Francisco area last year, but there is no new capacity. Environmental regulations make building a new powerplant in California impossible. That may be what they want. But I wonder where they are going to get the energy? Where are they going to get the electricity when nobody else has any to spare?

I predict in a very precise way that home heating bills this coming winter will be exorbitant, even while we are experiencing the gasoline spikes in the Midwest. It used to be one type of gasoline was suitable for the entire country. You remember those days. There are now 62 different products—one eastern pipeline handles 38 different grades of gasoline, 7 grades of kerosene, 16 grades of home heating oil and diesel, 4 different gasoline mixtures are required between Chicago and St. Louis, just a 300-mile distance.

As a result of these Federal and local requirements, industry has less flexibility to respond to local and regional shortages. There are 15 sets of environmental regulations—tier II gasoline sulfur, California MTBE phaseout, blue-ribbon panel regulations, and regional haze regulations—on-road diesel, off-road diesel, gasoline air toxics, refinery MACK II, section 126 petitions, and there are 6 more.

S. 2962 includes a wide array of new gasoline requirements that are both irrelevant and detrimental to tens of millions of American motorists. Legislation mandates the use of ethanol in motor vehicles that would cut revenues to the highway trust fund by $2 billion a year as one side effect. The U.S. Department of Energy has projected this one bill would increase the consumption of ethanol in the Northeast from zero to approximately 565 million gallons annually.

I have taken a long time. I have given a lot of specifics and some generalities. But I conclude that it is not difficult to make a case that we do not have an energy policy; that the U.S. Government has not been concerned enough about the future need for energy of our country, be it in natural gas, in the products of crude oil, how do we use coal, how do we make electricity.

Frankly, things were very good. They were good because the cartel was selling oil in abundance. While America was enjoying its economic success story, a big part of that was because the cartel was having difficulty controlling its own producers. We lived happy and merrily on cheap oil as our production went down and we sought no other alternatives, and our demand grew as did our use of natural gas. Americans and American consumers are left where, in many cases, they are going to be put in a position where they can't afford the energy that will permit them to live the natural lifestyle that is typically American—living in a home and having in it electric appliances and whatever else makes for a good life, with an automobile, or maybe two, in the driveway. It will not be long that the voices from those situations, those events in America, those kinds of living conditions will be heard loud and clear. There will not be enough of a Strategic Petroleum Reserve to solve their problems because we have not cared enough to do something about it.

I yield the floor.

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SCIENCE AND SECURITY IN THE SERVICE OF THE NATION

Mr. DOMENICI. Mr. President, I am pleased to make these remarks while the occupant of the chair is the distinguished junior Senator from Arizona because these remarks have to do with the Baker-Hamilton report. The Secretary of Energy asked these two men—one an ex-Senator, one an ex-House Member—to compile a report with reference to the national weapons laboratories and the missing hard drive incident. These hard drives were apparently taken out, put back, and found behind a copy machine, and everybody is wondering what happened. I will talk about this report.

I urge—and I do not think I have to—the occupant of the chair to read it soon. It is short and to the point.

The findings of this Baker-Hamilton report confirm what some of us suspected and have said in one way or another many times about the science and security at our National Laboratories.

The report concludes that the vast majority of employees of our National Laboratories are ''dedicated, patriotic, conscientious contributors to our national security and protectors of our national secrets.''

The report states, however, that these individuals, the ones who are responsible for the viability of America's nuclear deterrent, have been hounded by ongoing investigations and security procedures that render them incapable of achieving their mission.

That is a very powerful statement. This commission is very worried about how the morale of the scientists at our National Laboratories, in particular Los Alamos, is affecting their ability to do their momentous work.

They go on to say that while new security measures and processes continue to be imposed, the authors found that X Division—the one that was involved in the last episode—is: ambiguously lodged in a confused hierarchy, subject to unclear and diffuse authority, undisciplined by a clear understanding of accountability for security matters, frightened or intimidated by the heightened sense of personal vulnerability resulting from the efforts to address recent security lapses.

