

ENERGY CRISIS STUDY COMMITTEE

Report to the Legislative Council
and the Members of the
Second Session of the Sixty-fifth General Assembly
State of Iowa
1974

F I N A L R E P O R T

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At its July, 1973 meeting, the Legislative Council created the Energy Crisis Study Committee and, pursuant to House Concurrent Resolutions 74, 46, and 48 and Senate Concurrent Resolution 54, assigned to the Committee the task of studying energy policy positions on the state and national levels.

The following members of the General Assembly were appointed to the Study Committee:

Senator George F. Milligan, Temporary Chairman
Senator Michael T. Blouin
Senator Calvin O. Hultman
Senator Lowell L. Junkins
Senator Roger J. Shaff
Representative Glenn F. Brockett
Representative Dennis E. Butler
Representative Dale M. Cochran
Representative William E. Ewing
Representative R. G. Miller

At the first meeting of the Energy Crisis Study Committee held on August 28, 1973 Senator George F. Milligan was elected permanent Chairman and Representative Dale M. Cochran permanent Vice Chairman of the Study Committee. The objective adopted by the Study Committee at its first meeting included a survey of the cause and location of the fuel shortage in Iowa and steps that can be taken on the state level to utilize and conserve energy resources in view of federal jurisdiction over the availability and regulation of fuel supplies.

The Study Committee held nine meetings and heard testimony from representatives of agricultural interests, utility companies, businesses and consumers directly affected by the fuel shortage, and from the fuel industry, including pipeline companies and coal producers. State Geologist, Dr. Samuel Tuthill, Mr. Maurice Van Nostrand, the Chairman of the Iowa Commerce Commission, and Mr. Bryce Harthoorn of the Department of Environmental Quality provided assistance in the form of recommendations for action on various proposals presented to the Study Committee. In addition, the Study Committee met intermittently with members of the governor's staff in order to coordinate the efforts of the legislative branch of state government with the executive branch.

I. The Fuel Shortage

At its first two meetings, the Study Committee studied the distribution and pattern of consumption of fuel in the state of Iowa, and in particular, the availability of propane gas for use in corn drying. Testimony received by the Study Committee indicates

that the problems encountered by utility companies, schools, wholesale distributors, and farmers in obtaining fuel from suppliers have as their source conditions that are nationwide:

1. Because of the shortage of natural gas, utilities and industrial firms which normally use natural gas for fuel and which purchase the gas on interruptible contracts, stored large quantities of propane. The demand for propane outstripped the supply, and agricultural interests and other consumers feared that propane gas would not be available for distribution when it was most needed. In addition, the United States Department of Agriculture is forecasting a one-million-ton shortage of nitrogen and a shortage of seven hundred thousand tons of phosphates for the 1974 crop year. The principal cause of the current shortage is due to the lack of natural gas to manufacture nitrogen-based fertilizers.
2. The mandatory fuel allocation program administered by the federal government and intended to divert propane from present uses to priority customers is not working for the reason that the cumbersome system of reporting shortages through local Agricultural Stabilization and Conservation Service offices has hindered priority users in their efforts to obtain validation of their needs.
3. Although Iowa cannot technically lose its allocation of fuel, suppliers have diverted the fuel to more profitable markets and federal action is necessary for Iowa to retrieve the supply.

The Study Committee, in agreement that Iowa government would be able to serve its citizens more efficiently and economically if the state is allowed to administer its own allocation of propane fuel supply, sent a telegram to the Director of the President's Energy Policy Office urging the federal government to allow Iowa to allocate a certain percentage of the fuel coming into the state in order to meet emergency needs. Although the State of Iowa has not been allowed to enter into the allocation of #6 heating oil, propane, or gasoline, testimony from the Chairman of the Iowa Commerce Commission revealed that propane gas dealers in Iowa have established a clearing house in Des Moines for distribution of available supplies.

II. Iowa's Coal Resources

In response to suggestions by Study Committee members that an inventory of useable energy resources in Iowa be obtained in order to determine alternatives to the use of petroleum products as fuel, Dr. Tuthill submitted a preliminary energy budget for the State of Iowa, a copy of which is on file in the office of the Legislative Service Bureau. The Committee heard from the coal producers, the State Department of Soil Conservation, and the Iowa Geological Survey on the problems of the coal industry. Testimony received from the Iowa Coal Producers Association reveals that at the present time no person can afford to begin a coal mining

operation without entering into a twenty-year contract. In support of further development of nuclear power plants in Iowa, the President of Iowa Electric Light and Power Company told the Study Committee that in spite of the abundant supply of coal underlying the state, coal contracts are not being met because industry has switched from the use of coal to cleaner fuels such as natural gas and low-sulfur oil.

