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FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20548

FEDERAL ENERGY REGULATORY COMMISSION
DIVISION

August 2, 1976

B-178205



The Honorable Frank Zarb
Administrator
Federal Energy Administration

Dear Mr. Zarb:

Because many energy decisions of the Federal Energy Administration (FEA) impact on consumers, environmentalists, industry, State and local governments, and State regulatory utility commissions, it is essential that FEA receive and consider input from representatives of these groups before making energy policy decisions. The Federal Energy Administration Act of 1974 (Public Law 93-275) provides FEA with a mechanism for receiving this input through the establishment of advisory committees. As of February 1976, FEA had 14 advisory committees with a total of 375 members.

We reviewed the operation and effectiveness of FEA's advisory committees. Our work was done at FEA headquarters in Washington, D.C., where we attended advisory committee meetings, reviewed reports and meeting transcripts, and interviewed committee liaison officers and other FEA officials. In addition, we surveyed by telephone present advisory committee members to ask their views on the effectiveness of their committees, committee coverage of major energy issues, and FEA's consideration of committee recommendations and feedback to committee members.

In general, except for finalizing uniform administrative guidelines, FEA's advisory committees were functioning according to requirements. However, we noted several problem areas which inhibited the committees' abilities to be effective. More than half the members interviewed stated their committee was ineffective or marginally effective. Some committee members informed us that FEA had not given adequate consideration to committee recommendations and had not informed their committee on FEA action planned in response to committee recommendations. In addition, some members said that their committee had not discussed all major energy issues within the committee's scope.

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Subsequent to findings identified by FEA's Office of Management and Administration, program changes made in August 1975 have improved the communication between FEA and the advisory committees. However, further improvement is needed. We are bringing this matter to your attention to assist you in making better use of the expertise available to you from advisory committees.

BACKGROUND

Advisory committees established or used by Federal agencies are governed by the Federal Advisory Committee Act of 1972 (Public Law 92-463). This act defines an advisory committee as any committee, board, commission, council, conference, panel, task force, or other similar group, or any subcommittee or subgroup, which is established to obtain advice or recommendations for the President or one or more agencies or officers of the Federal Government. The function of the committees should be advisory only.

The act states that the agency head is responsible for establishing administrative guidelines and management controls for advisory committees established by the agency and for designating an advisory committee management officer who shall exercise control and supervision over the establishment, procedures, and accomplishments of each committee.

To establish a committee, the agency head, after consultation with the Director, Office of Management and Budget (OMB), must determine the committee to be in the public interest in connection with the performance of duties imposed on the agency by law. Notice of the creation of a committee must be published in the Federal Register.

The Federal Advisory Committee Act states that each advisory committee must file a charter that contains, among other things, the committee's official designation, objectives and scope, duties, estimated annual operating cost, estimated number and frequency of meetings, and the termination date. According to the act, each advisory committee shall terminate not later than 2 years after its establishment, unless it is renewed by an officer of the Federal Government before its expiration date.

In addition, the Federal Advisory Committee Act requires that:

--Except for reasons of national security, notice of each advisory committee meeting be published in the Federal Register.

- Generally, each committee meeting be open to the public.
- Each committee meeting be conducted in accordance with an agenda approved by a Federal official.
- Detailed minutes of each meeting be kept.
- A designated officer or employee of the Federal Government chair or attend each advisory committee meeting.

OMB administers the provisions of the Federal Advisory Committee Act and has issued instructions to heads of departments and agencies on the act's implementation.

FEA'S ADVISORY COMMITTEES

The Federal Energy Administration Act of 1974 authorizes the Administrator of FEA to establish advisory committees to advise with respect to, or to formulate or carry out, any agreement or plan of action affecting any industry or segment. The Administrator is required to insure that each committee is reasonably representative of the various points of view and functions of the industry and users affected, including those of residential, commercial, and industrial consumers and, where appropriate, State and local governments and State regulatory utility commissions.

The Advisory Committee Management Office, located in the Office of the Administrator, was established in June 1974. As of March 30, 1976, three full-time employees were responsible for exercising control and supervision over the establishment procedures, and accomplishments of each advisory committee; assembling and maintaining the records, reports, and other papers of each committee; and handling the logistics of each committee meeting.