These are hard-hitting, accurate findings.

The scientists at our laboratories need clear lines of authority and accountability. The Department of Energy needs to simplify the lines of command and communication.

The report overwhelmingly endorses the creation of the National Nuclear Security Agency—which we are beginning to understand exists, and we are going to begin to understand what it means when we say the NNSA—and the need to reinforce ''the authority of the NNSA Administrator.''

The NNSA Administrator must have more authority, not less. General John Gordon, the general who is in charge, is in fact the head man and is an excellent person to lead this agency and implement the organizational structure needed for the job.

They reached some other very important conclusions on the current environment at our national laboratories: Demoralization at Los Alamos is dangerous; that poor morale breeds poor security.

There is a severe morale problem at the labs, and they cite four or five general conclusions:

''Among the known consequences of the hard-drive incident, the most worrisome is the devastating effect on the morale and productivity at the laboratory. . . .''

They also say that ''. . . (the) current negative climate is incompatible with the performance of good science.''

The report states, ''It is critical to reverse the demoralization at LANL before it further undermines the ability of that institution both to continue to make its vital contributions to our national security and to protect the sensitive national security information.''

They recommend ''urgent action (is required) . . . to ensure that LANL gets back to work in a reformed security structure . . .''

Incidentally, they conclude that while they laud the Secretary of Energy for trying to create more security with the appointment of a security czar and the like, as some of us said when it was created, it fails to do a job; and remember the Senator from New Mexico saying we are creating another box but it is not going to have clear lines of authority, it is not going to have accountability, people are still not going to be in a streamlined process of accountability. I said it my way, they said it another way, but we concluded the same thing.

There are many other conclusions in this brief report. I urge all of my colleagues to read this report and reflect on their conclusions.

They call for a review of security classifications and procedures, security upgrades at LANL, need to deal with cyber security threats, and adopt or adapt ''best practices'' for the national labs.

Then, under ''Resources'' they underscore:

> Provide adequate resources to support the mission of the national laboratories to preserve our nuclear deterrent, including the information security component of that mission.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KYL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. DOMENICI). Without objection, it is so ordered.

Mr. KYL. Mr. President, the reason I wanted to exchange places with you for a moment was to commend you on the statement you just made from the floor regarding our Nation's energy policy. Related to that, of course, is the work of the Department of Energy on other matters, including our nuclear facilities, on which you reported with respect to the Baker-Hamilton report. I appreciate that report as well.

Back to the energy policy, I have not heard as good a statement of the overall problem in this country as the Presiding Officer just presented: The fact that in each of the different components of the national energy potential, we have developed policies or, in some cases, failed to develop policies, all of which combine to result in a lack of capacity to provide the fuels to create the energy which our society is going to continue to demand more and more.

When we put it all together, as the Presiding Officer did, it becomes very clear that there is no integration of policy; that the Departments of Government that, in effect, have a veto over the development of these resources prevail, so that there is no capacity to literally have an energy policy that produces the fuel with which we can produce the energy.

An administration that had a policy would coordinate the activities of each of these Departments of Government—the EPA, the Interior Department, the Energy Department, and all of the others mentioned. But that has not been done. Instead, each has been allowed, as the Presiding Officer pointed out, to develop their own policy for their own reasons. The net result is to diminish the capacity of the United States to produce the fuel to produce the energy we need. I think his explanation that we are likely to see an even higher price because of the concentration now into one area—natural gas—is also something that is bound to come true. But I doubt people are thinking that far ahead at this moment.

The last thing I would like to say is about the comments in relation to ANWR. I would like to expand on that a little bit because I get so many letters and calls from constituents of mine in Arizona who are very concerned about the protection of our environment, as am I. They have heard: If we were to allow exploration of oil in this area, it would destroy the environment. I write back to them and say: Look, I have been there. Now, granted not very many of our constituents can afford to go up north of the Arctic Circle a couple hundred miles. You have to work to get there. You have to have some people who know what they are doing to get you there and show you around.

