

# JOHN T. RHETT NOMINATION

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HEARING  
BEFORE THE  
COMMITTEE ON  
ENERGY AND NATURAL RESOURCES  
UNITED STATES SENATE  
NINETY-SIXTH CONGRESS  
FIRST SESSION  
ON THE  
NOMINATION OF JOHN T. RHETT, JR., TO BE FEDERAL IN-  
SPECTOR FOR THE ALASKA NATURAL GAS TRANSPORTATION  
SYSTEM

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JUNE 22, 1979

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## JOHN T. RHETT NOMINATION

FRIDAY, JUNE 22, 1979

U.S. SENATE,  
COMMITTEE ON ENERGY AND NATURAL RESOURCES,  
*Washington, D.C.*

The committee met, pursuant to notice, at 9 a.m., in room 206, the Capitol, Hon. Henry M. Jackson, chairman, presiding.

Present: Senator Jackson.

Also present: D. Michael Harvey, chief counsel; Elizabeth Moler, counsel; and Tony Bevinetto, professional staff member for the minority.

### OPENING STATEMENT OF HON. HENRY M. JACKSON, A U.S. SENATOR FROM THE STATE OF WASHINGTON

The CHAIRMAN. I am pleased to convene today's hearing on the nomination of Mr. John T. Rhett, Jr., to be Federal Inspector for the Alaska Natural Gas Transportation System.

When Congress passed the Alaska Natural Gas Transportation Act in 1976, we required the President to appoint a Federal Inspector for the project, to be confirmed by the Senate. Mr. Rhett's nomination was submitted on June 8, 1979.

The President could have submitted a nomination as early as November 1977. Quite frankly, I wish he had acted sooner than he did. Instead, he chose to wait until the Congress approved a limited reorganization plan establishing the Office of the Federal Inspector and transferring to it the enforcement authority of all of the executive branch agencies and departments with jurisdiction over some aspect of the gas pipeline project. That plan was submitted on April 1, 1979, and approved by resolutions passed by both the Senate and the House as of May 31, 1979.

By requiring a Federal Inspector, the Congress has recognized the importance of strong Federal oversight of the construction of the pipeline. The task will not be an easy one. In fact, I view the Federal Inspector's job as one of the most challenging jobs in the Federal Government.

Since the President selected Northwest Pipeline's proposed route, and the Congress approved his decision, the project has suffered from a lack of leadership at the Federal level. Various Federal officials, including Vice President Mondale and FERC Vice Chairman Smith, have devoted hundreds of hours to the project. But they have not had the day-to-day responsibility for overseeing the project. That responsibility is a big part of the Federal Inspector's job.

I look forward to hearing from Mr. Rhett today. But I will also look forward to hearing from him in the days and weeks to come. Keeping the Congress informed about the pipeline's progress—or indeed, the lack of progress—will be a major part of his job.

I have been a major supporter of the project. Recent events have made it even more obvious that we need it. I look forward to the day when it will be completed and natural gas will begin to flow from Alaska's North Slope to markets in the lower 48 States.

All right Mr. Rhett, if you will come up and, as you know, we have a rule which applies to all nominees—they must be sworn in. [Whereupon, Mr. Rhett was duly sworn by the chairman.]

The CHAIRMAN. Be seated. I assume that you have a statement you wish to make at this time. Why don't you go ahead with that.

Mr. RHETT. Yes, Mr. Chairman. It's a short one. I think I need to get this over with and get busy with the many, many things on the pipeline.

#### STATEMENT OF JOHN T. RHETT, JR., NOMINEE TO BE FEDERAL INSPECTOR FOR THE ALASKA NATURAL GAS TRANSPORTATION SYSTEM

Mr. RHETT. Mr. Chairman and members of the committee, I am pleased to have this opportunity to appear before the committee to discuss my nomination as Federal Inspector for the Alaska Natural Gas Transportation System. I am also appreciative of the chairman's efforts to proceed with prompt consideration of the nomination.

The position of Federal Inspector offers a unique set of challenges. The expectations are that the Federal Government will be in a strong position to manage its own role in the pipeline project if the Inspector can achieve prompt, coordinated decisionmaking among the Federal agencies in preconstruction approval functions and in effectively enforcing the terms and conditions of the permits, rights-of-way and the other authorizations to be issued by the various Federal agencies. The experience of the Trans Alaska Oil Pipeline System offers lessons to those of us who may be involved with the natural gas pipeline.

The Inspector will need the cooperation of the various Federal agencies involved, the pipeline company, the Congress and the Canadian Government and the State of Alaska, who are collaborating on this project.

In many ways, my training and experience in the Federal Government may have prepared me for this position of Federal Inspector. My 28 years with the Corps of Engineers provided a range of engineering and construction experiences not unrelated to the problems and issues to be confronted by the Federal Inspector. My recent experiences as Deputy Assistant Administrator for Water Programs at the Environmental Protection Agency served to enhance my technical and administrative skills. In the 6-plus years at EPA, I administered waste water construction grant programs totalling more than \$20 billion.

The success of my tenure as Federal Inspector will depend upon my ability to achieve prompt, coordinated decisionmaking resulting in required authorizations being issued on time, enforcement activities effectively accomplished, and overall costs tightly controlled.

If we are to contribute to the energy supply, we must realize the production of Alaskan natural gas reserves within a reasonable time frame.

To do so, we must minimize the costs of Government activity, pay adequate attention to the environmental risks involved, and at the same time, assure the lowest possible price to the consumer.

I appreciate the confidence the President has in me to accomplish this most challenging assignment and pledge to use my talents to make this a successful operation. I look forward to working with Congress, Federal, State, and local representatives, interest groups and the public, and welcome the opportunity to be part of an endeavor that is so important to our Nation's future well-being. I plan to operate a completely open shop.

I thank you for this opportunity and wish to personally assure you that I will keep the committee informed of the project's progress and work with you to achieve our common objectives.

I am prepared to answer any questions you may have.

The CHAIRMAN. Thank you, Mr. Rhett. We will include in the record your biographical information and other pertinent résumés, including the financial statement.

I have boilerplate questions we ask of all nominees. The first is, will you be available to appear before this committee and other congressional committees to represent departmental positions and respond to issues of concern to Congress?

Mr. RHETT. Mr. Chairman, at any time.

The CHAIRMAN. You are used to that, having been in the Corps of Engineers.

Mr. RHETT. Yes, sir.

The CHAIRMAN. Twenty-eight years. Your financial statement has been submitted to the committee. Committee rules require that this statement be made public unless the committee decides that special circumstances justify an exception.

Do you have any objection to the publication of your financial statement?

Mr. RHETT. No objection.

The CHAIRMAN. Are you aware of any personal holding, investment, or interests that would constitute a conflict of interest or create the appearance of such a conflict should you be confirmed and assume the office for which you have been nominated by the President?

Mr. RHETT. I have small holdings in Exxon, Mobil, and Phillips Petroleum, some of which are involved; and I plan to sell them all.

The CHAIRMAN. They are coming from your mother's estate—

Mr. RHETT. Yes.

The CHAIRMAN [continuing]. As I understand that, and I will get to that in a moment.

The financial statement you filed with the committee shows that you hold stock in Exxon, Mobil, and Phillips Petroleum. You indicate that the stocks in your mother's estate are in the process of

being distributed in the week of July 2. You state "Stocks will be sold when distributed."

Could you, first of all, explain this transaction in more detail to the committee; what arrangements have been made for the sale, when it will occur, and will you provide the committee with documentary evidence of the disposition of the stock as soon as it occurs?

Just tell the story. It is from your mother's estate, I gather.

Mr. RHETT. Yes, my mother passed away about a year ago, a little over a year ago; the stock is being distributed in the week of July 2, upon my return to Florida. At that time I will bring the stocks with me, and on the week of the ninth I will have them in Washington and dispose of them at that time. I will provide a letter to the committee and proof of sale at that time.

The CHAIRMAN. Just bring the financial statement, in other words, up-to-date what has happened on that.

Now, the financial statement you file with the committee shows several unlisted securities. Could you explain the nature of these holdings?

Mr. RHETT. Well, I am in a limited partnership that owns some real estate in downtown Alexandria. The general partner is a Mr. DeCullio. The limited partners, some 10 of us, have invested in the neighborhood of \$10,000 each. These investments are in townhouses in Alexandria.

The CHAIRMAN. They are not, it is not the kind of housing or commercial properties in which any of them might be rented to the Government?

Mr. RHETT. No way.

The CHAIRMAN. The Federal Government.

Mr. RHETT. No way, sir.

The CHAIRMAN. Right.

Mr. RHETT. You see, although some of the places I have placed on the market, I do own or am inheriting some mutual fund shares.

The CHAIRMAN. That is from your mother's estate?

Mr. RHETT. From my mother's estate.

The CHAIRMAN. All of what you have listed here under listed securities, unlisted securities; that is your own personal investments, and does it include your mother's as well?

Mr. RHETT. It includes my mother's estate.

The CHAIRMAN. Are you the sole heir?

Mr. RHETT. My sister and I.

The CHAIRMAN. The two of you.

Mr. RHETT. And it is being divided, and my financial statement—

The CHAIRMAN. Does reflect.

