data set, and the MDSPAC, which collects a lot of extraneous information. They lack statistical reliability and are extremely burdensome to many providers. We need to look at that.

Number 12, we need to provide adequate and stable funding levels to the HCFA carriers. We need to assure adequate funding levels so that the contractors can perform the range of functions necessary for an efficient operation of the Medicare program.

If I, as a physician in Des Moines, Iowa, have to deal with my local Medicare carrier, and they only are provided enough funds for a couple of employees, then I am going to have long waits, and my patient are too. This is something that Congress needs to look at.

Number 13, we need to avoid counterproductive reforms. We need to look at the way that we award contracts for the carriers. I am concerned about fragmenting and weakening the Medicare administration. This has broader implications as well. Some people are proposing that we break apart certain functions from Medicare. I would be very careful of that, particularly on the bigger issue of prescription drugs.

Number 14, we need to direct HCFA to utilize a consistent standard for the calculation and application of the ''low cost or charges'' rule during the transition from cost reimbursement to the prospective payment system for home health care.

Number 15, we need to eliminate the inappropriate demands for documentation to support reimbursement claims by requiring fiscal intermediaries to adhere to professional auditing standards and generally acceptable account practices. That should be a no-brainer.

Number 16, we need to restrict HCFA's ability to demand financial records from commonly owned or controlled organizations that do not have financial transactions with a Medicare home health agency. It is not their business.

Mr. Speaker, some of these will be a little bit more generic, and some of these are suggestions that were made before my committee by Bruce Vladick. Dr. Bruce Vladick, is the recent administrator for the Health Care Financing Administration. Mr. Vladick and I served together for a while on the Medicare Commission. I respect his opinions a lot. Many of these suggestions are ones that he has made to Congress.

Number 17, despite significant improvements through the Medicare handbook, the beneficiary hotline and Medicare Internet site and the program of the size of Medicare, the beneficiaries need, not just the providers, they need better customer service.

□ 1545

So we should improve the customer service by ensuring that each beneficiary has access to an individual to assist with Medicare problems. We should contract for at least one Medicare representative for every Social Security office in the country. That is like an ombudsman.

Number 18: We should reduce uncertainty and unplanned spending by requiring carriers to provide beneficiaries and providers advance guidance on certain procedures and services. This gets directly to what I was talking about earlier on the issue of prior authorization.

Number 19: Beneficiaries are subjected to too much and confusing paperwork, particularly if they have Medigap coverage. So a solution would be to reduce paperwork by requiring Medicare and Medigap health insurance carriers to transfer information and claims to one another electronically.

Number 20: This is really important. A lot of providers for Medicare are operating in an atmosphere of distrust and fear because of accelerated fraud and abuse activities. Make no mistake, we need to be firm and strong on preventing fraud and abuse. However, at the same time, we need to be fair; and we should not be counterproductive. And so to increase the comity and the provider confidence in the Medicare program, we should eliminate, in my opinion, the application of the False Claims Act to bills submitted by providers. We are talking about, in some of these situations, the mere slip of a finger, where one number could be recorded wrong on a form and then that physician could be held criminally at risk. That needs to be looked at.

Number 21: Many providers cannot obtain assistance with their Medicare questions. So to fix that we should improve customer service by assigning each provider an account executive and increasing the number of contractor and HCFA staff to interact with the provider. We should provide the patient an ombudsman, and we ought to provide the providers a similar service.

Number 22: The paperwork requirements for physicians, particularly surrounding the documentation of evaluation and management activities, is very, very onerous. I hear this from my colleagues all around the country. Oh boy, you ought to read the volumes to try to figure out how you code and then bill for an office visit. We should reduce paperwork by replacing those EMM codes with a simpler classification system. There are a number of ways we could look at doing that.

