**Calendar No. 101**

104TH CONGRESS, *1st Session* | SENATE | REPORT 104–78

# ALASKA POWER ADMINISTRATION SALE ACT

APRIL 27 (legislative day, APRIL 24), 1995.—Ordered to be printed

Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, submitted the following

## REPORT

[To accompany S. 395]

The Committee on Energy and Natural Resources, to which was referred the bill (S. 395) to authorize and direct the Secretary of Energy to sell the Alaska Power Administration, and for purposes, having considered the same, reports favorably thereon with amendments and amendment to the title and recommends that the bill as amended do pass.

The amendments are as follows:

1. Strike page 1, line 3, through page 7, line 25, and insert the following:

### TITLE I

**SECTION 101. SHORT TITLE.**

This title may be cited as the "Alaska Power Administration Asset Sale and Termination Act".

**SEC. 102. SALE OF SNETTISHAM AND EKLUTNA HYDROELECTRIC PROJECTS.**

(a) The Secretary of Energy is authorized and directed to sell the Snettisham Hydroelectric Project (referred to in this Act as "Snettisham") to the State of Alaska in accordance with the terms of this Act and the February 10, 1989, Snettisham Purchase Agreement, as amended, between the Alaska Power Administration of the United States Department of Energy and the Alaska Power Authority and the Authority's successors.

(b) The Secretary of Energy is authorized and directed to sell the Eklutna Hydroelectric Project (referred to in

this Act as "Eklutna") to the Municipality of Anchorage doing business as Municipal Light and Power, the Chugach Electric Association, Inc., and the Matanuska Electric Association, Inc. (referred to in this Act as "Eklutna Purchasers"), in accordance with the terms of this Act and the August 2, 1989, Eklutna Purchase Agreement, as amended, between the Alaska Power Administration of the United States Department of Energy and the Eklutna Purchasers.

(c) The heads of other Federal departments and agencies, including the Secretary of the Interior, shall assist the Secretary of Energy in implementing the sales authorized and directed by this Act.

(d) Proceeds from the sales required by this Title shall be deposited in the Treasury of the United States to the credit of miscellaneous receipts.

(e) There are authorized to be appropriated such sums as may be necessary to prepare, survey and acquire Eklutna and Snettisham assets for sale and conveyance. Such preparations and acquisitions shall provide sufficient title to ensure the beneficial use, enjoyment, and occupancy by the purchaser.

**SEC. 103. EXEMPTION AND OTHER PROVISIONS.**

(a)(1) After the sales authorized by this Act occur, Eklutna and Snettisham, including future modifications, shall continue to be exempt from the requirements of the Federal Power Act (16 U.S.C. 791a et. seq.) as amended.

(2) The exemption provided by paragraph (1) does not affect the Memorandum of Agreement entered into among the State of Alaska, the Eklutna Purchasers, the Alaska Energy Authority, and Federal fish and wildlife agencies regarding the protection, mitigation of, damages to, and enhancement of fish and wildlife, dated August 7, 1991, which remains in full force and effect.

(3) Nothing in this Title or the Federal Power Act preempts the State of Alaska from carrying out the responsibilities and authorities of the Memorandum of Agreement.

(b)(1) The United States District Court for the District of Alaska shall have jurisdiction to review decisions made under the Memorandum of Agreement and to enforce the provisions of the Memorandum of Agreement, including the remedy of specific performance.

(2) An action seeking review of a Fish and Wildlife Program ("Program") of the Governor of Alaska under the Memorandum of Agreement or challenging actions of any of the parties to the Memorandum of Agreement prior to the adoption of the Program shall be brought not later than ninety days after the date of which the Program is adopted by the Governor of Alaska, or be barred.

(3) An action seeking review of implementation of the Program shall be brought not later than ninety days after the challenged act implementing the Program, or be barred.

(c) With respect to Eklutna lands described in Exhibit A of the Eklutna Purchase Agreement:

(1) The Secretary of the Interior shall issue rights-of-way to the Alaska Power Administration for subsequent reassignment to the Eklutna Purchasers—

(A) at no cost to the Eklutna Purchasers;

(B) to remain effective for a period equal to the life of Eklutna as extended by improvements, repairs, renewals, or replacements; and

(C) sufficient for the operation, of maintenance, of repair to, and replacement of, and access to, Eklutna facilities located on military lands and lands managed by the Bureau of Land Management, including lands selected by the State of Alaska.

(2) If the Eklutna Purchasers subsequently sell or transfer Eklutna to private ownership, the Bureau of Land Management may assess reasonable and customary fees for continued use of the rights-of-way on lands managed by the Bureau of Land Management and military lands in accordance with existing law.

(3) Fee title to lands at Anchorage Substation shall be transferred to Eklutna Purchasers at no additional cost if the Secretary of the Interior determines that pending claims to, and selections of, those lands are invalid or relinquished.

(4) With respect to the Eklutna lands identified in paragraph 1 of Exhibit A of the Eklutna Purchase Agreement, the State of Alaska may select, and the Secretary of the Interior shall convey to the State, improved lands under the selection entitlement in section 6 of the Act of July 7, 1958 (commonly referred to as the Alaska Statehood Act, P.L. 85–508, 72 Stat. 339, as amended), and the North Anchorage Land Agreement dated January 31, 1983. This conveyance shall be subject to the rights-of-way provided to the Eklutna Purchasers under paragraph (1).

(d) With respect to the Snettisham lands identified in paragraph 1 of Exhibit A of the Snettisham Purchase Agreement and Public Land Order No. 5108, the State of Alaska may select, and the Secretary of the Interior shall convey to the State of Alaska, improved lands under the selection entitlements in section 6 of the Act of July 7, 1958 (commonly referred to as the Alaska Statehood Act, P.L. 85–508 72 Stat. 339, as amended).

(e) Not later than one year after both of the sales authorized in section 102 have occurred, as measured by the Transaction Dates stipulated in the Purchase Agreements, the Secretary of Energy shall—

(1) complete the business of, and close out, the Alaska Power Administration;

(2) submit to Congress a report documenting the sales; and

(3) return unobligated balances of funds appropriated for the Alaska Power Administration to the Treasury of the United States.

(f) The Act of July 31, 1950 (64 Stat. 382) is repealed effective on the date, as determined by the Secretary of Energy, that all Eklutna assets have been conveyed to the Eklutna Purchasers.

(g) Section 204 of the Flood Control Act of 1962 (76 Stat. 1193) is repealed effective on the date, as determined by the Secretary of Energy, that all Snettisham assets have been conveyed to the State of Alaska.