The Study Committee also received testimony to the effect that clean air and strip-mining regulations have prevented the coal industry from increased development in Iowa. It was pointed out to the Study Committee that because technology has not evolved to the stage where Iowa coal of a higher sulfur content can be burned, Iowa coal mines are being shut down. Commissioner Van Nostrand told the Study Committee that 56 percent of the electricity used in Iowa is generated by coal and that most of that coal is high-sulfur Iowa coal which will not meet the federal clean air standards effective January 1, 1975.

III. Proposals Submitted to and Considered by the Energy Crisis Study Committee

1. The Study Committee explored the possibility that clean air standards promulgated by the Department of Environmental Quality (DEQ) might be relaxed to permit the burning of coal of a higher sulfur content until that time when technology can provide for the desulfurization or gasification of coal.

2. The Study Committee received proposals that additional rail passenger service be provided in Iowa to alleviate excessive fuel consumption by other modes of transportation. The response from the Rock Island Railroad indicates that if Iowa would assume the \$10.5 million cost of upgrading the track, building train stations, and purchasing coaches and new locomotives, and two-thirds of the operating losses of the passenger service, the Railroad would contract with Amtrak for a passenger line from Davenport, Iowa to Council Bluffs.

3. The Iowa Student Public Interest Research Group submitted for consideration by the Study Committee a comprehensive report showing waste in current energy uses and including suggestions for legislation relating to labeling of appliances on their rate of energy consumption and regulation of the construction of large energy facilities.

4. In regard to proposals for mandating a reduction in the speed limit set by state law, the Study Committee met with representatives of the trucking industry on January 3, 1974 to obtain more information on the rate of speed at which trucks operate most economically and save fuel. (Copies of a study conducted by the Iowa Highway Commission on the savings in fuel effected by reduced speeds for motor vehicles other than trucks were distributed to the Study Committee at its meeting on November 9, 1973.) The Study Committee stated that it would recommend legislation to reduce the speed limit if proposals before the

United States Congress were not enacted and if Governor Ray's proclamation calling for a 50 m.p.h. speed limit is not effective.

5. Pursuant to testimony received from the Iowa Development Commission, the Study Committee created a subcommittee consisting of Representative Dale M. Cochran and Senator Calvin Hultman to assist and provide input into the development of a grain alcohol motor fuel industry. The Iowa Development Commission, in conjunction with the subcommittee, is working with Iowa State University on the feasibility of developing the industry, including a study of the use of the byproducts of the process to convert corn into fuel.

6. The Study Committee also considered various proposals for legislation to establish an energy policy council and to grant emergency powers to the governor in the event of a severe fuel shortage. Action on the proposal was deferred with the unanimous agreement of Study Committee members that the granting of emergency powers should be subject to a legislative veto.

IV. Conclusion

The Study Committee met twice during the 1974 Session of the Sixty-fifth Iowa General Assembly and submits the following recommendations:

1. That clean air standards promulgated by the Department of Environmental Quality be relaxed to permit the burning of coal of a higher sulfur content in those areas of the state where the 1975 national air quality standards could still be met.

2. That legislation be introduced to reduce the maximum speed limit in the state to 55 m.p.h. effective only until the reduction is no longer mandated by the federal government.

3. That legislation to authorize a state-owned emergency reserve of fuel be introduced during the 1974 Session of the General Assembly.

4. That a review be made of the problems of the coal industry in Iowa in order to determine possibilities for legislative action, including the funding of coal research projects through the Iowa Geological Survey.

5. That legislation be introduced which would provide for the collection of energy data, including required reports from fuel suppliers, distributors, and dealers on their sources of supply and sales.

6. That the legislature take steps to reduce the consumption of fuel by state government during the 1974 Session of the Sixty-fifth Iowa General Assembly as an example to private citizens.

7. That the Iowa State Commerce Commission undertake a review of the problems of the railroad industry in Iowa in order to

provide greater opportunities for the development of freight transportation by rail.

8. That legislation be introduced to provide for a hearing before the Iowa State Commerce Commission in the case of termination of franchises entered into by distributors and dealers of motor fuel and special fuel.

9. That a standing committee on energy be established in each house of the General Assembly to which various legislative proposals before the Study Committee may be referred.

(Subsequent to the recommendations of the Study Committee, members of the Senate and the House of Representatives were appointed to committees on energy in their respective houses and bills relating to proposals considered by the Study Committee have been introduced and referred to these committees.)