Mr. RHETT. [continuing]. Includes or reflects completely my mother's estate.

The CHAIRMAN. What you received from your mother's estate, technically, you don't own yet.

Mr. RHETT. That is correct.

The CHAIRMAN. You will not own it until the final order of distribution.

Mr. RHETT. That is correct.

The CHAIRMAN. Well, I don't see any conflicts on your unlisted securities; you have got two bonds, which I assume are municipal bonds.

Mr. RHETT. Yes.

The CHAIRMAN. Major Realty. That is an unlisted—

Mr. RHETT. It is an unlisted—

The CHAIRMAN. None of them are involved in any way with the Government.

Mr. RHETT. None are involved with the Government nor with the oil or gas industry.

The CHAIRMAN. Your financial statement also shows real estate holdings "JMB Income Properties—VI" in Chicago and "1600 Limited Partnership" in Arlington. Can you—you alluded to this indirectly, I think.

Mr. RHETT. Yes, the "1600" is "Limited Partnership" is the local one in Alexandria. The JMB is a national limited partnership that Merrill Lynch is sponsoring in shopping centers, different commercial property around the country.

The CHAIRMAN. It is the kind of a form, I don't like to use the expression because they had a lot of bad luck, REIT's?

Mr. RHETT. Very much so.

The CHAIRMAN. Real estate investment trusts. You hope it will be more successful than the ones of the earlier 1970's.

Mr. RHETT. Yes.

The CHAIRMAN. The new Ethics in Government Act requires that you file a financial statement with the Office of Personnel Management, Director of Government Ethics. Have you done so?

Mr. RHETT. Yes.

The CHAIRMAN. You have filed that. The act also requires OPM to forward that financial statement to the committee. We have not yet received that statement. The staff has been in contact, as you may know, with OPM. And I want to state for the record that the committee will not act on the nomination until we receive the necessary paperwork from OPM, including the Director's opinion as to whether you are in compliance with applicable laws and regulations under the act.

I just hope that they can move expeditiously because I would like to have the Senate act on this before we recess next week.

Mr. RHETT. Mr. Chairman, I plan when I leave here, I have a meeting at OPM and will insure that this will be expedited.

The CHAIRMAN. If you get it up here so that we have it by Monday, I hope. We have a meeting of the full committee; if we get a quorum, we will act on your nomination. And we have another one coming up on Tuesday as well.

John McMillian, chairman of the Northwest Pipeline, testified before the committee on Tuesday at hearings on my proposed priority energy project and provided the committee with a detailed list of decisions from the Federal Government which must be made before financing can be secured and construction can begin.

He also complained that the Government has been slow to make the necessary decisions. I had his staff provide us with an updated list<sup>1</sup> of the remaining decisions. I would like to ask you to take a detailed look at that list as soon as you can. Talk to the appropri-

<sup>1</sup>The detailed list appears in the appendix to this hearing, pg. 11.



ate official and give us an indication of when it is reasonable for us to expect those decisions to be made.

If Northwest has failed to file the necessary paper work with responsible officials, I want to know that too. If you find problems with Federal officials acting solely, we want to know that as well.

I think this is very, very important in your role. I want to say as chairman of the committee, I want to back you up; and I think you will get the support of the committee in our efforts to see that the job that you have been nominated by the President to undertake is properly supported by the legislative branch, and we will do everything we can on that.

I was the author of section 403 of the Trans Alaska Pipeline legislation which required an affirmative action program for contracting on the oil pipeline. I am proud to say that that program resulted in over \$350 million in minority contracts during construction. I also authored section 17 of the Alaska Natural Gas Transportation Act, which requires a similar program for the gas pipeline.

I am sure you are aware of these actions.

Mr. RHETT. Yes, sir.

The CHAIRMAN. Can you assure the committee that you intend to pursue a minority contracting program for the gas pipeline?

Mr. RHETT. Senator, I can assure the committee I feel very, very strong in this area myself, and I think my previous record shows this.

The CHAIRMAN. I want to say that I want obviously a real program for minority contractors. We don't want just to give the appearance. Some of these things, we know we have had some problems, especially in small business administration.

But I think one of the things that is absolutely essential is that they be bona fide minority contractors. I don't want the minority contractors being used by someone who will get the benefit of it that is not a minority as defined by the act. And I am sure that you understand that aspect of it as well.

I just want to be sure that it is a bona fide effort and that minorities can play, I think, a very important role here. And it is essential that we get them into the mainstream. You agree?

Mr. RHETT. Very much, sir. I understand the problem very well. I have it in the construction grants program, and we have demonstrated a good means of participation.

The CHAIRMAN. When this committee held hearings on the President's decision designating Northwest Pipeline in 1977, one witness suggested establishing a citizen's advisory committee to advise the Federal Inspector on environmental concerns relating to pipeline construction and operation.

Both Senator Stevens and I commented then that we thought such a committee would be a good idea. How do you view the role of citizen participation in the project?

Mr. RHETT. Mr. Chairman, I consider it completely essential. Without an open operation, there is just no way that we can build this thing and build it properly. The citizens can bring to us in the citizens' committees a different viewpoint, different skills, and one of my major jobs I think is to be able to foresee problems early.

I am convinced that we can solve the bulk of the problems without major cost overruns at all if they can be picked up early in the plan. And I plan to have a very strong and active citizen's advisory committee.

The CHAIRMAN. You would set up an advisory committee for that purpose?

Mr. RHETT. That is right.

The CHAIRMAN. And give it good support?

Mr. RHETT. Yes, sir.

The CHAIRMAN. I am glad to hear that. I think the environmental groups of course want CEQ to be consulted. Senator Stevens has suggested the League of Women Voters; I would give them the highest priority. I think they do a tremendous job, and they have been nonpartisan, and they are smart, and they keep the men folks on their toes.

When I was handling the President's gas bill, the only organized group really in the country supporting what I was trying to do was the League of Women Voters. So I have a special spot in my heart for their obvious objectivity.

Senator Gravel has written me on the date of June 21 and has asked me to ask you the following two questions: How important a consideration is the socioeconomic impact of the project of the Alaskan communities? What do you perceive as a role that the Federal Inspector in planning for this impact, the socioeconomic impact on Alaska?

Is there some experience based on the oil pipeline?

Mr. RHETT. The Senator's question is a very good one, Mr. Chairman. I consider it the Federal Inspector's responsibility to oversee to insure that the impacts there are not only acceptable in all cases to the State and the many peoples that will be involved. I think we will also have solved some of these problems though considerably simpler in the lower 48. I think there are some of these problems in the lower 48 also, and I plan to be very sensitive to it. Fortunately, there has been quite a bit of work already done in Alaska in this area; both in taking experience from the past—and in studies for this pipeline.

The CHAIRMAN. The second question: It is my understanding that the administration is requesting appropriation of \$10 million and more than 160 new staff positions to carry out the responsibilities of the Federal Inspector. How many of these positions will be located in Alaska? I ought to add, how many in Seattle.

Mr. RHETT. Mr. Chairman, really I am frankly concentrating very, very hard on trying to get confirmed to become the Federal Inspector. I would say that initially I think the bulk of the problems are here in Washington.

But as soon as the financing starts to move, I think that the major problems in Alaska. I frankly have not had the time nor put the study in personally to be able to provide the number of people by locations.

The major thing that we are trying to do is to insure that we are properly covered and to stay ahead of the power curve wherever we may need to have people.

The CHAIRMAN. I think that is a sensible answer. Obviously you are being called upon to set a good example here. Really if you are

going after inefficiencies in the operation of the pipeline, it wouldn't look good if your personnel were located purely for geographical reasons. Obviously a very large numerical proportion will be in Alaska and where the main construction work will occur. But you have to have other people stationed; some will be in Canada, too, I assume, to coordinate liaison work with the Canadians.

Mr. RHETT. Yes, sir.

The CHAIRMAN. I must say that you are being nominated for, I think, one of the most important construction tasks ever undertaken. Certainly in terms of dollars, it is the largest single construction project in the world.

And I have great respect for people who have served in the Corps of Engineers from my own personal experience through the years, as being individuals with a high degree of professional competence and with it an ability to deal with the public, which I think is so important.

I would only hope that you will be tough and call them as you see them, and we will back you up. The example on the Alaska oil pipeline is a reminder I think for all of us that we can do it better with the kind of systems management which would be applied in an undertaking of this size.

I strongly recommended at the time that the corps be given the assignment as systems manager of that project, but the oil companies involved felt otherwise. And in retrospect, it was a great mistake that we didn't have that kind of supervision.

Mr. Rhett, I want to thank you for your appearance here this morning; and we will move expeditiously on this. And if you will see that the department downtown has their paperwork finished; I would like to have the committee act on it next week. And we can take it up on the floor of the Senate and approve your nomination before we go off for the July 4th recess.

I notice we have one thing in common; both your wife and my wife come from New Mexico; I just found out.

Mr. RHETT. Yes, sir.

The CHAIRMAN. My wife came by way of the Deep South, however. Her people are out of Texas, Mississippi, Georgia, and Tennessee. And so that southern movement, I guess, is a heavy part of that part of New Mexico, which is a "Little Dixie" down in the Southwest.

