Believes that there should be no import duties on petroleum or feedstocks used for manufacture of petrochemicals. Claims that such duties, while they might ultimately reduce the use of oil, would increase unemployment, and encourage the importation of petrochemical products costing 5 to 20 times more than the oil or feedstocks. Indicates that other major petrochemical producing countries do not impose quotas, tariffs, or taxes on petroleum used as a petrochemical feedstock.

C. Oil Import Licensing System

Honorable Frank G. Zarb, Administrator, Federal Energy Administration

Opposes the import licensing system; asserts that it will result in windfalls to minor bidders and create misallocations.

William A. Johnson, Professor of Economics, George Washington University and Director, University Energy Policy Research Project

Expresses preference for license fee system over quota system because the former insures an adequate supply. Maintains that certainty of supply is the "most important factor in determining whether to construct a refinery."

Suggests that allowing import tickets to be resold under an auction system would create some flexibility in an otherwise inflexible policy. Feels that prices paid at auction would be passed on to consumer, consequently, the result would be allocation by a rough market mechanism.

Lewis Sheketoff and Charles H. Burkhardt, on behalf of New England Fuel Institute

Oppose an auction system because it would cause mass confusion and wild price fluctuations, would damage independent importers and marketers, and would disrupt established market patterns. Support the elimination of supplemental fees.

Arthur T. Soule, President, Independent Fuel Terminal Operators Association

Points out that Presidential Proclamation 4210, April 18, 1973, exempted independent importers from the import license fee system until 1980. Claims that the provision currently in H.R. 6860 would be a revocation of a Governmental commitment and would severely damage independent importers. Recommends that the existing exemption be carried forward.

Objects to the proposed auction of quota rights as "virtually unworkable." Claims it would lead to unstable and higher prices for petroleum and, despite the proposed separate auction for independents, would damage the smaller independents bidding against the larger ones.

Robert E. Yancey, Ashland Oil Company

Opposes distribution of licenses for importation of petroleum and petroleum products on the basis of public auctions as prejudicial to independent refiners "in contravention of the policy of Congress established in the Emergency Petroleum Allocation Act of 1973 to preserve the competitive viability of such refiners."

D. Federal Purchase Authority

Frederic B. Ingram, Chairman, Energy Corporation of Louisiana

Views proposals for a national purchasing agency for imported oil as the "least workable" idea for controlling imports; cites complexity of refinery operations and differences among refineries as undercutting any such scheme; contends that "it just could not be done."

Arthur T. Soule, President, Independent Fuel Terminal Operators Association

Opposes the creation of a Federal authority to purchase all imports. Maintains that it would remove price and competition advantages currently available to independents bidding in the world market, would not be able to react quickly enough to changing world conditions, and would cause OPEC to draw together.

III. VEHICLE-RELATED CONSERVATION PROGRAMS

A. Taxes on Gasoline and Other Motor Fuels

Honorable William E. Simon, Secretary of the Treasury

Asserts that a gasoline tax would be unnecessary if the President's energy program were enacted. Maintains that a very small gasoline tax increase (such as 3 cents a gallon) would not result in any meaningful reduction in consumption.

Honorable Frank G. Zarb, Administrator, Federal Energy Administration

Expresses concern about focusing any conservation measure on gasoline since it creates regional inequity and focuses conservation on one product.

Honorable Edward W. Brooke, U.S. Senator from Massachusetts

Urges that the committee take a long hard look at the merits of a gasoline tax. Suggests that there can be no solution to the problem of petroleum costs which does not include a solution to the problem of increasing demand for gasoline, which is up 3 percent this year over last. Contends that gasoline demand is elastic and that consumption patterns can be changed without inflicting severe hardships. Maintains that this is not the case with heating or boiler fuels, as this winter's supply of which may be reduced because of high summer volume of gasoline sales. Proposes to introduce legislation (with Senators Mathias and Percy) which would increase the gasoline tax by 15 cents over 18 months (in 5 cents per six-months increments), with a credit equivalent to the tax on 700 gallons of gasoline.

National Association of Counties

Feels that any increase in the Federal taxes on gasoline and special motor fuels, which has been the traditional method for funding repair and maintenance of roads and highways, should allow States to preempt at least 50 percent of the tax, with such taxes to be funneled to local governments based on sharing formulas in existing State statutes.

Ralph T. Millet, President, Automobile Importers of America, Inc.

Suggests consideration of an increased gasoline tax to encourage reduction in demand.

Elliot Estes, President, General Motors Corporation

Recommends increased motor fuel taxes if decontrol of energy prices and imposition of a tariff on imported oil fail to encourage production and reduce consumption sufficiently.

Tom Love, President, National Oil Jobbers Council

Opposes any proposed increase in gasoline taxes; urges the Senate to reject any such proposals.

B. Vehicle Fuel Efficiency

Honorable William E. Simon, Secretary of the Treasury

Recommends increasing vehicle fuel efficiency through voluntary agreements in effect now with the auto companies rather than through legislative mandate.

Honorable Frank G. Zarb, Administrator, Federal Energy Administration

Favors voluntary auto mileage standards. Feels that legislation requiring standards can create problems, as mileage improvements have to be orderly since it takes time to restructure capital investment to produce higher-mileage autos. Believes that market forces, i.e. higher gasoline prices, are probably going to overtake any other efforts.

Recommends increasing vehicle fuel efficiency through voluntary agreements in effect now with the auto companies rather than through legislative mandate.

Honorable Charles H. Percy, U.S. Senator from Illinois

Believes that the auto efficiency provisions in H.R. 6860, which call for fuel economy standards based on the average gas mileage of a manufacturer's entire output of new cars would simply produce more small cars without increasing the efficiency of all cars. Believes the sanction in the bill—$50 per car for each mile per gallon below the standards—is inadequate protection against production of gas guzzlers. Finds no positive incentives in the bill to encourage individuals to purchase fuel-efficient cars.

Proposes, along with Senators Brooke and Mathias, the approach taken in S. 2046: an auto-efficiency tax incentive program, which would apply to each new car produced, not just the average for the manufacturer's entire line. Under the proposal, a standard fuel efficiency of 18 mpg in 1978 would increase one mpg per year through 1983; in 1978, a maximum penalty of $1,000 would be applied to a new car which averaged less than 12 mpg; for 1983 and thereafter, the same penalty would apply to a new car achieving less than 17 mpg.

Proposes a bonus payment of from $75–$300 to individuals who purchase new American or Canadian-produced cars with efficiency greater than the standards, with the bonus to be paid from the excise tax revenues on cars that do not meet the standards.

National Association of Counties

Strongly supports automobile efficiency standards. Considers the automobile to be the key factor in energy conservation. Suggests that there should be Federal adoption of minimum fuel economy performance standards for new cars to achieve an average fuel economy of at least 20 miles per gallon. Feels that this should be expanded to include other energy consuming devices, perhaps through mandatory energy labeling of appliances.

Elliot M. Estes, President, General Motors Corporation

Questions the technological ability of the automotive industry to meet the fuel efficiency standards required by the bill without restricting vehicle size and weight. Asserts that voluntary efficiency improvement instigated by the automotive industry is the most extensive of all energy-consuming industries.

Given the reduction in size and weight that achieving efficiency standards would require and the probable lack of demand for extremely small vehicles, claims that imposition of these standards would severely hurt automobile sales and therefore generate more unemployment. Contends that such vehicles might be so unpopular that people might keep their old fuel-inefficient models rather than trade them in for new ones. Indicates that since lower income consumers often rely on the used car market, this pattern might impose a disproportionate burden on the poor.

