

PSF. FEDERAL POWER COMMISSION

Box [REDACTED]

149

Subject File 'F'

PSF: Federal Power Commission

CNINCH  
AN

PSF: F. P. C.

FEDERAL POWER COMMISSION  
WASHINGTON

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"plus med"  
2-36

March 18, 1936.

*Personal*

Dear Mr. President:

I am glad to be able to advise you that Secretary Hull has retained Judson King to write a narrative history of the Great Lakes-St. Lawrence navigation and power proposals.

It is expected that Mr. King will complete this job by about June 15.

I telephoned to Frank Walsh about the matter before this arrangement was completed and he unqualifiedly approved King's employment for this purpose.

Faithfully,

*Frank M. Minch*

The President,  
The White House,  
Washington, D. C.

FRANK R. MCNINCH  
CHAIRMAN

FEDERAL POWER COMMISSION  
WASHINGTON

August 20, 1937.

PSF:F.P.C.  
file  
personal  
Jan - 2

PERSONAL AND [REDACTED]

MEMORANDUM FOR: THE PRESIDENT

FROM: FRANK R. McNINCH

At the meeting of the Interstate Commerce Committee yesterday my nomination was unanimously approved and then the Committee proceeded to question Commander Craven in regard to his connections with radio companies prior to becoming Chief Engineer of the Commission.

The examination developed that while in private practice Craven had represented a great many radio companies in an engineering capacity and as an expert witness, for which he received good fees by way of cash and stock in several companies. He denied owning, directly or indirectly, stock now. He said he disposed of all his holdings before accepting the position of Chief Engineer with the Commission. He stated that his earnings amounted to about \$49,000 during the year immediately before he became Chief Engineer and gave as his reason for giving up his lucrative practice that he wanted to render a public service.

In response to questions he stated that he had sold some radio stock at or about the time he became Chief Engineer and deposited the proceeds in cash in a lock box in the bank. The amount was, as I recall, approximately \$25,000. He gave as his reason for this procedure that he was having marital difficulties, which were afterwards settled out of court.

Senator Truman, of Missouri, stated to the Committee, as I recall, that a Mr. Cox, a radio operator in Missouri, telephoned him at length, urging the confirmation of Craven and saying, in substance, that he could get anything he wanted if Craven were made a member of the Commission.

Craven stated that in all matters concerning former clients he had disqualified himself and allowed the Assistant Chief Engineer to handle such matters. I think he said, but I am not quite certain, that he would pursue the same course if made a member of the Commission.

DECLASSIFIED

E.O. 11652, Sec. 3(E) and 5(D) and (E)

FPC letter, 12-26-72

By SLR NARS Date JAN 31 1973

The President

August 20, 1937.

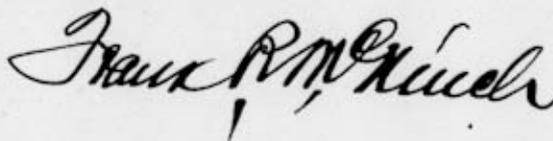
They asked him about the sale of the Texas radio companies to Hearst and, because he could not give much information about these matters and because his recollection was not clear as to a number of other matters, the Committee recessed until today at 2 o'clock, directing him to bring to the Committee meeting his books and a full statement of all moneys, stocks, and other considerations, he had received from radio companies; also, to bring reports that passed over his desk about the Hearst-Texas matters.

I am disturbed at these developments and at the apparent attitude of some members of the Committee. I fear the hearing this afternoon about the Hearst matters and other things may develop matters prejudicial to Craven and the Commission.

I know nothing about Craven except what I heard at the Committee meeting but, if, as intimated there and elsewhere, the radio industry is actively backing Craven, I am afraid I would be handicapped in my efforts to get at the bottom of things and set them right.

In the light of what the Committee developed and may yet develop and even though Craven should be confirmed, as he probably could be if given strong support, I fear he would be the subject of continued attack by those who are critical of the Commission's past record.

Faithfully yours,

A handwritten signature in cursive script, reading "Frank R. McHugh". The signature is written in dark ink and is positioned below the typed name "Frank R. McHugh".

To the President.

*Private file*

# 2 *sent* PSF: F.P.C.

June 13, 1938.