(h) As of the later of the two dates determined in subsection (f) and (g), section 302(a) of the Department of Energy Organization Act (42 U.S.C. 7152 (a)) is amended—

(1) in paragraph (1)—

(A) by striking subparagraph (C); and

(B) by redesignating subparagraphs (D), (E), and (F) as subparagraphs (C), (D), and (E) respectively; and

(2) in paragraph (2) by striking out "and the Alaska Power Administration" and by inserting "and" after "Southwestern Power Administration,".

(i) The Act of August 9, 1955, concerning water resources investigation in Alaska (69 Stat. 618), is repealed.

(j) The sales of Eklutna and Snettisham under this Title are not considered disposal of Federal surplus property under the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484) or the Act of October 3, 1994, popularly referred to as the "Surplus Property Act of 1944" (50 U.S.C. App. 1622).

(k) The sales authorized in this title shall occur not later than 1 year after the date of enactment of legislation defining "first use" of Snettisham for purposes of section 147(d) of the Internal Revenue Code of 1986, to be considered to occur pursuant to acquisition of the property by or on behalf of the State of Alaska.

2. On page 10, line 21, strike "Act" and insert "Title".

3. Amend the title so as to read:

To authorize and direct the Secretary of Energy to sell the Alaska Power Administration, and to authorize the export of Alaska North Slope crude oil, and for other purposes.

## PURPOSE OF THE MEASURE

The purpose of S. 395, as ordered reported, is to provide for the sale of the assets and subsequently the termination of the Alaska Power Marketing Administration (Title I); and to authorize exports of Alaskan North Slope crude oil (Title II).

## BACKGROUND AND NEED

### TITLE I, ALASKA POWER ADMINISTRATION SALE ACT

Title I provides for the sale of Alaska Power Marketing Administration's (APA) assets, and the termination of the APA once the sale occurs.

The APA is unique among the Federal Power Marketing Administrations (PMA). First, unlike the other PMAs, the APA owns its power generating facilities, two hydroelectric projects. Second, these single-purpose projects are not the result of a water resource management plan. Instead, they were built to promote economic development and the establishment of essential industries. Third, the APA operates entirely in one State. Fourth, the APA was never intended to remain indefinitely under government control. That is specifically recognized in the Eklutna project authorizing legislation.

The APA owns two hydroelectric projects, Snettisha and Eklutna. Snettisham is a 78 megawatt project located 45 miles south of Juneau. It has been Juneau's main power source since 1975, accounting for 80 percent of supply. Eklutna is a 30 megawatt project located 34 miles NE of Anchorage. It has served the Anchorage and Matanuska Valley areas since 1955, accounting for 5 percent of supply.

The APA assets will be sold pursuant to the 1989 purchase agreements between the Department of Energy and the purchasers. Snettisham will be sold to the State of Alaska, and Eklutna will be sold jointly to the Municipality of Anchorage, the Chugach Electric Association, and the Matanuska Electric Association. For both, the sale price is determined by calculating the net present value of the remaining debt service payments that the Treasury would receive if the Federal government retained ownership of the two projects. The sale price will vary with the interest rate at the time of purchase.

The bill and separate formal agreements provide for the full protection of fish and wildlife. The purchasers, the State of Alaska, the U.S. Department of Commerce National Marine Fisheries Service, and the U.S. Department of the Interior have entered into a formal agreement providing for post-sale protection, mitigation, and enhancement of fish and wildlife resources affected by Eklutna and Snettisham. S. 395 makes that agreement legally enforceable.

As a result of this formal agreement, the Department of Energy, the Department of the Interior, and the Department of Commerce all agree that the two hydroelectric projects warrant exemption from FERC licensing under the Federal Power Act. The August 7, 1991 formal purchase agreement states, in part, that:

> NMFS, USFWS and the State agree that the following mechanism to develop and implement measures to protect, mitigate damages to, and enhance fish and wildlife (including related spawning grounds and habitat) *obviate the need for the Eklutna Purchasers and AEA to obtain FERC licenses.* (Emphasis provided.)

This agreed-upon exemption from the Federal Power Act's requirement to obtain a FERC license will save the purchasers—and their customers—hundreds of thousands of dollars in annual fees.

The Alaska Power Administration has 34 people located in Alaska. The purchasers of the two projects have pledged to hire as many of these as possible. For those who do not receive offers of employment, the Department of Energy has pledged that it will offer employment to any remaining APA employees, although the DOE jobs are expected to be in the lower-48.

## TITLE II, TRANS-ALASKA PIPELINE AMENDMENT ACT OF 1995

### *Background*

In 1973, shortly after commencement of the Arab-Israeli War and the first oil embargo, Congress adopted the Trans-Alaska Pipeline Authorization Act (TAPS), Pub. L. No. 93–153, authorizing construction of a pipeline to move the oil from state lands on the North Slope to an accessible port at Valdez, Alaska. The legislation also established export restrictions on all domestically produced crude oil carried over any federal right-of-way by adding a new section 28(u) to the Mineral Leasing Act. As amended, the Mineral Leasing Act permitted exports of domestically produced crude oil, including Alaska North Slope (ANS) crude oil, if the President determined the exports would be in the national interest, would not diminish the total quality or quantity of petroleum available to the United States, and would be done in accordance with the licensing provisions of the Export Administration Act of 1969.

In 1979, following the second major oil shock, Congress effectively banned ANS exports by adopting section 7(d) of the Export Administration Act of 1979. Section 7(d) for the first time established specific export restrictions on ANS crude oil independent of the original TAPS provision.

### *World Oil Situation*

Much has changed since the 1970s when the United States faced energy supply threats. In 1973, Middle East countries jointly boycotted the United States at the outbreak of the war. Thereafter, OPEC was able to ratchet up prices repeatedly, as demand for oil seemed essentially inelastic while energy demand appeared to grow geometrically.

The flexible U.S. economy, however, reacted to the anticipated shortage by rapid gains in energy efficiency. By 1990 oil demand was less than 65% of the amount forecast in 1978. By 1992, the ratio of energy expenditure to GNP was only 82% of the 1980 level. However, while the demand pressure has moderated, domestic crude oil production has dropped drastically. Last year, imports surpassed the previous all-time high set in 1977.

### *Department of Energy Study*

In June of 1994, the Department of Energy issued a study entitled, "Exporting Alaskan North Slope Crude Oil—Benefits and Costs." The Department concluded that "there would be a significant number of benefits to the United States from allowing the export of ANS crude." The Department found that permitting ANS

exports would encourage additional oil production in California and Alaska, would raise royalty revenues for the federal government and for the State of Alaska and California, and could generate between 10,000 and 25,000 additional jobs in the United States by the end of the decade.

