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# The United States Department of Energy: A History

November 1982

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U.S. Department of Energy  
Assistant Secretary, Management and Administration  
Office of the Executive Secretary  
History Division



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*Energy History Chronology from World War II to the Present*

*The U.S. Atomic Energy Commission*

*The Federal Energy Administration*

*The History of the Energy Research and Development Administration*

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By:  
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November 1982

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Assistant Secretary, Management and Administration  
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Department of Energy  
Washington, D.C. 20585

November 1982

Although George Santayana once wrote that those who fail to understand the past are condemned to repeat its errors, perhaps more accurately, those who would shape the future must first master their history. Successful change, innovation, or reform require an understanding of the historical forces which have contributed to the making of the present. Like a person with amnesia, an institution without memory lacks purpose, direction, and identity. Institutional history not only teaches vital management and policy lessons from the past, but also promotes understanding of and commitment to that institution. The History Division in the Executive Secretariat provides essential institutional memory for the Department of Energy.

The Department of Energy Organization Act of 1977 brought together for the first time in one department most of the Federal Government's energy programs. With these programs came a score of organizational entities, each with its own history and traditions, from a dozen departments and independent agencies. The History Division has prepared a series of pamphlets on The Institutional Origins of the Department of Energy for the purpose of providing handy reference works for both Departmental personnel and the public. In several instances the search for materials has resulted in the preservation of valuable historical records that otherwise might have been lost or destroyed.

This pamphlet traces the origins of the Department of Energy and outlines the history of the Department as reflected in the energy policies of Presidents Nixon, Ford, Carter, and Reagan. It attempts to place recent energy policy into historical perspective by describing the evolution of the Federal Government's role in energy research, development, and regulation.

A large, stylized handwritten signature in black ink that reads "Jack M. Holl". The signature is written over a large, hand-drawn arrow shape pointing to the left.

Jack M. Holl  
Chief Historian

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On October 1, 1977, the United States Department of Energy was established as the twelfth cabinet level department in the Federal Government. The Department was created from several predecessor agencies to coordinate federal energy policy and programs, including energy research, development, regulation, pricing, and conservation. Although the Federal Government had been involved in various energy programs for decades, the numerous agencies responsible for energy research, development, production, or regulation usually did not coordinate their activities or policies. Prior to 1977, the Federal Government did not have a comprehensive energy policy. Rather, the Government pursued several energy policies reflected in goals and priorities set over the years by various Presidents and Congresses.

### United States "Energy" Policy Prior to 1973

In the half-century of relatively cheap and abundant energy before the 1973 energy crisis, the Federal Government's role in formulating national energy policy was severely limited. For the most part, Americans expected private industry to establish production, distribution, marketing, and pricing policies except where "natural monopolies" could not guarantee fair prices, as in the interstate transmission of gas and electricity. On occasion, the Federal Government shouldered major energy research and development projects, particularly in the areas of nuclear and hydroelectric power, when national emergencies or the public interest required national action. Yet even when the Government's involvement was extensive and vigorous, as in the hydroelectric development of the Tennessee and Columbia River valleys, federal energy management was restricted both by region and technology.

Historically, the Federal Government has been a reluctant manager and guardian of America's energy resources.<sup>1</sup> Always mindful of national security, the Federal Government generally has confined its role to monitoring energy data and responding to national emergencies. When the Government was required to impose strict regulations and controls, including rationing, during World Wars I and II, Americans regarded such actions as emergency measures. More typically in peacetime, as in dam building, power marketing, or rural electrification, federal programs sought to promote growth in energy industries to ensure consumers plentiful and inexpensive energy. Although the Government played a small role in allocating limited resources among energy uses and users, federal regulations were established to control pricing where free market conditions were absent.<sup>2</sup>

From the 1920's to the 1970's, energy programs scattered throughout the federal departments and agencies reflected the Government's benign approach to energy management as a whole. Indeed, government officials generally thought in terms of particular fuels, technologies, and resources, rather than "energy." Each fuel presented special characteristics and problems. The Departments of State and Defense, for example, sought to secure reliable sources of both foreign and domestic oil to increase national security. In some agencies, energy or fuel technologies were handled almost independently from one another, as in the Office of Oil and Gas, and the Office of Coal Research within the Interior Department. The Bureau

of Mines' relationship to the coal industry, which was highly decentralized and labor intensive, contrasted sharply with the Atomic Energy Commission's monopoly of nuclear technology prior to 1954. The Federal Power Commission sought to establish "fair prices" for the transmission of gas and electricity in interstate commerce, while the Department of Justice and the Federal Trade Commission attempted to promote competition within energy technologies. Energy research was conducted at energy research centers, stations, and laboratories scattered throughout the country.<sup>3</sup>

Often "energy policy" became intertwined with other federal policies and programs. During the Great Depression the Army Corps of Engineers and the Bureau of Reclamation built multi-purpose dams which not only generated power, but also promoted conservation, reclamation, and recreation. For example, the Bonneville Dam, which the Corps built in the 1930's on the Columbia River about 35 miles east of Portland, Oregon, epitomized federal energy policy. Bonneville Dam was constructed to stimulate the regional economy and to produce inexpensive electrical energy. At the same time, Bonneville contributed to national security by providing reliable power to the aluminum, aircraft, and other defense industries located in the Pacific Northwest. The project was also important for flood control, irrigation, and navigation. Nevertheless, large concrete dams significantly altered the environment, particularly by blocking upstream migration of spawning fish. At Bonneville, the Corps built ingenious fish ladders and channels to assist migratory fish around the 70-foot-high dam. Thus, federal energy policy, as expressed in the building of the Bonneville Dam, was regionally and technologically limited, promoted low energy prices and national security, and evidenced concern for Bonneville's impact on surrounding wildlife habitat.<sup>4</sup>

### The Federal Government: A Cautious Energy Broker

In summary, prior to 1973 the Federal Government moved cautiously in energy policy, acting more as a broker among diversified interests than as a master planner. Even when energy allocation became a public issue, as in the case of petroleum during World War II or atomic energy for peaceful purposes, the Government primarily and naturally limited itself to the immediate problems at hand, leaving the task of long-range planning and energy utilization to private industry or state, local and regional authorities. Energy as a public issue cut across all sectors of national life, including political, economic, social, and regional interests. In its role as a cautious energy broker, the Federal Government had to coordinate research, development, implementation, and regulation of energy systems with public and private, local, state, regional, national, and international constituencies and institutions.

In an era when energy resources seemed almost boundless, the American people did not call upon the Federal Government to make hard decisions about America's energy future. To be sure, conflicts between energy systems and the environment forecast the difficult and bitter choices which lay ahead. Furthermore, the Nation experienced some minor energy shortages, especially in the

great blackout of 1965 and the "brownout" of 1971. In the latter year, President Richard M. Nixon, in his first energy message to Congress, warned that the United States could no longer take its energy supply for granted. Since 1967, Nixon observed, America's rate of energy consumption had outpaced the Nation's production of goods and services. In order to assist private enterprise in developing an adequate supply of clean energy for the future, the President asked the Congress to establish a Department of Natural Resources which would unify all important energy resource development programs.<sup>5</sup> Nixon's plan made little headway, however. Political considerations were partly responsible, but most importantly the public just did not believe energy shortages were more than temporary or regional. Americans could perceive of no "energy crisis" as long as there was an ample supply of cheap gas for their cars, electricity and fuel for their homes, and power for their industries and businesses.<sup>6</sup>

### The Energy Crisis of 1973

The energy crisis of 1973 underscored the need to develop a comprehensive national energy policy, as well as to focus the Government's various energy programs into one agency. On April 18, 1973, six months before renewed conflict in the Middle East, President Nixon noted that the United States, with 6 percent of the world's population, consumed one-third of the world's energy. In the immediate future, the President predicted, the United States might face energy shortages and increased prices. Again, as in 1971, Nixon cautioned that America's energy "challenge" could become an energy crisis if current trends continued unchecked. As the energy situation worsened, the President amended his 1971 proposal for a cabinet department, requesting Congress to establish a Department of Energy and Natural Resources with responsibility for energy policy and management as well as research and development. In the interim, Nixon established a Special Energy Committee of senior White House advisors, including special assistants for domestic, foreign, and economic affairs, and a National Energy Office headed by Charles J. DiBona to identify issues and coordinate energy analysis among the various offices and agencies.<sup>7</sup>

### Nixon Energy Policies—1973

Although President Nixon's proposal for a Department of Energy and Natural Resources stalled in Congress, he did not abandon hope for an energy department. At the urging of Roy L. Ash, Director of the Office of Management and Budget, Nixon established the Energy Policy Office, which combined and expanded the responsibilities of the Special Energy Committee and the National Energy Office. The new Energy Policy Office, established June 29, 1973 under the leadership of Governor John A. Love of Colorado (DiBona remained at the White House as Love's deputy), was responsible for the formulation and coordination of energy policies at the presidential level. At the same time Nixon proposed creating an Energy Research and Development Administration which would be given central responsibility for the Government's energy research programs, and for working with industry to develop and foster new energy technologies. The new administration would

combine the energy research and development activities of the Atomic Energy Commission and the Department of the Interior. The Atomic Energy Commission's licensing and regulatory responsibilities were to be continued in a five-member Nuclear Energy Commission.<sup>8</sup>

By September 1973, the President, while not seeing an energy "crisis," continued to stress America's energy "problem." Nixon especially encouraged congressional enactment of four bills which would provide for the construction of the Alaskan pipeline, construction of deep-water ports, deregulation of natural gas, and new standards for surface mining. He also expressed hope that Congress would quickly authorize the Department of Energy and Natural Resources and the Energy Research and Development Administration.<sup>9</sup> Unfortunately, on October 6, 1973, war broke out again in the Middle East. America's energy challenge and problem would soon become a *bona fide* crisis.

The consequences of the Israeli victory in the "Yom Kippur" war quickly spread to North America when the Organization of Arab Petroleum Exporting Countries (OAPEC) placed an embargo on crude oil shipped to the United States. By November 1973 oil supplies were critically low, creating "the most acute shortages of energy since World War II."<sup>10</sup> Now, the Arab oil embargo, subsequent long gas lines, and complex but fragmented energy projects and regulations demanded bolder action by the President. No longer regional, in 1973 the energy shortages became nationwide, and threatened virtually every sector of the economy.

