

NORTHEAST-MIDWEST ECONOMIC ADVANCEMENT COALITION



U.S. HOUSE OF REPRESENTATIVES

October 18, 1977

CHAIRMAN

Michael J. Harrington

CO-CHAIRMAN

Frank Horton

SECRETARY-TREASURER

James L. Oberstar

DIRECTOR

John Moriarty

STEERING COMMITTEE

Connecticut

William Cotter
Stewart McKinney

Illinois

Ralph Metcalfe
Melvin Price

Indiana

Lee Hamilton
David W. Evans

Iowa

Berkley Bedell

Maine

William Cohen

Massachusetts

Silvio Conte
Michael J. Harrington
Paul Tsongas

Michigan

Bob Traxler
Guy Vander Jagt
Lucien Nedzi

Minnesota

James Oberstar

New Hampshire

James C. Cleveland
Norman D'Amours

New Jersey

James Florio
Matthew Rinaldo

New York

Frank Horton
Edward Koch
Stanley Lundine
Robert McEwen

Ohio

Thomas L. Ashley
William Stanton

Pennsylvania

Robert Edgar
William Moorhead
Gus Shuster

Rhode Island

Fernand St. Germain

Vermont

James Jeffords

Wisconsin

Alvin Baldus

Dear Coalition Member:

As you may know, the Coalition of Northeast Governors (CONEG) has developed a legislative proposal that would provide for the creation of regional energy corporations. CONEG member states are: Pennsylvania, New York, New Jersey, Massachusetts, Connecticut, Vermont and Rhode Island.

The proposal was developed by CONEG in consultation with private and public sector representatives, including several Federal officials in the Department of Treasury, the new Energy Department and the White House. The regional corporation, with bonds backed by Federal guarantees, is designed to promote the production and conservation of energy. Any three contiguous states could join to form such a corporation under the CONEG proposal. This tool can help significantly to alleviate energy shortages and the high energy costs that have contributed to economic dislocation and general economic stagnation in our region. The Midwestern Governors Conference has joined in support of the proposal with a resolution passed in August, 1977. We, too, believe that the energy development corporation concept merits support.

At the request of the CONEG Governors, the enabling legislation was recently introduced in the Senate by Senators Jackson, Moynihan, Javits, Ribicoff, Weicker, Kennedy, Williams, Case, Schweiker, Heinz, Stafford and Reigle.

Each day the states in the Northeast corner of the U.S. alone burn up more than three million barrels of oil and gasoline. Most of it is purchased in the Middle East. That costs more than \$17 billion per year and equals two-thirds of America's mounting trade deficit. A recent Brookhaven National Laboratory study predicted that the Northeast—which gets 70 percent of its energy from petroleum-based fuels, two-thirds of which are imported—will use twice as much oil by the year 2000, if present consumption trends continue.

The region, however, does not spend so much for fuel because it is profligate. On the contrary, the high energy cost in the region makes it one of the most energy efficient areas in the country. But the area lacks indigenous lower cost fuels and the capital to convert to those fuels even if they were available.

October 18, 1977

The Midwest is experiencing serious difficulties obtaining adequate supplies of natural gas--yet a major new source of gas exists within the region locked in massive Devonian shale deposits. Similarly, the Midwest can be a major supplier of coal yet production remains sluggish as the result of problems with extraction, transportation, and air quality. The solution to these problems will require the investment of a significant amount of new capital.

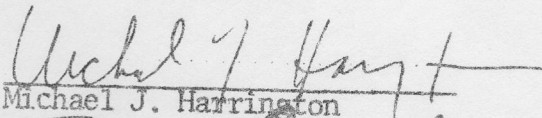
The Northeast and Midwest regions cannot control the cost of foreign oil, but they can control its dependence on it through conservation measures, the development of coal and other energy reserves within their own states and the conversion of plants and utilities. To do so, these regions need capital. The regional energy corporation concept may be the best way to provide some of the capital needed to implement the National Energy Plan at the regional level.

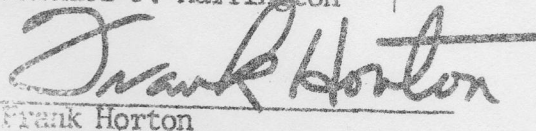
We believe that the introduction of the "Regional Energy Development Act" proposed by CONEG will help focus the debate on regional energy needs not only for the Northeast, but for the Midwest and other regions of the country as well.

Whether the specifics of the CONEG proposal will remain intact remains to be seen, but we fully support the concept and urge you to co-sponsor the legislation in the same spirit.

The attached material discusses the specifics of the measure. If you have any questions or wish to join us in co-sponsorship, please call Phebe Barth at 5-1082 by Friday, October 21st.

Yours sincerely,


Michael J. Harrington


Frank Horton


James L. Oberstar

Enclosure