The study also determined that the lifting of the ANS oil export ban would help slow the decline in Alaska North Slope production. Alaska North Slope production has fallen from a high of about 2.2 million b/d in the early 1990s to about 1.6 million b/d in 1994. The Department also concluded that "[l]ittle, if any, increase in consumer petroleum prices would be likely" by lifting the export ban and said that "[n]o significantly negative environmental implications were found." The Department also found that West Coast refiners would be forced to absorb higher crude oil acquisition costs based on market-determined prices for the crude oil, rather than the artificially low prices created by the export ban. The Department concluded that refiner margins on the West Coast, currently well above those in other markets, would be reduced rather than consumer prices being increased. Finally, the Department said: "Our review found no plausible evidence of any direct negative environmental impact from lifting the ANS export ban."

*Alaskan Oil Movements and the Environment*

In 1994, ANS oil moved by vessel to three destinations. Most of its was carried in American-flag vessels to the West Coast, Hawaii, and Alaska. In addition, ANS oil moved in American-flag Virgin Islands. Since 1987, while West Coast consumption has remained relatively stable, the ANS movement to the Gulf Coast has dropped from approximately 600,000 b/d to its present level. The difference already has been replaced by imports carried in foreign-flag vessels. As indicated, natural market forces, particularly declining ANS production, already have substantially reduced American-flag movements. Independent of lifting the ban, they will otherwise be replaced with imports in any event as North Slope production reaches equilibrium with West Coast demand.

All tankers serving the U.S. ports, whether American-flag or foreign-flag, are subject to the same requirements under the Oil Pollution Act of 1990 and are subject to the same safety and navigation requirements of the U.S. Coast Guard.

At the March 1 hearing, the Lieutenant Governor of Alaska testified that the proposed legislation should be seen as environmentally preferable because it encourages additional energy production without expanding the size of the current production footprint. Following the hearing, the Committee received letters from the Borough of Kodiak and the East Aleutian Island Borough. Both boroughs indicated that they saw no increased threat or risk to the environment of a change in current law.

Based on likely tanker movements, testimony at the hearing, and the views expressed by the relevant parties in Alaska that might be most affected by ANS exports, it appears unlikely that this change in current law will have any noticeable adverse environmental consequences.

*U.S.-Flag Requirement*

The bill requires (with only limited exceptions) that any ANS crude exported must be carried on "a vessel documented under the laws of United States and owned by a citizen of the United States (as determined in accordance with section 2 of the Shipping Act, 1916 (46 U.S.C. App. 802))." At the hearing held before the Committee on March 1, questions were raised about whether this requirement violated U.S. international obligations, in particular requirements of the World Trade Organization, the "standstill agreement" of the General Agreement on Trade in Services (GATS), and the Code of Liberalisation of Current Invisible Operations of the Organization for Economic Cooperation and Development (OECD). In a letter to Senator Johnston, reprinted below, the U.S. Trade Representative assured the Committee that the bill as drafted did not violate U.S. international obligations.

## LEGISLATIVE HISTORY

S. 395 was introduced by Senators Murkowski and Stevens on February 13, 1995. The Committee held a hearing on S. 395 on March 1, 1995. At the business meeting on March 15, 1995, the Committee on Energy and Natural Resources ordered S. 395, as amended, favorably reported.

## COMMITTEE RECOMMENDATIONS AND TABULATION OF VOTES

The Senate Committee on Energy and Natural Resources, in open business session on March 15, 1995, by a majority vote of a quorum present, recommends that the Senate pass S. 395, if amended as described herein.

The rollcall vote on reporting the measure was 14 yeas, 4 nays, as follows:

| YEAS | NAYS |
|---|---|
| Mr. Murkowski | Mr. Hatfield |
| Mr. Domenici | Mr. Bumpers |
| Mr. Nickles* | Mr. Akaka |
| Mr. Craig | Mr. Wellstone |
| Mr. Thomas | |
| Mr. Kyl* | |
| Mr. Grams | |
| Mr. Jeffords* | |
| Mr. Burns | |
| Mr. Campbell | |
| Mr. Johnston | |
| Mr. Ford | |
| Mr. Bradley | |
| Mr. Bingaman | |

*Indicates voted by proxy.

## SECTION-BY-SECTION ANALYSIS

### TITLE I

Section 101 is the short title.

Section 102 authorizes and directs the Secretary of Energy to sell the Snettisham and Eklutna hydroelectric projects in accordance with their purchase agreements. It authorizes such sums as may be necessary to prepare, survey and acquire the two projects for sale.

Section 103 provides an exemption from the Federal Power Act for the Snettisham and Eklutna projects. It creates an enforcement mechanism for the Memorandum of Agreement regarding the protection and enhancement of fish and wildlife. It provides for the transfer of certain rights-of-way to the Alaska Power Administration. It provides for the transfer of certain Snettisham and Eklutna lands. It provides for the termination of the Alaska Power Administration of the Department of Energy.

TITLE II

Section 201 designates the title as the "Trans-Alaska Pipeline Amendment Act of 1995".

Section 202 would eliminate all existing restrictions on exports of Alaskan North Slope crude oil, including those in effect by statute, regulation, or executive order. Section 202 would add a new subsection (f) to section 203 of the Trans-Alaska Pipeline Authorization Act (TAPS), establishing the conditions under which ANS crude oil may be exported.

The new subsection 203(f)(1) of TAPS would, subject to the requirements of paragraphs (2) and (3), permit exports of any oil transported by pipeline over right-of-way granted pursuant to section 203 of TAPS.

The new subsection 203(f)(2) would require that American-flag vessels be used to carry the exports, except to countries that already may import the oil under current law such as Israel and other countries pursuant to the International Emergency Oil Sharing Plan of the International Energy Agency.

The new subsection 203(f)(3) of TAPS would provide that nothing in this subsection would restrict the authority of the President under the Constitution, the International Emergency Economic Powers Act, or the National Emergencies Act to prohibit exportation of the oil.

Section 203 reaffirms a policy statement made by Congress in 1973 to confirm the President's authority to ensure an equitable allocation of available North Slope crude all resources and petroleum products among all regions and all of the several States.

Section 205 requires the Comptroller General to conduct a review and to issue a report. Due five years after the date of enactment, the report would focus on the effects of Alaskan North Slope oil exports and would contain such recommendations as the Comptroller General considered appropriate.

Section 206 establishes the date of enactment as the effective date of this title.

## COST AND BUDGETARY CONSIDERATIONS

The following estimate of costs of this measure has been provided by the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
*Washington, DC, March 22, 1995.*

Hon. FRANK H. MURKOWSKI,
*Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 395, a bill to authorize and direct the Secretary of Energy to sell the Alaska Power Administration, and for other purposes.

Enacting this legislation would affect direct spending. Therefore, pay-as-you-go procedures would apply to the bill.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

JUNE E. O'NEILL, *Director.*

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: S. 395.