Thank you very much; I appreciate your appearance.

Mr. RHETT. Mr. Chairman, I really want to thank you for the support you have given before and to tell you that I am sure I will be taking you up on the future support.

I really appreciate it. Without a good cooperative effort, there is no way to handle this assignment.

The CHAIRMAN. Thank you very much, and I know you will do your very best. And as I say, call them as you see them even if you make them all mad. You have to do that once in a while. And this is a great professional opportunity for you.

Mr. RHETT. Yes, sir.

The CHAIRMAN. And I know that you will do your very best to carry out the intent of the Congress and all of us who want to see this project move. It is urgent that we act on it without delay. Thank you.

[Whereupon, at 9:45 a.m., the committee was adjourned, subject to the call of the Chair.]

[A statement from Senator Stevens received by the committee follows:]

STATEMENT OF HON. TED STEVENS, A U.S. SENATOR FROM THE STATE OF ALASKA

I regret that I cannot be here today for the hearing concerning Mr. Rhett's nomination as Federal Inspector for the Alaska Natural Gas Pipeline. The grounding of the DC-10's has forced me to leave earlier than expected so that I might keep my commitments in Alaska.

Everyone here is aware, I am sure, of the key role the Federal Inspector will play in speeding the construction of the gasline. It is absolutely imperative that the interagency problems and the bureaucratic delays encountered during the construction of the Trans-Alaska Pipeline do not recur in this project. John McMillian of Northwest Pipeline Company stated in testimony presented at hearings earlier this week that every day of delay on this gasline is adding \$2 million to the total cost of the project.

Obviously I am pleased that the nomination procedures are underway and I wish Mr. Rhett well as he assumes these very important duties. I would now urge the Federal Energy Regulatory Commission and Northwest Pipeline Company to resolve remaining issues so construction of this vital pipeline can get underway.



## APPENDIXES

### APPENDIX I

#### Northwest Alaskan Pipeline Co. Checklist Submitted for the Record by Senator Jackson

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NORTHWEST ALASKAN PIPELINE CO.,  
Washington, D.C., June 22, 1979.

Re checklists of required government actions; status update as of June 21, 1979.

Mr. RUSSELL A. SOULEN,  
Acting Executive Director, Executive Policy Board, Alaska Natural Gas Transportation Program, U.S. Department of the Interior, Bureau of Land Management, Washington, D.C.

DEAR MR. SOULEN: At Senator Jackson's request, we updated the status of items on the various checklists forwarded to you by my letter of January 17, 1979. Copies of the annotated lists are enclosed for information of the EPB member agencies.

Four lists are attached:

Federal Energy Regulatory Commission—Alaska Segment.

Federal Government (excluding FERC)—Alaska Segment.

State of Alaska.

Federal Government—Prebuilding (Canadian Imports) Elements.

Yours truly,

EDWIN (AL) KUHN,  
Director,  
Government and Environmental Affairs.

January 17, 1979

FEDERAL ENERGY REGULATORY COMMISSIONCheck List of Critical Actions<sup>1/</sup>  
for Alaska Highway Gas Pipeline Project  
(thru 9/15/79)

<u>Action</u>	<u>Required Date of Action</u>	<u>Status: 6-22-79</u>
1. Initiate proceeding to implement Sec. 110 of NGPA relating to production-related costs.	1/22/79	Completed. Proposed Rule-making issued 2/2/79.
2. Initiate proceeding to resolve scope change/inflation/cost control issues relating to IROR.	2/1/79	Completed. Proposed Rule-making issued 4/6/79.
3. FERC's Alaskan Delegate submits report to Commission regarding project risks during construction, excluding IROR risks, to be used as a basis for rulemaking to determine the project Risk Premium needed for addition to the Operation Phase Rate to obtain the Non-Incentive Rate, which is used to compute AFUDC. (In response to Order No. 17A.)	2/15/79	Completed. On 4/3/79, the Delegate submitted the report to all parties, together with two other studies related to IROR.
4. Initiate proceeding to establish zone of reasonableness for project rate of return in response to Northwest filing of 2/15/79. <sup>2/</sup>	2/15/79	Completed. FERC's Notice of Proposed Rulemaking on April 6, 1979, consolidated IROR and tariff issues and expressed an intention to finalize these issues by June 1.
5. Initiate proceeding on project tariff based on: (1) tariff filed by sponsors about 3/1/79 and (2) report on tariff issues by FERC's Alaskan Delegate of 2/2/79, revised and formally transmitted to Commission 2/16/79.	3/1/79	
6. Initiate rulemaking to determine Project Risk Premium based on FERC Delegate's report (Item #3 above).	3/1/79	
7. Issue final order implementing Sec. 110 of NGPA concerning production-related costs. <sup>3/</sup>	3/15/79	Delayed. On 5/31/79, FERC distributed additional material for comment on this issue. The comment period (as extended) ends 6/22/79. A final FERC order is anticipated about July/August 1979.

<sup>1/</sup> Actions needed are among those required to permit project completion in the 1984-1985 heating season and draw heavily on FERC's Order No. 17 and 17A. The actions listed pertain only to the Alaska segment of the project.

<sup>2/</sup> The Marginal Rate logically could be established incident to this proceeding.

<sup>3/</sup> The facilities for gathering, treating, processing and compressing Prudhoe Bay gas are not included in the Alaska Natural Gas Transportation System, as defined in the President's Decision. Nevertheless, early resolution by FERC of all issues related to their construction obviously is critical to timely completion and initial operation of the gas pipeline.

\* Minor corrections have been made in original text.

<u>Action</u>	<u>Required Date of Action</u>	<u>Status: 6-22-79</u>
8. Issue environmental assessment on gas conditioning plant.	3/30/79	<u>Overdue</u> . Anticipate completion by 7/31/79.
9. Issue final order on scope change/inflation/cost responsibility issues relating to IROR.	4/2/79	<u>Delayed</u> . FERC's Order No. 31, issued 6/8/79, represents its proposed resolution of all IROR and project tariff issues except setting the center point. Comment period closes 7/8/90, and a final order is expected by 8/7/79.
10. Issue final order establishing Project Risk Premium (applicable during pre-construction and construction periods).	4/2/79	
11. Issue order approving all project expenditures through 7/31/78, and commence periodic audits. (Northwest made filing 2/2/79.)	4/15/79	<u>Overdue</u> .
12. Issue final order establishing rate of return zone of reasonableness.	4/15/79	<u>Delayed</u> . See items 9, 10 above.
13. Issue final order approving 1260 psig design pressure, 48" pipe diameter, and initial system capacity of 2.0 to 2.4 Bcfd (in response to Northwest's letter to FERC's Alaska Gas Project Office dated 10/27/78 and formal request for order dated 3/2/79).	5/1/79	<u>Delayed</u> . On 3/17/79, FERC issued a report and order inviting comments by 7/2/79. A possible evidentiary hearing would involve continuing delay.
14. Issue final order approving project tariff (filed by Northwest Alaskan 3/12/79).	5/1/79	<u>Delayed</u> . See items 9, 10 above.
15. Initiate rulemaking to set Operation Phase Rate. (Northwest will file sufficient information on financing considerations to allow evaluation of financial risks along with all other operation phase risks.)	5/1/79	Completed 4/6/79 as part of the consolidated proposed rulemaking.
16. Issue final order approving Operation Phase Rate.	6/30/79	<u>Delayed</u> . See items 9, 10 above.
17. Initiate rulemaking to establish Center Point and IROR Risk Premium.	7/15/79	<u>Delayed</u> . FERC's Order No. 31, unless revised before becoming final on 8/7/79, would defer setting the center point until final FERC certification. The IROR Risk Premium will be resolved incident to Order No. 31.
18. Issue final order establishing Center Point and IROR Risk Premium.	9/15/79	



January 17, 1979

Federal Government  
(Excluding FERC)

Check List of Critical Actions<sup>1/</sup>  
for Alaska Highway Gas Pipeline Project  
(Thru 4/16/79)

<u>Action</u>	<u>Responsibility</u>	<u>Required Date of Final Action</u>	<u>Status: 6-22-79</u>
1. Advise Northwest of likely extent of land in Alaska in vicinity of pipeline classified as "wetlands," and specify any special government requirements affecting construction on these lands, which could have substantial cost impact (in response to Northwest's letter to EPB of 12/14/78).	EPB Agencies (Corps of Engineers lead)	2/2/79	Unresolved. EPB's letter of 5/31/79 revealed a substantial difference of opinion between Corps of Engineers and DOI's Fish and Wildlife Service.
2. Resolve right-of-way and preconstruction entry procedures for Native Allottee lands (BIA's Juneau Office letter of July 18, 1978, indicates procedures will be provided when coordinated with BLM; Northwest letter to Alaska State Director, BLM of Jan. 10, 1979, refers.) Resolution needed to avoid delaying pending field activities.	DOI (BLM/BIA)	2/2/79	Completed 5/4/79 By BLM (Alaska) letter establishing procedure.
3. Submit Limited Executive Reorganization plan to Congress (as soon as relevant committees are organized and ready).	OMB/White House	2/15/79	Completed 4/2/79.
4. Issue Executive Order formally establishing Executive Policy Board.	OMB/White House	2/15/79	Overdue. Anticipate issuance shortly with effective date 7/1/79.
5. Advise Northwest of Haines pipeline right-of-way availability, about 160 miles of which is planned to be coincident with the gas pipeline alignment (in response to Northwest letter to GSA 3/20/78; letters to EPB 4/11/78, 12/4/78, 12/18/78, and 1/8/79 also pertain).	EPB (GSA, DOI)	2/16/79	Overdue. DOI's letter of 6/15/79 to GSA analyzes the issue and states DOI's position.