Proposes mandated efficiency standards in all industries producing goods dependent on energy for their functioning. Suggests that industries other than the automotive could improve their voluntary efforts at improving energy efficiency, such as heating via the generation of steam.

Notes that the costs of replacing the gasoline engine with its more efficient diesel counterpart would range from $100 to $250 dollars per car, depending upon the size of the model. Suggests that a 6-passenger car cannot meet emission and efficiency standards simultaneously.

Estimates a 15–20% improvement in fuel efficiency resulting from reducing average speeds from 70 to 55 mph. However, points out that only 15–20% of all driving is highway driving; consequently, fuel saving from this speed reduction is more like 2–5%.

Predicts that meeting the 1980 fuel-efficiency standards would result in a 1,000,000 reduction in sales for General Motors and an increase in unemployment within the company of 250,000. Suggests that related unemployment in support industries might double this figure. States that the fuel-economy performance of the emission control device developed by Questor appears to be inadequate.

Contends that the declining percentage of the market attributable to domestic models is the result of postponement of purchases by potential consumers of domestic autos. Maintains that the absolute level of imports has been relatively constant.

F. G. Secrest, Executive Vice-President, Operation Staffs, Ford Motor Company.

Maintains that market forces are adequate to stimulate adequate improvements in fuel efficiency. Contends that the fuel standards included in the bill would be ineffective and unfair:

1. The deadlines are unrealistic; Ford could not meet them without borrowing more than it could afford.
2. Meeting these deadlines might be technologically unfeasable, without restricting vehicle size and weight. Such restriction would require total restructuring of the auto industry and would result in greater unemployment.
3. The average mileage of an automobile company's fleet is partially a function of consumer demand, a factor outside its control. If consumers buy the more efficient cars in the fleet, the average mileage is increased. Automobile companies should not be penalized for failures stemming from such developments.
4. Consumers would pay the extra cost inherent in rush programs aimed at arbitrary deadlines. They would also pay at least some portion of the penalties resulting from failure to meet deadlines.
5. Introduction of high-risk advanced technology would be slowed because the penalty for failure would be so much greater than in a free market.
6. High mileage standards could rule out efforts to improve the fuel economy of larger cars, forcing those owners who believe they have a genuine need for family sedans or station wagons to retain, as long as possible, less efficient older models.
7. High standards could lead to increased imports, thereby aggravating the U.S. balance of payments problem.
8. Penalties imposed for failure to meet deadlines are exorbitant and unfair; they also will reduce attractiveness of automobile industry to creditors.

Given these criticisms, recommends the following modifications:

1. Delete 28 mpg standard for 1985. The flexibility given to the Secretary of Transportation to modify the 28 mpg goal would not resolve the problem because industry would have to plan according to a statutory standard likely to be in effect in 1979. Modifications are not likely to be guaranteed so far in advance.
2. The penalties should be moderated.
3. Delete any requirement for truck fuel economy standards. Such a requirement might be counterproductive if reduced truck size would

necessitate more trips to carry same amount of goods. Also, data on truck fuel efficiency is insufficient to enable regulation.

4. Permit inclusion of cars presently imported by the manufacturer in overall fuel economy average.

5. Freeze emission standards at or near today's levels.

Given a choice between tax incentives and penalties to induce efficiency, favors tax incentives; claims that incentives would not jeopardize the position of the industry in capital markets as would penalties.

Supports measures like closing gasoline pumps on Sundays, outlawing the use of credit cards to purchase petroleum, reduced speed limits, although feels that they serve better as emergency measures. Feels they require no lead time and can be scrapped without wasting capital.

Points out that results of tests on Questor emission control device are still experimental and unconfirmed by extensive test reproduction. Thus, reaffirms their position that they have yet to discover an emission control device that also allows good fuel efficiency. States that they have cooperated with Questor fully; denies assertion that they have lacked willingness to test the device seriously.

Alan G. Loofbourrow, Vice President, Engineering, Chrysler Corporation

Maintains that market incentives are sufficient to stimulate greater fuel economy. Emphasizes trade-off between emission control and fuel efficiency. Points out that safety standards also impose costs on manufacturers. Asserts that automobile industry is doing much on its own to enhance fuel efficiency. Objects to mileage standards as a threat to the economic health of the automobile industry, its thousands of supplier industries and to many thousands of their employees. Maintains that foreign manufacturers should be required to improve efficiency, too.

Henry L. Duncombe, Jr., Vice president and Chief Economist, General Motors Corporation

Maintains that the fundamental tenet of American economic theory is the sovereignty of the consumer and that consumer wants as revealed in the market, not his needs as dictated by government, should rule in the marketplace.

Suggests that the auto efficiency regulations in the bill; given that they apply only to new cars, will have a minimal impact on total national energy conservation. Estimates that the costs of current auto safety and emissions standards exceed $600 per car. Claims that the costs of meeting future projected standards could be as much as another $600 per car.

Leonard Woodcock, President, United Automobile, Aerospace, and Agricultural Implement Workers of America

Supports the establishment of mandatory automobile fuel economy standards, but feels these should be related to the average production of each manufacturer, so as not to penalize individual models. Points out that total gas consumption is a reflection of the average fuel efficiency of all cars. Thus, for example, a 40-percent improvement in efficiency could be achieved through a 50-percent improvement in half the cars and a 30-percent improvement in the other half. Indicates that

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overemphasis on production of small cars to achieve fuel efficiency would have disadvantages, such as slower replacement of present, less-efficient cars now in operation, and that a range of car models is needed to meet legitimate individual needs. Hence, believes that increasing fuel efficiency by requiring all cars to meet the same standards through imposition of excise taxes on models that fail to meet the standards or by other means, is likely to disrupt the economy without producing greater fuel conservation.

Feels that the fuel efficiency levels specified in the bill for 1978–1980 models—18.5 to 20.5 mpg—would be feasible given the continuation of 1975 air pollution emission standards. Since present law requires more stringent emmission standards for 1978–1980 models, however, congressional modification of emission standards would be necessary to implement fuel efficiency standards in the bill. Asserts that such modification of emission standards would not create significant health hazards. Maintains that additional knowledge is needed to determine appropriate emmission and fuel efficiency goals for the 1980s. Calls for a government research program, along with requirements that auto manufacturers demonstrate improvement in production capabilities, in order to provide a technological basis for setting emission and efficiency standards in the 1980s.

Ralph T. Millet, President, Automobile Importers of America, Inc.

Recommends policies which do not discriminate between foreign and domestic cars. Feels that Congress "should establish only general goals to implement fuel efficiency." Feels that implementation in detail should be left to the agencies. Suggests that any decontrol or gas tax should be geared to Detroit's ability to produce greater quantities of smaller and more efficient cars.

Contends that the increase in imports' share of the market is a result of a decline in demand domestically. Indicates that the absolute level of imports has not changed that much. Maintains that imported cars can carry 6 passengers, tow a trailer, and by 1985 will be able to do so and still get 28 miles to the gallon.

Robert M. McElwaine, American Imported Automobile Dealer's Association

Criticizes subsidies to purchasers of fuel-efficient domestic cars, such as those in S. 2046, without similar subsidies for purchasers of imports. Since imports are more fuel-efficient, asserts that such subsidies provide an artificial incentive to reduce efficiency. Claims that the resultant reduction in efficiency would cost approximately 50 million gallons in the first year of operation.

Suggests that a shift to domestic consumption would result in substantial net employment loss due to unemployment generated in industries related to auto importation. Further, contends that an important element of competition to domestic manufacturers would be lost.