2. Bill title: A bill to authorize and direct the Secretary of Energy to sell the Alaska Power Administration, and for other purposes.

3. Bill status: As ordered reported by the Senate Committee on Energy and Natural Resources on March 15, 1995.

4. Bill purpose: Title I of this bill would authorize the sale of the Alaska Power Administration (APA) in accordance with the terms of the purchase agreements negotiated in 1989 between the U.S. Department of Energy and the proposed purchasers of the APA. The sale would be conditional on the enactment of legislation that would allow Alaska to issue tax-exempt debt to finance the purchase of the APA.

Title II of the bill would amend the Trans-Alaska Power Authorization Act to allow exports of Alaskan North Slope (ANS) oil as long as the oil is transported by vessels documented under the laws of the United States (unless international oil supply agreements apply to the particular country). In addition, the permission to export ANS oil would not restrict the President's existing authority to restrict exports under the International Emergency Economic Powers Act or the National Emergencies Act.

5. Estimated cost to the Federal Government: Enactment of Title I, by itself, would have no budgetary impact because consummation of the sale would require further legislation. If such legislation were enacted, it would have the budgetary effects shown in Table 1.

TABLE 1.—COST OF FUTURE LEGISLATION PERTAINING TO TITLE I: SALE OF THE ALASKA POWER ADMINISTRATION

[By fiscal year, in millions of dollars]

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| Asset sale receipts: | | | | | |
| Estimated budget authority | −77 | 0 | 0 | 0 | 0 |
| Estimated outlays | −77 | 0 | 0 | 0 | 0 |

TABLE 1.—COST OF FUTURE LEGISLATION PERTAINING TO TITLE I: SALE OF THE ALASKA POWER ADMINISTRATION—Continued

[By fiscal year, in millions of dollars]

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| Direct spending: | | | | | |
| Estimated budget authority | 0 | 11 | 11 | 11 | 11 |
| Estimated outlays | 0 | 11 | 11 | 11 | 11 |
| Authorizations of Appropriations: | | | | | |
| Estimated authorization level | 5 | −7 | −7 | −7 | −7 |
| Estimated outlays | 4 | −5 | −7 | −7 | −7 |

We estimate that enacting Title II would reduce net federal outlays by about $55 million over the next five years. These savings would take the form of increased offsetting receipts as the result of slightly higher oil prices for crude oil produced and sold from federal lands. Table 2 shows the estimated budget impact for Title II.

TABLE 2.—COST OF TITLE II: ALLOWING EXPORTS OF ANS OIL

[By fiscal year, in millions of dollars]

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| Direct spending: | | | | | |
| Estimated budget authority | −16 | −13 | −10 | −8 | −6 |
| Estimated outlays | −16 | −13 | −10 | −8 | −6 |

The costs of this bill fall within budget functions 270 and 300.

*Alaska PMA sale*

CBO estimates that sale of the APA in accordance with the terms and conditions of the negotiated purchase agreements would result in receipts to the government of about $77 million near the end of fiscal year 1996. Under the purchase agreements, the sales price would be determined by calculating the net present value of the remaining debt service payments that the Treasury would receive if the federal government retains ownership of the APA. The discount rate for this calculation would depend in part on the interest rate obtained by Alaska to finance the purchase of the APA. Under the scoring procedures specified in the 1995 budget resolution (H. Con. Res. 218), receipts from the sale would be considered the proceeds of an asset sale, and thus they would not be credited as a reduction in the deficit for purposes of the Congressional Budget Act of 1974 and the Balanced Budget and Emergency Deficit Control Act of 1985.

After the sale is completed, the government would no longer receive income from producing electric power at APA's facilities—approximately $11 million annually. The bill would authorize appropriations of sums necessary to prepare the APA for sale. Based on information from DOE, we estimate the agency would need to spend about $5 million in 1995 to conduct land surveys, obtain appraisals and legal services, and obtain powerline and substation rights-of-way. Finally, when the sale of the APA is completed, this government agency would be abolished and would no longer require annual appropriations of about $7 million to pay for operating expenses.

*Export of ANS oil*

If Title II of this bill is enacted, CBO expects that some ANS oil would be exported to Japan and possibly other Pacific Rim countries and that such exports would reduce the supply of oil flowing from Alaska to the U.S. West Coast. Based on information from the Department of Energy and industry sources, CBO estimates that this reduction in supply would increase the price of oil on the West Coast by approximately 50 cents per barrel. The effect on oil prices is likely to decrease over time, however, as California's demand for oil and refined products increase while ANS production decreases.

Higher West Coast oil prices will produce additional income to the federal government from the sale of its own oil and from royalties paid by private producers for oil extracted from federal lands. CBO estimates that royalties paid to the government on leases of both onshore and offshore federal lands would increase by an average of about $3 million per year over the next five years, and that receipts for the sale of oil from the Naval Petroleum Reserve in Elk Hills, California would increase by an average of about $8 million per year over the next five years.

The increases in both federal lease royalties and Elk Hills sales are likely to be greatest in the first year and to diminish over time. In total, we estimate that the increase in receipts would be $16 million in fiscal year 1996 and would average $11 million per year over the 1996–2000 period.

6. Comparison with spending under current law: For 1995, the APA has appropriations of $6.5 million and will have estimated outlays of about $6 million. If the APA were sold, H.R. 395 would authorize additional sums necessary to prepare for the sale, and CBO estimates $5 million would be needed for this purpose. Following a sale, the APA would no longer exist or require federal appropriations. Hence, beginning in 1997, appropriations for APA operations would decline by nearly $7 million per year. On the other hand, once the APA is sold, offsetting receipts would decline by $11 million per year.

7. Pay-as-you-go-considerations: Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1998. CBO estimates that enactment of S. 395 would affect direct spending by increasing offsetting receipts. Therefore, pay-as-you-go procedures would apply to the bill.

Enacting Title II would decrease outlays by increasing offsetting receipts from the sale of oil and from increased royalties. The CBO estimate of these additional receipts are shown below:

[Millions of dollars, by fiscal year]

| | 1996 | 1997 | 1998 |
|---|---|---|---|
| Change in outlays | −16 | −13 | −10 |
| Change in receipts | (1) | (1) | (1) |

[1] Not applicable.

While Title I of this bill would authorize the sale of the APA, section 103(k) would make the sale conditional upon enactment of legislation that would allow Alaska to issue tax-exempt debt to purchase the APA. Any subsequent legislation that allowed Alaska to

issue tax-exempt debt for this purpose would have a pay-as-you-go cost of $11 million annually in direct spending over the 1996–1998 period.