In a televised address on the energy emergency on November 7, 1973, President Nixon urged Americans to lower thermostats, drive slower, and eliminate unnecessary lighting. Recalling the Manhattan Project which had built the atomic bomb and the Apollo Project which had landed two Americans on the moon, the President expressed his faith that American science, technology, and industry could free the United States from dependence on foreign oil. Pledging increased funding for energy research and development, Nixon launched "Project Independence" to achieve energy self-sufficiency by 1980. In addition, as winter cold began to grip the Northeast, the President announced plans to increase the production of home heating oils while reducing gasoline supplies and closing gasoline stations on Sundays. Across the Nation, communities reduced holiday lighting and implemented various schemes for pumping short supplies of gasoline. As motorists scrambled for a place in line, in some states matching their license plates to the date on the odd-even system, the fifty-year era of energy affluence ended.<sup>11</sup>

### Federal Energy Office

On December 4, 1973 President Nixon created the Federal Energy Office in the Executive Office of the White House. Although presidential concern over petroleum supply and pricing extended back to the 1950's and earlier, Nixon's executive order for the first time institutionalized the Federal Government's response to post World War II energy shortages. Nixon assigned to the Federal Energy Office the task of allocating reduced petroleum supplies to refiners and consumers, and of controlling the price of oil

and gasoline. By January 1974 the Federal Energy Office had established a comprehensive allocation program including gasoline, aviation fuel, propane, butane, residual fuel oil, crude oil and refinery yield, lubricants, petrochemical feedstocks, and middle distillates. In addition, under the leadership of William Simon, former Deputy Secretary of the Treasury, the Office became the center for energy policy and planning at the White House. In this role the Federal Energy Office replaced the Energy Policy Office in gathering data, coordinating policy, and implementing "Project Independence."<sup>12</sup>

Simon picked John Sawhill, formerly at the Office of Management and Budget, to be his deputy. Together they drafted personnel from energy offices throughout the federal establishment, with the core of the staff being recruited from the energy office of the Treasury Department. In addition, Simon and Sawhill obtained staff from four offices at the Department of the Interior: Petroleum Allocation, Energy Conservation, Energy Data and Analysis, and Oil and Gas. Finally, they received assistance from the Oil Import Administration in the Department of the Interior, the energy division of the Cost of Living Council, and Internal Revenue Service personnel who enforced allocation and pricing regulations.<sup>13</sup>

A Gallup public opinion poll released in January 1974 indicated that the Administration's energy planners would have a difficult time convincing Americans that energy shortages were not artificial. Although only 7 percent of Americans blamed the Arab nations for energy shortages, 25 percent blamed the oil companies, 23 percent criticized the Federal Government, another 19 percent specifically held Nixon or his Administration responsible, and 16 percent thought American consumers were at fault. Virtually no one believed that depletion of national or world-wide petroleum reserves had contributed to the winter's crisis. Thus, as they fashioned emergency plans, Simon and Sawhill faced great public skepticism which identified the Government itself as a major cause of the energy problem.<sup>14</sup>

### **Federal Energy Administration**

Immediately after the establishment of the Federal Energy Office, the White House sponsored legislation to create the Federal Energy Administration as an independent agency. The legislation, which confirmed the transfer of offices and functions to the new agency, passed the Senate on December 19, 1973, and the House on March 7, 1974. The President signed the bill into law on May 7, 1974, thus creating the Federal Energy Administration as a temporary agency to meet the immediate, and presumably temporary, energy crisis. Although the agency was due to expire after two years, on August 14, 1976 the Congress passed legislation extending the life of the Federal Energy Administration until December 31, 1977. Ultimately, the Federal Energy Administration assumed responsibility for energy information and analysis, petroleum allocation and pricing, the strategic petroleum reserve, energy conservation, and the more efficient use of energy resources.<sup>15</sup>

### **Ford and the Energy Reorganization Act of 1974**

Federal energy policy, programs, and reorganization languished through the Watergate crisis until August 1974,

when Gerald R. Ford became President. Ford swiftly moved to reestablish White House direction over federal energy activities. Responding to the President's request, Congress passed the Energy Reorganization Act of 1974 which Ford signed on October 11. The Act authorized the establishment of the Energy Research and Development Administration. In addition, the Nuclear Regulatory Commission was given the licensing and regulatory functions of the Atomic Energy Commission which was abolished by the Act. Finally, the legislation established the Energy Resources Council which was given a mandate to develop a single national energy policy and program. Ford chose Secretary of the Interior Rogers C. B. Morton to serve as chairman of the Energy Resources Council, which also included the heads of the Federal Energy Administration and the Energy Research and Development Administration. Frank G. Zarb, from the Office of Management and Budget, was named the Council's executive director. On December 18, Zarb also became the third Federal Energy Administrator when Sawhill, who had replaced Simon, resigned.<sup>16</sup>

### **Energy Research and Development Administration**

Ford appointed Robert C. Seamans, Jr., president of the National Academy of Engineering and former Secretary of the Air Force, to lead the Energy Research and Development Administration which was created to achieve two goals:

1. To focus the Federal Government's energy research and development activities within a unified agency whose major function would be to promote the speedy development of various energy technologies, and;
2. To separate nuclear licensing and regulatory functions from the development and production of nuclear power and weapons.

The Energy Research and Development Administration inherited by far the largest portion of its budget and personnel from the Atomic Energy Commission, including the Commission's network of field offices and national laboratories. The Energy Research and Development Administration also incorporated all energy research and development functions from the Interior Department's Office of Coal Research, and all of the Bureau of Mines' energy research centers. In addition, the National Science Foundation relinquished its offices involved in solar and geothermal energy development, and the Environmental Protection Agency transferred its functions relating to research, development and demonstration of innovative automotive systems.<sup>17</sup>

The Energy Research and Development Administration was activated on January 19, 1975. Seamans appointed Robert A. Fri as Deputy Administrator, and divided the new agency into traditional fuel and resource oriented units of fossil energy, nuclear energy, and solar, geothermal, and advanced energy systems. Units were also established for environment and safety, conservation, and national security (weapon research and production). In his first year, Seamans drafted a comprehensive national energy research and development plan, and encouraged the early commercialization of synthetic fuels, develop-

ment of the liquid metal fast breeder reactor, research in conservation, solar and fusion programs, and experiments in recovering useful heat from hot dry rock, among others. The Energy Reorganization Act of 1974 required Seamans, in collaboration with the Secretary of Defense, to determine whether the nuclear weapons programs should be transferred to the Department of Defense or be retained under civilian control. As recommended in the report submitted to the President on January 16, 1976, the Energy Research and Development Administration retained oversight of the military application program.<sup>18</sup>

### **Ford Energy Policies—1975-1977**

Although the energy crisis eased by the summer of 1976, with gasoline supplies relatively plentiful, the Nation's dependence on foreign oil imports increased even as natural gas supplies remained precarious and the threat of serious shortages loomed in the future. In his first energy message Ford had extended the timetable for achieving energy independence to 1985. Later, on December 22, 1975, when he signed the Energy Policy and Conservation Act which only gradually permitted decontrol of domestic oil, Ford reaffirmed his determination to strive towards energy independence.<sup>19</sup> In his first energy message of the bicentennial year, President Ford asked for congressional action on legislation deregulating natural gas, increasing nuclear funding and authorizing private enrichment of uranium, amending the Clean Air Act to ease automobile emission standards and permit greater use of coal, and authorizing production from the United States' Naval Petroleum Reserves. Ford concluded his energy message by renewing his proposal to establish an Energy Independence Authority (first suggested by the President in October 1975) to assist in the construction of nuclear power plants, coal-fired power plants, oil refineries, synthetic fuel plants, and other energy production facilities still required in the twentieth century.<sup>20</sup>

The year 1976 also brought a presidential election. Surprisingly, United States' energy policy did not become a major issue in the campaign. The American public continued to believe that there was no real energy crisis; that energy shortages were temporary; and that the problems had been created by Arab oil producers, the major oil companies, the Federal Government, or all three. With a Republican President and a Democratic Congress, there was no easy way for either party to exploit the energy issue. Nevertheless, because the Federal Energy Administration would ultimately expire, in May Ford asked the Energy Resources Council and the Office of Management and Budget to prepare recommendations for further reorganization of the Government's energy agencies. In August, the Energy Conservation and Production Act mandated that the President submit his recommendations to Congress.<sup>21</sup>

On January 7, 1977 Ford presented his last energy message to Congress. Cautioning against the dangers of a greatly expanded federal role in energy, he also warned the Nation of the high cost of delay in solving the energy problem. Ford emphasized the complexity of the issue, and the difficult and far-reaching choices that had to be made. In addition to underlining the interdependence among the United States and other consumer nations, he outlined the

conflicting objectives which had to be balanced in order to achieve long-term equilibrium between energy supply and demand. The most difficult problems were reconciling politically popular low consumer prices with adequate and secure energy supplies, and balancing environmental objectives with energy production and use. Ford also predicted that Americans might have to adjust to limited economic growth and development, as well as be willing to take greater environmental risks with energy technologies. Among the legislative matters he reviewed, Ford again specifically asked for the establishment of an Energy Independence Authority "to assist private sector financing of new energy facilities."<sup>22</sup>

The winter of 1976-1977 had turned bitterly cold. As the thermometer plunged to record lows, electric utilities responded to record demands. Natural gas supplies in New England fell critically short. In several states, plants and businesses closed or curtailed working hours, affecting over 200,000 workers. Thousands of school children received extended or unscheduled winter vacations. The Nation shivered, perhaps as much from this new energy uncertainty as from the weather. Although the candidates had not clashed over energy policy during the presidential campaign, both Jimmy Carter and Gerald Ford promised that energy reorganization would be a high priority. Following the election Americans waited to see what the new President would do.