Number 23: HCFA's response to issues and problems is slowed considerably because of the multiple layers of bureaucracy in the Department of Health and Human Services and competing constituencies. So in order to improve responsiveness and timeliness, we should, I think, at least consider establishing HCFA as an independent agency. I am not, however, in favor of splitting functions away from HCFA.

Number 24: I have mentioned this before in this talk, but Medicare operations are severely underfunded. It reduces the efficiency, timeliness and customer service. To improve customer service and efficiency we should fund HCFA operations from a trust fund similar to that of the Social Security Trust Fund.

Number 25: With new life-enhancing technologies, the Medicare process to determine whether a new item or service will be covered is slow, confusing, and very contentious. We had testimony before Congress from Art Linkletter. He said it is just a shame that it can take up to 5 years to get an authorization for a new treatment or a new medical technology, and I agree. And we ought to assure availability of up-to-date but effective technologies by looking at an independent advisory board.

Number 26: The efficient organization, performance, and oversight of Medicare fiscal intermediaries and carriers is hampered by legislative prohibitions against competition and financial incentives for good performance. We should improve contractor performance by modernizing the legislative authorities, including the authority to compete for contracts and to financially reward good performance.

Well, Mr. Speaker, that is a lot of detail, but my committee, the Subcommittee on Health of the Committee on Energy and Commerce, is working on HCFA reform bill now. We are putting together a bill on this.

I want to finish this special order with a quote from Dr. Bruce Vladeck, former director of the Health Care Financing Administration. Mr. Vladeck said this. ''While debate about the future shape of the Medicare program rages on around us, tens of millions of beneficiaries and providers are interacting with Medicare on a daily basis, often in a suboptimal manner. As these big picture discussions continue, taking incremental steps to improve those interactions can significantly improve the lives of Medicare patients and the persons and institutions who serve them. Our citizens deserve nothing less.''

NATION'S ENERGY CRISIS

The SPEAKER pro tempore (Mr. TIBERI). Under the Speaker's announced policy of January 3, 2001, the gentleman from California (Mr. FILNER) is recognized for 60 minutes as the designee of the minority leader.

Mr. FILNER. Mr. Speaker, we intend to spend the next hour of the House's time in discussing the electricity and energy crises that are confronting this Nation today. This has become the issue that is paramount in the minds of families all over this Nation. Whether they live in California, which as in many other areas has pioneered the problem, where we have an economy that is teetering as the prices of natural gas and electricity and gasoline hit us, hit our families, hit our businesses, people see this crisis spreading to the other parts of the far West, in the mountain States and now to the East.

As people contemplate the incredible increases in natural gas, they wonder how they are going to heat their homes come next winter. When American families get on the road and find out they are paying well over $2 maybe even $3 a gallon for gasoline, every family in America, every business in America will know that we have a crisis, and yet it seems this Congress cannot act. It seems that this administration cannot or will not act.

People's businesses and homes are threatened. They know that if there were a flood or an earthquake or a tornado, the Federal Government would be in their areas immediately with all kinds of help and all kinds of cameras, and the President would be there and the Federal Emergency Management Administration would be there and everybody would be in there trying to say how do we help in this natural disaster. Well, in California and in Oregon and in Washington, and now many other States, we have a man-made disaster that is worse than all of those others combined. And yet where is the Federal Government, where is the President, where is the Secretary of Energy?

Nobody seems to want to act on a crisis that threatens the whole national economy, and people are wondering why. When we look at poll results today, not only is energy the highest economic issue of concern to families all across America, but the approval ratings of officials who are not acting are going down and down. Clearly, the American people want action. They do not see it coming from Washington.

Just today, our Committee on Commerce decided that it would not hold a hearing on an electricity emergency relief act. The Republican leaders of this House apparently were afraid to bring this item to a committee and then to a floor vote because they fear that the outcome might not be in line with their ideology. They blame not bringing this up on Democratic intransigence; that is that the Democrats would not look at any bill that did not have anything to say about the prices and price mitigation for electricity and natural gas on the west coast. And I say to the Republican leadership, you are absolutely right. We are not going to consider legislation without that, because it is the prices that are killing us.