8. Estimated cost to State and local governments: None.

9. Estimate comparison: None.

10. Previous CBO estimate: None.

11. Estimate prepared by: Kim Cawley and Pete Fontaine.

12. Estimate approved by: Paul N. Van de Water, Assistant Director for Budget Analysis.

## REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred in carrying out S. 395. The bill is not a regulatory measure in the sense of imposing government-established standards or significant economic responsibilities on private individuals and businesses.

No personal information would be collected in administering the program. Therefore, there would be no impact on personal privacy.

Little, if any, additional paperwork would result from the enactment of S. 395.

## EXECUTIVE COMMUNICATIONS

The Committee on Energy and Natural Resources requested formal views on S. 395 from Executive agencies. The Department of Energy Deputy Secretary Bill White's submitted written and oral testimony on behalf of the Administration on S. 395 at the Committee hearing on March 1, 1995 reflects the Administration's position on S. 395. On March 9, following the hearing, the U.S. Trade Representative responded to a letter sent by Senator Johnston addressing concerns about whether S. 395 violated U.S. international obligations. The written statement and the exchange of correspondence between Sen. Johnston and Mr. Kantor reprinted below:

U.S. SENATE,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
*Washington, DC, March 2, 1995.*

MICHAEL KANTOR,
*U.S. Trade Representative,*
*Washington, DC.*

DEAR AMBASSADOR KANTOR: The Energy and Natural Resources Committee is considering legislation, S. 395, to amend the Trans Alaska Pipeline Authorization Act to remove the current prohibition on the export of Alaska North Slope crude oil. The legislation requires that the oil be carried by a ''vessel documented under the laws of the U.S. and owned by a citizen of the U.S.'', a U.S.-flag, but not a Jones Act requirement. This provision has raised several concerns with respect to international trade agreements.

All interested parties agree that requiring transport by Jones act vessels would be a violation of the General Agreement on Tariffs and Trade (GATT). In testimony before the Committee the Shipbuilders Council of America raised the concern that the provision requiring U.S.-flag, U.S.-crewed ships also could face a GATT chal-

lenge. The Council also cited allegations that this provision would violate the Organization for Economic Cooperation and Development's (OECD) Code of Liberalisation of Current Invisible Operations and the OECD's Common Principles of Shipping Policy and paragraph 7 of the General Agreement on Trade in Services (GATS) Ministerial Decision of Negotiations on Maritime Transport Services.

Deputy Secretary of Energy Bill White testified for the Administration in support of the bill subject to certain changes. However, the following trade-related questions were not adequately addressed in the Administration's testimony.

In the Administration's view, does the shipping provision proposed in S. 395 violate any trade agreements?

What are the potential legal and practical effects of a challenge under any of these agreements?

If a challenge were upheld by the World Trade Organization (WTO), or similar body, what would be the legal ramifications? That is, could this law be effectively amended by actions taken by the WTO to allow exports to continue on foreign-flag ships, or would Congressional or Presidential action be required before exports could resume?

What would be the Administration's view of an amendment to S. 395 so as to reimpose the ban on exports if the shipping requirement is found to violate a trade agreement?

S. 395 will be brought before the Committee for consideration within the next few weeks, perhaps as early as March 15. It is critical, therefore, that I have your detailed response to these questions by Friday, March 10. Thank you in advance for your response.

Sincerely,

J. BENNETT JOHNSTON,
*Ranking Minority Member.*

---

U.S. TRADE REPRESENTATIVE,
EXECUTIVE OFFICE OF THE PRESIDENT,
*Washington, DC, March 9, 1995.*

Hon. J. BENNETT JOHNSTON,
*U.S. Senate,*
*Washington, DC.*

DEAR SENATOR JOHNSTON: This replies to your letter of March 2, 1995, requesting information on the implications of the cargo preference provisions of S. 395 on our obligations under the World Trade Organization and the Organisation of Economic Cooperation and Development (OECD). Specifically, you ask if the legislation violates any trade agreements, the potential legal and practical effects of a challenge, as well as its effect on the ongoing negotiations on maritime in Geneva.

As to WTO violations, I can state categorically that S. 395, is currently drafted, does not present a legal problem. Further, we do not believe that the legislation will violate our obligations under the OECD's Code of Liberalization of Current Invisible Operations or its companion Common Principles of Shipping Policy. However, the OECD does not have a mechanism for the settlement of dis-

putes and its associated right of retaliation. While Parties to the OECD are obligated to defend practices that are not consistent with the Codes, the OECD process does not contain a dispute mechanism with possible retaliation rights. (The OECD Shipbuilding Agreement, by contrast, does contain specific dispute settlement mechanisms, although the Agreement does not address flag or crew issues.)

Your letter requests guidance on the implications of S. 395 on the GATS Ministerial Decision of Negotiations on Maritime Transport Services (Maritime Decision) which is the document that guides the current negotiations on maritime in the WTO. The Maritime Decision contains a political commitment by each participant not to adopt restrictive measures that would "improve its negotiating position" during the negotiations (which expire in 1996). This political commitment is generally referred to as a "peace clause." Actions inconsistent with the peace clause, or any other aspect of the Maritime Decision, cannot give rise to a dispute under the WTO, since such decisions are not legally binding obligations.

There are, of course, potential implications for violating the peace clause by adopting new restrictive measures during the course of the negotiations. These implications could include changes in the willingness of other parties to negotiate seriously to remove maritime restrictions and might lead to certain parties simply abandoning the negotiating table. But the Maritime Decision does not provide the opportunity for retaliation.

Our view is that the U.S. flag preference provisions of S. 395 do not measurably increase the level of preference for U.S. flag carriers and actually present opportunities for foreign flag vessels to carry more oil to the United States, in light of the potentially new market opportunities resulting from enactment of S. 395. Thus, it would be very difficult for foreign parties to make a credible case that the U.S. has "improved its negotiating position" as the result of S. 395.

For reasons I have explained, we are certain that the U.S. flag preference does not present legal problems for us under the WTO. However, in the event any U.S. measure is found to violate our obligations, the WTO does not have authority to require alterations to affected statutes. That remains the sovereign decision of the country affected by an adverse panel ruling. A losing party in such a dispute may alter its law to conform to its WTO obligations, pay compensation, or accept retaliation by the prevailing party.

Finally, we agree with you that it would not be appropriate to include a requirement that ANS oil be exported on U.S.-built vessels.

I trust this information is of assistance to you. Please do not hesitate to contact me or my staff should you need more information.

Sincerely,

MICHAEL KANTOR.

## TESTIMONY OF WILLIAM H. WHITE, DEPUTY SECRETARY OF ENERGY

Mr. Chairman, it is a pleasure for me to appear before the Committee today to discuss the sale of the Alaska Power Administration and permitting the export of Alaskan North Slope (ANS) crude oil. I am pleased to report that the Administration supports both of these initiatives and hopes to work with the Congress toward enactment of legislation to allow for the sale of the Alaska Power Administration and to permit the exportation of Alaskan North Slope crude oil.