*Confidential*

MEMORANDUM FOR THE PRESIDENT:

When you talked with me about Governor Case's re-appointment recently, you indicated that you would not send up his nomination, but give him a recess appointment if you decided to reappoint him. His term does not expire until June 30. Any appointment to the FCC now might become the subject of attack before the Senate Interstate Commerce Committee, in view of the pending White resolution for an investigation.

I respectfully advise withholding action for the present. Furthermore, I should like to tell you about the lack of support of me in opposing the Connery resolution before the House Rules Committee.

*Talk from  
OK*

*Frank McMech*

PSF: F. P. C.,  
~~McNinch~~  
~~Sen.~~

June 13, 1939

Memo telephoned in by T. G. Corcoran  
in re-McNinch's recommendation of Olds  
over Manly for Chairman of Fed. Power  
Commission.

SEE T. G. Corcoran folder-Drawer 2-1939

This unsigned and undated  
memo came to my desk to  
file around the latter  
part of July-1939.

P. J. L.

PSF: F.P.C.  
file

Personalities Involved in Resignation of Chairman McNinch:

(1) James Lawrence Fly, General Counsel, Tennessee Valley:

Pursuant to your directions, McNinch and Fly have talked over the whole situation.

Fly is the best man available, trained in science at Annapolis, trained in public utility regulation through his experience with Tennessee Valley -- one of the ablest men you have at digesting and acting on a mass of facts.

Politics: A registered Democrat, born and raised in Dallas, Texas; Annapolis graduate; present legal residence Tennessee, where Senator McKeller is already on record endorsing him for Assistant Attorney General. He also has the similar endorsement of Senator Wagner from an earlier residence in New York, and the really enthusiastic sponsorship of Senator Norris, who is willing to carry the fight for him in the Senate and let it be known that Norris is "sponsoring" Fly. On Fly's moving up, a very competent Alabama boy, son of Judge Fitts, is in line to be General Counsel of Tennessee Valley.

(2) Theodore Granik: All kinds of pressures have been piled on Senator Wagner to ask for the appointment to the Commission of a Mr. Theodore Granik of New York (once campaign manager for the Senator's son).

Granik has connections with the Mutual Broadcasting network. He is at present unhappy as the radio adviser to Straus at U.S. Housing.

He can be taken care of very nicely and on terms completely satisfactory to him by giving him Bob Berger's present place as director of the U.S. Radio Service (i.e. Lowell Mallett's Emergency Council service) at \$7,500 a year. Provision is being made for a new "private" job for Berger at the rate of \$10,000 a year.

(3) Willis Ballinger: At the time of the reappointment of Chairman Robert Freer at the Federal Trade Commission, Republican Congressman Carroll Reece of Tennessee, a member of the Monopoly Inquiry, pressed very hard for the nomination of Willis Ballinger, (a progressive Republican), an economist with the Federal Trade Commission, to a Republican place on the Federal Trade Commission. Certain "consideration" moving from Reece was involved.

At that time, through Mr. Early, there was an understanding with Mr. Reece, later confirmed between Mr. Early and Mr. Reece, that although Mr. Ballinger would not be appointed to the Federal Trade Commission, Ballinger would be given George Henry Payne's place on the Communications Commission, a vacancy expected to arise by a requested resignation.

Reece will, of course, raise this commitment upon the resignation of Chairman McNinch, and the appointment of any successor, although Ballinger will not be eligible

for appointment as McNinch's successor to a Democratic vacancy. The question is, therefore, raised whether the resignation of Chairman McNinch is not a time to reconsider the Payne and Craven problem. As a practical legal matter, the forced resignations of these two Commissioners, or either of them, for cause would probably be upheld by the Supreme Court reconsidering the Humphries Case. And in any event, any Court repudiation of the assumption of Executive prerogative to compel resignations could not occur until after 1940.

The Department of Justice, after the resignation of McNinch, should be advised that the resignation of McNinch is not a time to reconsider the Payne and Craven problem.

In the case of the Chairman of the Communications Commission, immediate resignation is essentially inevitable. Otherwise, there is a possibility of a challenge to the Chairman's authority, which would be a serious matter.

The Department of Justice should be advised that the resignation of McNinch is not a time to reconsider the Payne and Craven problem. The Department of Justice should be advised that the resignation of McNinch is not a time to reconsider the Payne and Craven problem.