### **Carter, Schlesinger, and the National Energy Plan**

The day following his inauguration, President Carter announced that James R. Schlesinger, assistant to the President, would be his personal representative working with Congress to ease the natural gas shortage. Schlesinger, who had served as chairman of the Atomic Energy Commission, Secretary of Defense, and Director of the Central Intelligence Agency, was soon recognized as Carter's new "energy czar." Housed in the Old Executive Office Building, Schlesinger assembled a team to hammer out the President's energy policy and reorganization plans, which included the new Department of Energy promised by Carter during the campaign. On February 2, Carter proclaimed a national emergency as defined in the Emergency Natural Gas Act of 1977, which he had just signed. That same evening, in a televised "fireside chat" with the American people, the President stressed the need for national sacrifice, conservation, and patience, but promised to present a comprehensive energy plan to Congress by the middle of April. Meanwhile, on February 7, 1977, he named John F. O'Leary to head the Federal Energy Administration.<sup>23</sup>

Within ninety days of Carter's inauguration, Schlesinger developed the Administration's basic energy reorganization plans and energy policy strategies. On March 1, 1977, Carter presented Congress with his proposed energy reorganization legislation which created the Department of Energy. Hearings were immediately scheduled through March and April, when Carter also sent his National Energy Plan to Capitol Hill. In a somber note to the American people, the President stated that the energy challenge would test not only American character, but the very ability of the President and the Congress to govern. Indeed,

with the exception of preventing war, the President described the energy crisis as the Nation's greatest challenge. Borrowing from the philosopher William James, Carter described America's testing as the "moral equivalent to war." Carter's rhetoric was significant because only during actual wartime had the Federal Government imposed energy management similar to that now advocated by the President.<sup>24</sup>

Carter's National Energy Plan consisted of approximately 100 proposals ranging from administrative actions to new laws and regulations. The plan placed heavy emphasis on reducing energy consumption, implementing conservation, and developing alternative energy technologies. Although Carter abandoned hope of achieving energy "independence," he anticipated that by 1985 the United States could reduce growth in energy demand, reduce oil imports and gasoline consumption, increase coal production, and install insulation and solar energy in millions of homes and businesses. To accomplish his energy goals, the President requested speedy establishment of the Department of Energy. "Continued fragmentation of Government authority and responsibility of our energy program for this Nation," he warned, "is both dangerous and unnecessary."<sup>25</sup>

### Department of Energy Established

Legislation creating the Department of Energy passed the Senate on May 18, and the House on June 3, 1977. Congressional action, including approval of the conference report, was completed by August 3. President Carter signed the bill into law (Public Law 95-91) on August 4, 1977. The next day Carter named Schlesinger as the first Secretary of Energy. On October 1, 1977, the Department was officially activated.<sup>26</sup>

Planning for the new Department had begun in earnest the previous May when Schlesinger asked Thomas C. Reed, former Secretary of the Air Force, to serve as chairman of the Department of Energy Activation Task Force. Reed organized the Task Force into eleven working groups composed of representatives from the Federal Energy Administration, the Energy Research and Development Administration, the Federal Power Commission, the Office of Management and Budget, and the Department of Transportation. Under Schlesinger's guidance, their task was to meld all headquarters, field, and staff programs from the component agencies, including their various supporting offices and functions, into a unified Department of Energy with about 20,000 employees and an annual budget of \$10.4 billion.<sup>27</sup>

The new Department of Energy did not simply organize existing agencies and offices under new leadership, but reshaped many programs and functions to fit the national energy policy of the Carter Administration. By law, the Department would be led by three principal officers—the Secretary, Deputy Secretary, and Under Secretary. Energy technologies would not be divided by fuel type, such as fossil, nuclear, or solar, but were grouped under assistant secretaries according to their evolution from research and development through application and commercialization. This approach reflected the Administration's decision to formulate a comprehensive energy policy, rather than to engage simply in fuel management. Thus basic research

was placed in the Office of Energy Research. Individual research and development projects in solar, geothermal, fossil, and nuclear energy were placed under the Assistant Secretary for Energy Technology. After scientific and technical feasibility was determined, projects would be transferred to the Assistant Secretary for Resource Applications or the Assistant Secretary for Conservation and Solar Applications, who had specialized expertise in commercialization and energy markets. The Assistant Secretary for Environment would assure that all departmental programs were consistent with environmental and safety laws, regulations, and policies. The Assistant Secretary for Defense Programs inherited responsibility for nuclear weapons programs.<sup>28</sup>

### Department of Energy Organization and Structure

The Department, despite its diverse origins, was structured to allow for the continuity of programs and functions from predecessor organizations while blending their expertise into new management teams. All of the activities of the Federal Energy Administration and the Energy Research and Development Administration were distributed among appropriate assistant secretaries, administrators, and the director, Office of Energy Research. Also, limited functions were transferred from the Departments of Interior, Defense (Navy), Commerce, Housing and Urban Development, and the Interstate Commerce Commission. Additional transfers included the power marketing administrations, Alaska (1967), Bonneville (1937), Southeastern (1950), and Southwestern (1943) from the Interior Department, and the Navy oil reserves and oil shale reserves from the Department of Defense.<sup>29</sup>

The Federal Energy Regulatory Commission was established as an independent agency within the Department of Energy. The five-member Commission, headed by a chairman, was given the responsibility for licensing hydroelectric power projects, and for regulating electric utilities, the transmission and sale of electric power, the transportation and sale of natural gas, and the operation of natural gas and oil pipelines. The Commission inherited most of its functions and personnel from the Federal Power Commission, which had been established in 1920. In addition, the Federal Energy Regulatory Commission's authority to regulate oil pipelines came from the Interstate Commerce Commission.<sup>30</sup>

Regulatory programs not included in the Federal Energy Regulatory Commission were placed under the Economic Administration, one of two administrations created in the Department. The Economic Regulatory Administration assumed the oil pricing, allocation, and import programs which had been administered by the Federal Energy Administration. Most of these programs had been established during the 1973-74 oil embargo under the Emergency Petroleum Allocation Act, and extended by subsequent legislation. Other regulatory programs included emergency and contingency planning, controls over importing and exporting natural gas, supervision of utilities and industry converting from oil and gas to coal, establishing priorities for natural gas curtailment, and coordination of regional power systems.

The Department's second administration, the Energy Information Administration, consolidated the Federal Government's many and diverse energy data systems. By centralizing the most important data gathering activities, the Energy Information Administration would provide for the President, the Department, Congress, and the public, comprehensive data and timely analysis. To determine reliability of data, the Administration would conduct field audits. In addition to projecting long-term energy trends, the Administration was expected to develop systems for estimating national fuel reserves, and for reporting the financial status of energy producing companies.

The Energy Reorganization Act provided that the Department of Energy would have an Inspector General appointed by the President and confirmed by the Senate. In order to promote efficiency and to protect against fraud, Congress had authorized fifteen such positions throughout the Federal Government. In the Department of Energy, the Inspector General would conduct investigations and audits of all department activities, including those of the Federal Energy Regulatory Commission. Administratively, the Inspector General reported solely to the Secretary. The findings of audits and investigations were to be reported to the Secretary, the Federal Energy Regulatory Commission, and Congress.<sup>31</sup>

The Department of Energy also inherited about forty regional and field offices, research centers, university programs, and laboratories from the predecessor agencies. These varied from the ten regional regulatory offices of the Federal Energy Administration, to the Bureau of Mines research laboratories at Bartlesville, Morgantown, Pittsburgh, and Laramie; the Atomic Energy Commission's contractor laboratories at Argonne, Berkeley, Brookhaven, Los Alamos, Livermore, and Oak Ridge; and the new Solar Energy Research Institute established by the Energy Research and Development Administration (See Appendix V, page 24). Also included were the Atomic Energy Commission operations offices, production facilities, and weapons laboratories. All in all, the Department of Energy kept intact the network of national laboratories as a valuable national resource.<sup>32</sup>

Carter named John F. O'Leary to be Deputy Secretary, and Dale D. Myers to be Under Secretary of Energy. Prior to his appointment, O'Leary had served as administrator of the Federal Energy Administration, and had worked with Schlesinger as director of Licensing when the Secretary was chairman of the Atomic Energy Commission. From 1974 until he joined the Department, Myers was president of North American Aircraft Operations, and corporate vice president of Rockwell International. With Schlesinger they worked to secure congressional enactment of the President's comprehensive National Energy Plan while launching the new federal department.

### **Carter Energy Policies—1978**

In his State of the Union message in January 1978, Carter commended Congress for actions taken in 1977, but reminded the Nation that the National Energy Plan remained a major part of unfinished legislative business. Through the spring and summer of 1978 Congress debated the various provisions of the energy plan, finally accepting about half of Carter's program. The President signed the National

Energy Act of 1978 on November 9, a year and a half after it was initially proposed. The new legislation, almost three-quarters of a foot thick, consisted of five major acts:

- The National Energy Conservation Policy Act
- The Powerplant and Industrial Fuel Use Act
- The Public Utilities Regulatory Act
- The Energy Tax Act
- The Natural Gas Policy Act

Although Congress failed to pass tax measures which Carter believed would reduce oil imports, the President nonetheless had hopes that the energy issue would abate in 1979. His "energy team" was thinly stretched between the requirements of developing the National Energy Plan and the task of establishing a cabinet department.<sup>33</sup> In 1979, however, Americans were again assaulted by energy shocks. With increasing trouble in Iran, including cessation of oil exports and the flight of the Shah on January 16, Schlesinger warned the Senate Energy and Natural Resources Committee that the Iranian crisis might lead to greater oil shortages than those created by the Arab oil embargo of 1973-74. Then in the early morning of March 28, just as the oil situation seemingly eased with the resumption of limited Iranian exports, Americans learned of the unexpected and frightening accident at the nuclear power plant at Three Mile Island, Pennsylvania. For almost two weeks the Nation watched with both fascination and apprehension as scientists, engineers, and technicians worked to shut down the plant. Following its emergency plans, the Department of Energy dispatched more than 200 people to Three Mile Island to assist in containing the crisis.<sup>34</sup>

Carter for the second time addressed the Nation concerning the energy crisis on April 5, 1979. Characteristically, Carter's energy speech and its supporting documents were highly detailed and complex. Nevertheless, the major thrust of the President's remarks was evident: to cut down the consumption of oil, controls over the price of oil produced in the United States should be reduced gradually until the domestic price of oil was equal to the international price. In addition, Carter proposed a Windfall Profits Tax to reduce the profits oil companies would realize from price decontrol.<sup>35</sup> These proposals reiterated themes which the President had advanced two years earlier.

### **Carter's July 15, 1979 Energy Speech**

Nevertheless, during the spring and early summer of 1979, gasoline shortages again plagued American motorists. Despite Schlesinger's earlier prediction of trouble, the severity of the gasoline shortage, measured by ever lengthening lines of automobiles which by June stretched for blocks throughout numerous American cities, surprised energy officials. The President, in Tokyo for a summit meeting of major industrial countries, cancelled his post-conference vacation, and on July 1, flew back to Washington, D.C. to prepare another major energy speech scheduled for July 5. On the fourth of July, Carter flew to the presidential mountain retreat at Camp David, and without public explanation, postponed his energy speech. From Camp David, Carter called over 100 national leaders to join him in a "domestic summit conference" concerning the country's problems and energy future. Finally, after ten

days, the President returned to the White House to address the Nation on the energy situation.