California and other States in the West are being bled dry by this electricity crisis. The State of California is paying $3 million an hour for electricity. We are paying $70 million sometimes up to $90 million or more a day for electricity; $2 to $3 billion a month. And California State is paying for this electricity because the utilities in California are bankrupt. They have not been able to buy the electricity, so the State has stepped in.

Now, the State of California is the sixth biggest economy in the world. But the sixth biggest economy in the world cannot sustain a $3 billion a month drain on its budget, and so the State of California's economy is teetering. And I will tell the President of the United States that if the California economy goes, so goes the rest of the Nation. So it is in our national interest that the problems in California, in Washington, in Oregon, and now in Montana and in New Mexico and Wyoming and in New York, become the interests of all Americans and this administration because our whole economy is at stake here.

When we look at the prices that people are paying for electricity and natural gas in California, what we see is an incredible disaster that has taken place and is in motion. In San Diego County, the area I represent, 65 percent of small businesses face bankruptcy this year. Imagine what that means; 65 percent of our small businesses in one county facing disaster. That wipes out all of Southern California. And I predict the rest of the Nation will go next. We cannot sustain this kind of situation.

School districts cannot hire teachers because they are paying for their electricity bill. Libraries cannot buy books because they are paying for their electricity bills. YMCA and other youth-serving organizations have to close up part or most of a week because they cannot afford the electricity bills. The hotels in San Diego County have an energy surcharge on their room bills because of the cost of electricity. Restaurants in San Diego have an energy surcharge because the costs of energy are so high. What happens to the tourism industry in our area if we add these surcharges to our bills? San Diego and California, the West, and the Nation are in economic trouble.

The Republicans refused to act on their bill today. The President issued an energy plan several weeks ago which does virtually nothing for immediate relief for the west or for the Nation.

□ 1600

Mr. Speaker, the President says, well, we can solve the energy problems in California by drilling for oil in the Arctic National Wildlife Refuge. I do not know what one has to do with the other; and even if it did, it would be a decade before we got any oil out of that reserve. We have so many choices, we do not have to wreck the environment, we can do many, many other things; and we will be talking about that during this hour.

The President and the Republican Party assume that this is a crisis brought out by a lack of supply caused by environmental whackos in California who overregulated and prevented supply from being brought in. Mr. President, that is flat out wrong. This is not fundamentally a supply and demand problem; this is a problem brought about by criminal manipulation of the market by an energy cartel that is hell-bent on making as much profits as they can make. They have taken $20 billion out of the State of California in the last 10 months, and they are going on to other States.

Mr. Speaker, those same companies report earnings increases in their quarterly reports of 300, 400, 500 percent, 1,000 percent. They move up to the Fortune 500 a hundred positions out of the profits that they are making from small businesses going bankrupt and big businesses leaving California. The third biggest business in my district may close up this year because they cannot deal with the uncertainty and the cost of electricity prices.

Mr. Speaker, we have to do something about the prices, and that is to bring in what was always the rule under a regulated situation, and that is cost-based rates for electricity: the cost of production plus a reasonable profit. Utilities made a fortune on that kind of pricing; and yet the pricing we are seeing now are four, five, 10 times that, 50 times that at various times during the day.

We need cost-based pricing, and we need to have refunds of the criminal overcharges that have taken place. Californians are demanding cost-based prices to stabilize the wholesale market and refunds of the criminal overcharges since last June. That is how to stabilize the situation. The Governor of California is doing everything he can to bring on new capacity. The State is doing everything it can for conservation. We just met a goal of 11 percent for last month, and that is a tremendous achievement for Californians; and I thank all Californians for doing that.

But the people of Oregon or California or Washington can do nothing about the wholesale prices, and that is killing us. I speak from experience from California. I see the gentleman from Oregon (Mr. DEFAZIO) with us, and I hope that he will enlighten us on the issues that this country is facing. If this President and this Congress and this Nation do not wake up, we are going to have economic disaster in the summer ahead.

