

October 18, 1979

MEMORANDUM FOR:

BO CUTTER

FROM:

CURT RESSLER (SR)

SUBJECT:

Northern Mariana Islands (NMI)  
Powerplant

You, like me, are being petitioned by Stu to take a dive on a \$9M add-on to the Interior Appropriations bill. (The attached memos tell the story.) Rubenstein can't figure out what Stu thinks he would get out of Burton for this. My strong inclination is to say no, as my note to Stu (which crossed his to you/me in the mails) indicates.

What say you? (Say fast.)

Attachments

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR BO CUTTER/CURT HESSLER

FROM: STU EIZENSTAT

SUBJECT: Northern Mariana Islands powerplant

The primary source of power in the Northern Mariana Islands is a 35 year old barge on loan from the Corps of Engineers which breaks down at least monthly. The lack of reliable power service is a major impediment to the economic development of this newest territory of the United States.

Since 1976 the Commonwealth has planned a new powerplant to replace the barge which is to be returned to the Corps next year. P.L. 95-134 authorized \$12 million for the construction of a new plant and distribution facilities. Other funding sources explored have included commercial lending and the bond market. Both are considered infeasible by the Interior Department. The NMI has been judged ineligible for REA loans. It was not expected that this project would be financed through the use of Covenant funds.

Although they support it, the Interior Department did not include a recommendation for this purpose in their FY '80 budget request apparently on the basis of OMB advice that such a request would be rejected. The House, however, included \$9 million for the powerplant in the Interior appropriations bill, asserting that distribution facilities could be funded out of existing CIP grants to the Commonwealth.

Since the Senate made no similar addition, the matter is expected to be discussed in conference. Despite the Senate's noninclusion, Bennett Johnston and others are willing to support the House addition.

In view of the critical need for this facility and the importance of the issue to Phil Burton and other Members of Congress, I strongly recommend that OMB authorize Secretary Andrus to inform the conferees of Administration support for the House action.