On the eve of the President's energy speech, George Gallup reported that Americans were "misinformed, bewildered, and cynical about the management of the nation's energy supplies."<sup>36</sup> Forty-two percent of Americans now blamed the oil companies for the gasoline crisis, while 23 percent (the same as in 1974) blamed the Federal Government. Interestingly, Americans now held OPEC and Arab countries (13 percent) more responsible for energy shortfalls than the American people themselves (11 percent), and only 11 percent thought the President responsible as compared to 19 percent of Americans who believed Nixon responsible in 1974. Most importantly, the vast majority of Americans continued to believe that the energy "crisis" was artificially and deliberately contrived by actions of the oil companies, the Government, and oil producing nations.

In his July 15 energy address, Carter soberly and insistently returned to themes which he had expounded previously. The President stated that the United States stood at a major crossroads, but had lost its self-confidence. If the Nation walked uncertainly down the "path that leads to fragmentation and self-interest" it would jeopardize its social and political fabric. Clearly, Carter hoped Americans could strike out boldly on the "path of common purpose and the restoration of American values." As he had predicted two years before, the energy crisis tested the very mettle of the Nation. Now he hoped it could serve as a standard around which Americans would rally.<sup>37</sup> In his more detailed analysis, the President proposed establishing an Energy Security Corporation to produce oil substitutes, an Energy Mobilization Board empowered to expedite the construction of non-nuclear energy facilities, and a ceiling on oil imports not to exceed the 1977 levels.<sup>38</sup>

### **Duncan Appointed Secretary of Energy**

A few days later, Carter regretfully accepted Schlesinger's resignation, and selected Charles W. Duncan, Jr. to be the second Secretary of Energy. A Texan with a background in chemical engineering and management, Duncan had been Deputy Secretary of Defense prior to his new appointment. John C. Sawhill, former head of the Federal Energy Administration under Nixon and Ford, was appointed Deputy Secretary to succeed the recently resigned John O'Leary. After Duncan took office on August 24, the President asked him to chair the Energy Coordinating Committee which included the Secretaries of State and Treasury, and the National Security Advisor.<sup>39</sup>

Duncan was also expected to continue to improve management at the Department of Energy. On the Department's second anniversary, October 1, 1979, Duncan announced that he was reorganizing the Department by unifying most of the functions of the various energy technologies under individual assistant secretaries, administrators, and the director, Office of Energy Research.

As originally conceived, the Department had been organized according to the evolution of technologies from research and development through commercialization. Instead, reflecting a change in policy, Duncan moved towards the more traditional organization which managed programs by technologies or fuels. The Secretary abolished the office of the Assistant Secretary for Energy

Technology, and transferred its solar activities to the Assistant Secretary for Conservation and Solar Energy; its fossil fuel programs to a new Assistant Secretary for Fossil Energy; and its nuclear programs to a new Assistant Secretary for Nuclear Energy. Although Duncan retained the Assistant Secretary for Resource Applications, large outlay programs in conservation and solar, fossil, and nuclear were now established independently from one another. In addition, the Secretary instituted administrative changes which essentially divided the Department into three components: (1) program offices which reported to the Secretary and Deputy Secretary through the Under Secretary; (2) public affairs, liaison, and other independent offices, boards, administrations, and commissions which reported directly to the Secretary and Deputy Secretary and; (3) administrative, management, and financial offices which reported to the Secretary and Deputy Secretary through the newly created position of Chief Financial Officer.<sup>40</sup>

Neither federal energy policy nor the Department of Energy became a major political issue during the 1980 presidential campaign. For the most part, both candidates were satisfied to let energy issues remain in the background. Through his economic messages, Carter, who had consistently de-emphasized nuclear power, continued to stress the importance of conservation and the need to establish the Energy Security Corporation and the Energy Mobilization Board.<sup>41</sup> The Congress eventually enacted part of Carter's energy proposals in the Energy Security Act which provided \$20 billion in government loans and price guarantees to assist in developing synthetic fuels from coal and shale oil reserves. Carter signed the act establishing the Synthetic Fuels Corporation on June 30, 1980.<sup>42</sup>

The Republican candidate, Ronald Reagan, former governor of California, criticized Carter's energy policy and advocated abolishing the Department of Energy. Congressional Republicans, upset at the appointment of John Sawhill as chairman of the Synthetic Fuels Corporation, charged Carter with packing the new corporation with political appointees prior to the election. Nevertheless, Reagan's campaign focused most sharply on the economy, national defense, and the need to balance the budget and to reduce federal spending and employment. Energy issues were related, but not central, to Reagan's presidential agenda.

### **Edwards Appointed Secretary of Energy**

Following his election as President on November 4, 1980, Reagan named James B. Edwards as the third Secretary of Energy. As governor of South Carolina from 1975-1978, Edwards established the South Carolina Energy Research Institute, chaired the nuclear energy subcommittee for the National Governors' Association, and led an energy committee for the Republican Governors' Association. A strong proponent of nuclear energy and an outspoken advocate of a free market for energy, Edwards' appointment signaled a major shift from Carter's energy policies.<sup>43</sup>

### **Reagan Budget and Energy Policies—1981**

Edwards and the Reagan Administration moved quickly to formulate a new budget for the Department and to

recast the Department's organization. Two factors shaped the Reagan Administration's energy budget. First, the President was determined to bring the federal budget under control as a necessary step in controlling inflation and economic stagnation. Secondly, the Reagan budget reflected a fundamental change in philosophy concerning the Federal Government's role in the energy field. On the whole, the Administration wanted to reduce or eliminate government activities in areas where private industry and the free marketplace could set energy priorities. The new strategy especially included ending government regulations and price controls which the Administration believed had inhibited domestic energy production, and encouraging private capital, not the Federal Government, to demonstrate the commercial viability of energy technologies. The Federal Government's proper role was to support long-term, high-risk energy research and development in which industry would not invest. Edwards emphasized, "only in areas where these market forces are not likely to bring about desirable new energy technologies and practices within a reasonable amount of time is there a potential need for federal involvement."<sup>44</sup>

### **Edwards Reorganizes the Department of Energy**

Edwards' realignment of the Department of Energy, announced on February 25, 1981, reflected the Administration's new philosophy. The changes were to improve management and increase emphasis on research, development, and production. The Secretary and Deputy Secretary, W. Kenneth Davis, now concentrated on policy, planning, and external relations, while the Under Secretary became the Department's chief operating officer, adding regulatory and information programs to the office. In addition to combining support functions, the new organization grouped research and development programs by major fuel sources. Consistent with the determination to de-emphasize commercialization and to group programs by fuels or technologies, the office of the Assistant Secretary for Resource Applications was abolished and its programs redistributed in the Department. The office of the Assistant Secretary for Policy and Evaluation was also abolished, and its functions transferred to a new Office of Policy, Planning, and Analysis. All support functions such as budgeting, contracting, personnel, technical and management information were consolidated under a new Assistant Secretary for Management and Administration. In addition, a new Assistant Secretary for Congressional, Intergovernmental and Public Affairs consolidated all of the Department's external relations.

All in all, the Department retained eight assistant secretaries as prescribed in the Department of Energy Organization Act, two administrators, and the director, Office of Energy Research. With additional responsibilities, the Assistant Secretary for Conservation and Solar Energy was renamed the Assistant Secretary for Conservation and Renewable Resources, and the Assistant Secretary for Environment was renamed the Assistant Secretary for Environmental Protection, Safety and Emergency Preparedness. No changes were made at the Federal Energy Regulatory Commission.<sup>45</sup>

Edwards' changes also redefined the relationship between the Department of Energy and its field offices, with headquarters responsible for program policy and planning, and the Department's operations offices and special purpose field offices responsible for program execution.<sup>46</sup>

Shortly after his inauguration on January 28, 1981, President Reagan lifted all remaining price and allocation controls on gasoline, propane, and crude oil, allowing domestic gasoline and oil prices to seek free market levels. Shortly thereafter, the President rescinded the National Energy Building Temperature Restrictions which had been promulgated in July 1979. In light of the President's actions, the Department of Energy proposed withdrawing several contingencies of the Standby Federal Emergency Energy Conservation Plan on the grounds that "an unregulated market may now provide sufficient assurances of an orderly adjustment to any future energy supply interruptions."<sup>47</sup> In effect, the Reagan Administration expressed the opinion that America's energy problems basically had been caused by federal interference in the marketplace.

Along with reorganizing the Department of Energy, Edwards announced the formation of a twenty-two member Energy Policy Task Force which would advise him on the development of energy policy. Made up of leaders from both the private and public sectors, the Task Force's first assignment was to assist the Secretary in developing the third national energy plan which was submitted to the Congress in July 1981.<sup>48</sup>

The Reagan Administration's national energy plan, *Securing America's Energy Future: The National Energy Policy Plan*, broke sharply with that of the previous administration. Reagan's National Energy Policy Plan was unified by two basic principles: (1) the Administration's overall Economic Recovery Program, which reduced federal spending, taxes, and regulation; and (2) the Administration's confidence that national energy decisions and policy were best made by the free market. Self-conscious of the radical departure they were making from policies instituted in 1973-1974, the Administration's energy planners observed that "all Americans are involved in making energy policy. When individual choices are made with a maximum of personal understanding and a minimum of governmental restraints, the result is the most appropriate energy policy."<sup>49</sup>

According to the Plan, one of the Government's major responsibilities was fostering increased energy production. As steward of the outer continental shelf and of 762 million acres of the public domain, one-third of the land area of the United States, the Federal Government controlled access to an estimated 85 percent of the Nation's oil, 40 percent of the natural gas, 40 percent of the uranium, 35 percent of the coal, 85 percent of the tar sands, 80 percent of the oil shale, and 50 percent of the Nation's geothermal resources. "The Federal role in national energy production," the Plan urged, "is to bring these resources into the energy marketplace, while simultaneously protecting the environment."<sup>50</sup> The Plan also emphasized the need for the Federal Government to help fund the development of long-term research with high risks, but potentially high payoffs.