### TITLE I. ALASKA POWER ADMINISTRATION SALE ACT

Title I of S. 395, the "Alaska Power Administration Sale Act," would authorize the sale of the Eklutna and Snettisham hydroelectric projects in Alaska and the subsequent termination of the Alaska Power Administration. This legislation is consistent with the President's FY 1996 budget and would implement the recommendations of the National Performance Review.

Eklutna and Snettisham were authorized in 1950 and 1962, respectively, to encourage and promote economic development and to foster establishment of essential industries in Alaska. The projects have served those purposes well by providing, at moderate prices, substantial amounts of hydroelectric energy for their market areas. There are no other authorized or proposed Federal power projects in Alaska.

With the continued growth of the Alaskan economy, the relative importance of the Federal power program in Alaska has become quite small. More than 90 percent of the State's electric power needs are provided by non-Federal powerplants. The State and its electric utilities have the capability to plan, design, finance, build, and operate the power facilities that they decide are needed. Commercial Federal operations such as the Alaska Power Administration can be managed more efficiently by non-Federal public or private entities that are closer and more responsive to the areas and the customers that they serve. Under these circumstances, there is no longer a need for the small Federal power program in Alaska.

Extensive studies and consultations were undertaken, including opportunities for public comment, before completing the sale proposals covered by this bill and the associated purchase agreements. The sales are supported by each of the Alaska Power Administration's utility customers, the municipalities of Juneau and Anchorage, Alaska's present and past three Governors, and this Administration.

Briefly, Snettisham would be sold to the State of Alaska and Eklutna would be sold to the joint ownership of the Municipality of Anchorage, the Chugach Electric Association, Inc., and the Matanuska Electric Association, Inc.

This bill would authorize the sales, which then would be conducted in accordance with the purchase agreements. Sale proceeds would be returned to the United States Treasury.

The FY 1996 budget assumes the sales will occur at the end of that fiscal year, with proceeds estimated at $85 million. The actual sale prices could vary, however, because the prices would be determined according to formulae in the purchase agreements based on interest rates and remaining Treasury debt on the date of the sales. Following the sales, the new owners would assume all responsibilities for the projects, and Federal responsibility would cease. The Alaska Power Administration would be terminated.

We believe the bill and associated purchase agreements provide fair and workable terms and arrangement which will result in the best achievable return to the United States Treasury, transfer of ownership in an orderly fashion, and protection of the interests of power consumers. The terms of this authorizing legislation and the associated agreements are unique to the Eklutna and Snettisham projects in Alaska.

The sales would eliminate 35 permanent Federal jobs. The Department and the purchasers are committed to actions to minimize adverse impacts on the affected employees. The Purchase Agreements include provisions that would give Alaska Power Administration employees first call for the post-sale jobs at the two projects and provide assistance in locating other non-Federal jobs for the few remaining employees that may be displaced. For those employees who wish to continue their Federal careers, assistance would be provided through the personnel system in locating suitable jobs elsewhere within the Department or in other Federal agencies. It appears that existing authorities are adequate to meet these objectives.

The Administration is committed to the sale of the Alaska Power Administration assets. We look forward to working with Congress toward enactment of the necessary authorizing legislation.

## TITLE II. TRANS-ALASKA PIPELINE AMENDMENT ACT OF 1995

I welcome the opportunity to discuss Federal policy on the export of crude oil from the Alaskan North Slope. The Congress has addressed this subject many times since the export restrictions were imposed, and, as always, this hearing includes representatives of organizations that have diverse and strongly held views. I note that some of those here today testified at Chairman Murkowski's July 1983 hearing on this issue when he was chairman of the Subcommittee on East Asian and Pacific Affairs of the Senate Committee on Foreign Relations.

The Administration has carefully considered the important question of whether the prohibition on exporting Alaskan North Slope (ANS) crude oil should be lifted. The De-

partment of Energy released a study on the impacts of permitting export of ANS crude oil on June 30, 1994. I have attached a copy of that report to this testimony.

Fundamentally, the existing export restriction distorts the crude oil markets in Alaska and the West Coast in counterproductive ways. The benefits of permitting export of ANS crude oil, according to our analysis, are significant:

Revenues to State governments would rise during 1994–2000 by:

$180 to $230 million for California from Federal royalties and taxes;

$700 million to $1.6 billion for Alaska from severance taxes and royalties.

Federal receipts related to royalties and sales of Elk Hills oil production would total between $99 and $180 million.

Oil production-related employment would increase by a net of 10,000 to 25,000 jobs nationally; many would be in California oil production. This takes into account a small number of job losses (less than 500) in the maritime sector.

Refining employment overall would not be affected; history shows that refinery capacity, and therefore refining industry employment, is determined by U.S. petroleum consumption.

In Alaska alone, reserve additions could be in the 200 to 400 million barrel range by the year 2000, a size that roughly equates to the known reserves in major North Slope fields such as Point McIntyre and Endicott.

Incremental oil production would be between 30,000 and 50,000 barrels per day in California by the year 2000, and 50,000 to 70,000 barrels per day in Alaska.

The Department has consulted with the broad range of interested parties. We held public meetings in San Francisco and Anchorage in March of 1994, at which more than 50 organizations presented their views. We had a great deal of comment on our draft report. Since the report's release last June, the Secretary of Energy, I, and both our staffs have met many times with members of Congress, various associations and interest groups, and the public on this issue. I believe that this process has helped all of us understand the concerns of all the interested parties.

Based on this extensive consultation process, the Administration is convinced that there are economic and energy benefits that can be gained from permitting exports of ANS crude. In the course of our review, however, the Administration identified five requirements that must be included in legislative language:

1. The President must retain the authority he has under current law, including the Constitution, the International Emergency Economic Powers Act, and the National Emergencies Act, to reinstate the ban should exports be found to be contributing to adverse

energy, economic, or environmental conditions, or otherwise threatening the national economic security.

2. All ANS oil must be exported in U.S.-flagged and U.S.-crewed vessels. Reforms should not transfer existing seafarer employment abroad. Legislation must provide substantial protection of seafarer employment opportunities for American workers.

3. Before any oil is exported, a full environmental review must be undertaken, consistent with the National Environmental Policy Act of 1970. Environmental resources must be fully protected. All shipping that occurs as a result of permitting ANS exports, including exports from Alaska and offsetting imports into the U.S., will have to meet all prevailing U.S. environmental protection requirements, including the new provisions of the Oil Pollution Act of 1990.