As of February 17, 1976, FEA had 14 advisory committees with a total of 375 members. Consumers, environmentalists, academicians, and officials from industry and State and/or local governments are represented on the committees. Most advisory committee members hold prestigious positions in their respective fields. Thirteen of FEA's advisory committees were established in July or August 1974, and the remaining committee-- Transportation Advisory Committee--was established in August 1975. For both fiscal years 1976 and 1977, FEA budgeted \$250,000 for advisory committees. This included transportation and per diem expenses of advisory committee members, and reporting and transcription services for committee meetings. This figure did not include salary costs for the three employees in the Advisory Committee Management Office.

The names of FEA's 14 advisory committees and the number of members and meetings for each committee are listed below.

<u>Committee name</u>	<u>Number of members as of February 17, 1976</u>	<u>Number of full committee meetings in 1976</u>
Coal Industry	32	3
Construction	29	2
Consumer Affairs/Special Impact	26	12
Electric Utilities	31	3
Energy Forecasting	15	1
Environmental	26	6
Food Industry	36	2
LP-Gas Industry	28	2
Natural Gas Transmission and Distribution	33	2
Northeast	22	2
Retail Dealers	23	5
State Regulatory	25	1
Transportation	27	1
Wholesale Petroleum	22	7
Total	<u>375</u>	<u>49</u>

On April 5, 1976, notices of establishment and proposed charters were published in the Federal Register for the Petroleum and Natural Gas Exploration, Development and Production Advisory Committee and the Energy Finance Advisory Committee. On May 7, 1976, the Energy Forecasting Advisory Committee was terminated.

Each committee is responsible to either an Assistant Administrator or the Director, Office of Consumer Affairs and Special Impact. An FEA staff member is assigned to each committee to act as a liaison officer between the committee members and FEA. The liaison officer in conjunction with the chairman and the responsible FEA official is responsible for preparing the meeting agenda. The extent of involvement of the liaison officer in committee work varies with each liaison officer.

In general, FEA's advisory committees were functioning according to requirements except for finalizing uniform administrative guidelines. The committee charters were properly filed, meetings were open to the public, and responsible FEA employees attended meetings. In most cases, timely notification of meetings was published in the Federal Register.

Weaknesses observed in FEA advisory committee activities

In June 1975 FEA's Office of Management and Administration conducted an internal review of the operations of FEA's advisory committees and identified several weaknesses. No final report was issued because, according to an FEA official, the review was considered low priority.

Some of the weaknesses identified were:

- Meetings result in transcripts only, without meaningful distribution or analysis.
- Methods of reporting committee activities to the FEA Administrator vary. Frequently, he is not informed in any detail or in a timely fashion.
- Distribution of committee recommendations to key policymakers on a regular basis is almost non-existent. Distribution and information sharing is faulty.
- Timely feedback from the FEA Administrator rarely exists.
- The FEA Administrator attends half the meetings for about 10 to 20 minutes.
- Committee work management is faulty; not enough work is demanded of committee members.
- Committee member attendance at meetings varies from 50 to 90 percent.

We noted, however, that FEA has taken certain steps to correct the first three weaknesses. In August 1975 the Advisory Committee Management Office began using an Administrator's Executive Summary. This summary contains a list of key recommendations and resolutions, summary of statements, and title and summary of reports made at each meeting. Its purpose is to facilitate better distribution of advisory committee actions and recommendations, to apprise all FEA program offices with information regarding advisory committee meetings, to maintain up-to-date records, and to adequately make end-of-year reports. The summary is completed by the FEA liaison officer following each committee meeting and is distributed by the Advisory Committee Management Office to the Administrator, all Deputy and Assistant Administrators and other individuals involved in the policymaking procedures at FEA.

Beginning in February 1976 each Administrator's Executive Summary included a list of (1) commitments made by FEA officials and (2) requests made of FEA by the committee when no commitment was made during the meeting. For each such item, the summary indicated the person responsible for taking action or making a decision.

There was no corrective action taken with respect to the remaining weaknesses.

We randomly selected for telephone interview 76 advisory committee members to determine their opinion on FEA's consideration of committee recommendations and feedback to committee members. The members also provided us opinions on their committee's effectiveness and consideration of major energy issues. Our sample included about 20 percent of the members of each advisory committee. Three members were not available to comment, and 10 members could not respond to any question due to either the limited number of committee meetings they attended or the short time they had served on the committee. Therefore the maximum number of persons responding to any one question was 63; however, not all members responded to all questions.