<sup>1/</sup>Actions needed are critical to project completion in the 1984-1985 heating season by Federal agencies other than FERC for which a separate check list has been prepared. The actions listed pertain only to the Alaska segment of the project. A short separate list of "supporting" actions is attached as Tab A.

<u>Action</u>	<u>Responsibility</u>	<u>Required Date of Final Action</u>	<u>Status: 6-22-79</u>
6. Provisionally approve pipeline alignment, including resolution of proximity to TAPS as a "compatible use" of the R.O.W. as requested in Northwest's letter to EPB of 12/18/78).	EPB (DOI)	2/16/79	Completed by 6/13/79 DOI letter, subject to resolution of a number of remaining questions.
7. Definitively resolve issues concerning Northwest's reimbursement of Department of the Interior expenses (as requested in letter to Secretary Andrus of 12/5/78, with copies to EPB Executive Director).	DOI	3/5/79	Not resolved satisfactorily by the Undersecretary of the Interior's letter of 1/18/79.
8. Specify any limitations on use of Yukon River Bridge as support for gas pipeline. (The "critical" nature of this item is still under evaluation; Northwest letter of 2/5/79 refers.)	EPB (DOT/DOI)	3/12/79	Overdue.
9. Provide definitive statement concerning any restrictions or special conditions to be imposed on right-of-way acquisition or construction in Tetlin Wildlife Refuge, recently withdrawn by Public Land Order 5653. The statement also should cover any other areas on or adjacent to the proposed pipeline alignment. (Northwest is not yet certain this is an area of "critical" concern; upon completion of evaluation, separate correspondence will be submitted as appropriate.)	DOI	3/12/79	Partially Resolved. DOI's 6/13/79 letter (item 6 above) stated that PLO 5653 would not change the alignment. Assurance is also needed with respect to a compressor station, work camp, and 11 material sites.
10. Advise Northwest of proposed contractual terms for Agreement and Grant of Right-of-Way for Federal Lands in Alaska. In addition, specify what, if any, stipulations or other requirements are planned other than those worked out with the EPB. (For cost estimation and to obtain financing, it will be important to avoid open-ended provisions or other sources of uncertainty, delay, or potential cost escalation.)	DOI	3/15/79	Overdue.

<u>Action</u>	<u>Responsibility</u>	<u>Required Date of Final Action</u>	<u>Status: 6-22-79</u>
11. Provide Northwest with draft of proposed terms for joint surveillance and monitoring agreement with the State of Alaska (Note: to the extent the provisions of this agreement involve any expansion of the scope of Northwest's obligations or liabilities or any alteration in governmental jurisdiction relative to the project, Northwest is directly affected -- even though not a party to the agreement -- and should be consulted in order to provide appropriate input and to reflect these considerations in its cost estimation and other planning.)	EPB/State of Alaska	3/15/79	Overdue. Northwest has seen only a preliminary draft, dated 7/26/78, prepared by the State and distributed to EPB members by the EPB Executive Director's memo of 8/21/78. His memo of 4/10/79 requested comments by 5/9/79.
12. Nominate the Federal Inspector	White House	3/15/79	Completed 6/8/79.
13. Approve staged design concept (Northwest will submit its recommendations in the very near future).	EPB	3/30/79	Northwest is waiting for confirmation of Federal Inspector.
14. Issue final stipulations, covering general, environmental, and technical matters (responsive to Northwest's letter to EPB of 10/27/78).	EPB/Agencies	3/30/79	Overdue. Proposed DOI stipulation published for comment 5/4/79; FERC's proposed stipulations published for comment 5/17/79.
15. Definitively resolve criteria for trench blasting in proximity to the Trans Alaska Oil Pipeline System (TAPS) to permit trench blasting at a nominal 60-80 feet of line separation. (The EPB's Technical Committee provided recommended criteria to the EPB principals by memorandum dated 8/29/78; however, formal endorsement has not yet been given).	EPB (CE)	3/30/79	Partially Resolved by DOI's 6/13/79 letter (item No. 6 above which provisionally approved 80 foot separation.
16. Approve the Limited Reorganization Plan	U.S. House & Senate	4/16/79	Completed. Approved By Senate 5/23/79; House 5/31. Effective: 5/31/79.

<u>Action</u>	<u>Responsibility</u>	<u>Required Date of Final Action</u>	<u>Status: 6-22-79</u>
17. Confirm the Federal Inspector	U.S. Senate	4/16/79	Anticipate delay to about 7/3/79.
18. Provide waiver on line pipe wall thickness in areas of parallel encroachment to Haul Road R.O.W. (Northwest will submit formal request when alignment is provisionally approved; current plans call for about 46 miles of pipeline alignment adjacent to the Haul Road.)	DOT	4/16/79	Anticipate delay linked to resolution of remaining alignment questions associated with item No. 6 above.

## TAB A

Check List of Supporting Actions  
(Thru 4/16/79)

<u>Action</u>	<u>Responsibility</u>	<u>Required Date of Final Action</u>	<u>Status: 6-22-79</u>
1. Respond to Northwest's request for clarification on use of blasting mats (in letter to EPB of 9/8/78).	EPB (CE lead)	2/2/79	Completed 4/17/79.
2. Advise Northwest of Federal support requirements at Fort Wainwright (in response to Northwest letter of 11/21/78).	EPB Agencies	2/2/79	Overdue. EPB letter of 3/12/79 stated info could not be provided now.
3. Resolve issues concerning Federal regulations to Implement Equal Employment Opportunity (EEO) and Minority Business Enterprise (MBE) under Section 17 of the Alaska Natural Gas Transportation Act (responsive to Northwest's letter to EPB of 9/21/78).	EPB (DOI)	2/16/79	Overdue. In response to FERC's Notice of 5/11/79, Northwest submitted written comments and participated in an informal public conference on 5/21/79. In response to request, Northwest submitted supplemental comments, including copies of all prior submissions, on 6/4/79.

January 17, 1979

Federal Government

Check List of Critical Actions<sup>1/</sup>  
For Prebuilding (Canadian Imports) Elements  
of Alaska Highway Gas Pipeline Project  
(Shru 6/30/79)

<u>Action</u>	<u>Responsibility</u>	<u>Required Date of Final Action</u>	<u>Status: 6-22-79.</u>
1. Submit Limited Executive Reorganization Plan to Congress (as soon as relevant committees are organized and ready).	OMB/White House	2/15/79	<u>Completed</u> 4/2/79.
2. Issue Executive Order formally establishing the Executive Policy Board.	OMB/White House	2/15/79	<u>Overdue.</u> Anticipate issuance shortly, with effective date of 7/1/79.
3. Certify appropriateness of rated capacities for Western and Eastern legs. (Required prior to certification per President's Decision, pages 39-40.)	Sec. Energy	2/16/79	<u>Deferred.</u> Under review in connection with Item #11 below.
4. Definitively resolve issues concerning the sponsors' reimbursement of Department of the Interior expenses (as requested in letter to Secretary Andrus of 12/5/78, with copies to EPB Executive Director).	DOI	3/5/79	<u>Not resolved satisfactorily</u> by the Undersecretary of the Interior's response dated 1/18/79.
5. Finalize Stipulations and issue DOI right-of-way grant.	EPB/DOI/ Other Agencies	3/15/79	<u>Overdue.</u> Proposed DOI stipulations published for comment on 5/4/79; FERC proposed stipulations published for comment on 5/17/79.
6. Resolve EEO/MBE Procedures	EPB	3/15/79	<u>Overdue.</u>
7. Nominate the Federal Inspector.	White House	3/15/79	<u>Completed.</u> Nomination submitted 6/8/79.

<sup>1/</sup> Actions needed are those required to help assure project completion as follows: Western leg -- 11/1/80, Eastern leg -- 11/1/81. In the case of the Western leg, the actions are particularly critical.

Completion dates are under review in light of delayed decisions. See comments on footnote No. 4, next page.

<u>Action</u>	<u>Responsibility</u>	<u>Required Date of Final Action</u>	<u>Status: 6-22-79</u>
8. Approve Limited Executive Reorganization Plan.	U.S. House & Senate	4/16/79	Completed. Approved by Senate 5/21/79; House 5/31. Effective: 5/31/79.
9. Confirm the Federal Inspector.	U.S. Senate	4/16/79	Anticipate delay to about 7/3/79.
10. Resolve, with finality, incentive rate of return (IROR) issues for Eastern leg, including the rate of return zone, scope change procedures, and inflation adjustments.	FERC	5/15/79	Delayed. Final order expected 8/7/79.
11. Issue Final Certificates of Convenience and Necessity for the Western and Eastern legs, which necessitates prior approval of the Overall Management Plans by the Federal Inspector per the President's <u>Decision</u> , page 27.2	FERC	6/30/79 <sup>1/</sup>	Anticipate delay to December, 1979. FERC has established a definitive 3-phase schedule for testimony, briefs, and hearings in the proceedings, which are expected to lead to final certificates by the end of calendar year 1979.