C. Other Vehicle-Related Tax Items

Honorable William E. Simon, Secretary of the Treasury

Supports the changes in the tax treatment of rerefined oil. However, does not favor the selective repeal of other excise taxes. Notes that while these changes might save some energy, the general policy is that all highway users should bear the cost of building roads. Feels that the credit for electric cars is of questionable usefulness and premature. Suggests that aid in this direction should be accomplished via Federal research and development support not through tax incentive.

Honorable Frank Zarb, Administrator, Federal Energy Administration

Does not generally favor these provisions. Maintains that the credit for electric cars will not induce more purchases but will rather subsidize persons who would have purchased them anyway.

National Association of Counties

Opposes repeal of excise taxes on intercity buses and radial tires. Feels that this would be an unjustified intrusion into funds earmarked for our nation's highway system through the Highway Trust Fund. States that most of the revenues in the Trust Fund go to repair and reconstruction of existing highways, not for new highway construction. Quotes testimony that highways are wearing out at a rate 50 percent greater than replacement. Notes that, since most intercity public transportation systems utilize highways, failure to maintain highways will be counterproductive to the aims of energy conservation.

Leonard Woodcock, President, United Automobile Workers of America

Supports the repeal of certain excise taxes on products such as intercity buses, radial tires and rerefined lubricating oil which are related to the more efficient use of petroleum products.

Feels that it is very uncertain at this time whether electric motor vehicles would be energy-conserving. Points to the great inefficiencies involved in converting fuel into electricity, as compared to direct use of the fuel in the vehicle. Believes that it is too early to give the development of electric vehicles special encouragement through tax incentives or subsidies. Instead, electric vehicles should be considered as one of many possible improvements in the automobile.

Honorable Tennyson Guyer, Member of Congress, State of Ohio

Proposes a three-year phase out of excise tax on radial tires to protect small manufacturing companies just now entering radial tire production.

Charles A. Webb, President, National Association of Motor Bus Owners

Recommends the following amendments to H.R. 6860: (1) repeal of the 8-percent excise tax on bus parts and accessories imposed by Section 4061(b) of the Internal Revenue Code; (2) set the effective date for repeal of the manufacturers' excise tax on buses used in intercity public transportation as of March 17, 1975, rather than the effective date of the Act; (3) redefine "commuter fare revenue" (for the definition of local transit) to be "amounts paid for single trips of less than 50 miles;" and (4) delete the requirement that at least 60 percent of total passenger fare revenue be derived from commuter fare revenue to qualify a firm for 2-cents-per-gallon refunds of present excise taxes on fuel.

Wayne B. Brewer, Chairman of the Board, Cooper Tire and Rubber Company

Urges a three-year phase out period for excise taxes on radial tires to afford small tire companies additional time to adapt to the new rules.

IV. CONSERVATION TAX ON THE USE OF PETROLEUM

Honorable William E. Simon, Secretary of the Treasury

Does not favor the tax on business use of petroleum. Indicates that its nature allows it to exempt many major users, causing efficiency losses. Even if applied across the board, contends that it would distort energy use by favoring use of energy for driving, home heating and other nonbusiness use. Feels that the individual consumer offers the best avenue for fuel reduction; favors raising petroleum prices across-the-board.

Honorable Frank G. Zarb, Administrator, Federal Energy Administration

Opposes the tax on business use of petroleum. Maintains that it falls on too narrow a base, and that the tax should be a comprehensive one.

Leonard Woodcock, President, United Auto Workers

Asserts that the bill's proposed excise tax on business use of petroleum and petroleum products could result in conversion from oil to electricity, rather than to coal, since businesses could avoid pollution control costs associated with coal conversions by leaving it to utilities to incur the costs. Suggests that such a tax would result in increased energy inefficiency and therefore, increased inflation.

Herbert S. Richey, Vice Chairman, Chamber of Commerce of the United States

Opposes a tax on business use of oil and gas as "misconceived and misplaced"; cites U.S. industry's cut of 7.6% per-unit-of output in energy consumption, according to a 1974 Commerce Department survey.

In general, opposes penalty taxes as conservation prods. Prefers tax incentives to encourage industry's shifting to coal where possible; views taxes on petroleum as draining capital needed to accomplish fuel conversion.

William T. Slick, Jr., Senior Vice President, Exxon Co.

Feels that the imposition of an excise tax on oil and gas consumed by business and industry would be reflected in the cost of all goods and services and would be clearly inflationary, and should only be considered after oil and gas price controls have been removed.

Tom Love, President, National Oil Jobbers Council

Opposes all taxes on petroleum products because they do not serve as an incentive to exploration, and because the consumer does not get what he is paying for. Contends that the nation needs to conserve all fuels and forms of energy, not just petroleum products.

Jerome J. McGrath, Executive Vice President and General Counsel, Interstate Natural Gas Association of America

Expresses concern that the tax on the business use of natural gas in Section 411 of the bill would apply to the use of natural gas by pipelines as compressor fuel in the operation of gas pipeline systems. Questions the desirability of such a tax in view of the artificially-depressed wellhead price of gas today resulting from Federal regulation. Urges the Committee to amend the House Bill by exempting the use of natural gas as a fuel in the transportation of gas by pipeline from the excise tax provisions of the bill. States that the excise tax on compressor station use of gas, which amounts to about 558 billion cubic feet of gas annually, is inappropriate and will unnecessarily penalize all consumers of natural gas. Indicates that businesses would have to pay the excise tax twice—on their use of natural gas and their share of the tax on gas used in compressors to operate pipelines. Maintains that the tax on such use would not be a conservation measure because it would not be feasible to convert the compressors to some other form of energy.

George H. Lawrence, Vice President for Public Affairs, American Gas Association

Strongly objects to the bill's inclusion of a use tax on natural gas. Feels that the tax is discriminatory, unfair and regressive, and that it makes no contribution whatsoever to improving gas supplies at a time when this is the single most important step that could be taken toward improving domestic energy self-sufficiency. Maintains that the use taxes in the bill are discriminatory because they do not fall on all energy users; are unfair because the consumer of electricity derived from oil or natural gas is exempt; and are regressive and counterproductive because of the inefficiency of electricity generation.

Urges that at the very minimum the exemptions from the tax be expanded to eliminate certain double taxations on users of SNG or natural gas. Recommends that natural gas used in the transmission and distribution of natural gas be exempted from the industrial use tax of Section 411 to avoid a double tax when the ultimate industrial consumer uses the natural gas. Similarly, proposes exemption for gas utilized in the manufacture of SNG, comparable to the use of such products for the generation of electricity. Favors extension of the specific exemption from the tax for uses in the textile and glass manufacturing industry to all usages in manufacturing and processing of raw materials and finished goods, where the user has no alternative or the alternative is economically unacceptable.

James J. O'Connor and Al Nouse, on behalf of Edison Electric Institute

Maintains that some utilities will be forced, because of coal supply, capital, transportation, or other problems, to burn oil or gas and that an excise tax on their use would be inequitable.

William A. Johnson, Professor of Economics, George Washington University and Director, University Energy Policy Research Project

Suggests that the industrial use tax included in the bill is so riddled with exemptions that it would be ineffective if enacted as proposed.

James B. Millikan, Chairman of the Government Relations Committee, National Clay Pipe Institute

Requests an exemption of clay pipe manufacturers from the excise tax on the business use of natural gas or petroleum. Bases this request on unique characteristics of the process involved in the manufacture of clay pipe, and the fact that feedstock use of natural gas/petroleum for manufacture of plastic pipes is exempted from H.R. 6860, thus giving plastic pipe manufacturers, chief competitors of clay pipe manufacturers, a competitive advantage. States that drying and firing of clay pipe demands precise control of temperatures, and that conversion to coal would not be feasible if the industry is to produce a competitive product.