Need for adequate consideration and feedback
to committee recommendations

Fifty-two members responded to the question of how often FEA had given adequate consideration to committee recommendations. While there was no consensus, 21 members, or 40 percent, stated that FEA had only occasionally, or rarely, if ever, adequately considered committee recommendations. Another 32 percent said that FEA usually gave adequate consideration to committee recommendations. Of the remaining 22 percent, 10 percent said that FEA gave adequate consideration to committee recommendations almost always, and 12 percent stated as often as not.

We reviewed the 24 Administrator's Executive Summaries prepared between August 1975 and February 1976 to determine the number and type of recommendations made to FEA. Sixty-four items recorded as recommendations were made to FEA expressing committee opinion on pending legislation or FEA policy, or requesting FEA to act on various energy issues or provide information to the committee. Recommendations included committee support and endorsement in principle of the Energy Independence Authority; committee opposition to FEA's proposed program to decontrol the price of domestic oil and interstate natural gas; FEA funding a life-line utility rate demonstration project; and FEA preparing a report on the inventory accumulation of propane by end use.

We asked the advisory committee members how often FEA had informed their committee on what it planned to do in response to committee

recommendations. Fifty members responded. The responses were more conclusive than the responses to the previous question. Twenty-nine members, or 58 percent, said that FEA had only occasionally, or rarely, if ever, informed their committee on what FEA planned to do in response to committee recommendations. Another 8 percent said that FEA had, as often as not, informed their committee on what FEA planned to do in response to committee recommendations. The remaining 34 percent stated that FEA usually, or almost always, had informed their committee on what FEA planned to do in response to committee recommendations.

The responses from the committee members surveyed indicate that FEA is either not giving adequate consideration to committee recommendations or not providing effective feedback to the advisory committees on the consideration given. It is important that FEA both consider committee recommendations and effectively communicate the results of that consideration to committee members to insure them that their efforts result in meaningful contributions to FEA.

More effective advisory
committees needed

We also asked committee members how effective they considered their committees to be, in terms of the actual internal operation of the committees, their handling of various energy issues, and the interaction and participation of members. A total of 63 persons responded. Fifteen, or 24 percent, said they considered their committee to be ineffective and an additional 29 percent considered their committee to be only marginally effective. Of the five members of the Construction Advisory Committee who responded to our survey, all were of the opinion that their committee was ineffective. At their last meeting in April 1975, this committee decided to form five subcommittees, which would present formal papers at the next full committee meeting. As of March 30, 1976, the full committee had not met, there was no definite date scheduled for the next meeting, and the responsible FEA liaison officer was not aware of the completion of any of the subcommittee's formal papers. This apparent inactivity has led to the frustration of some members, one of whom said, "This is my first committee and I wouldn't care to serve again under these circumstances."

The remaining 47 percent of the members who responded to this question expressed the opinion that their committee was effective. All four members who responded from the Food Industry Advisory Committee stated that their committee was very effective, and five of six members who responded from the LP-Gas Industry Advisory Committee said their committee was effective or very effective.

Committee members were also asked to suggest ways to improve the effectiveness of the committees. Members suggested that the effectiveness of the committees could be improved if FEA would:

- Provide committee members with continuing information on the major issues faced by the agency.
- Provide timely feedback to members on actions taken by FEA in response to recommendations from committees.
- Inform the committee before upcoming meetings of those specific issues for which committee action could be of assistance in the FEA decisionmaking process.
- Insure that top-level FEA officials (especially the Administrator) attend more committee meetings for longer periods of time.

In addition, some members suggested that the effectiveness of the committees could be improved if the committee members:

- Were better prepared to actively participate in discussing specific issues at meetings.
- Addressed the issues from a national perspective rather than from the point of view of the organization which they represent.
- Or chairman, provided more input into determining those issues to be discussed at upcoming meetings.

The effectiveness of a committee also depends on the attendance by members at meetings. Regular attendance is necessary for continuity of discussion, supplying input and recommendations, and establishing a quorum for voting.

The June 1975 FEA internal report found that member attendance at advisory committee meetings ranged from 50 to 90 percent. Our examination of attendance figures for meetings held between July 17, 1975, and February 5, 1976, showed similar results. Attendance for members ranged from 41 to 95 percent and attendance for both members and alternates ranged from 54 to 100 percent.

Major energy issues not discussed

Fifty-eight members responded to our question on whether all major energy issues within the committee's scope, as defined by its charter,

had been addressed by their committee. Forty-one, or 71 percent, answered affirmatively. The other 17, or 29 percent, said that all major issues had not been addressed. Some of the major issues which this latter group identified follow.