- 2/ In order to complete this action in a timely manner, separate handling from the Alaska segment clearly is required.
- 3/ Rate of return for Western leg would be included in this Order.
- 4/ This date is specified in recognition of what the project sponsors believe to be FERC's current planning target. The Western leg's filing for 11/1/80 completion was predicated upon certification by 4/1/79 and the timely completion of preconstruction activities, which have been deferred pending definitive government action. In view of the lack of definitive government actions to date, and the three-month slippage in the FERC certification date, completion of the Western leg on schedule will require further compression of the time for preconstruction and construction activities, and might not be possible to achieve. It is assumed that the Canadian export authorization will be issued on or about the date of FERC certification.

The Sponsors included in their applications estimated dates for completion of construction and commencement of first deliveries of Alberta gas of 11/1/80 for the Western leg and 11/1/81 for the Northern Border segment, assuming the timely receipt of all necessary regulatory approvals and the completion of necessary preconstruction activities in time to allow construction to begin in early-to-mid 1980. However, the absence of definitive regulatory action in the intervening period since these applications were filed make it necessary for the sponsor to reassess that projected time schedule. Such a reassessment is presently underway.

January 17, 1979\*

State of Alaska

Check List of Critical Actions<sup>1/</sup>  
for Alaska Highway Gas Pipeline Project  
(Thru 4/16/79)

<u>Action</u>	<u>Required Date of Final Action</u>	<u>Status: 6-22-79</u>
1. Provisionally approve pipeline alignment on State lands, including joint use of rights-of-way and permit areas with TAPS as a "compatible use" (as requested in Northwest's letter to S.P.C.O. of 12/19/78).	2/16/79	Partially resolved. S.P.C.O. letter of 3/30/79 provided comments on proposed alignment. State representatives participated in actions leading to DOI's 6/13/79 provisional approval, but formal State endorsement is unclear.
2. Specify any known limitations on use of Yukon River Bridge as support for gas pipeline. - (It is not yet certain that this is a "critical" action; Northwest letter to S.P.C.O. of 2/5/79 refers.)	3/12/79	Completed 3/21/79, letter from S.P.C.O.
3. Advise Northwest of proposed contractual terms for Right-of-Way Lease for State-owned lands. This should include a complete statement of all liabilities and obligations that Northwest would be asked to assume (e.g., socioeconomic stipulations, road maintenance). It should be accompanied by a complete listing of any limitations or requirements that would be imposed in the form of stipulations attached to the lease or to any permits issued by the State. (Note: this information is essential for the project's cost estimate which will be included in the financial risk analysis, marketability studies, and financial prospectus. It also is essential for obtaining equity support for the project.)	3/15/79	Partially resolved by S.P.C.O. letter of 4/11/79.

- 1/ Actions needed are among those that provide critical inputs to key decisions necessary to permit project completion in the 1984-1985 heating season. Although not in such a "critical" category, the following supporting action is noted:

Advise Northwest of the State's support requirements at Fort Wainwright (in response to Northwest letter to S.P.C.O. of 11/21/78).  
 Response due to Northwest 2/2/79.

Completed. S.P.C.O. letter of 2/13/79 provided the requested information.

- \* Minor corrections have been made in original text.

<u>Action</u>	<u>Required Date of Final Action</u>	<u>Status: 6-22-79</u>
4. Provide Northwest with draft of proposed terms for joint surveillance and monitoring agreement with the Federal Government. (Note: To the extent the provisions of this Agreement involve any expansion of the scope of Northwest's obligations or liabilities or any alteration in government jurisdiction relative to the project, Northwest is directly affected--even though not a party to the agreement--and should be consulted in order to provide appropriate input and to reflect these considerations in its cost estimation and other planning.)	3/15/79	Pending: Northwest has seen only a preliminary draft, dated July 26, 1978, prepared by the State and submitted to the EPS. As noted in the S.P.C.O.'s letter of 4/11/79, "It has not been critiqued in detail by either Federal or State governments awaiting appointment of the Federal Inspector."
5. Issue final stipulations, covering general, environmental, and technical matters (responsive to Northwest's letter of 10/27/78).	3/30/79	Overdue--linked to action by Federal agencies. Intent to formally adopt Federal stipulations, which State helped to develop, is unclear.
6. Concur in waiver of line pipe wall thickness in areas of parallel encroachment to Haul Road R.O.W. (Northwest will submit formal request to U.S. Department of Transportation when alignment is provisionally approved; current plans call for about 44 miles of pipeline alignment adjacent to the Haul Road.)	4/16/79	Delayed. Linked to Item #1 above.

Note: Throughout the period covered by this checklist, intensive work should be underway to implement the provisions of the following actions by the Tenth Alaska Legislature:

- Provision of up to \$1 billion in revenue bonds (Senate Bill No. 603)
- Provision of up to \$500 million in equity funds (Senate Concurrent Resolution No. 102)

Also during this period, royalty gas contracts should be negotiated.

Pending: --Re: Revenue Bonds--  
Bill 603. The Eleventh Legislature's (First Session) Resolution No. 13 of 4/17/79 posed additional requirements to be met by Northwest and reported to the legislature before the Second Session in January 1980.

--Re: Equity--Resolution 102. The Eleventh Legislature's Resolution No. 30 of 6/4/79 directed the Joint Interim Committee on Gas Pipeline Financing to investigate and report upon specified questions related to the State's equity participation. A report, including recommendations, is to be submitted to the Second Session of the Eleventh Legislature.

--Re: Royalty Gas Contracts--  
No resolution.



## APPENDIX II

## Biographical Sketch and Financial Statement of the Nominee

## BIOGRAPHICAL INFORMATION ON JOHN T. RHETT

John T. Rhett joined the Environmental Protection Agency in March 1973 as the Deputy Assistant Administrator for Water Program Operations following his retirement as a Colonel in the U.S. Army Corps of Engineers. He is responsible for administering EPA's major operating programs in the water pollution control field: specifically, the multi-billion dollar grant program for Construction of Municipal Wastewater Treatment Facilities; the National Operator Training and Maintenance Program for Municipal Wastewater Treatment Facilities; the Federal National Response Program (in conjunction with the U.S. Coast Guard) for Oil and Hazardous Materials Spills into Waters of the United States; the National Ocean Dumping and Discharge Programs; and the Environmental Emergencies.

A commissioned officer with the Corps of Engineers since 1945, Colonel Rhett served at posts both here and abroad. His assignments included two years with SHAPE; Chief of the Engineering Division of the U.S. Army Construction Agency in Vietnam; District Engineer of the Louisville Engineering District; and Resident Member, Board of Engineers for Rivers and Harbors.

Receiving his B.S. degree from the U.S. Military Academy, Colonel Rhett also has a Masters degree in Engineering from the University of California and a Masters in International Relations from George Washington University. He is a member of Chi Epsilon Honorary Engineering Fraternity; (Fellow) American Society of Civil Engineers; (Diplomate) American Academy of Environmental Engineers; (Member) Society of American Military Engineers; (Member) Water Pollution Control Federation; and a Registered Professional Engineer in both Florida and the District of Columbia. He has received EPA's highest award, the Gold Medal for Exceptional Service (1976), as well as Outstanding Performance awards—1978 and 1979.

Born in 1925, Colonel Rhett and his wife Helen reside in Arlington, Virginia.

## JOHN T. RHETT—BIOGRAPHICAL SKETCH

*Birthplace.*—Fort Benning, Georgia.

*Education.*—1945—U.S. Military Academy (BS)—Army School System to include the Command and General Staff College and culminating in the U.S. Army War College; 1952—University of California (Masters-Engineering); 1958—N.C. State (short course in Nuclear Engineering); and 1965—George Washington University (Masters-International Relations).

*Professional.*—Registered Engineer, Florida and District of Columbia, Chi Epsilon Honorary Engineering Fraternity.

*Memberships.*—American Society of Civil Engineers (Fellow); American Academy of Environmental Engineers (Diplomate); Society of American Military Engineers; Association of U.S. Army; and Water Pollution Control Federation.

*Experience.*—1945-73—U.S. Army Corps of Engineers, Officer, Second Lt. to Colonel; 1945-65—Various troop, engineering, construction, school and command positions; 1965-67—Land and Missile Infrastructure-Supreme Headquarters-Allied Powers Europe; 1967-68—Commander, 11th Engineer Group, Germany; 1968-69—Chief, Engineering Division, U.S. Army Construction Agency, Vietnam; 1969-72—District Engineer, Louisville Engineering District; and 1972-73—Resident Member, Board of Engineers for Rivers and Harbors, Corps of Engineers.

*March 1, 1973-Present.*—Assumed the duties of Deputy Assistant Administrator for Water Program Operations, Environmental Protection Agency.

