

# JOURNAL OF THE SENATE

WEDNESDAY, April 10, 1974.

The chief clerk makes the following entries under the above date.

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## PETITIONS AND COMMUNICATIONS

Office of Emergency  
Energy Assistance  
Stanley York, Director

March 31, 1974.

TO: Governor Patrick J. Lucey and the Legislature

Pursuant to Chapter 157 of the Laws of 1973, I make the following report to the Governor and the Legislature on the current status of fuel problems in Wisconsin and the operation of the Office of Emergency Energy Assistance. On November 2, 1973, in Executive Order 64, the Governor created the Office of Emergency Energy Assistance and designated it as the official state office to administer the Federal Mandatory Allocation Program. In special session in December, the Legislature passed Special Session Assembly Bill No. 1 which the Governor signed into law and which became Chapter 157 of the Laws of 1973 effective December 30, 1973. Under that Chapter, various powers and responsibilities were given to the Governor or his designee to deal with several aspects of the energy situation in the state. On December 31, 1973, the Governor issued Executive Order 72 designating the Office of Emergency Assistance as his designee under the terms of Chapter 157.

### *Status*

Recent news developments, concerning particularly the Arab oil embargo, have led much of the public to the erroneous belief that our energy problems are behind us. The Federal Energy Office recently estimated that our post-embargo shortage of petroleum products will be about 8%, twice the shortage which existed before the embargo. It is evident that our problems are far from behind us and that continuing conservation and other efforts will be essential in coming months to minimize the potentially disruptive impact of the energy shortage on Wisconsin's economy.

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### *Federal Mandatory Allocation Programs*

The mandatory allocation programs promulgated by the federal government are proceeding smoothly in Wisconsin with very few difficulties encountered in their administration. Most of our serious problems relate to end users of petroleum products not covered by the programs; the most noticeable of these is the purchases of motor gasoline who buys from the retail pump.

To deal with these problems, we recently instituted a program to ease severe shortages at the retail pump by allocating a portion of the fuel under this office's control to retail stations. In March, the first month of this retail allocation program, we ordered more than 540,000 gallons of gasoline to service stations in 25 different communities where severe shortages existed.

Most of circumstances referred to our office are resolved voluntarily through telephone contacts by our Office with various levels of the petroleum industry in Wisconsin. We have had excellent assistance from Emergency Government and ASCS people at the county level throughout the state through whom many problems have been resolved without ever reaching our office. We do not at the present time have any serious problems with any of the major oil companies in the administration of the Mandatory Allocation Program. We have been able to resolve most of the differences in interpretation and administration on a satisfactory basis.

We are puzzled by the reports from other states that their programs are in chaos and that, in spite of hiring thirty to fifty people, they do not seem to be able to bring any order out of the chaos. We are pleased that the Wisconsin program is working so well.

We currently are handling upwards of 200 telephone inquiries daily, in addition to sizeable volumes of mail. Except in particularly complex cases, we are resolving requests for assistance in a matter of one to three days.

### *Conservation*

A Major effort of the Office has been to encourage conservation on the part of Wisconsin citizens, first in the use of heating oil and now in the use of gasoline. This conservation effort has proven to be very successful, with an overwhelming response on the part of Wisconsin business and citizens. It now appears that conservation efforts have resulted in the use of 15% less oil than had been anticipated, corrected for weather. This means that fuel oil is in slight surplus condition at the moment and the pressure is

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off of that product. Hearty congratulations are due to the People of Wisconsin for their efforts.

The conservation effort will have another fringe benefit for the state in that much of the fuel oil can be used also as diesel fuel. This should help to relieve some of the shortage problems faced by independent truckers upon whom Wisconsin agriculture is so dependent.

While our conservation has been primarily directed at petroleum products, there now appears to have been a 6-9% reduction in use of natural gas, corrected for weather, which has taken the pressure off the interruptable natural gas customer and, therefore, off the entire petroleum demand situation. Thus, Wisconsin's general conservation effort has relieved pressures at all points in the system and has put us in a very favorable position in comparison with other states.

It should be noted that Wisconsin schools and Wisconsin businesses have taken the lead in the conservation effort and have set high standards for the rest of the state to follow.