Linen Supply Association of America

Requests exemption from the tax in H.R. 6860 because many laundering plants cannot convert for technological reasons.

Karen E. Smith, on behalf of the Northwest Florida Commercial Fishermen Association

Urges exemption from any tax on energy for fishermen, who are not able to convert from oil-based fuel, primarily diesel, to other energy sources such as coal.

V. RESIDENTIAL AND BUSINESS CONSERVATION INCENTIVES

A. Tax Credit for Insulation—Home and Business

Honorable William E. Simon, Secretary of the Treasury

Favors the allowance of an insulation tax credit which the President has also proposed.

Honorable Frank G. Zarb, Administrator, Federal Energy Administration

Supports the insulation tax credit which will encourage energy savings.

Lewis Sheketoff and Charles H. Burkhardt, on behalf of New England Fuel Institute

Proposes a tax credit of up to $2,000 for improving the efficiency of conventional residential heating and cooling systems in addition to the tax credit for insulation expenditures. Feels that conversion from one fuel to another, however, should not qualify.

William A. Johnson, Professor of Economics, George Washington University and Director, University Energy Policy Research Project

Considers the fact that credits and other tax incentives built into the bill apply to some energy conservation methods but not others to be inequitable.

William L. Slayton, Executive Vice President, the American Institute of Architects

Asserts that the tax incentives for insulation and solar equipment contained in H.R. 6860 are too narrow and should be replaced by a more comprehensive approach. Notes that the American Institute of Architects propose a comprehensive tax incentive for the design and retrofitting of new and existing buildings which will achieve maximum energy conservation to replace the insulation and solar equipment incentives contained in H.R. 6860. The AIA proposal suggests, for the design and retrofitting of commercial buildings, a choice of an investment credit or rapid amortization for a percentage of the costs of the design, engineering, and construction services and equipment needed to achieve an energy-efficient building (one that is certified to achieve a 30-percent energy saving). For the design and retrofitting of residential buildings, the AIA proposes a tax deduction for a percentage of the costs of the same services. For both new and existing buildings, whether commercial or residential, an additional tax credit is proposed, equivalent to 30 percent of the value of the renewable energy saved over and above the 30 percent minimum energy savings required to qualify for the first incentive.

Maintains that the benefits of this tax incentive proposal are: (1) the feasibility of its immediate implementation for existing buildings; (2) the stimulation of the depressed construction industry; (3) a possible energy savings of 4.65 billion barrels of petroleum equivalent in the first five years; (4) no reduction in living standards; (5) a savings to the American public in energy costs equal to $75 billion in the first five years; and (6) a probable positive impact on the Treasury.

Gerald Hasler, President, National Remodeler's Association

Endorses Section 231 of H.R. 6860 which provides a tax credit of 30 percent on certain qualified expenditures (up to $500), made to conserve energy within the nation's residences.

B. Tax Credit for Solar Energy Equipment—Home and Business

Honorable William E. Simon, Secretary of the Treasury

Objects to the tax credit for solar energy. Feels that the credit will be of questionable usefulness and is premature. If assistance is to be provided, suggests that it be done with Federal research and development support rather than tax incentives.

Honorable Frank G. Zarb, Administrator, Federal Energy Administration

Does not favor the tax credit for solar energy. Maintains that the credit will result in little or no energy savings and will unnecessarily subsidize persons who would have purchased it anyway. Notes that solar energy prices are now out of reach and asserts that the credit will not induce more purchases. States that specialized tax credits which will benefit high-income taxpayers are not appropriate.

Leonard Woodcock, President, United Automobile, Aerospace, and Agricultural Implement Workers of America

Supports residential and business use of solar equipment and building insulation, but feels that direct grants, loans and subsidies, not the tax code, is the appropriate and most effective means for achieving utilization of such techniques. Opposes the tax code as a device for encouraging utilization of these techniques because it would distort the tax structure and would provide a significant opportunity for fraudulent practices which the Federal Government would find difficult and costly to prevent. Suggests that Congress appropriate earmarked funds for such programs via the Energy Research and Development Administration.

Tom Love, President, National Oil Jobbers Council

Considers the tax credits for expenditures on installation of residential insulation and solar energy equipment constructive, but indicates that this overlooks the opportunity to encourage consumers to improve the efficiency of existing energy generating systems in the home with tax credits. Believes that inclusion of tax credits for improving the efficiency of conventional residential heating and/or cooling systems would serve to assist energy conservation efforts and result in lower fuel bills for the homeowner. Proposes a tax credit for improvements, according to standards developed by the National Bureau of Standards, in the efficiency of a residential heating and/or cooling system up to a total expenditure of $2,000, for such expenditures incurred between March 17, 1975 and January 1, 1978.

National Association of Counties

Supports tax credits and 5-year amortization programs for energy-saving equipment including solar equipment, but believes that there needs to be more incentives for local governments to install solar or related energy conservation equipment.

General Electric Company

Proposes inclusion of heat pumps as energy-conserving devices, eligible for the same tax incentives that are proposed in H.R. 6860 for solar equipment.

VI. INCENTIVES FOR BUSINESS ENERGY CONVERSION PROGRAMS

A. Rapid Amortization and Other Tax Incentives for Certain Alternative Energy-Use Equipment

Honorable William E. Simon, Secretary of the Treasury

Does not favor the amortization proposals. If the economics are favorable, maintains that there is no need for such tax devices. Suggests removal of government impediments, as well as providing research and development support.

Honorable Frank G. Zarb, Administrator, Federal Energy Administration

Does not favor amortization provisions. Asserts that they will result in little or no savings of fuel over and above that caused by increased energy prices. Indicates that the problems with coal conversion are due to environmental considerations and hardware problems, as well as transportation and capital investment.

Herbert S. Richey, Vice Chairman, U.S. Chamber of Commerce

Favors "prompt capital recovery" of business investment in more energy-efficient equipment, including coal-burning plants substituted for oil and gas facilities.

Admiral Elmo R. Zumwalt (Ret.), President, American for Energy Independence

Supports concept of tax incentives to foster development of coal liquefaction plants. Suggests use of price supports in addition not only to meet cost advantages of imported oil but also to provide protection against possible future reductions in price of imported oil.

Leonard Woodcock, President, United Automobile, Aerospace, and Agricultural Implement Workers of America

Finds provisions in the bill aimed at decreasing business taxes to be objectionable. Does not feel the Tax Code is an appropriate device for achieving energy conservation.

Opposes accelerated amortization for alternative energy-use equipment, and suggests instead that business should allocate its funds for energy-related investment decisions with reference to real world costs and risks, not with reference to the tax code. Believes that instead of piecemeal adjustments to investment tax credits, the entire investment tax credit should be discontinued.

Carl Bagge, President, National Coal Association

Indicates that the coal industry is currently capitalized at about $5 billion. Estimates that to meet the increased demand for coal projected by 1985, the industry will need roughly $20–25 billion in total new capital. Unless appropriate fiscal and financial incentives are implemented soon, asserts that it is questionable whether the industry can generate its capital needs. Suggests that, in addition to 5-year amortization of qualified coal processing equipment, the following are also needed:

1. Rapid amortization should apply to coal conversion plants producing solid fuels in addition to the liquid and gaseous production now covered.
2. Rapid amortization should apply to all types of coal mining equipment, including surface mining equipment.
3. The valuation point for coal should be extended to coal processed into low-pollutant fuel as is currently done for oil shale processed to the point where it is equivalent in value to crude petroleum.
4. Permit coal operators to establish tax-exempt irrevocable trusts for black lung benefits.