*Duties.*—Responsible for operating the multi-billion dollar grant program for Construction of Municipal Wastewater Treatment Facilities; the National Operator Training and Maintenance Program for Municipal Wastewater Treatment Facilities; the Federal National Response Program (in conjunction with U.S. Coast Guard) for Oil & Hazardous Materials Spills; National Ocean Dumping & Discharge Programs and Environmental Emergencies.

*EPA Awards.*—Gold Medal for Exceptional Service 1976 Outstanding Performance—1978 and 1979.

## RÉSUMÉ OF JOHN T. RHETT, JR.

*Job Objective.*—Direct a firm or agency or be an executive responsible for major decisions and extensive supervision in a large organization responsible for major construction and/or water resources.

*Summary of Experience.*—Over twenty years of direct and increasing responsibility for major organizational, budgetary, manpower and other resources decisions at regional, national and international levels primarily in the engineering and construction field. Gained depth needed to evaluate complex problems from technical, economic, legal, environmental, social and political viewpoints, and direct and manage solutions. Developed in depth an understanding of water resources development from all these aspects. Learned to work well with local, State and Federal officials to include frequent and close contact with Members of Congress. Have done frequent public speaking and have worked extensively with the public to include both conservation and development groups. Primarily known as an innovative manager of large, complex organizations and programs with an ability to adapt these to the changing public need. Earlier ten years were used to develop the managerial and technical background.

*March 1973 to Present.*—As Deputy Assistant Administrator for Water Program Operations at the Environmental Protection Agency, manage and direct, to include policy and budgetary formulation, the EPA's Programs on Municipal Wastewater Construction Grants, Operation and Maintenance of Treatment Plants, Academic and Direct Training in the water area. In addition, manage the Ocean Disposal Program, Oil and Hazardous Materials Spill Control Program, and evaluation of water related environmental statements for the Agency. The majority of time is spent on managing the \$5 billion a year Municipal Wastewater Construction Grants Program. This management includes the supervision of the issuance of rules, regulations and guidance and the assurance that these are followed. The Program cuts across all facets of planning, design, construction and operation of wastewater plants. Presently it includes approximately 11,000 active projects with a value of over \$20 billion. Management includes frequent testimony before Congress, much interagency coordination, frequent meetings with the Office of Management and Budget and international coordination with many countries. Close coordination is required with the construction industry and its organizations to include architect engineers, contractors and equipment suppliers. It also includes supervising the Municipal Wastewater Technology area to guide, evaluate and transfer Research and Development to the users.

The Ocean Dumping Program is regulatory in nature to strictly control the disposal of waste in the ocean environment. In conjunction with the Corps of Engineers, this function includes the disposal of dredging spoil in marine areas. A national program for supervision of prevention and clean-up of oil and hazardous materials spills in water is supervised in conjunction with the Coast Guard.

All Programs are accomplished in the field through the Ten EPA Regions and a Water Training Center in Cincinnati (which is under direct control).

*August 1972 to March 1973.*—Resident Member of the Board of Engineers for Rivers and Harbors, Corps of Engineers. As such, manage and direct the top Corps of engineers professional staff in water resources development. Staff consists of 70, of which 35 are professional engineers, economists, ecologists, and sociologists that provide an independent review of all Corps of Engineers water resources projects to present to the Board of Engineers for Rivers and Harbors. Am a Member of the Board that consists of six senior Corps of Engineers General Officers and the Resident Member. The Board recommendations accompany all Corps of Engineers projects when they are circulated to Federal agencies at the Washington level and to the Governors. In addition, the Board report accompanies all the project documents for authorization sent by the Executive Department to Congress. Projects reviewed average \$1.5 billion annually. Supervise the Corps of Engineers top planning training course, in which 16 professional planners, selected country wide, are trained for one year. In addition to being Resident Member, represent the Chief of Engineers on the National Capital Planning Commission to provide for proper planning and development in the greater Washington area. Sit as representative of the Secretary of the Army and his General Counsel on the Free Trade Zone Board. Also am Secretary to the American Section of The Permanent International Association of Navigation Congresses for the chief of Engineers and the Secretary of State. This Congress consists of approximately 50 countries that meet frequently on navigation problems.

*1969-72.*—District Engineer, Louisville, Kentucky in the Corps of Engineers Civil Works, Military Construction, and Postal Construction Programs. Direct a 1,200-man and service force with a \$100 million annual program. Responsible for planning, designing, building and operating Corps of Engineers water resources projects in five States. Acted as Government contracting officer for all types of contracts associated with this effort. Authority was both administrative and technical. Supervised over fifty field installations. Louisville District is one of the largest and most

complex, with many engineering, environmental and political problems. Worked closely with local, State and Federal agencies and maintained close coordination with Members of Congress. Maintained a model program of public involvement and relations in water resources development. Developed an effective environmental resources program to implement the National Environmental Protection Act and maintained excellent relations with conservation groups. Instituted the "Permit Program" under the Refuse Act for the District which was considered an example. Was Chairman of the Committee that developed the Wabash River Comprehensive Study, Type II, and as such, have a great appreciation of water resources across the board. The Committee consisted of representatives of eight Federal agencies and three States charged with developing an overall water resources plan for the total basin. For the Corps of Engineers and Office of Emergency Preparedness, directed many emergencies to include the "Louisville Chlorine Barge Incident" and "Cave Run Dam Incident" that received national prominence.

1968-69.—Chief of Engineering, U.S. Army Construction Agency, Vietnam. As such, was responsible for the Army Construction Program in Vietnam. Responsibilities were of three types: planning and monetary control, design and supervision of all troops, Army contractors and Navy construction for the Army in Vietnam. Construction varied from highways, airfields, and military complexes to ports, hospitals, etc. Responsible for developing System to account to Department of Defense and to Congress for control of expenditures for construction, to include the combat zone. Direct management force consisted of approximately 150 men and responsibility included all of South Vietnam.

1967-63.—Commander, 11th Engineer Group, U.S. Army, Europe. Led and directed approximately 2,000 men in Europe involved primarily in training and construction missions. Also operated and ran a military post to include all ancillary facilities, such as utilities, maintenance, law enforcement, recreation, clubs, etc.

1965-66.—Staff Officer and chief of Land and Missiles Construction for the Supreme Headquarters Allied Powers Europe, Paris, France. As such, was responsible for control and programming of construction all over Europe that was jointly funded by the 14 nations for common defense. This control consisted of assuring need, developing criteria, presenting to the North Atlantic Treaty Organization Committees the programs and reporting back results.

1964-65.—Attended Army War College.

1963-64.—Post Engineer for military installation responsible for repairs, utilities and minor construction to include planning, programming and execution. Directed a Government force of approximately 300 and contractors in accomplishing this mission. Program of about \$10 million annually.

1962-63.—Led and directed an Engineer Construction Battalion of 940 men primarily constructing roads, ranges and buildings.

1961-62.—Area Engineer in Thule, Greenland, directing a \$25 million construction program for the Air Force and Army.

1958-61.—Chief of Projects, Army Nuclear Power, Corps of Engineers. As such, supervised the planning and technical aspects of the construction and operations of nuclear power plants. Program was more in the research and development stage with one plant in operation, two under construction and one under design.

1957-58.—Attended Army Command and General Staff College.

1955-57.—Area Engineer in the Louisville Engineer District, Corps of Engineers. Supervised an annual construction program of approximately \$20 to \$25 million per year. Extensive experience gained directing emergency forces after major floods.

1945-55.—Various assignments such as responsible charge of medium size construction programs, troop command, development type work involving establishment of new procedures and equipment associated with nuclear weapons. Attended Army and civilian schools. Assignments were in U.S., Europe and Far East.

*Education.*—U.S. Military Academy, West Point, New York; B.S. in Engineering, 1945; University of California, Berkeley, California; Masters of Engineering (Civil), 1952; North Carolina State University, Raleigh, North Carolina; Special Course in Nuclear Engineering, 1958; George Washington University, Washington, D.C.; M.S. in International Affairs, 1965; and Army School System culminating in Army War College, 1965.

*Affiliations.*—Registered Professional Engineer in Florida and the District of Columbia. American Society of Civil Engineers (Fellow); American Academy of Environmental Engineers (Diplomate); and Society of American Military Engineers.

*Awards.*—U.S. Environmental Protection Agency Gold Medal for Exceptional Service 1976; U.S. Army Legion of Merit (3); Joint Service Commendation Medal (1); Army Commendation Medal (3); Meritorious Service Medal (1); Outstanding Performance 1978 and 1979; and Chi Epsilon Honorary Engineering Fraternity.

*Personal.*—Born Fort Benning, Georgia, February 20, 1925. Excellent health. Married—children grown.

# UNITED STATES SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES

## STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Rhett, Jr. John Taylor  
(LAST) (FIRST) (OTHER)  
 Position to which nominated: Federal Inspector for the Alaska Natural Gas Transportation System Date of nomination: June 8, 1979  
 Date of birth: 20 2 25 Place of birth: Ft. Benning, Georgia  
(DAY) (MONTH) (YEAR)  
 Marital status: Married Full name of spouse: Helen Watson Rhett  
 Name and ages of children: Elizabeth Rhett Jones Age 27  
John T. Rhett, III Age 25

Education:	Institution	Dates attended	Degrees received	Dates of degrees
	<u>U. S. Military Academy</u>	<u>1942 - 1945</u>	<u>B. S.</u>	<u>1945</u>
	<u>Univ. of California</u>	<u>1950 - 1952</u>	<u>M. E. (civil)</u>	<u>1952</u>
	<u>George Washington Univ.</u>	<u>1964 - 1965</u>	<u>M. S. (Intn'l Relations)</u>	<u>1965</u>

Employment record: List below all positions held since college, including the title and description of job, name of employer, location, and dates.