The Federal Government had no responsibility, however, for supporting research and developing technologies

which private industry could fund. Nor should the Government subsidize or intervene to maintain artificially low energy prices. Not unmindful of the impact of high energy prices on the poor, the Reagan Administration argued that social policy should not be confused with sound energy policy. The needs of the poor, the National Energy Policy Plan stated, should be considered as a whole, and not just in terms of the price of heating oil, gasoline, or electrical energy. The President was confident that his Economic Recovery Plan, which dealt directly with the burdens of inflation and unemployment, would provide the greatest relief to the disadvantaged. Nonetheless, the Administration pledged continued assistance to the neediest households through block grant funds to be administered by State and local governments.<sup>51</sup>

### Reagan Recaptures Historic Role

Within the first 100 days, the Reagan Administration took major steps to return the Federal Government to its historically limited role in national energy management. Established in 1977 as a political symbol indicating that the Federal Government would accept a large responsibility for solving the Nation's energy crisis, five years later the Department of Energy had become an equally potent symbol of the ineffectiveness of "big government" in dealing with national problems.<sup>52</sup> For example, speaking to the Edison Electric Institute on April 8, 1981, Edwards noted that no sector of the economy suffered more from inflation, high interest rates, and regulation than the utility industry. But it would not be the Department of Energy which would engineer the needed changes. "It is an article of faith within the Reagan Administration that the reverse must be true," Edwards stated, "that the Federal Government's role in the management of the Nation's business has been too large, for too long; and that it is now time to return to the original source of American greatness: The skills, the talent, the vision, the ingenuity of the Nation's private business and industrial leaders."<sup>53</sup>

The Administration's energy policy, Edwards explained, encompassed three traditional concerns: "national security; energy prices; and the environmental impact of energy development." These same concerns had guided the Army Corps of Engineers when it constructed the Bonneville Dam on the Columbia River in the 1930s. For the 1980s, energy conservation remained important, Edwards stressed, but conservation alone could not solve the energy problem. The Federal Government would also encourage increased energy production, primarily through the Administration's economic program.<sup>54</sup> While visiting Alaska to talk with state leaders and inspect energy resources, Edwards emphasized the need to develop a reliable inventory of national energy resources. Reflecting the commitment of the National Energy Policy Plan to develop federally held reserves, Edwards noted that Americans were comparable to someone starving in the kitchen with a cupboard of food and a key in their pocket. "We've got tremendous energy resources in America," he stated, "and all we have to do is go in and unlock them."<sup>55</sup>

If the direction which the Reagan Administration wished to take was unmistakable, the ultimate fate of the Department of Energy remained uncertain through 1982. To fulfill his campaign promise to abolish the Department, on

December 17, 1981 Reagan announced his intention to ask Congress for authority to reorganize federal energy programs. Initially, the Administration proposed dismantling the Department by establishing an Energy Research and Technology Administration (ERTA) within the Department of Commerce. The new energy Administration would continue the Department's defense responsibilities and energy research and development activities similar to the former Energy Research and Development Administration, but under the broad direction of the Secretary of Commerce. Other functions would be assigned to the Departments of Commerce, Interior, Justice, and Agriculture as appropriate. The power marketing administrations would be returned to the Department of Interior, and the Federal Energy Regulatory Commission would again become an independent agency like the old Federal Power Commission.<sup>56</sup>

### The Sunset Review

The President's reorganization plan was followed shortly thereafter by publication of the Department of Energy's *Sunset Review*. The Department of Energy Organization Act which had created the agency in 1977, also included a "sunset provision" which required the President to submit to the Congress a comprehensive review of the Department and its programs by January 1982. The *Sunset Review*, which reiterated the President's determination to dismantle the Department, nonetheless gave the Department generally good marks in achieving its past and current objectives. This apparent contradiction was explained by the fact that administration reviewers conceded that for the most part the Department's "program activities reflected the intent of enabling legislation," and indeed showed some "progress toward achieving objectives." But, as the *Sunset Review* continued, "whether the objectives and activities of many departmental programs were appropriate, then or now, is another question."<sup>57</sup> Concurrently with the drafting of the *Sunset Review*, a White House Policy Team supported by a Steering Group developed plans to implement the President's dismantlement decision.<sup>58</sup>

### Dismantlement Plans

As late as March 1982, the Republican National Committee reported the Administration's intention to dismantle the Department through the ERTA plan, yet when Delaware's Republican Senator William Roth introduced the Federal Energy Reorganization bill, the ERTA idea had been dropped.<sup>59</sup> Instead, the two major activities of the Department, defense programs and energy research and development, were to be placed under separate Deputy Secretaries of Commerce. Reportedly, the bill reflected the Administration's compromise with Senators James McClure, John Tower, and Robert Packwood, chairmen of the Energy, Armed Services, and Commerce Committees respectively. McClure and Tower were especially concerned that dismantlement would nonetheless "maintain the continuity of existing energy programs." Tower, concerned that the weapons program might become overshadowed in Commerce, believed that the Deputy Secretary for Defense Programs would be able to develop access to key decision makers. In addition, by establishing a separate organization for defense programs in Commerce,

Tower anticipated that at some future point, if appropriate, defense programs could "be spun off as a separate agency."<sup>60</sup> As in Reagan's original proposal, the power marketing administrations, coal mining research and development, and leasing programs would be transferred to the Department of Interior; alcohol fuels assistance would be transferred to the Department of Agriculture; litigation (phase out) relating to the Emergency Petroleum Allocation Act of 1973 would be transferred to Justice; the Federal Energy Regulatory Commission would become independent; and all residual elements of the Department of Energy would be abolished.<sup>61</sup>

Energy reorganization languished, however, through the summer and fall of 1982. The national economy, the federal budget, and the November election dominated the congressional agenda. In addition, the Nation's energy situation markedly improved. Secretary of Energy Edwards, in his 1982 Annual Report to Congress, credited the effectiveness of the free market in determining adequate energy production and consumption. Edwards noted that "we have come to recognize that extensive federal intervention (such as price and allocation controls and mandatory demand-restraint measures) contribute to and exacerbate the adverse effects of fuel shortages. Furthermore, experience has shown that freely functioning energy markets not only are the most efficient allocators of supplies during emergencies but also reduce the likelihood of such emergencies."<sup>62</sup>

When Secretary Edwards left the Department to become President of the Medical University of South Carolina on November 5, he departed with a feeling of accomplishment. Although he had not succeeded in dismantling the Department, Edwards noted several areas in which the Reagan Administration had made progress during his tenure as Secretary. Among the more important activities were: filling the Strategic Petroleum Reserve, reducing substantially the Department's budget and personnel, continuing a strong energy research and development program, strengthening America's position relative to OPEC, breaking ground for the Clinch River breeder reactor, reaffirming the nuclear power option, eliminating or modifying more than 350 federal regulations, and stimulating the

private development of synthetic fuels.<sup>63</sup> In his farewell to the National Press Club, Edwards observed that when he became Secretary of Energy in January 1981 "energy was one of our most serious national problems. That era is behind us. We are not yet out of the woods; neither can the U.S. nor its allies afford to become complacent. But the American people know that our energy problems are being controlled. We're less vulnerable today than at any time since we started importing large volumes of oil."<sup>64</sup> In effect, Edwards declared the era of national energy crisis over.<sup>65</sup>

## Hodel Named Secretary of Energy

On November 5, 1982, President Reagan named Donald Paul Hodel as the fourth Secretary of Energy. A native of Portland, Oregon, and a graduate of Harvard and the University of Oregon law school, Hodel came to the Department with extensive experience in energy administration. After serving three years as Deputy Administrator, Hodel served as the Administrator of the Bonneville Power Administration from 1972-1977. Thereafter, he formed his own energy consulting firm, Hodel Associates, Inc., and became President of the National Electric Reliability Council. With his wife, he has been credited for bringing the formerly isolated Texas electric utilities into the national grid.<sup>66</sup> Hodel served as Under Secretary of Interior prior to his nomination by President Reagan as Secretary of Energy.

Hodel, who did not believe it was productive for society to tear itself apart on energy issues, nonetheless expressed his strong conviction that energy policy was crucial to the future of the Nation. Long term impacts on the American and world economy would be determined by how the Administration handled energy policy and development. Yet, Hodel believed an energy policy took precedence over an energy agency. Although he did not advocate dismantling the Department of Energy, Hodel believed that the Department's functions could be transferred to or merged with another agency, most suitably the Department of Commerce. The future of the Department of Energy and its role in energy policy, research, and development, of course, would ultimately be settled by the Congress.

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58. Announcement Concerning the Dismantling of the Department of Energy, January 12, 1982, *Presidential Documents*, Volume 18, Number 2, 20. The White House Policy Team was composed of: Edwin Meese, III, Counsellor to the President (Chairman); Secretary Malcolm Baldrige, Department of Commerce; Secretary James Edwards, Department of Energy; Secretary James Watt, Department of the Interior; Secretary Caspar Weinberger, Department of Defense; Martin Anderson, Assistant to the President for Policy Development; Richard Darman, Assistant to the President and Deputy to the Chief of Staff; Craig Fuller, Assistant to the President for Cabinet Affairs; and Edwin Harper, Deputy Director of the Office of Management and Budget. Members of the Steering Group were: Joseph Wright, Deputy Secretary of Commerce (Chairman); W. Kenneth Davis, Deputy Secretary of Energy (Vice Chairman); Frank Carlucci, Deputy Secretary of Defense; Danny Boggs, Senior Policy Advisor, OPD; Guy Fiske, Under Secretary of Energy; William Heffelfinger, Assistant Secretary of Energy; Martha Hesse, Project Manager, Energy Department Transition, Department of Commerce; Donald Paul Hodel, Under Secretary of the Interior; Dennis Kass, Senior Policy Advisor, OPD; George Keyworth, President's Science Advisor; Frederick N. Khedouri, Associate Director, OMB; M. B. Oglesby, Deputy Assistant to the President, Legislative Affairs; Peter Teeley, Vice President's Staff; Richard Wagner, Assistant to the Secretary of Defense; Robin West, Assistant Secretary of the Interior; and Richard Williamson, Assistant to the President for Intergovernmental Relations.
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60. "Administration Poised for Introduction of New Energy Reorganization Plan," *Inside Energy*, May 21, 1982 and "White House Still Has No Sponsor in House for Energy Reorganization Bill," *Inside Energy*, May 26, 1982.
61. White House Press release, May 24, 1982, DOE Archives.
62. *Secretary's Annual Report to Congress*, U.S. Department of Energy (Washington, D.C.), August 1982, 6.
63. "Secretary of Energy James B. Edwards—Energy Accomplishments Since January 1981," DOENEWS, Oct. 18, 1982; "The State of Energy, A Report from the U.S. Department of Energy," DOENEWS, Oct. 28, 1982. "Edwards claims victory in exit as energy chief," the *Baltimore Sun*, October 29, 1982.
64. "The Crisis Mentality Vanquished, Edwards Makes Formal Farewell," *The Energy Daily*, October 29, 1982.
65. *Energy Insider*, Vol. 5, No. 11, November 1982.
66. "An Experienced but Controversial Manager—Donald Paul Hodel," *New York Times*, November 6, 1982.