Mr. Speaker, I yield to the gentleman from Oregon (Mr. DEFAZIO).

Mr. DEFAZIO. Mr. Speaker, before the missteps of deregulation, the United States of America throughout the 20th century, basically from the time we regulated energy after 1932, through 1992 when Congress, in a little-noticed action buried in a so-called energy-efficiency bill allowed deregulation to go forward. During that time the words blackout, brownout, price spikes, price gouging, these were not part of our electrical energy vocabulary. Now in 8 short years, the wonders of a so-called deregulated market have delivered that. They have delivered that not only because the concept itself is faulty, and something that is inherently monopolistic or oligopolistic, but also because of the active encouragement and inattention at best by the Bush administration.

There are still laws on the books, the gentleman would not believe it, there

are laws on the books that require that the Federal Energy Regulatory Commission determine whether prices will be based on cost or market-based. They are not supposed to be market-based where markets do not exist. Clearly there is no effective market in the western United States. It is not only California that is suffering these outrages. It is also Oregon, Washington, and other western States.

There is no effective market. The Federal Energy Regulatory Commission, their own economists, their own staff found in December that prices were unjust and unreasonable, but the chairman, a Mr. Hebert from Louisiana, a former staffer to the former recently deposed majority leader of the Senate, is refusing to do anything about it. The mantra from the Bush administration is price caps are bad. They do not work.

They are right, if we have a functioning market where one has the normal laws of supply and demand, price caps are not a good idea. Energy is unique. It requires that you have a 10–15 percent reserve margin at all times to have reliability. There are very few sellers. There are very limited ways of delivering that energy to your house. Most of us only have one wire that comes into our house. Most businesses only have one wire that comes into their business. There are a couple of routes over higher voltage lines to get to that neighborhood or communities. There are few options. We are not actively buying and selling and chasing after a multiplicity of sellers. This is clearly a manipulated market. One can look at the prices and know it is manipulated.

Mr. Speaker, it just came out that the record, so far as we know, is a price charged by Duke Energy Corporation of the Carolinas to California last winter, low-demand period in California when strangely enough about a third of the generation in the State went missing. Just was not available. No one knows where it went because under deregulation, a company does not have to operate their plant. They can say, freeze in the dark, sucker; you are not paying me enough money. That is what deregulation means. There is no longer a duty to serve.

Duke Energy, being a benevolent organization, sold energy for only $3,880 per megawatt hour. I tried to figure that out in terms of what it would mean for my electricity bill. I have an energy-efficient house with a heat pump. It is an all-electric home. In my case, it would have meant that my energy bill for 1 month would have exceeded my mortgage by a factor of eight if I had to pay that price individually.

That is the outrageous extortionate price that Duke Power, and they are not alone. We have Enron. We have Reliant Company, I believe they are based in Texas, which tied their energy commodity traders, their speculators who produce nothing except profits, to the people running a decrepit plant that they bought in northern California; and as the market went down, they told them to shut down the plant; and when the market went up, they told them to crank it up. They were attempting to directly manipulate the plant, destroying the plant, obviously not providing reliability; but guess what, it is legal. It is legal because the Federal Energy Regulatory Commission says that is not market manipulation, that is not price gouging, that is just fine, according to the Bush Federal Energy Regulatory Commission.

Mr. FILNER. Mr. Speaker, if the gentleman would yield, we were promised under deregulation competition and lower prices. What it sounds to me that is happening is that the so-called deregulated market, under control of a cartel, has not only increased prices but it has decreased the supply because they are withholding it to create a market where they are getting higher prices.

Mr. DEFAZIO. Mr. Speaker, if the gentleman would yield, the United States had until the late 1990s, on average the lowest-cost energy in the entire industrial world through a system of regulation.