<u>1945 - 1973</u>	<u>Regular U. S. Army Officer</u>
<u>1946 - 1947</u>	<u>Pvt. Ldr. &amp; Company Commander, 13th Engr. Bn., Korea (Lieutenant)</u>
<u>1947 - 1950</u>	<u>Project Officer, Armed Forces Special Weapons Project, Albuquerque, New Mexico (Lt. &amp; Captain)</u>
<u>1950 -</u>	<u>Student, Graduate School, Univ. of California, Berkeley, Calif. (Captain)</u>
	<u>Supply Officer, Training Bn., Ft. Belvoir, Virginia (Captain)</u>
<u>1950 - 1951</u>	<u>Staff Officer, Office of Chief of Engineers, Washington, D. C. (Captain)</u>
<u>1951 - 1952</u>	<u>Student, Graduate School, Univ. of California, Berkeley, Calif. (Captain)</u>
<u>1952 - 1955</u>	<u>Staff Officer, Hdqtrs., U. S. Army Europe Heidelberg, Germany (Captain)</u>

## Employment record—Continued

1955 - 1957	Area Engineer, Louisville Engineer District, Fort Knox, Kentucky (Captain)
1957 - 1958	Student - Command and General Staff College, Ft. Leavenworth, Kansas (Major)
1958 - 1961	Staff Officer, Nuclear Power, Office of Chief of Engineers, Washington, D. C. (Major) (cont'd)

**Military service:** Enter all military service if not included above: service, dates, rank, type of discharge.

(See above - Retired 1973 - Honorable)

**Honors and awards:** List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

U. S. Army Legion of Merit (3)

Joint Service Commendation Medal (1)

Army Commendation Medal (3)

Meritorious Service Medal (1)

Chi Epsilon Honorary Engineering Fraternity

U. S. Environmental Protection Agency Gold Medal for Exceptional Service  
Outstanding Performance 1978 and 1979 (1976)

**Memberships:** List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
American Society of Civil Engineers	(N.A.)	1970
American Academy of Environmental Engineers	"	1976
Society of American Military Engineers	"	1945
Association of U. S. Army	"	1957
Water Pollution Control Federation	"	1974
Chi Epsilon Honorary Engineering Fraternity	"	1952
Fraternity, Brooklyn Polytechnic	"	1940

**Published  
writings:****List the titles, publishers and dates of any books, articles, or reports you have written.****A number of technical articles on Engineering subjects.**

**Qualifications:** State fully your qualifications to serve in the position to which you have been named.  
(attach sheet)

**Future employment**

**relationships:** 1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

N. A. - Federal Employee

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization.

N. A. - Federal Employee

3. Has anybody made you a commitment to a job after you leave government?

No

4. Do you expect to serve the full term for which you have been appointed; or, if appointed for an indefinite term, do you have any known limitations upon your willingness or ability to serve for the foreseeable future?

Indefinite, as long as mutually acceptable to both parties.

**Potential conflicts of interest:**

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

Minor holdings of stocks in: Exxon; Phillips Petroleum; and Mobil  
are in the process of being distributed from Mother's estate during  
week of July 2nd -- stocks will be sold when distributed.

3. Describe any business relationship, dealing or financial transaction (other than tax-paying) which you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None - N. A. - Federal Employee

4. List and describe any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or for the purpose of affecting the administration and execution of national law or public policy.

N. A. - Federal Employee

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items.

011 Company stocks will be sold during July.

6. Explain how you will comply with conflict of interest laws and regulations applicable to the position for which you have been nominated. Attach a statement from the appropriate agency official indicating what those laws and regulations are and how you will comply with them.

Will assume no conflict -- real or apparent.



None

John T. Rhett

SCHEDULESA. LISTED SECURITIES

	<u>VALUE</u>
AT & T	\$ 3,000
Exxon	5,000
General Motors	6,500
General Electric	5,000
IBM	3,500
Mobil	1,000
Phillips Petroleum	5,000
Schering-Plough	5,500
	<hr/>
	\$ 34,500

B. UNLISTED SECURITIES

Merrill Lynch Ready Asset	\$ 25,000
Barnett Bank	1,000
Barnett Mortgage Trust	500
State Street Investment	8,500
Major Realty	3,000
Virginia Housing Development Authority Bond	5,000
Puerto Rico Public Building Authority Bond	5,000
	<hr/>
	\$ 48,000

C. REAL ESTATE

Private Residence 3175 North 21st Street Arlington, VA	\$130,000
JMB Income Properties - VI 875 North Michigan Avenue Chicago, ILL	5,000
1600 Limited Partnership 218 North Lee Street, Suite 321 Alexandria, VA	10,000
	<hr/>
	\$145,000

John T. Rhett

SCHEDULES

<u>D. LIABILITIES - NOTES PAYABLE</u>	<u>VALUE</u>
Army Mutual Aid Association Fort Myer, VA 22211	\$ 5,000
Equitable Life Association Society P. O. Box 34155, Charlotte, NC 28234	1,150
Penn Mutual Life Insurance Company Independence Square, Philadelphia, PA 19172	973
New York Life Insurance Company 51 Madison Avenue, New York, NY 10010	2,903
Jefferson Standard Life Insurance Co. P.O. Box 21008 Greensboro, NC 27420	6,094
Veterans Administration NSLI Philadelphia, PA 19172	3,520
	<u>\$19,640</u>

E. REAL ESTATE MORTGAGES PAYABLE

Carey Winston Bethesda, Maryland	\$81,000
-------------------------------------	----------

2. Are any assets pledged? (Add schedule.)

None

3. Are you currently a party to any legal action?

None

4. Have you ever declared bankruptcy?

No

5. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

No

District 2  
Columbia

AFFIDAVIT

I, John T. Rhee, being duly sworn, hereby states that he/she has read and signed the foregoing Statement for Completion by Presidential Nominees including the Financial Statement and that the information provided therein is, to the best of his/her knowledge and belief, current, accurate, and complete.

Subscribe and sworn before me this 13<sup>th</sup> day of June, 1977

Polly P. Anderson  
Notary Public

My Commission Expires November 30, 1981

John T. Rhett, Federal Inspector for the Alaska Natural  
Gas Transportation System (continuation sheet)

- 1961 - 1962 Asst. Area Engineer & Area Engineer,  
Eastern Ocean Engineer District,  
Thule, Greenland (Major)
- 1962 - 1964 Battalion Commander and Post Engineer,  
Ft. Stewart, Georgia (Major & Lt. Colonel)
- 1964 - 1965 Student, Army War College, Carlisle,  
Pennsylvania (Lt. Colonel)
- 1965 - 1967 Staff Officer, Supreme Headquarters  
Allied Powers Europe, Paris, France (Lt. Colonel)
- 1967 - 1968 Commanding Officer, 11th Engineer Combat Group,  
Heidelberg, Germany (Lt. Colonel & Colonel)
- 1968 - 1969 Chief of Engineering, U. S. Army Construction Agency,  
Vietnam, Long Binh, Vietnam (Colonel)
- 1969 - 1972 District Engineer, Louisville Engineer District,  
Louisville, Kentucky (Colonel)
- 1972 - 1973 Resident Member, Board of Engineers for Rivers  
and Harbors, U. S. Corps of Engineers  
Washington, D. C. (Colonel)
- 1973 - Present Deputy Assistant Administrator for Water Program  
Operations, U. S. Environmental Protection Agency,  
Washington, D. C.

United States of America

Office of  
Government EthicsOffice of Personnel Management  
Washington, D.C. 20415

JUN 27 1979

Honorable Henry M. Jackson  
Chairman, Committee on Energy and  
Natural Resources  
United States Senate  
Washington, D. C. 20510


Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by John P. Rhett, Jr., whose nomination for Federal Inspector for the Alaska Natural Gas Transportation System, has been sent to you by President Carter.

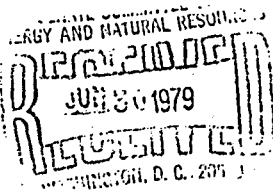
We have reviewed the report and have conferred with several agencies that are active in the area of Mr. Rhett's future responsibilities. On the basis of this analysis we have concluded that Mr. Rhett should dispose of his holdings in General Motors to avoid any potential conflict of interest. He has agreed to do so at or about the time he divests himself of his shares in Exxon, Mobil, and Phillips, as previously reported to your Committee.

Subject to the sale by Mr. Rhett of his shares in the above named four companies, we believe that Mr. Rhett is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely yours,

  
Bernhardt K. Wruble  
Director

Enclosure



# FINANCIAL DISCLOSURE REPORT

Agency Use  
Only

JUN 26 1979

## PRIVACY ACT STATEMENT

The Ethics in Government Act of 1978, Public Law 95-521, requires the reporting of this information. This information will be reviewed by Government officials to determine compliance with the intent of the Act and may be disclosed upon request to any requesting person pursuant to Section

205 of the Act or as otherwise authorized by law. Knowing or willful failure to file or report information required to be reported by Section 202 of the Act may subject you to a civil penalty of not more than \$5,000 and to disciplinary action by your employing agency or other appropriate authority.