**APPENDIX I**  
**Secretaries, Deputy Secretaries and Under**  
**Secretaries**  
**of**  
**The Department of Energy**

*SECRETARIES*

James R. Schlesinger  
Charles W. Duncan, Jr.  
James B. Edwards  
Donald Paul Hodel

*TERM OF OFFICE*

August 4, 1977-August 23, 1979  
August 24, 1979-January 20, 1981  
January 23, 1981-November 5, 1982  
November 5, 1982-Present

*DEPUTY SECRETARIES*

John F. O'Leary  
John C. Sawhill  
Lynn Coleman (Acting)  
W. Kenneth Davis

*TERM OF OFFICE*

October 21, 1977-September 30, 1979  
October 4, 1979-October 8, 1980  
December 23, 1980-January 20, 1981  
May 14, 1981-Present

*UNDER SECRETARIES*

Dale D. Myers  
John Deutsch  
Worth Bateman (Acting)  
Raymond G. Romatowski (Acting)  
Joe LaGrone (Acting)  
Guy W. Fiske  
Jan W. Mares (Acting)

*TERM OF OFFICE*

October 21, 1977-May 31, 1979  
August 8, 1979-April 1, 1980  
April 2, 1980-January 20, 1981  
February 6, 1981-July 26, 1981  
July 26, 1981-October 4, 1981  
October 5, 1981-June 24, 1982  
June 29, 1982-Present

## APPENDIX II

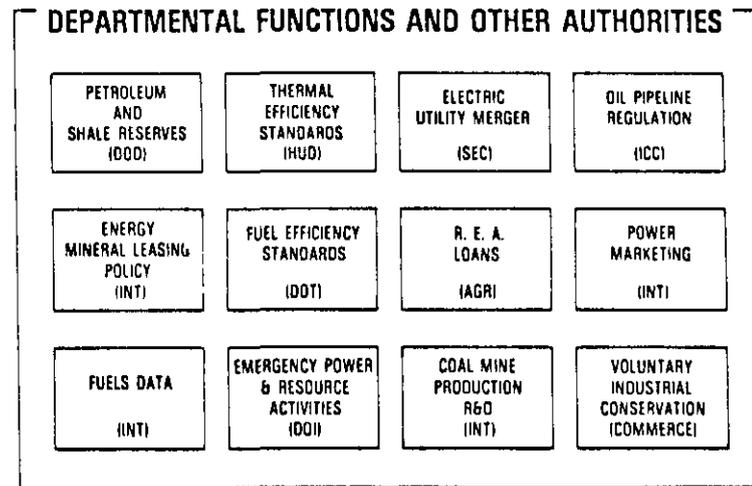
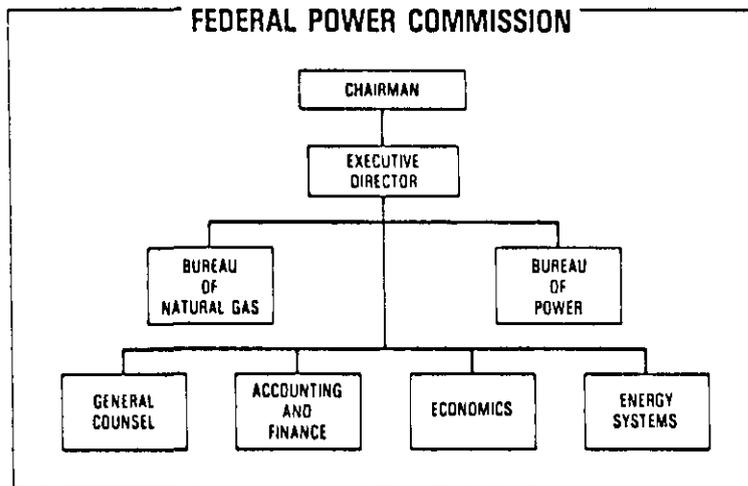
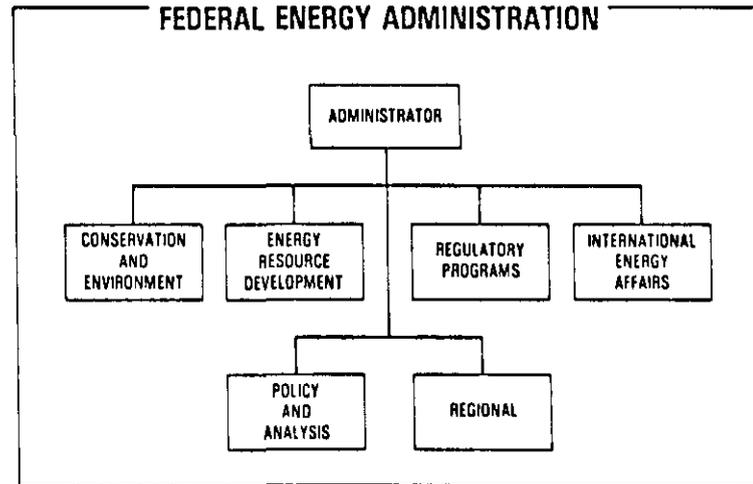
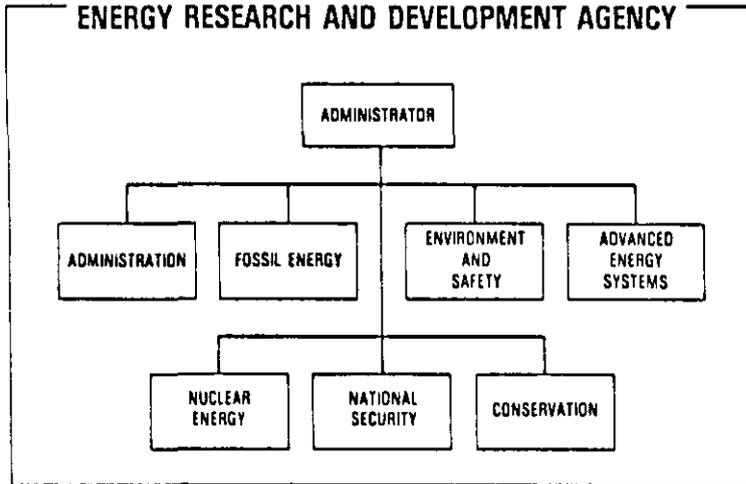
### Chronology

| <b>DATE</b>       | <b>EVENT</b>  |
|-------------------|---|
| June 29, 1973     | Energy Policy Office established.   |
| October 6, 1973   | Yom Kippur War broke out in Mideast.  |
| October 17, 1973  | Arab Oil Embargo declared.  |
| November 7, 1973  | <i>Project Independence</i> launched by President Nixon.  |
| December 4, 1973  | Energy Policy Office replaced by Federal Energy Office.   |
| December 4, 1973  | William Simon named Administrator, Federal Energy Office.   |
| April 17, 1974    | John Sawhill named Administrator, Federal Energy Office.  |
| May 7, 1974       | Federal Energy Administration Act of 1974 signed. Federal Energy Office replaced by Federal Energy Administration.  |
| August 9, 1974    | Gerald R. Ford became President.  |
| October 11, 1974  | Energy Reorganization Act of 1974 signed. Atomic Energy Commission abolished and Energy Research and Development Administration and Nuclear Regulatory Commission created. Energy Resources Council also established. |
| November 25, 1974 | Frank Zarb named Administrator, Federal Energy Administration.  |
| January 19, 1975  | Energy Research and Development Administration activated. Robert C. Seamans, Jr., named Administrator.  |
| December 22, 1975 | Energy Policy and Conservation Act signed.  |
| January 20, 1977  | Jimmy Carter inaugurated President.   |
| February 2, 1977  | President Carter signed Emergency Natural Gas Act of 1977; national emergency declared.   |
| February 7, 1977  | John F. O'Leary named Administrator, Federal Energy Administration.   |
| March 1, 1977     | New Department of Energy proposed by President Carter.  |
| April 29, 1977    | First National Energy Plan released by Department of Energy.  |
| August 4, 1977    | Department of Energy Organization Act signed. Federal Energy Administration and Energy Research and Development Administration abolished.   |
| August 5, 1977    | James R. Schlesinger nominated as first Secretary of Energy.  |
| October 1, 1977   | Department of Energy activated.   |
| November 9, 1978  | National Energy Act signed.   |
| March 28, 1979    | Accident occurred at Three Mile Island nuclear power plant.   |
| May 27, 1979      | National Energy Plan II, released by Department of Energy.  |
| August 24, 1979   | Charles W. Duncan, Jr., named Secretary of Energy.  |
| October 1, 1979   | Reorganization of Department of Energy announced by Secretary Duncan.   |
| June 30, 1980     | Energy Security Act signed.   |
| January 20, 1981  | Ronald Reagan inaugurated President.  |
| January 23, 1981  | James B. Edwards named Secretary of Energy.   |
| January 28, 1981  | Price controls on oil lifted by President Reagan.   |

- February 18, 1981 President Reagan presented "America's New Beginning: A Program for Economic Recovery" to the Congress.
- February 25, 1981 Secretary Edwards announced major reorganization of Department of Energy.
- February 25, 1981 Secretary Edwards created Energy Policy Task Force.
- July 17, 1981 "Securing America's Energy Future," the National Energy Policy Plan, released by the Department of Energy.
- October 8, 1981 Reagan Administration announced nuclear energy policy statement.
- December 17, 1981 Reagan Administration announced plan for dismantlement of Department.
- February 1982 Secretary Edwards sent to Congress a comprehensive review of each departmental program ("Sunset Review") as required by the Department of Energy Organization Act of 1977.
- April 5, 1982 Secretary Edwards announced the 250-millionth barrel of oil placed in the Strategic Petroleum Reserve.
- May 24, 1982 President Reagan proposed legislation transferring most responsibilities of the Department to the Department of Commerce.
- November 5, 1982 Donald Paul Hodel named Secretary of Energy.