B. Rapid Amortization and Tax Credits for Railroad Cars and Equipment

Frank E. Barnett, Chairman of the Board, Union Pacific Railroad Company

Urges Committee approval of Section 422 of H.R. 6860, which adds to the Internal Revenue Code a new Section 190 providing for 5-year amortization of certain qualified railroad equipment. Recommends modification of Section 424 of the bill to allow a full investment tax credit based on the actual useful life of property covered by Section 190; an increase of the present limitation on investment credit for certain qualified railroad equipment (under Sections 184 and 190) to 100 percent of the tax; and amendment of Section 57 of the Code to eliminate as an item of tax preference the amortization of rolling stock allowed under Section 184.

Believes it is inconsistent for the Congress to provide industry with the means of generating needed cash by enacting Section 190, and then to nullify the impact of such legislation by restricting the amount of available investment tax credit in the same legislative proposal. States that the "irony of this situation becomes more evident when one considers that it is being proposed at a time when active consideration is being given to various proposals that Federal government acquire and undertake the expense of rehabilitating our roadbeds and then lease them back to us." Claims that it appears to make much more economic sense to provide assistance to the railroad industry to do the job on its own.

Indicates that an increase in the available credit from 50 to 100 percent of tax would not benefit those who do not have unused credit carryovers. For example, states that Union Pacific would derive little or no benefit from this proposal since it currently has no carryovers, and expects to fully utilize its credits in 1975. Maintains that the marginally profitable and marginally taxpaying railroads would derive the most benefit from an increase in the amount of credit available, and that these marginal railroads should be the subject of special concern to Congress while they are still capable of resolving their own difficulties. Believes this proposal represents a relatively inexpensive means of generating some of the needed cash flow to do the job.

W. Graham Claytor, President, Southern Railway System

Strongly endorses the five-year amortization provisions included in H.R. 6860. Call for the writeoff for tax purposes, over a five-year period, of investments not only in rolling stock but also in new, improved and relocated track, communications signals, traffic control systems, new classification freight yards, facilities for loading and unloading trailers, and a vast variety of other needed improvements to the physical plant. Indicates that timing is very important, because many of these improvements are needed now in order to enable us to move among other things the increased amounts of coal that are substituted for oil and gas for burning by utilities.

John P. Fishwick, President, Norfolk and Western Railway Company

Asserts that the railroad amortization provisions in H.R. 6860 will be a substantial help in generating capital if certain provisions are modified. Considers it to be vital that the full investment credit be allowed on the basis of the actual useful life of the property. Also, feels that amortization deductions on rolling stock allowed by this legislation should be eliminated as tax preference items.

In addition, maintains that it is important to recognize the need for the railroad industry to realize tax deductions for its substantial investments in the cost of grading and tunnels. Indicates that railroads have capitalized their very substantial costs for grading and tunnels, but generally have been unable to depreciate them because of uncertainties as to the length of the useful life of these assets. Points out that in the Tax Reform Act of 1969, the Finance Committee and the Senate passed legislation which would have permitted railroads at their option to amortize all railroad grading and tunnel bores on the basis of a 50-year life.

However, notes that the provision on grading and tunnel bores was amended in conference to permit deductions only for costs incurred after 1968. Thus, claims that present law grants only very partial and minor relief and perpetuates the historical inequity of railroads' inability to recover their investment in these assets acquired before 1969. Recommends that present law be amended to cover pre-1969 investments in grading and tunnel bores over the same reasonable 50-year period now available for new investment. Urges similar deductions to recover frozen investments in track accounts, which under present tax rules permits no recognition of obsolescence.

Stephen Ailes, President, Association of American Railroads

Strongly supports the rapid amortization provisions of H.R. 6860 relating to railroads. Urges additional provisions to allow tax deductions for currently frozen assets in costs of grading and tunnel bores and in railroad tracks. Also, recommends increasing the limitation on the use of the investment tax credit for equipment and new road property from 50 percent of tax liability to 100 percent.

North American Car Corporation

Recommends that 5-year amortization be made available to private railcar leasing companies in addition to railroads and utilities. Notes that the private railcar leasing industry invested some $450 million in new railcars in 1971–74; and that investments by individuals leasing companies exceed investments by 90 percent of the individual railroads.

Carl Bagge, President, National Coal Association

Proposes extending rapid write-off for rolling stock to coal operators as well as to transportation companies and consuming companies.

C. Denial of Tax Credits for Utilities Constructing Oil-Fired Generating Facilities

Honorable William E. Simon, Secretary of the Treasury

Does not favor the denial of the investment tax credit to oil-fired generating facilities, as utilities need help now and are sometimes forced to use such facilities.

Honorable Frank G. Zarb, Administrator, Federal Energy Administration

Opposes the elimination of the investment tax credit for new utility facilities fueled by petroleum or gas. Feels that this is the wrong approach.

James J. O'Connor and Al Nouse, on behalf of Edison Electric Institute

Maintain that it will be necessary for some new power plants to burn oil or gas because no other fuels will be appropriate. Consider it to be improper to deny the investment tax credit to such facilities and thereby impose extra expenses on the customers.

D. Recycling Tax Credit

Honorable William E. Simon, Secretary of the Treasury

Considers it to be difficult to provide a tax incentive in this area. Contends that prices will provide sufficient incentive.

M. J. Mighdoll, Executive Vice President of National Association of Recycling Industries; accompanied by Harlan Carroll, Vice President, Southwire Company; James Haney, Public Affairs Director, Bergstrom Paper Company; Paul Thanos, Vice President, Commercial Metals Company; Thomas Walker, Vice President, Brown-

ing-Ferris Industries; and Edward L. Merrigan, Washington Counsel

Strongly urge reinstatement, with clarifying amendments, of the original recycling tax incentive sections of H.R. 6860 which were stricken from the bill during the House floor debate.

Points out that the original recycling credit proposal would extend the 10-percent investment tax credit to manufacturers who use recyclable wastepaper, cans, metal scrap, glass and textiles in their manufacturing operations rather than using competing virgin materials; the credit was to be computed on the price paid by the manufacturer to acquire the recyclable materials during the taxable year. Indicates that, as originally drafted, the 10-percent credit would generally equate the 15- to 22-percent depletion allowance deduction applicable to competing virgin metals and the capital gains treatment of profits derived from the cutting of trees for paper manufacturing purposes. Emphasizes that the tax would not give a tax advantage to users of recyclable wastepaper, but rather would only prevent them from being placed at a disadvantage vis-a-vis users of virgin metals. Notes that the allowable credit would be reduced in years where prices exceed their 1971–73 levels.

Suggest that the following modifications would clarify congressional intent and purpose and ensure that increased volume of recycling and use of recycled materials would take place as a result:

1. Eligibility for the credit be *strictly limited* to manufacturers who use "*postconsumer solid waste materials*" (those which have been used by the ultimate consumer or during the course of any industrial process, and which have no significant value except as a waste material).

2. Specifically make "*in-plant*" or "*in-house*" industrial waste *ineligible* for the credit.

3. Manufacturers already engaged in recycling will be eligible for the credit in future taxable years *only if they continue to utilize at least the same volume of recyclable materials as they did in 1975*. Then. the credit in each taxable year *will be limited to only 3.3 percent of the price paid for that 1975 volume*. The 10-percent credit will apply only to the price paid for tonnages in excess of the 1975 volume.

4. Manufacturers who start recycling in the future will be eligible for *only* a 3.3 percent credit on their first year volume in that and subsequent years—but in subsequent years, they will be eligible for the full 10-percent credit on the price paid for increased utilization over the first year's recycling level.