### *Information Gathering*

One of the primary purposes for introducing the bill which became Chapter 157 was to gather more definitive information about the supply of petroleum products in Wisconsin so we would be in a better position to judge the severity of shortages and to make administrative decisions relating to the alleviation of those shortages. In keeping with the intent of the statute, the Office promulgated an administrative rule (OEEA 1) as an emergency rule. Under the terms of this rule, the Wisconsin petroleum industry has been required to report to the Office by the 5th of each month the inventories and expected supplies that will be available during the course of the month. There was no list available of those who should be required to report, so we have begun to build such a list. It now appears that there will be about 1200 business entities involved and on the January and February reporting we have heard from only about 600 of these. In March this number rose to 1007. We are now beginning follow-up procedures to gain compliance from the others. This has been a disappointing response, and we will make a vigorous effort to gain compliance. In the light of the initial response, we feel that it is important that we also do some testing of the accuracy of the reports and expect to begin that procedure soon.

We also sought under the emergency rules to get records of historical sales from prime suppliers for a four year period. Unfortunately, records are not and will not be available from most

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for 1970 and 1971, but we expect good compliance for 1972 and 1973. We will begin our follow-up procedures on those not reporting on April 15. We anticipate that when all prime suppliers are identified we will be dealing with about forty.

### **Degree Day Program**

Under the Mandatory Allocation Program, the federal government has mandated an oil rationing program based on degree days per gallon consumption for heating oil. Because only a small percentage of Wisconsin oil distributors and almost no end users keep track of degree day information for their own purposes, we enlisted the support of the Meteorology Department of the University of Wisconsin and the State Educational Communications Board. Both have been very helpful and the State Educational Radio Network is now broadcasting daily data that is supplied by the UW. This reporting service will be supplemented by summary totals which are being communicated by the Associated Press Wire Service. Our surplus situation on heating oil has made this program less urgent for the current heating season, but it has the side benefit of allowing distributors and end users to break into the program gradually. This means that we will be able to start off effectively next fall with a minimum of inconvenience to Wisconsin citizens.

### **Office Administration**

The Office is staffed with a Director, a deputy, an administrative assistant, two fuel allocators (one on loan from Emergency Government, another who was on loan from Agriculture, but now is part of the permanent staff), and six clerical positions. The Federal Energy Office had assigned a Federal Allocation Officer and one clerical position to our Office and they have helped to carry a portion of the work load. We do not know the future of their status under the new allocation program.

We have had excellent support assistance from the Division of Emergency Government and the Department of Administration who have been very helpful in the administrative functions of the Office. In addition, the Departments of Agriculture, Justice and Transportation have been very helpful in providing support services and the loan of personnel to accomplish specific tasks. The Public Service Commission has been helpful in the partial loan of a research assistant funded by BOGO last summer and in providing excellent cooperation where their work has a bearing on ours in

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regard to the regulated utilities. Without the support and cooperation of these agencies we could not have done our work.

We have enjoyed a good working relationship with other regulatory agencies such as the Department of Industry, Labor and Human Relations and the Department of Natural Resources, whose regulatory function has a definite and specific impact in the areas of our responsibility. We would like to take this opportunity to express our appreciation to all of the agencies of state government who have gone out of their way to make the program work. No agency has turned down a request for assistance and many individual state employees have given generously of their time and talent in this effort.

In the five months we have been in business we have allocated over ten million gallons of petroleum products, half of it in March.

### Summary

The agencies of state government have responded quickly and effectively to the problems within the purview of this office. Pricing of energy resources remains a serious problem but is entirely under the jurisdiction of the Federal Government with no discretion left to the states. It would appear that in spite of the lifting of the embargo on Arabian oil, we can expect that the problems will continue for at least the foreseeable future.

The conservation efforts of Wisconsin's citizens and businesses are a major factor in our success to date, and the state as a whole can be justly proud of its leadership role in this regard.

This Office stands ready to assist the Governor and the Legislature in whatever way you wish as you face the policy decisions that will have to be made in the next months.

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**EXECUTIVE COMMUNICATIONS**

**State of Wisconsin  
Office of the Governor  
Madison, Wisconsin**

**April 9, 1974.**

**To the Honorable, the Senate:**

**The following bills, originating in the senate, have been approved, signed and deposited in the office of the Secretary of State:**

<b>Senate Bill</b>	<b>Chapter No.</b>	<b>Date Approved</b>
<b>299</b> -----	<b>180</b> -----	<b>April 8, 1974</b>

**Sincerely,**

**PATRICK J. LUCEY**

**Governor**

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**CHIEF CLERK'S REPORT**

**The chief clerk records:**

**Senate Bill 268**

**Correctly enrolled and presented to the Governor on Wednesday, April 10, 1974.**