4. Assured access to crude oil supplies at world market prices. U.S. refineries must have continued access to adequate supplies of crude oil, including crude oil produced in Alaska, at prevailing market prices. Reforms should permit the crude oil market to operate more efficiently. We would anticipate that ANS crude oil will continue to be made available to West Coast refineries, but that the price would adjust to prevailing market prices. We believe that the abundant worldwide supply of crude oil will ensure that prices for ANS crude sold to U.S. refiners will not rise above world market levels. Nevertheless, those refiners must be protected from diversions of needed ANS crude stocks to overseas markets as a result of market-distorting pricing and supply behavior. If evidence of such behavior develops—such as sustained crude supply shortages on the West Coast or price increases significantly above world market levels—appropriate enforcement action should be taken, including the denial or suspension of crude oil export licenses. We are prepared to track petroleum market and refining activities in the period following Congressional modification of the ban. To further ensure that the West Coast refiners maintain access to adequate supplies of oil, including ANS crude oil, at world market prices, any legislation should give the President authority to impose such terms and conditions as are necessary or appropriate.

5. Any export of ANS crude oil made pursuant to this bill should be approved and administered through the appropriate export licensing process. This will assure the monitoring and enforcement of all conditions under which the exports are permitted. Any export license will be processed on an expedited and user-friendly process that is consistent with obligations to consider environmental and energy security impacts.

S.395 already contains provisions corresponding to the first and second elements on this list. In addition to these

requirements, key factors that must be addressed as legislative action is pursued include:

1. *Consumer Protection.*—Exports must not cause substantial increases to retail gasoline or other petroleum product prices. Our assessment is that the product price impacts of permitting ANS crude oil exports would be minimal or non-existent.

2. *Job Growth and Protection.*—Any proposal to permit ANS exports should reasonably be expected to expand employment opportunities in the U.S. economy, without causing undue job loss in sectors currently dependent on ANS production and transportation.

*Employment in the Oil Production and Refining Industries.*—DOE's analysis concludes that permitting ANS exports would result in increased oil industry employment of between 10,000 and 25,000 jobs.

*Employment for U.S. Seafarers.*—Reforms should not transfer seafarer employment opportunities abroad.

*Employmment for U.S. Shipbuilders.*—The Administration is undertaking ongoing efforts to enhance competitive opportunities for U.S. shipyards by opening foreign markets to U.S. shipbuilders. In October 1993, the Clinton Administration announced a comprehensive plan to strengthen the U.S. shipbuilding industry. This plan includes the following elements: (1) Ensuring fair international competition, (2) Improving Competitiveness (through increased research and development funding), (3) Eliminating unnecessary government regulation, (4) Financing ship sales through Title II loan guarantees, and (5) Assisting international marketing. Consistent with this plan, the U.S. successfully negotiated a multilateral agreement to eliminate foreign shipbuilding subsidies and other distortive trade practices.

3. *Adherence to International Trade Commitments.*—Of course, any conditions imposed on exports must be consistent with established U.S. international trade policies. On December 21, 1994, the United States, along with other major shipbuilding nations, signed an agreement that requires signatories to eliminate subsidies and other trade distorting measures, including "home-build" requirements, to the commercial shipbuilding and repair industry. The Agreement was negotiated under the auspices of the Organization for Economic Cooperation and Development (OECD). The application of a home-build requirement to the export of ANS crude could be challenged under the terms of the Agreement. Furthermore, a home-build requirement for ANS crude raises legal issues of concern vis-a-vis other U.S. international trade obligations. Per-

mitting export of ANS crude oil would be an important liberalization of existing trade restrictions.

We oppose any requirement that ANS oil exports be carried U.S.-built vessels.

There has been concern expressed that requiring U.S. flag vessels to carry exports of ANS crude would set a dangerous precedent with respect to extending cargo preference in shipping trade. The Administration views the requirement of flag-preference for ANS crude as unique, since there is the very real danger of lost seamen's jobs resulting from the displacement of shipments carried in the coastwide trade. This action should not be viewed as opening further possibilities for cargo preference, which this Administration strongly opposes.

4. *Environmental Protection.*—Environmental resources must be fully protected. DOE analyzed potential environmental impacts of lifting the ban in our January 1994 study. In the course of that initial review, we found no plausible evidence of any direct, negative environmental impacts. There would be no need to expand the Trans-Alaska Pipeline, and the number of overall tanker movements in U.S. waters would be reduced. Moreover, indirect effects, such as changes in California refinery activity and increased California production, would be strictly regulated under existing regulatory regimes.

Nonetheless, before any export of ANS crude oil is permitted, an environmental assessment consistent with the requirements of the National Environmental Policy Act of 1970 should be undertaken.

Legislation to permit export of ANS crude oil should not be linked to a change in status of the Arctic National Wildlife Refuge. The Administration has not altered its opposition to exploration and development of any oil resources that may be under the coastal plain of the Arctic National Wildlife Refuge. Further, the Refuge will continue to be managed for its wildlife and wilderness values.

5. *ANS Export Policy Monitoring.*—Interested parties should review ANS export activities periodically. Once ANS exports have begun, appropriation federal agencies should consult with affected state and local governments, interested industry and worker representatives, and environmental organizations to help ensure that the policy is implemented consistent with all license terms and any other applicable energy, economic, and environmental criteria.

Mr. Chairman, I believe that S. 395, introduced by you and Senator Stevens, can provide a vehicle for permitting Alaskan North Slope crude oil exports consistent with these principles. We believe the bill would be substantially improved by requiring an appropriate environmental assessment before approving export activities and by provid-

ing for appropriate enforcement action, including revoking permission to export, in the event of anti-competitive behavior that injures U.S. industry.

Some argue that allowing exports of ANS crude oil will increase product costs to consumers. We believe the export of ANS crude oil should not affect consumers adversely. Our evaluations indicated that ANS oil exports might raise the market prices of California and Alaskan crude oil by as much as $1.20 and $1.60 per barrel, respectively, or three to four cents per gallon. However, more than half ANA crude oil and 75 percent of California crud oil is produced by refiners that process it themselves, or trade it for more convenient supplies. When this is taken into account, the average cost increase to refiners is slightly over one per gallon.

We examined historical price movements on the West Coast and discovered that small movements in West Coast crude oil prices were much less a determinant of gasoline and diesel fuel prices that were prices for these products in other markets such as the Gulf Coast. We concluded that plentiful supplies of petroleum products would make it impossible for retailers to increase gasoline or other product prices about those market levels. Accordingly, we anticipate that higher refiner ANS crude acquisition costs will not be passed through to consumers. As stated earlier, we also believe that plentiful crude supplies will prevent refiners' crude costs from rising above market levels.