Feels that these provisions would serve to limit the overall revenue loss: *prevent* "windfall gains" *to the greatest extent possible* on 1975 recycling volumes; and they simultaneously establish *competitive equality* between manufacturers already engaged in recycling and newcomers who are encouraged to switch to or start recycling by the recycling tax credit.

VII. DEREGULATION AND DECONTROL OF OIL AND NATURAL GAS; WINDFALL PROFITS TAX

Honorable William E. Simon, Secretary of the Treasury

Recommends decontrol of oil over a 30-month period. Asserts that the existing dual price structure causes distortions. Favors higher natural gas prices to allow the free market to provide incentives to increase supply and encourage consumption. Maintains that the President's decontrol program will allow the reduction of dependence on imports with the revenues being returned to the economy through income tax cuts. Proposes a windfall profits tax only on old oil (noting that it would have to reflect the repeal of percentage depletion), which would be phased out and contain a plowback to prevent the tax from hampering investment. Suggests that a cap on all oil prices of $13.50 a barrel might be adopted if further OPEC price increases occur.

Honorable Frank G. Zarb, Administrator, Federal Energy Administration

Endorses the President's proposals including decontrol of old oil and a windfall profits tax (revised to reflect the depletion change), with a plowback provision which will act to increase supply and reduce demand. Favors removing controls on natural gas noting that regulation has failed to provide necessary incentives and we will continue to have a decline in natural gas if prices are held down. Claims that decontrol will have an equalizing regional effect on New England which is dependent on imported oil. Asserts that excess profits can be recaptured through a windfall profits tax, with the money returned to consumers.

Gerard M. Brannon, Chairman, Economics Department, Georgetown University

Sees higher oil product prices as chiefly important in discouraging consumption, not providing additional revenues to oil firms. Views present controls on old oil as giving consumers the misimpression that oil is cheaper than the $12 per barrel we must pay for our "marginal" supplies abroad. Indicates that the Government should decontrol old oil prices, institute a windfall profits tax to recapture petroleum profits, but without any "plowback provision."

Herbert S. Richey, Vice Chairman, Chamber of Commerce of the United States

Favors deregulation of natural gas and decontrol of domestic oil. Agrees with FEA estimate of 400,000 barrels per day cut in oil demand from decontrol. Views gradual decontrol as possibly more equitable and efficient than immediate decontrol.

Opposes "windfall profits tax" as harmful to capital formation; however, maintains that any such provision requires a "plowback" provision.

William T. Slick, Senior Vice President, Exxon Co.

Believes that the most critical factor today is the ability of the domestic energy producers in general and petroleum companies in particular to generate adequate capital to finance large development costs incurred in expanding domestic energy supplies. Argues that the removal of oil price control and the resulting few cents per gallon higher prices could significantly enhance industry's ability to generate the capital needed to finance resource development programs. States that the so-called windfall profits tax is both unnecessary and inappropriate because higher profit realization muse be reinvested in the development of new energy supplies. Recommends that, if a windfall profits tax is deemed necessary to achieve decontrol, it be so structured so as not to be counterproductive to capital formation needs. Suggests that adverse impacts of such a tax could be minimized by confining it to only production which is decontrolled and simultaneously with enactment of the tax, incorporating a broad-based plowback provision and phasing out the tax over a reasonable period of time (3 to 5 years) recognizing inflation and the loss of percentage depletion in establishing the tax base.

John C. Miller, President, Independent Petroleum Association

Stresses that the energy problem can only be solved if the domestic petroleum-producing industry can put together the capital resources needed to maximize oil and gas exploration and development in the next decade, as drilling expenditure requirements will be higher in the years ahead. Contends that the present atmosphere of great uncertainty regarding Federal policies toward oil and gas inhibits industry from making the commitments needed to expand domestic energy production, and that Congress should remove the uncertainties created by Federal Government controls. Believes that the free market can function to allocate and conserve the available energy resources more efficiently than the Federal Government and that the free market would serve to solicit additional supplies of crude oil and natural gas as well as alternative sources of energy. Argues that the proposed rollback of the price or imposition of a windfalls profits tax would have disastrous effects on future domestic petroleum supplies. Believes that a price rollback or "windfall profits" tax on domestic "new" and "stripper" oil would impact on independent producers much more heavily than it would on the large international oil companies.

Jerome G. McGrath, Executive Vice President, Interstate Natural Gas Association

States that Congress "should be seeking ways to free the wellhead price of gas from the regulatory shackles with which it has been encumbered for over twenty years."

Tom Love, President, National Oil Jobbers Council

Favors the simultaneous phased decontrol of oil and natural gas prices. Feels that the resulting price increases will be small if accompanied by an end of the present $2.00 supplemental fee on imported crude oil. Supports a windfall profits tax that confiscates revenues generated by decontrol which are not used for exploration or development and a rebate to all citizens of such windfall tax revenues.

George H. Lawrence, Sr., Vice President For Public Affairs, American Gas Association

Supports the concept of a windfall profit tax if plowback provisions are included and if enactment of such a tax expedited a Congressional decision on deregulation of natural gas. Contends that deregulation of field price is urgently needed to stimulate new supplies, and that while the impact on the consumer will be substantially less than alternate sources of energy, the price to the consumer of natural gas and supplemental gas will have to rise.

Elliott M. Estes, President, General Motors Corporation

Favors decontrol of energy prices as the first policy that should be tried to encourage increased petroleum production and reduced consumption.

Henry L. Duncombe, Jr., Vice President and Chief Economist. General Motors Corporation

Believes that decontrol will change the mix of cars demanded by the public, as the consumer will demand smaller and more efficient cars. Contends that it will also encourage car pooling and deter frivolous driving.

Robert A. Nathan, on behalf of Small Producers for Energy Independence

Suggests that prices under current system of controls are insufficient to stimulate production. Even though the price of oil has increased over the last 15 years, indicates that rates of return have not. Furthermore, asserts that the existing rate of return (between 14 and 15 percent) is not unreasonable when compared with other firms in the manufacturing of consumer nondurables. Considers this to be particularly true for small independent firms, whose overall risk is greater given that they are almost all solely producers; therefore, they do not have the return on refining and marketing as do the larger firms, which is relatively more certain.

Expresses some concern, however, that decontrol will necessarily provide sufficient incentive for adequate exploration and production since supply response still might not be forthcoming. Even if domestic prices with decontrol rise to the level set by OPEC nations, indicates that the rise might still be insufficient, because OPEC nations can produce more cheaply than can firms producing within the United States. Thus, warns that costs of production are so low that oil could be produced profitably at prices that would be unprofitable domestically. Furthermore, it is not certain that with decontrol prices will actually rise to OPEC level as they should in theory.

Has further reservations about decontrol because of the inflation it might generate as well as windfall profits that might result. Thus, recommends a windfall profits tax if decontrol were to be implemented. Mentions Arthur Okun's plan to rebate windfall profits tax to States for cutting excise taxes, which will help to reduce consumer prices and avoid a wage price spiral. Suggests decontrol of natural gas over a 5-year period.

William A. Johnson, Professor of Economics, George Washington University and Director, University Energy Policy Research Project

Suggests that decontrol accompanied with removal of license fees could keep increase in price of gasoline down to as little as 5 cents per gallon. This would make for price certainty, would do away with need for entitlements, and would rid country of need for administered prices and allocations.

Ralph T. Millet, President, Automobile Importers of America. Inc.

Supports decontrol as possible instrument of energy policy.