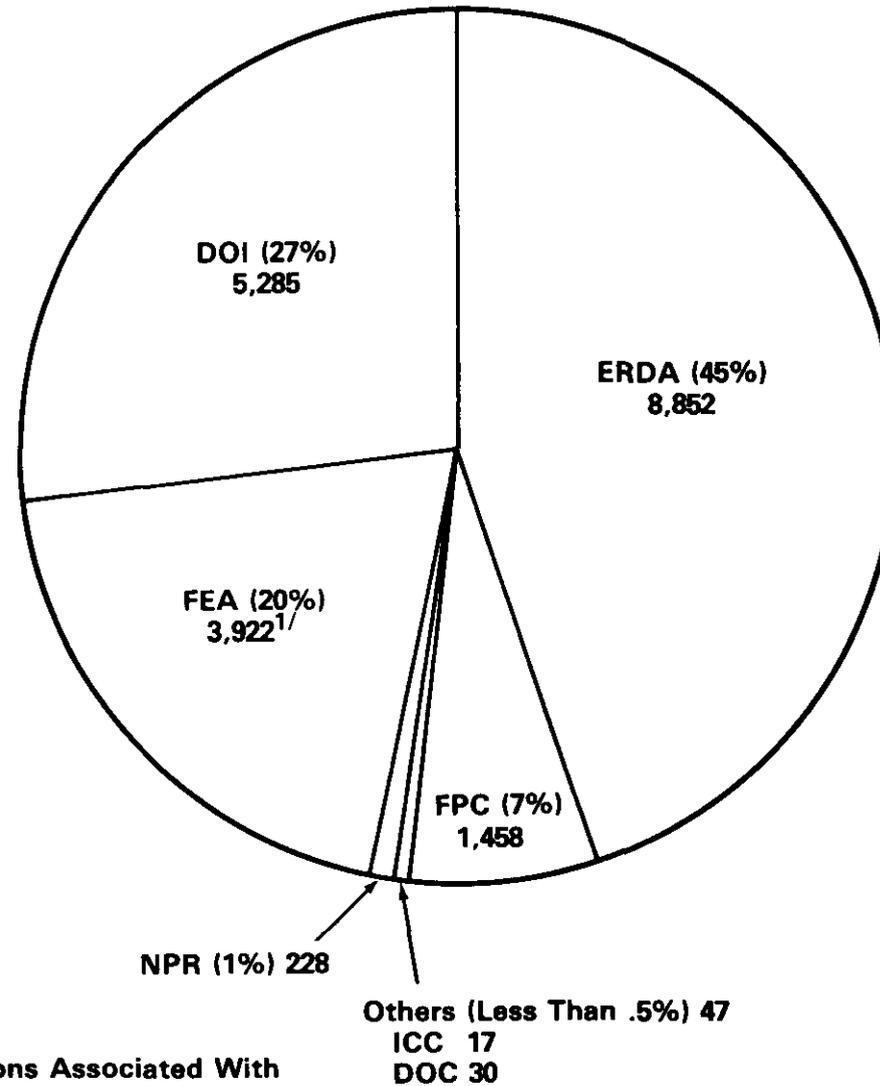
# Department of Energy

## Predecessor Organizations



# Department of Energy Source of Staffing Full-Time Permanent

Total: 19,792

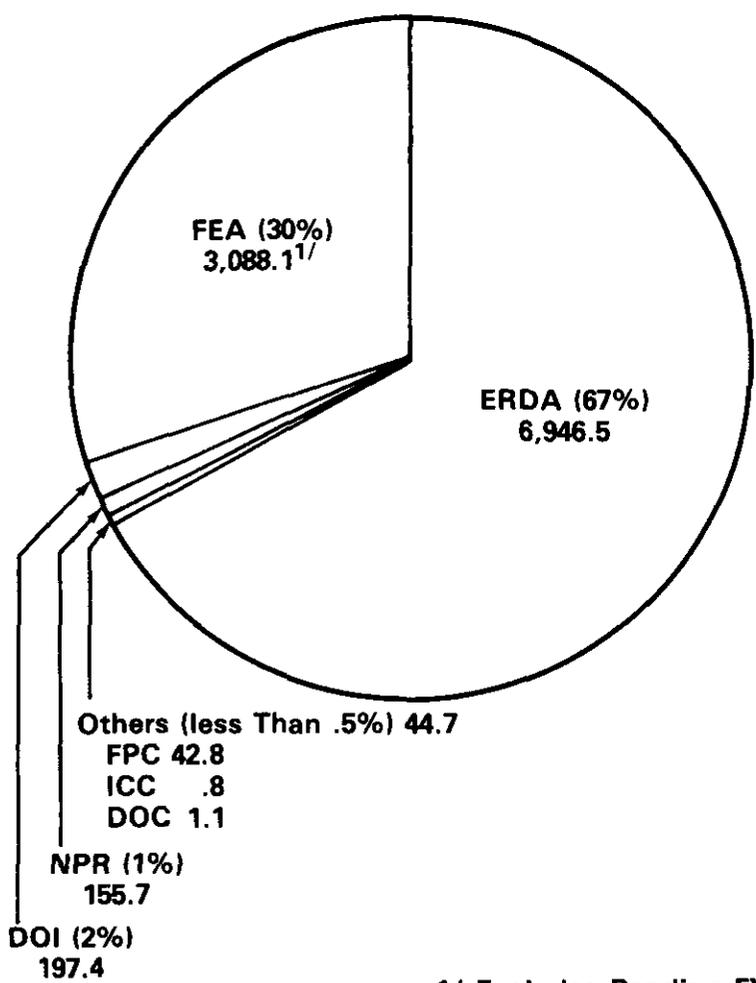


1/ Excludes 284 Positions Associated With Pending FY 1978 Supplemental

February 1978

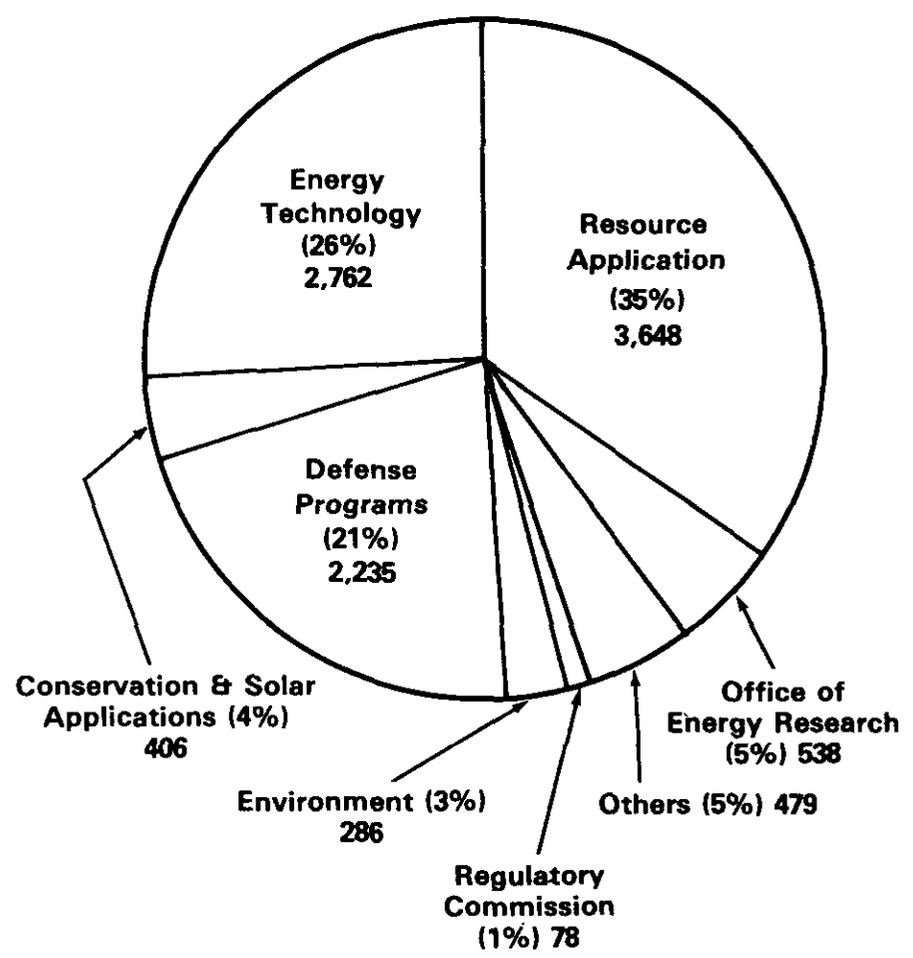
**Department of Energy  
Source of Funding  
FY 1978 Budget Authority  
(\$ in Millions)**