<u>Committee name</u>	<u>Major issues not addressed</u>
Construction	--Energy consumption on the construction site.
Environmental	--West-east flow of oil in the United States. --Liquid natural gas and the environment. --Environmental concerns of more stringent energy conservation. --Coal slurry pipelines.
LP-Gas Industry	--Butane and ethane.
Natural Gas Transmission and Distribution	--Synthetic gas processed from coal.
Northeast	--Electric utility rates in New England. --Retail gasoline and fuel oil costs and their impact in New England. --Alternative energy sources in New England. --Decontrol of finished products.

The Assistant Administrators responsible for these committees agreed it was possible that these issues had not been addressed. Since members can suggest items to be discussed at meetings, one Assistant Administrator questioned why these issues had not been suggested by the members for inclusion in the meeting agenda.

Need for administrative guidelines

Contrary to the requirement in the Federal Advisory Committee Act, FEA has not established uniform administrative guidelines. OMB has instructed heads of agencies to establish standards and uniform procedures for the creation, operation, and duration of advisory committees. As of May 19, 1976, FEA had still not finalized guidelines although they had been in draft for over 19 months. The proposed guidelines were being reviewed in the Office of General Counsel. The draft contains such information as the background of committee management activities in the Federal Government and FEA; responsibilities of FEA officials; sequence of events occurring in the establishment, renewal, and termination of FEA advisory committees; description of the practices

and policies of advisory committee membership; instructions for calling meetings, preparing notices of meetings, and composition of transcripts of meetings; and description of reports and records required by the Federal Advisory Committee Act.

Written guidelines, besides being required by law, are necessary to provide a general understanding of advisory committees, clarify responsibilities, and afford continuity of operation during personnel changeover.

ADDITIONAL COMMITTEES NOT NEEDED

We asked the Office Director and Assistant Administrators responsible for the advisory committees if additional committees were needed to assist FEA in carrying out its new responsibilities under the Energy Policy and Conservation Act (Public Law 94-163). These officials thought that more committees were not needed because the present committees could provide necessary advice on all current issues.

CONCLUSIONS AND RECOMMENDATIONS

Except for finalizing uniform administrative guidelines, we found that the FEA advisory committees were functioning according to requirements. FEA has made improvements in the operations of the committees; however, more improvements are needed to increase the effectiveness of the committees.

Committee members informed us that some major energy issues within the committees' scope had not been discussed, FEA had not given adequate consideration to committee recommendations, and FEA had not informed the committees on action planned in response to recommendations. In addition, more than half of the committee members considered their committee to be ineffective or only marginally effective.

Unless a committee's authority is carefully defined by FEA, the members may not know whether they are responsible for making a recommendation, issuing a report, or merely providing inconclusive deliberation. The members should also be informed as to the exact scope of subjects the group is expected to consider.

FEA should provide followup to the committee on their recommendations. When a committee recommendation is made, FEA should inform the committee on action it plans to take as a result of the committee recommendation. If the recommendation is not followed, explanation is required in order to preserve committee morale and to educate the members on FEA policy. If a committee makes neither a report nor a recommendation, but merely explores ideas, some FEA interaction with the committee

membership is of value. The more important the committee members consider their contribution to be to FEA, the more aggressively and enthusiastically they will address future problems.

In view of the need for FEA to utilize its advisory committees to the greatest extent possible, we recommend that FEA

- when appropriate, refer all important energy issues confronting the agency to the respective advisory committee or committees, before making an agency decision on the respective issue;
- clearly indicate to the respective advisory committee the items or subissues of each issue for which FEA seeks advice and outline the type of committee action (report, recommendations, only discussion, etc.) which would most assist FEA;
- on a timely basis, inform advisory committees of FEA actions planned in response to the committees' recommendations; and
- complete uniform administrative guidelines and management controls for its advisory committees.

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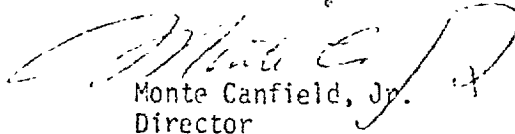
As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House and Senate Committees on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

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We are sending copies of this report to the four committees identified above and to the Director, Office of Management and Budget.

We wish to thank your staff at headquarters for their cooperation during the review.

Sincerely yours,


Monte Canfield, Jr.
Director

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