Those who are concerned bout the potential environmental effects of permitting exports fear that "replacement crude" will be imported into environmentally fragile areas of the West Coast on poorly maintained foreign-flag vessels. Assuming West Coast refiners are willing to pay world market prices—as all other U.S. refiners now do—they should continue to have access to ANS crude. Therefore, we do not believe there will be significant additional shipments of crude brought into the West Coast, beyond quantities they currently import, as a result of ANS exports. In any event, any tanker traffic will of course have to meet rigorous national environmental safety standards, including Oil Pollution Act of 1990 regulations, just as they do now.

In conclusion, Mr. Chairman, I want to reiterate the Administration's support for a policy that permits export of Alaskan North Slope crude oil in a manner that is consistent with the five principles listed above.

## Changes in Existing Law

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by this measure are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

# DEPARTMENT OF ENERGY ORGANIZATION ACT

Public Law 95–91, as Amended

AN ACT To establish a Department of Energy in the executive branch by the reorganization of energy functions within the Federal Government in order to secure effective management to assure a coordinated national energy policy, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Department of Energy Organization Act".

* * * * * * *

## TITLE III—TRANSFERS OF FUNCTIONS

* * * * * * *

### TRANSFERS FROM THE DEPARTMENT OF THE INTERIOR

SEC. 302. (a)(1) There are hereby transferred to, and vested in, the Secretary all functions of the Secretary of the Interior under section 5 of the Flood Control Act of 1944, and all other functions of the Secretary of the Interior, and officers and components of the Department of the Interior, with respect to—

(A) the Southeastern Power Administration;

(B) the Southwestern Power Administration;

[(C) the Alaska Power Administration;]

[(D)] *(C)* the Bonneville Power Administration including but not limited to the authority contained in the Bonneville Project Act of 1937 and the Federal Columbia River Transmission System Act;

[(E)] *(D)* the Power marketing functions of the Bureau of Reclamation, including the construction, operation, and maintenance of transmission lines and attendant facilities; and

[(F)] *(E)* the transmission and disposition of the electric power and energy generated at Falcon Dam and Amistad Dam, international storage reservoir projects on the Rio Grande, pursuant to the Act of June 18, 1954, as amended by the Act of December 23, 1963.

(2) The Southeastern Power Administration, the Southwestern Power Administration, *and* the Bonneville Power Administration, [and the Alaska Power Administration] shall be preserved as separate and distinct organizational entities within the Department. Each such entity shall be headed by an Administrator appointed by the Secretary. The functions transferred to the Secretary in paragraphs (1)(A), (1)(B), (1)(C), and (1)(D) shall be exercised by the Secretary, acting by and through such Administrators. Each such Administrator shall maintain his principal office at a place located in the region served by his respective Federal power marketing entity.

(3) The functions transferred in paragraphs (1)(E) and (1)(F) of this subsection shall be exercised by the Secretary, acting by and through a separate and distinct Administration within the Department which shall be headed by an Administrator appointed by the Secretary. The Administrator shall establish and shall maintain such regional offices as necessary to facilitate the performance of

such functions. Neither the transfer of functions effected by paragraph (1)(E) of this subsection nor any changes in cost allocation or project evaluation standards shall be deemed to authorize the reallocation of joint costs of multipurpose facilities theretofore allocated unless and to the extent that such change is hereafter approved by Congress.

[PUBLIC LAW 322

[AN ACT

[To authorize the Secretary of the interior to Investigate and report to the Congress on projects for the conservation, development, and utilization of the water resources of Alaska.

[*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That, for the purpose of encouraging and promoting the development of Alaska, the Secretary of the Interior (hereinafter referred to as the "Secretary") is authorized to make investigations of projects for the conservation, development, and utilization of the water resources of Alaska and to report thereon, with appropriate recommendations, from time to time, to the President of the Congress.

[SEC. 2. Prior to the transmission of any such report to the Congress, the Secretary shall transmit copies thereof for information and comment to the Governor of Alaska, or to such representative as may be named by him, and to the heads of interested Federal departments and agencies. The written views and recommendations of the aforementioned officials may be submitted to the Secretary within ninety days from the day of receipt of said proposed report. The Secretary shall immediately thereafter transmit to the Congress, with such comments and recommendations as he deems appropriate, his report, together with copies of the views and recommendations received from the aforementioned officials. The letter of transmittal and its attachments shall be printed as a House or Senate document.

[SEC. 3. There are hereby authorized to be appropriated not more than $250,000 in any one fiscal year.]

PUBLIC LAW 93–153—NOVEMBER 19, 1973

AN ACT To amend section 28 of the Mineral Leasing Act of 1920, and to authorize a trans-Alaska oil pipeline, and for other purposes.

Section 203 of that Act

SEC. 203. AUTHORIZATION FOR CONSTRUCTION.

* * * * * * *

*"(f) EXPORTS OF ALASKAN NORTH SLOPE OIL.—*

*"(1) Subject to paragraphs (2) and (3), notwithstanding any other provision of law (including any regulation), any oil transported by pipeline over a right-of-way granted pursuant to this section may be exported.*

*"(2) Except in the case of oil exported to a country pursuant to a bilateral international oil supply agreement entered into by the United States with the country before June 25, 1979, or to a country pursuant to the International Emergency Oil Sharing*

*Plan of the International Energy Oil Agency, the oil shall be transported by a vessel documented under the laws of the United States and owned by a citizen of the United States (as determined in accordance with section 2 of the Shipping Act, 1916 (46 U.S.C. App. 802)).*

*"(3) Nothing in this subsection shall restrict the authority of the President under the Constitution, the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), or the National Emergencies Act (50 U.S.C. 1601 et seq.) to prohibit exportation of the oil.".*

Section 410 of that Act

The Congress [declares] *reaffirms* that the crude oil on the North Slope of Alaska is an important part of the Nation's oil resources, and that the benefits of such crude oil should be equitably shared, directly or indirectly, by all regions of the country. The President shall use any authority he may have to ensure an equitable allocation of available North Slope and other crude oil resources and petroleum products among all regions and all of the several States.

PUBLIC LAW NO 94–163—DECEMBER 22, 1975

AN ACT To increase domestic energy supplies and availability; to restrain energy demand; to prepare for energy emergencies; and for other purposes.

* * * * * * *

Section 103(f) of that Act

(f) QUARTERLY REPORTS TO CONGRESS.—The President shall submit quarterly reports to Congress concerning the administration of this section and any findings made pursuant to subsection (a) or (b) of this section. *In the first quarter report for each new calendar year, the President shall indicate whether independent refiners in Petroleum Administration District 5 have been unable to secure adequate supplies of crude oil as a result of exports of Alaskan North Slope crude oil in the prior calendar year and shall make such recommendations to the Congress as may be appropriate.*

○