Knowing and willful falsification of information required to be filed by Section 202 of the Act may also subject you to criminal prosecution under 18 U.S.C. 1001, leading to a fine of not more than \$10,000 or imprisonment for not more than five years or both.

Instructions: Read the information sheet first, then complete this financial disclosure report. Attach additional sheets if needed; identify each sheet by showing your name, position, and the section being continued.

Reporting Period: Information is generally required to be reported as of a "closing date" (selected and specified by you in block E), which may not be more than thirty-one days prior to the date of filing. Specifically, information is required to be reported on each section as follows: Section I—

the preceding calendar year and the period up to the closing date. Sections II and III—as of the closing date. Sections IV and V—for the current calendar year up to the filing date and for the two prior calendar years if this is a first report. Section VI—as of the filing date.

A. Name <b>John T. Rhett, Jr.</b>		B. Position for which being reported <b>FEDERAL Inspector for the Alaska Natural Gas Transportation System</b>		C. Department or agency, if applicable		D. Date of appointment, last salary, election, or date nominated to post to Senate <b>6/8/79</b>	
E. Reporting period "closing date" <b>5/18/79</b>		F. Congressional Committee considering your nomination <b>Energy and Natural Resources</b>		G. Do you intend to create a trust which meets the requirements of Section 202(1)(4)(B)? (See the information sheet, p. 2)		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

## SECTION I. INCOME

List each source of gross income from which dividends, rent, interest or capital gains exceeded \$100 in amount or value. Report for the preceding calendar year and up to the closing date. If none, so state. You may ex-

clude capital gains from the sale or exchange of the personal residence of you, your spouse, or dependent child.

SPOUSE AND DEPENDENT CHILDREN: Report each source of income of the kind and amount described above which is received by a spouse or

dependent child and is derived from an asset required to be reported in Section II.

TRUSTS: See the information sheet, p. 2.

Source of Income (Name and Address) (When identifying securities give name of issuing company; if not listed on stock exchange, give address and nature of business)	Type of Income (✓)						Category of Amount or Value (✓)					
	Dividends	Rent	Interest	Capital Gains	Excepted Trust		\$101 to \$1,000	\$1,001 to \$2,500	\$2,501 to \$5,000	\$5,001 to \$15,000	\$15,001 to \$50,000	\$50,001 to \$100,000
American Telephone & Telegraph	x					x						
Exxon	x					x						
General Motors	x					x						
General Electric	x					x						
IBM	x					x						
Mobil Corporation	x					x						
Phillips Petroleum	x					x						
Schering-Plough	x					x						
Major Realty (Real Estate) Orlando, Fla. (OTC)	x					x						
Barnett Banks of Florida (OTC)	x					x						
Barnett Mortgage Trust (OTC)	x					x						
State Street Investment Corporation, Boston MA (OTC)	x					x						





B. List any other income, including honoraria, not reported in Section I(A) which from any source exceeded \$100 in amount or value. Report for the preceding calendar year and up to the closing date. If none, so state. Report business income as indicated in the information sheet, p.2.

SPOUSE: Report the source (not the amount) of earned income received by a spouse which exceeded \$1,000. If a spouse is self-employed in a business or profession, report only the nature of the business or profession, e.g., law firm or real estate. Designate those items of earned income re-

ceived by a spouse with an (S). You may exclude your income from current employment by the United States Government, state "Government income excluded".

Source of Income (Name and Address)	Amount	Type (e.g. compensation for services, annuities, dividend shares of partnership income)	Date (Only if Honoraria)
U. S. Army Retired Pay	\$16,000	Retired Pay	

## SECTION II. PROPERTY INTERESTS AND ASSETS (REAL AND PERSONAL)

List each interest in real or personal property held in a trade or business, for investment, or the production of income which had a fair market value in excess of \$1,000 as of the closing date. Give the fair market value, or a good faith estimate of value as described in the attached information sheet. (If you use the tax assessment method or the price and date of purchase of real property, report actual amounts.) For all other methods report the category of value. If none, so state.

SPOUSE AND DEPENDENT CHILDREN: Report all property interests of a spouse or dependent child. (See the information sheet for exemptions.) EXCLUSIONS: (1) A personal liability owed to you by a relative; (2) Deposits in personal savings accounts if the total of all accounts is less than \$5,000. (If the total amount exceeds \$5,000, report all accounts. A per-

sonal savings account includes certificates of deposit or any other form of deposit in a bank or any similar institution; and (3) Personal property not held for business, investment or the production of income. (Examples include household goods, non-interest bearing checking accounts, automobiles, paintings, jewelry, and life insurance policies. However, if an individual is in the business of buying and selling any such items for profit, their category of value must be disclosed.)

Identification of Property (Name and Address) (When identifying real property, describe improvements on land, e.g., ten-story apartment building; when identifying securities, give name of issuing company; if not listed on stock exchange, give address and nature of business)	Valuation Method	Category of Amount or Value (✓)					
		\$1,001 to \$5,000	\$5,001 to \$15,000	\$15,001 to \$50,000	\$50,001 to \$250,000	\$250,001 to \$500,000	Over \$500,000
(Property 1604-14 King St., Alexandria) 1600 Limited Partnership, Suite 231, 218 North Lee St., Alex. VA	Original Cost 1978		x				
JMB Income Properties, Ltd-VI 875 North Michigan Avenue Chicago, Ill	Original Cost 1979	x					
AT & T		x					
Exxon		x					
General Motors			x				
General Electric		x					
IDM		x					

(CONT.)

## II. Property Interest (Cont.)

Identification of Property (Name and Address) (When identifying real property, describe improvements on land, e.g., ten-story apartment building; when identifying securities, give name of issuing company; if not listed on stock exchange, give address and nature of business)	Valuation Method	Category of Amount or Value (✓)					
		\$1,001 to \$5,000	\$5,001 to \$15,000	\$15,001 to \$50,000	\$50,001 to \$100,000	\$100,001 to \$250,000	Over \$250,000
Mobil		X					
Phillips Petroleum		X					
Schering-Plough			X				
Merril Lynch Ready Asset				X			
Barnett Bank		X					
Barnett Mortgage Trust		X					
State Street Investment			X				
Major Realty		X					
Virginia Housing Development Authority Bond		X					
Puerto Rico Public Building Authority Bond		X					

List the total liabilities owed to any creditor which exceeded \$10,000 as of the closing date. If none, so state.

**SPOUSE AND DEPENDENT CHILDREN:** Report liabilities of a spouse and dependent child. (See the information sheet for exemptions.)

**EXCLUSIONS:** (1) Liabilities owed a relative; (2) A mortgage on the personal residence of you or your spouse; and (3) A loan which is secured by and does not exceed the purchase price of a personal motor vehicle, household furniture or appliance.

[illegible]

List positions held, on or before the date of filing, during the current calendar year, as an officer, director, trustee, partner, proprietor, representative, employee, or consultant of any corporation, company, firm, partnership, or other business enterprise, any non-profit organization, any labor

organization, or any educational or other institution other than the United States Government. If none, so state. You may exclude positions in religious, social, fraternal, political entities and those solely of an honorary nature.

**FIRST REPORT:** If you are filing your first report list positions held during the current calendar year and the two preceding calendar years.  
**SPOUSE AND DEPENDENT CHILDREN:** No report.

[illegible]



## SECTION VII. ADDITIONAL INFORMATION

A. Are there any interests in property or liabilities of a spouse or dependent child which you have not reported but which would be reportable, if held by you?.....

If "yes", do you certify that:

1. They represent solely your spouse's or dependent child's financial interest or responsibility;
2. They are not in any way, past or present, derived from your income, assets, or activities;
3. You neither derive, nor expect to derive, any financial or economic benefit from them; and
4. You do not have knowledge in detail as to the composition of such interests or liabilities? .....

YES	NO
	X

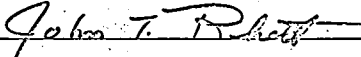
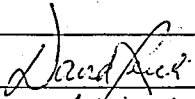
B. Do you, your spouse, or dependent child receive income from, or have a beneficial interest in a trust? .....

If "yes", have you reported the income from the trust? .....

If "yes", have you reported the assets of the trust? .....

If "yes", is this trust an "excepted" trust? .....

YES	NO
	X

<b>CERTIFICATION</b> I CERTIFY that the statements I have made are true, complete and correct to the best of my knowledge and belief. Office Address 401 M Street, SW, Washington, D. C. 20460	Signature 	Date 22 June 79 Office Telephone Number 426-8856
<b>REVIEWING OFFICIAL</b> The information contained in this report discloses no conflict of interest under applicable laws and regulations.	Signature 	Date 6/26/79
Office of Government Ethics Use Only	Comments Subject to our letter of June 16, 1979 to Senator Cannon Re: Mr. Hill will sell in the very near future his share in Mobil, Phillips, Exxon and Federal Motors. 