But when you have been there, you realize that the exploration that we have been talking about is in no way degrading of the environment. When you go there, the first thing you see is that in the other place where we have developed the oil potential—it is an area not much larger than this Senate Chamber—they have been able to put all of the wells—I think there are 10 of them; two rows of 5, or that is roughly the correct number—those wells go down about 10,000 feet, and then they go out about 10,000 or 15,000 feet in all directions, so that, unlike the typical view that Americans have of oil wells scattered over the environment, they are all concentrated in one little place, in an artificially built area out into the water.

So it does not degrade the coastal areas at all. It is all focused in one place. It is totally environmentally contained. There is absolutely no pollution. There is no degradation of the environment. There is no impact on animals. There is no environmental damage from this. The pipeline is already there. It is undercapacity. So it is a perfect way to use our Nation's resource for the benefit of the American people.

When this wildlife refuge was created, an area was carved out for oil exploration. This was not supposed to be part of the wilderness. We flew over that area. As far as the eye can see for an hour, there is nothing but snow and ice—nothing. There are no trees. There are no animals. There are no mountains. There is nothing but snow and ice.

You finally get to the little place where they would allow the exploration. There is a little Eskimo village there where you can land. You go to the village, and the people say: When are you going to bring the oil exploration for our village? Because they are the ones who would benefit from it. It is not part of the wildlife refuge. When you say: What is the environmental impact of this? They say there is none.

For almost all of the year, what you see is this snow and ice. For a little bit of the year—a few weeks in the summer—there is a little bit of moss and grass there where some caribou will come to graze and calve. The reason the caribou herds have about quadrupled in size in the area where the oil exploration has occurred is because there is some habitation in that area. And, of course, the caribou are a lot like cows; They like people just fine. They are willing to come right up to the area of habitation and have their little calves. But the wolves do not like people, so the wolves do not prey on them as much, and they don't eat as many of the calves. Therefore the herd is able to grow.

So the only environmental impact anyone has figured out is we have helped the caribou herds expand. This is an area where we can explore for oil without doing any environmental damage. We need the resources, as the Presiding Officer pointed out.

I commend the Presiding Officer for his expertise in this area, for his ability to put it all together in a very understandable way, and for urging this administration to get on with the development of a true energy policy.

Does the Senator from Idaho want to speak now?

Mr. CRAIG. Yes.

Mr. KYL. Mr. President, I yield the floor to the Senator from Idaho, and I thank the Presiding Officer.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Mr. President, I join with my colleague from Arizona in thanking you for your leadership in the work you have done on energy. I remember, several years ago, when the Senator from New Mexico was talking about the state of play of the nuclear industry and that failure to respond to an equitable process to bring about the appropriate handling of waste would ultimately curtail the ability of this industry to grow and provide an environmentally sound and clean source of electrical energy. That is when we were talking about energy when most of our supplies were in some margin of surplus. Today that surplus does not exist.

In the past eight years, with no energy policy from the Clinton administration, we are now without surplus. We are now entering what could well be an energy crisis phase for our country and our economy. If that is true—here we stand with the longest peacetime growth economy in the history of our country—could this be the tripwire that brings mighty America down? Because we have a President and a Vice President without an energy policy. In fact, under their administration, we have seen a drop in the energy production of our traditional kind. They even want to knock out big hydrodams out in the West that are now supplying enough electricity for all of the city of Seattle, WA. And they say, in the name of the environment, we would take these down. Shame on them.

Why aren't they leading us? Why aren't they providing, as they should, under policy and direction, abundant production and reliable sources?

Historically, our economy has been built on that. America has been a beneficiary of it.

(Mr. KYL assumed the Chair.)

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THE BUDGET PROCESS

Mr. CRAIG. Mr. President, what I thought I might do for a few moments this afternoon is talk about the state of play of where we are as a Senate and as the 106th Congress trying to complete its work and adjourn for the year.

I think a good many of us are frustrated at this point. We have tried mightily to produce the appropriations bills, to work with our colleagues, Democrat and Republican. Obviously,