VIII. TAX INCENTIVES FOR INCREASED DOMESTIC SUPPLY OF OIL AND GAS

Honorable William E. Simon, Secretary of the Treasury

Feels that tax incentives for investment in petroleum would be questionable in encouraging greater supply.

Honorable Frank G. Zarb, Administrator, Federal Energy Administration

Questions the use of tax incentives to encourage increased petroleum supply; feels that they would result in little or no increased production.

William T. Slick, Senior Vice President, Exxon Co.

Maintains that revision and liberalization of existing depreciation provision deserves urgent consideration by Congress because depreciation of capital assets on the basis of historical costs has proven inadequate to generate the funds necessary to replace these assets at inflated prices.

F. G. Secrest, Executive Vice President, Operations Staff, Ford Motor Company

Generally, favors use of tax incentives to encourage increased domestic supply of oil and gas.

IX. ENERGY TRUST FUND

Honorable William E. Simon, Secretary of the Treasury

Opposes setting up an energy trust fund. Maintains that such a fund would reduce flexibility in managing the budget and such expenditures may not continue to be needed. Feels that the review board would duplicate other agencies and fragment energy policy.

Honorable Frank G. Zarb, Administrator, Federal Energy Administration

Does not favor establishing an energy trust fund. Feels that expenditures can be made through regular appropriations and that the result of a trust fund will be ineffective management.

Leonard Woodcock, President, United Automobile, Aerospace, and Agricultural Implement Workers of America

Cautions the committee about the abuses and distortions in allocation of federal funds that have developed from past trust funds. Feels that the Energy Conservation and Conversion Trust Fund proposed in the bill, by not requiring mandatory allocation of funds, would negate whatever advantages a trust fund might provide for public energy development. Maintains that the Energy Research and Development Administration, through earmarked funds, could achieve the same objective.

George H. Lawrence, Senior Vice President, American Gas Association

Supports the creation and funding of an Energy Conservation and Conversion Trust Fund, but views the exclusion from participation of any person who for 5 years prior to his appointment had stock or other interest in energy-related industries having a fair market value in excess of $2,500 or who had received or accrued income in excess of $10,000 from any energy-related industry as a dangerous precedent that would deprive the Board of essential practical experience.

James J. O'Connor and Al Nouse, on behalf of Edison Electric Institute

Recommend against establishment of the Trust Fund. Point out that the programs that would be funded through the Trust Fund are already authorized under ERDA (Energy Research and Development Administration), and should be funded through the normal authorization and appropriations processes.

National Association of Motor Bus Owners

Recommends that the monies in the proposed Energy Trust Fund be made available for the purpose of improving State as well as local and regional projects and for the purpose of improving intercity as well as local bus transportation.

X. UTILITY TAX INCENTIVES AND PRICING POLICIES

Honorable William E. Simon, Secretary of the Treasury

Supports tax and regulatory provisions to aid utilities, including: (1) a permanent investment tax credit of 12 percent which would be available only if normalized accounting were used and construction work-in-progress were included in the base; (2) allowing the credit for progress payments for plants which take more than two years to build without the phase-in included in the Tax Reduction Act of 1975; (3) extension of rapid write-off for pollution control equipment and making conversion costs eligible for this treatment; (4) allowing utilities to begin depreciation during construction; and (5) permitting the utility shareholder to postpone taxes on reinvested dividends. Estimates the total cost of this program to be $600 million per year. Also, suggests reviewing block-rate and peak-load pricing rate structures.

Honorable Frank G. Zarb, Administrator, Federal Energy Administration

Supports both tax and regulatory incentives for utilities including prohibitions against offpeak pricing, eliminating regulatory price increase lags, eliminating prohibitions against normalization, prohibiting suspension of proposed rate structures by more than five months, and eliminating the fuel adjustment clauses which do not allow utilities to fully reflect increasing costs.

Charles Cicchetti, Office of Emergency Energy Assistance, State of Wisconsin

In connection with urging considerations of legislation to change electric utility rates to encourage increased efficiency of use of capacity through "time of day" pricing, urges that tax incentives or accelerated depreciation provisions of H.R. 6860 be expanded to apply to installation of any new meters or new metering systems needed to monitor seuch changes in rate structure. More generally, proposes that tax advantages or investment credits provided to assist expansion of capital plant for utilities be withheld unless the utility is moving away from "declining rate block pricing" towards "time of day" rates.

Alfred E. Kahn, Chairman, New York State Public Service Commission; Jules Joskow, Senior Vice President, National Economic Research Associates, Inc.; Charles Cicchetti, Office of Emergency Energy Assistance, State of Wisconsin

Presented detailed case for adoption of time-of-day pricing system to take the place of utility rate structures based on promotional or volume discount pricing. Supported shift to regional rather than nation-wide changes in utility rates which would both encourage conservation of use, more efficient use, and rates which by incorporating as much as possible of the full cost of electricity supply services would also improve the capability for capital expansion.

Described shifts in reform of utility pricing concepts already underway in California, New York, Florida, Massachusetts, Maryland, Wisconsin. Provided examples from France and United Kingdom, distinguishing between circumstances peculiar to those countries and the United States.

Pointed out that although among themselves they represented three different positions—the view of the utilities (Mr. Joskow), the regulation of utilities (Mr. Kahn) and intervenors against utilities (Mr. Cicchetti)—they were all agreed on the position that the principles and the content of utilities rate structure and prices must be reformed in the direction of encouraging both conservation of energy, efficiency of use, and conversion to more plentiful sources of generating fuels.

George H. Lawrence, Senior Vice President, American Gas Association

Recommends restoration in the Bill of the dividend reinvestment provision whereby a company could retain needed capital by issuing stock instead of cash dividends and postpone income tax thereon. Asserts that it would provide natural gas companies with additional capital without having to go directly into the financial market. Favors making the dividend reinvestment provision available to all natural gas and electric utilities. Urges the Administration and Congress to pay more attention to the urgent capital requirements of the gas industry during a period when the availability of capital for the industry is declining.

Richard Guay, Government Relations Director, Wheelabrator-Frye, Inc.

Urges extension of 12-percent investment tax credit for two years for electric power plants powered by fuels other than oil or natural gas. States that solid waste energy plants, although not public utilities, should qualify as eligible for the extended credit.

James J. O'Connor and Al Nouse on Behalf of Edison Electric Institute

Supports the President's Labor-Management Committee recommendations for changes in the Internal Revenue Codes on dividend reinvestment, increased investment tax credit, amortization of pollution control facilities, and depreciation on costs of construction work in progress for utilities.

Also proposes that carryback and carryover provisions for net operating losses be extended to 10 years back and seven years forward from their current levels of three years and five years respectively;

that carryback and carryover periods for unused investment tax credits be extended; that the investment tax credit be applicable to all property for which rapid amortization is claimed; and that rapid amortization be applicable to pollution control facilities added to plants in operation prior to July 1, 1975.

XI. OTHER ITEMS

Honorable Charles F. Percy, U.S. Senator from Illinois

Believes that Congress should abolish the Highway Trust Fund, or cut it down to free some of the funds for mass transit and other national needs. States that 99 percent of the interstate highway system has been completed, yet billions of dollars accrue annually to the fund even though railroads and mass transit systems are bankrupt.

Feels that states should fully enforce the 55 mph speed limit or face loss of federal highway funds. Points out that the 55 mph speed limit saved 11,000 lives and 50 million barrels of oil last year.

Leonard Woodcock, President, United Automobile, Aerospace, and Agricultural Implement Workers of America

Feels that the key mechanism for establishing a truly comprehensive energy program would be a National Energy Production Board, charged with planning and executing an energy resource development program.

