

FPC Criticizes Pennzoil Gas Bonanza

By Jack Anderson

The Pennzoil company, whose president sent \$700,000 to Washington in a company plane for the 1972 Nixon campaign, has slipped a natural gas bonanza through the federal bureaucracy with bewildering speed.

The unusual deal has been secretly criticized in Federal Power Commission documents as a potential "disaster," a "systematic corporate raid," and a probable violation of federal regulations.

It will tap millions from the pockets of housewives, small businessmen and others who depend on natural gas in the South, East and Midwest, the memos indicate. Yet, except for a gutsy FPC lawyer, few in government seem to care.

In simplest terms, Pennzoil is using a complicated stock scheme to spin off United Gas Pipe Line Corp., which services, directly or indirectly, much of the eastern United States. Unless United is in sound financial condition, rates will go up and services will go down.

The Pennzoil plan is the pride and joy of its president, William Liedtke, who collected \$700,000 in cash and negotiable securities from secret Nixon campaign contributors. He stuffed it all into a suitcase in Houston and had it flown under cover of night to Nixon headquarters in Washington.

But \$700,000 is chicken feed compared to the figures involved in the Pennzoil natural gas deal. In fact, so important is

it to the consumer, that the FPC's assistant general counsel, George Lewnes, suggests the commission quickly reverse the deal.

Already, Lewnes' many memos point out, the Securities and Exchange Commission has let the scheme go through with only a disclosure of its terms. Actually, the SEC was lucky to get even that in the face of Pennzoil's powerful legal assault team.

At the SEC, Pennzoil's case was handled by the prestigious Baker and Botts law firm. One of Baker and Botts' lawyers working on filings was Gordon Gooch, FPC's former general counsel. At the FPC, chances for action are also in question. One FPC Commissioner, Rush Moody Jr., was personally championed for his job by Pennzoil's Liedtke.

Nevertheless, FPC lawyer Lewnes, in his memos to the commissioners, urges strong action to protect natural gas users:

"The spin-off of United appears to be one final step in a systematic corporate raid by Pennzoil of United's assets, which may result in detriment not only to United, but to its many consumers," he writes.

"Without doubt, after the spin-off is complete, United's financial position will be impaired," the veteran FPC assistant general counsel asserts. The result "could be disastrous."

What will happen, he predicts, is that if United does get

financing high interest will drive its rates up. If it does not, there will "unquestionably (be) abandonment of some facilities and service ... along the already beleaguered United system."

The memos then warn the commissioners that "because of this domino effect, the spin-off should be investigated" and at least temporarily frozen to prevent "a gigantic abandonment of an entire system by Pennzoil."

Footnote: Reached in Houston, Liedtke told us there is "absolutely no connection" between his help to Mr. Nixon and approval of the spin-off, which he described as totally proper. "I'm shocked by your call," he said. Liedtke said he has not spoken with Commissioner Moody since he took office. Lewnes refused comment on the memos. Gooch told us FPC has no jurisdiction in the case.

INSIDE IMPEACHMENT—

Vice President Gerald Ford has become involved behind the scenes in the politics of impeachment. Sources close to the House impeachment proceedings tells us that the Vice President's office has kept in close contact with Sam Garrison, the Republican staff man who was hired to obstruct President Nixon's impeachment.

Garrison has denied that he is obstructing the House Judiciary Committee's investigation. He has contended that we have confused obstruction with opposition.

But committee sources say he was hired for the principal purpose of delaying, harassing and obstructing the impeachment process. Committee sources also report that he has been in "repeated" contact with the Vice President's office.

The day after the Watergate tapes were sent to the committee, for example, Garrison reportedly passed information to the Vice President. Later in the day, Ford launched into an unexpected and bitter attack on Albert Jenner, the senior Republican counsel.

The Vice President, after information was slipped to his office from Garrison, grumped that "I don't like the attitude (Jenner) expressed when he was first appointed."

The timing and substance of Ford's remarks strongly suggest that Garrison may have put the words in the Vice President's mouth. But the Vice President, through a spokesman, denied any connection between his comments and Garrison. Ford said he had not spoken with Garrison "for three months or more" but acknowledged that his assistant Walter Mote is in touch with Garrison. The two worked together for some time on former Vice President Spiro Agnew's staff.

A committee spokesman told us that Garrison had not talked to the Vice President for months and that he had not violated the committee's rule against staff members discussing the impeachment with outsiders.