Total: \$10,432.4



**Department of Energy  
Allocation of Funding  
FY 1978 Budget Authority  
(\$ in Millions)**

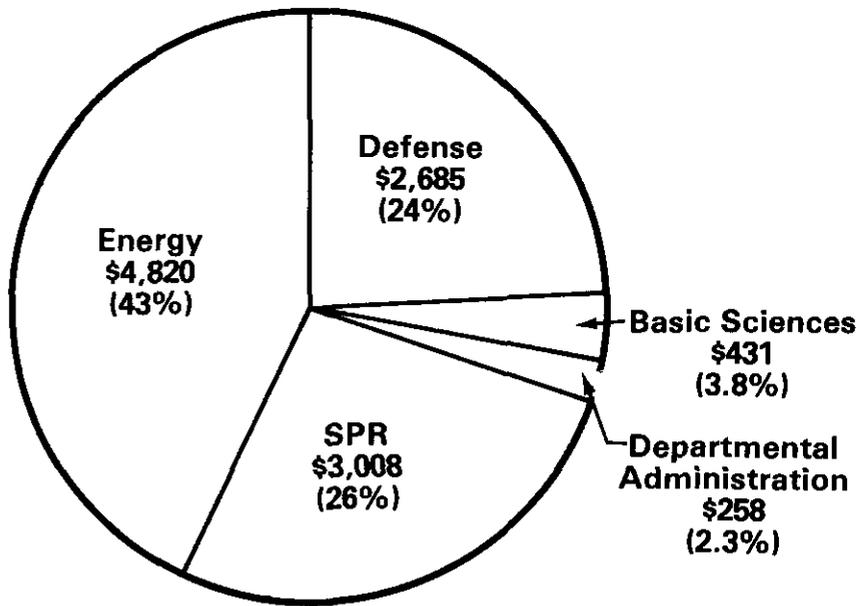
Total: \$10,432



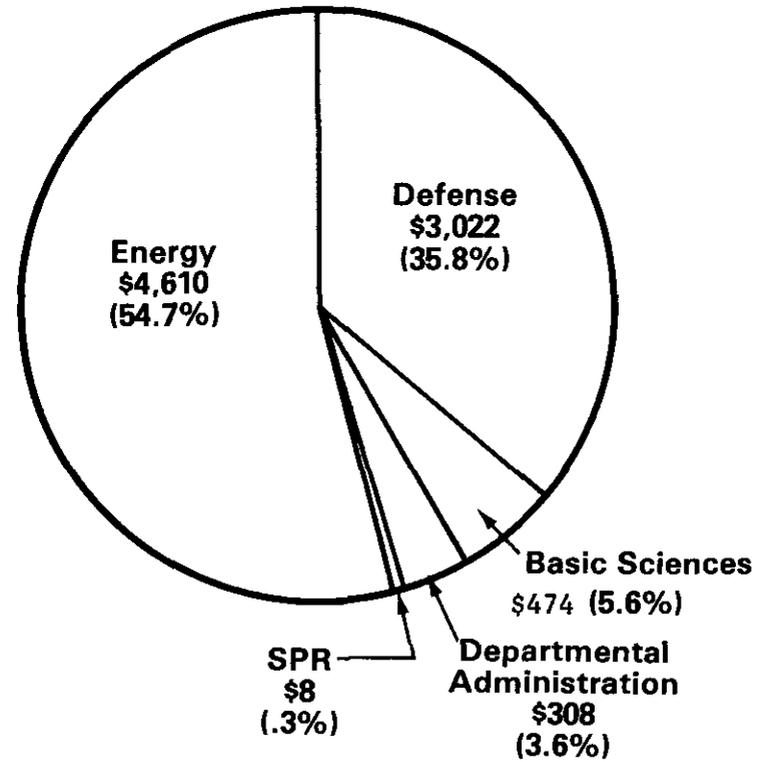
1/ Excludes Pending FY 78 FEA Supplemental of \$1,228,000,000

**Department of Energy**  
**Summary**  
**Breakdown of DOE Programs by Primary Mission**  
**(Budget Authority in Millions)**

FY 1979 Budget Total: \$11,202



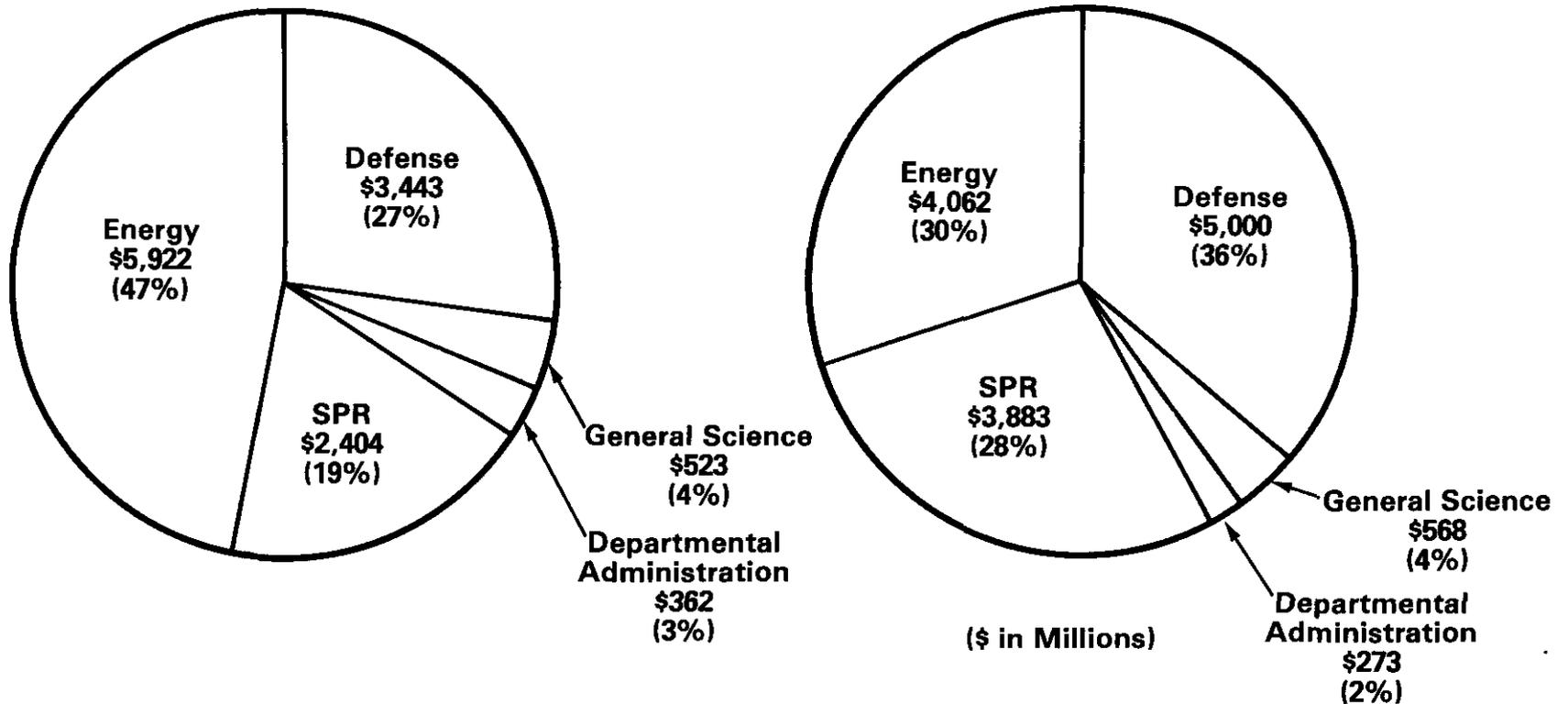
FY 1980 Budget Total: \$8,422



**Department of Energy**  
**Summary**  
**Breakdown of DOE Programs by Primary Mission**  
**(Budget Authority in Millions)**

FY 1981 Budget Total: \$12,654 FY

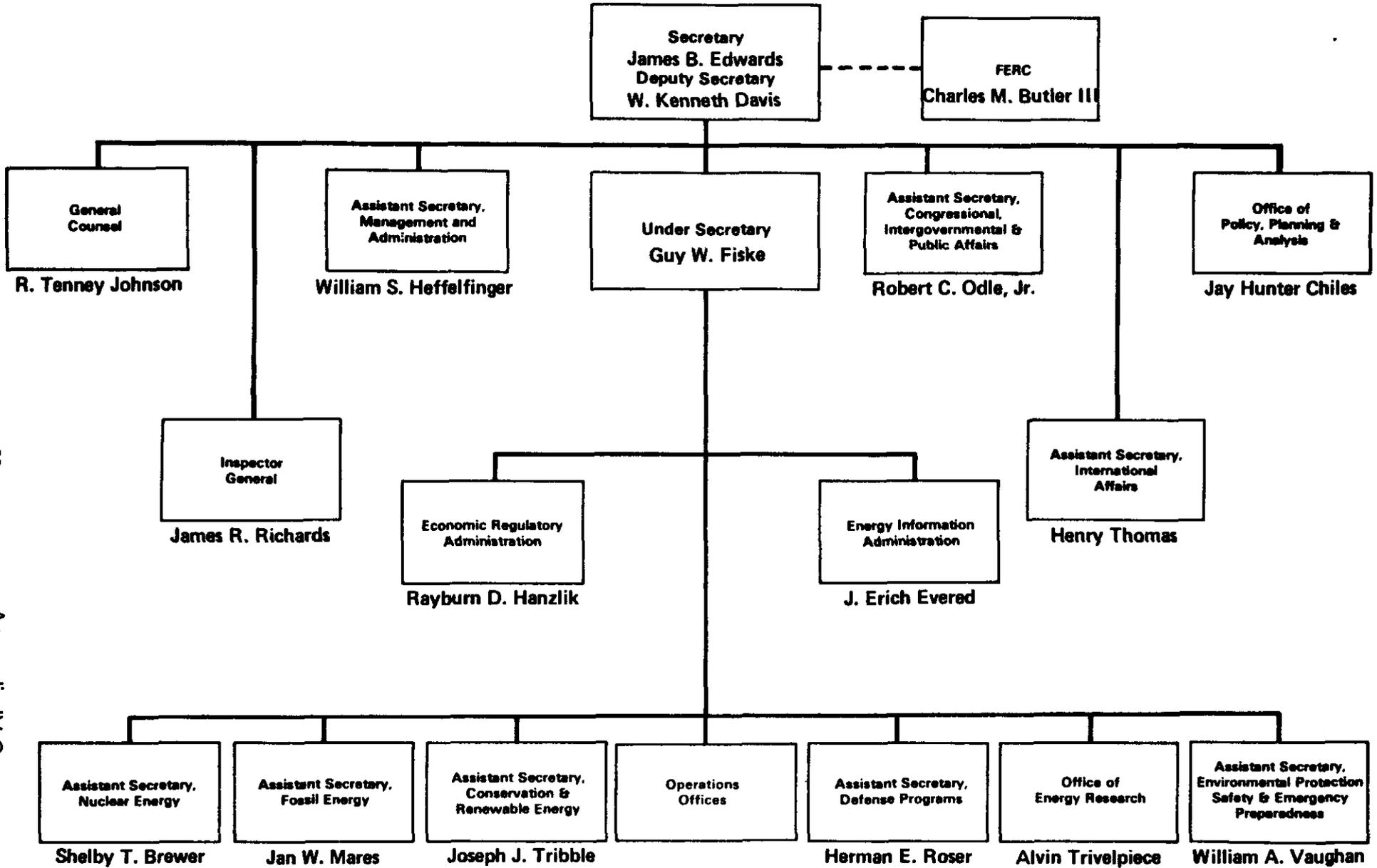
1982 Budget (Revised) Total: \$13,786







# Department of Energy



Department of Energy  
**Research and Development and Production Facilities**