Admiral E. R. Zumwalt, Jr. (Ret.), President, Americans for Energy Independence

Urges that Congress rapidly endorse an "all out" effort of utilizing uranium as an energy source. Feels that Congress should oversee the resolution of issues which tend to delay use of nuclear power, and that immediate action should be taken by Congress to help utilities get these plants back on schedule, including raising the necessary capital. Contends that the delays in completion of over half of the nuclear plants under construction, or planned, amount to a public scandal and national jeopardy.

Suggests that Congress also support the immediate programs leading to commercial demonstration of the liquid metal fast breeder reactor, similar to the support of research on advanced sources of energy such as geothermal energy, solar energy, and nuclear fusion. Indicates that Congress should move to stimulate the employment of secondary and tertiary methods of recovery to our existing oil fields and the development of additional domestic supplies of oil and natural gas such as shale oil, and offshore oil and gas deposits.

American Maritime Association

Requests inclusion in H.R. 6860 of a provision directing that a specified minimum percentage of petroleum imports into the United States be carried on American-flag vessels.

Karl H. Londstrom, on behalf of Geothermal Resources International

Requests amendment of the proposed legislation to permit intangible drilling and development costs for geothermal energy to be deducted as current expenses in the same manner as currently applies to oil and gas; extension of the depletion allowance provisions of the code to permit 22 percent rate for geothermal steam and associated resources; and permit provisions relating to deduction and recapture of mineral exploration expenditures, applicable generally to mining, to be extended so as to apply to geothermal deposits.

Guy W. Nichols, President and Chief Executive, New England Electric System

Believes there should be a way for alleviating a portion of the economic burden of high energy prices for those individuals of all geographic areas less able to afford the high prices. Proposes that an "energy stamp" program be implemented for all consumers of energy, to be sold under a plan similar to food stamps, where the cost of the stamps depends on a person's adjusted net income. Through the food stamp program, the Government is guaranteeing people that they will have ample food to feed themselves and their families. A similar energy stamp program would guarantee that availability of essential amounts of energy for heat, light, and transportation would not be a function of income level.

Robert A. Nathan, On Behalf of Small Producers for Energy Independence

Estimates that repeal of percentage depletion for independent oil producers would cost them 50 cents a barrel in profits.

Alfred E. Kahn, Chairman, New York State Public Service Commission

Points out that a proposed amendment to the bill to tax all forms of energy at the source in terms of BTU capacity might result in discouraging the shifts away from the use of oil and natural gas for electric power generation and industrial boiler use toward coal and uranium and would thus be counter to the objectives laid down in the bill.

XII. APPENDIX: LIST OF PUBLIC WITNESSES AND THOSE SUBMITTING WRITTEN STATEMENTS

A. Public Witnesses

Thursday July 10, 1975

Elliott M. Estes, President and Chief Operating Officer, General Motors Corporation

Accompanied by:

Henry L. Duncombe, Jr., Vice President and Chief Economist, General Motors Corporation

F. G. Secrest, Executive Vice President, Operations Staff, Ford Motor Company

Alan G. Loofbourrow, Vice President, Engineering, Chrysler Corporation

Ralph T. Millet, President, Automobile Importers of America, Inc.

Robert M. McElwaine, American Imported Automobile Dealers Association

William A. Johnson, President of Economics, George Washington University, and Director, University Energy Policy Research Project

Robert A. Nathan, on behalf of Small Producers for Energy Independence

Friday, July 11, 1975

Herbert S. Richey, Vice Chairman, Chamber of Commerce of the United States of America
Accompanied by:
Walker Winter, Chairman, Taxation Committee; David Luken, Acting Director, Natural Resources Section; James Graham, Associate Director for Energy; and Robert R. Statham, Director, Tax and Finance Section
Frederic B. Ingram, Chairman of the Board, Energy Corporation of Louisiana
Accompanied by:
John B. Buckley, Vice President and Director of Northeast Petroleum of Boston and Vice President and Director of Ecol
Gerald B. Brannon, Chairman, Department of Economics, Georgetown University, and Representing Taxation with Representation
Richard B. Scedder, Chairman of the Board, Garden State Paper Company, Inc.
Fred Schulman, Fred Schulman Associate, Energy Consultant and Chairman, Trade-Energy Information Center

Monday, July 14, 1975

Honorable William E. Simon, Secretary of the Treasury
Honorable Frank G. Zarb, Administrator, Federal Energy Administration
Honorable Thomas O. Enders, Assistant Secretaryf or Economic and Business Affairs, Department of State

Tuesday, July 15, 1975

Leonard Woodcock, President, United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW)
Accompanied by
Jack Beidler, Legislative Director
Honorable Edward Brooke, United States Senator from the State of Massachusetts; Honorable Charles Percy, United States Senator from the State of Illinois; and Honorable Charles Mathias, United States Senator from the State of Maryland
Honorable William Donald Schaefer, Mayor of the City of Baltimore
William L. Slayton, Executive Vice President, American Institute of Architects

Wednesday, July 16, 1975

W. T. Slick, Jr., Senior Vice President, Exxon Company U.S.A., on behalf of the American Petroleum Institute
John C. Miller, President, Independent Petroleum Association of America
Jerome J. McGrath, Executive Vice President and General Counsel, Interstate Natural Gas Association of America
George H. Lawrence, Senior Vice President, American Gas Association
Tom Love, President, National Oil Jobbers Council

Thursday, July 17, 1975

Carl E. Bagge, President, National Coal Association
James J. O'Connor, Vice President, Commonwealth Edison Company, On Behalf of the Edison Electric Institute,
Accompanied by:
Al Nouse, Immediate Past Chairman, Tax Committee, Edison Electric Institute
Admiral E. R. Zumwalt, Jr., (Ret.), President, Americans for Energy Independence
Lewis Sheketoff, President, Automatic Comfort, Inc., Hartford, Connecticut,
Accompanied by:
Charles H. Burkhardt, Executive Vice President and Managing Director, New England Fuel Institute
Arthur T. Soule, President, Independent Fuel Terminal Operators Association

Friday, July 18, 1975

Alfred E. Kahn, Chairman, New York State Public Service Commission
Jules Joskow, Senior Vice President, National Economic Research Associates, Inc.
Charles Cicchetti, Office of Emergency Energy Assistance, State of Wisconsin
Stephen Ailes, President, Association of American Railroads
Accompanied by:
F. E. Barnett, Chairman, Board of Directors and Chief Executive Officer, Union Pacific Railroad;
W. Graham Clayton, Jr., President, Southern Railway System; and
John P. Fishwick, President and Chief Executive Officer, Norfolk and Western Railway Company
M. J. Mighdoll, Executive Vice President, National Association of Recycling Industries

B. Those Submitting Written Statements

In addition, the following organizations and individuals submitted statements for the record:

Honorable Tennyson Guyer, Member of Congress, Ohio
American Hotel and Motel Association
American Maritime Association
National Association of Counties
National Association of Motor Bus Owners
National Association of Recycling Industries
National Clay Pipe Institute
National Remodelers' Association
Ashland Oil, Inc.
Cooper Tire and Rubber Company
General Electric Company
Geothermal Resources International, Inc.
Highway Users Federation
Independent Zinc Alloyers Association

Linen Supply Association of America
Maine Department of Marine Resources, State of Maine
New England Electric System
North American Car Corporation
Northwest Florida Commercial Fishermen Association
The Petrochemical Energy Group
Special Travel Industry Council on Energy Conservation
Union Oil Company of California, Geothermal Division
Wheelabrator-Frye, Inc.
Edward F. Renshaw, Department of Economics, State University of New York at Albany

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