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(1) New Field for Chairman McNinch: All arrangements have been completed in the Department of Justice, after personal negotiations between Murphy, Arnold and Chairman McNinch, to retain McNinch at the rate of \$10,000 a year.

He is to be retained as private outside counsel to advise the Department in pending reorganizations of the Western Union, Postal Telegraph, and other written communication facilities. No confirmation will be required.

McNinch will be able to have his own private law office and will be free not only to work when and as he chooses, but also to carry on political activity when and as he chooses even under the terms of the Hatch Bill (since he will not be a Federal official but only a private counsel hired by the Department of Justice to do special work).

(2) Importance of Immediate Nomination of Successor: The nomination of a successor should go in immediately so that confirmation can be effected before adjournment and before the successor takes office.

In the case of the Chairman of the Communications Commission, immediate confirmation is especially important. Otherwise those pressing to get through applications for stations, etc., will threaten to oppose confirmation in January if the Chairman does not perform.

Under the Federal Communications Act, the Chairman is appointed by the President -- not elected by the members. No negotiations with other commissioners are therefore necessary. But the fact that it would be awkward to name a recess appointee Chairman is an additional reason for having the successor confirmed before adjournment.

The Chairman of the Commission has a tough job at best. Humanly speaking, he cannot be expected to do his job well if he has to start with a worry about confirmation four months later on.

(3) Manner of Announcing Successor: Chairman McNinch wants to stay in office approximately a month longer.

The President is legally empowered to accept McNinch's resignation as of a future date subsequent to the closing of this Congress: but simultaneously to nominate for immediate confirmation a successor to assume office as of the date on which McNinch's resignation becomes effective.

I. e., the President has the legal power and precedents to announce McNinch's resignation as of September 1st, and at the same time submit to the Congress for present confirmation the name of a successor to fill a vacancy which will occur on September 1st.

(4) Confirmation of Successor: Chairman McNinch is certain that he will be able to arrange with Senator Wheeler, as Chairman of the Committee on Interstate and Foreign Commerce, to whip through right away the nomination of the successor suggested, and with whom McNinch has conferred.

LELAND OLDS  
CHAIRMAN

FEDERAL POWER COMMISSION  
WASHINGTON

*BF Fed Power C.  
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2-41*

July 16, 1941

Dear Mr. President:

You have asked my advice on the proposal of Secretary Ickes that he be made defense power coordinator.

I think such a step would be a mistake because (a) it would tend to undermine the cooperative approach to the defense power problem which is today working well; (b) it would run directly counter to the judgment of the great majority of those active in carrying out the Administration's power policy; and (c) it would set up something like a holding company structure, adding nothing to the effectiveness of the work but, rather, creating unnecessary overhead.

The Federal Power Commission has the necessary authority under act of Congress and for three years has been doing precisely the work which Mr. Ickes outlines in the letter which he has prepared for your signature. In fact, the National Power Policy Committee work, to which Mr. Ickes' letter refers, has been performed practically entirely by the staff of the Federal Power Commission, under the direction of the Commission's officers.

The Federal Power Commission is today performing all the necessary defense power coordination functions with a minimum of waste motion and friction. The Commission has:

- (1) Organized the cooperative effort of public and private power agencies to meet the defense needs as they arise. Periodic conferences have resulted in a steady flow of orders for hundreds of thousands of kilowatts of needed generating capacity;

(2) Planned the necessary emergency transmission interconnections to coordinate the facilities of various power systems and brought about their voluntary construction;

(3) Prepared comprehensive surveys of all major power systems in terms of protection against hostile acts for use by the Army Intelligence and Federal Bureau of Investigation, and is following up the surveys to see that the recommendations are carried out;

(4) Maintained competently staffed regional offices to deal promptly with all defense power problems and coordinated its regional work with that of the Army Corps Area Commanders and Naval Districts in planning for the protection of utilities.

(5) Organized and directed the great cooperative effort to meet the critical power situation and assure the uninterrupted production of aluminum in the Southeast;

(6) Provided the Priorities Division of the Office of Production Management with the basis for determining priorities on the manufacture of electrical equipment;

(7) Carried on a continuing survey of the power requirements and supply of over 20,000 industrial plants, representing about 80 per cent of the country's industrial load, as a basis for administering power priorities where necessary;

(8) Developed the necessary data to guide curtailment programs in such a way as to cause the least dislocation;

(9) Provided the basic power supply data necessary to assist in the location of new aluminum, magnesium and other defense plants;

(10) Obtained and is continuing to obtain from the Office of Production Management and other defense agencies the information necessary to determine in advance the demand for power, and is translating such demands into requirements for new generating capacity and recommending the necessary action;

(11) Prepared comprehensive plans for the additional generating facilities required by the defense program, designed to keep the equipment manufacturers operating to their maximum capacity.

The Commission is continuing its defense power work along these lines under the emergency authority provided in the Federal Power Act, supplemented by the detailed directions contained in your letter to the Commission dated June 14, 1940. Its staff is experienced in dealing with all the complex problems of power system operation. Under the extremely competent leadership of Major Thomas R. Tate, we are developing cooperative regional power planning to meet the emergency needs.

The Department of the Interior has no comparable staff organization experienced in dealing with the complex problems of the nation's power supply. In recent weeks, since it has taken an interest in the problem, the Department's staff has been drawing heavily upon this Commission for data and ideas.

The proposed letter could not make any essential changes in the procedure for dealing with defense power supply without seriously interfering with the work. It would merely enable the Secretary of the Interior to take over the Federal Power Commission and its staff, together with other Governmental power agencies such as the Tennessee Valley Authority and the Rural Electrification Administration. These agencies are now cooperating fully with the Commission in its defense power activities.

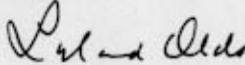
This raises the most serious issue in the whole proposal. The defense situation would be used as a device for bringing all Governmental power activities under Mr. Ickes as Secretary of the Interior. To me such a step seems inconceivable.

I am just one of the group of men, in and out of Congress, who have for years worked to carry out your power policy. Some have contributed more, some less, but altogether the results have been one of the important achievements of government in this generation and I can assure you that, outside of the Department of the Interior, the feeling is unanimous that it would be a fatal mistake to place the power activities of the Government under the Secretary of the Interior.

- 4 -

If it appears that additional authority over defense power supply is necessary, that authority should be given to the two agencies now performing the work, the Office of Production Management and the Federal Power Commission, which already has the organization, the legislative powers and the cooperative working relations with other agencies necessary to successful action. The two agencies are cooperating to the fullest possible extent in dealing with the problem and will furnish you with a sound basis of action should additional authority be required.

Sincerely,



Chairman

*File  
personal 2-48  
confidential  
under Le Land  
Olds*

DODGE HOTEL INNER COUNCIL OF WPB POWER BRANCH

- J. E. Moore, Electric Bond & Share
- Walker L. Cisler, Public Service Corp. of New Jersey
- C.W. Mayott, Connecticut Valley Power Exchange
- V.M. Marquis, American Gas & Electric
- E. G. Allen, Stone & Webster
- L.L. Bosch, Cincinnati Gas & Electric
- M. D. Engle, Boston Edison
- C.C. Farrell, Philadelphia Electric
- F. W. Gas, Public Service Corp. of New Jersey
- Carl F. John, Northern States Power
- George M. Keenan, Pennsylvania Power & Light
- Harry Scott, Union Electric Company of Missouri
- N. Earle Wild, Commonwealth Edison Co. of Chicago
- F. Warren Brooks, Cleveland Elect. Illuminating Co. (according to  
1928 Mechanical Eng. Directory)
- Miles Carey, Virginia Electric & Power (according to 1928 Mech. Eng. Directory)
- Charles F. Kells, West Penn Electric Co. " " " " "
- Allen W. Lundstrum, General Electric
- Alexander L. Mitchell, Combustion Corp. " " " " "
- Frank Mitzberg, Detroit Edison, " " " " "
- Jesse L. Terry, Jacksonville Gas & Birmingham Gas (probably Chase Nat'l Bank)
- W. J. Bailey, TVA
- Everett Eslick, FPC
- Henry T. Lofft, TVA
- J. Paul Ahlbrandt
- Roelof Blonk
- John W. Greagan
- A. B. Leonard
- Alexander Macomber
- Dudley Selden
- A. M. Wainwright
- Herman Weisberg