We have quickly gone to a system which is totally unreliable, has blackouts and brownouts, and has price spikes where prices are going up to 100 times the so-called normal price. A 10,000 percent increase. The gentleman referenced earlier these energy companies, these new energy companies, many of whom are based in Texas, are making profits that are up 400, 500, 600 percent in 1 year. You do not get those kinds of profits in 1 year in a normal and functioning market. Something is very wrong here, and what is wrong is the people of California have been on the forefront of people being fleeced under this system, but now they are sticking it to the people in the Northwest; and it will come to other parts of the country.

Mr. Speaker, under deregulation in New England, Pacific Gas & Electric of California, which says they are broke, sent billions of dollars to the mother company, Pacific Gas & Electric of America, whatever it is called, who sent the money to Pacific Gas & Electric of New England, who now is one of the larger owners of plants in New England. And since they deregulated New England and since Pacific Gas & Electric bought plants in New England, the same one that says that they are broke in California, reliability, they are having the same kind of outage problems. The plants are not available, and the price goes up. This is becoming a nationwide phenomenon.

Mr. FILNER. Mr. Speaker, if the gentleman would yield, we have roughly a 45 to 50,000 megawatt capacity to produce. During the winter months that we just experienced, the demand is roughly two-thirds, roughly 30 to 35,000 megawatts. So there is a demand of 30,000, there is a capacity of 50,000; and yet we had blackouts during this time. Why did we have blackouts? We are supposed to have 20,000 megawatt surplus.

Well, somehow all of the plants at once were shut down. They had maintenance problems or other problems. Or, and this is why I say it is a price problem, not just a supply problem, they could not get paid by the utilities for their electricity so they just shut down.

Mr. Speaker, this is not the promise of deregulation. This is the fact of a manipulated market, that we have blackouts. You know what happened in San Diego, a day's blackout, we had near fatalities at traffic intersections because the traffic lights do not work. We had near fatalities because elevators shut down. And the threat of blackouts means that people cannot have any orderly budget or orderly future, so they were thinking of leaving California. A blackout for a few hours in certain industries means millions of lost inventory and production. So blackouts maybe for an hour or for a day and maybe only once or twice during the winter, but they are catastrophic; and we are looking at the possibility of 30 or more days of blackouts in California for the coming summer.

Mr. DEFAZIO. Mr. Speaker, this administration says if we put in a price cap it will make things worse. Absolutely to the contrary. In Oregon, Washington, and California, people are building and proposing the construction of plants as quick as possible. Westinghouse is years out on generation. We are building them. We are also having a drought. That compounds the problem.

Mr. Speaker, actually the inverse would happen. If you had a price cap, there would be more energy available because right now what we have is people gaming the system to try to drive the price as high as possible because they think if I shut down part of my generator, I can drive the price up, only operate part of the plant and still make more money. But if you set a cap and say you are over that cap, then suddenly we would have more generation. We would not find the withdrawal and the manipulation and the withholding from the market that is causing some of these blackouts and brownouts this summer in California.

Mr. FILNER. Mr. Speaker, let me read the press statement of the gentleman from Texas (Mr. BARTON), the chairman of the Subcommittee on Energy and Air Quality. He issued a statement on why the Republican leadership refused to continue consideration of what they call their energy emergency relief act. He said, in the face of all of this disaster that is looming, in the face of this incredible price catastrophe for the West, he blames taking the legislation from the table on ''the national Democratic leadership which has exhibited unwillingness to forge ahead without a price caps measure.''

Mr. Speaker, the gentleman from Texas is absolutely right, it is the

prices that have got to be brought down. It is the prices that are causing the crisis. And in fact, as has been demonstrated, a price cap would make sure that we had reliable supplies, and not the other way around.

Mr. DEFAZIO. Mr. Speaker, if the gentleman would yield back, they talk about market signals. What is the market signal that Duke Energy and its investors are getting at a price of $3,380 per megawatt hour for electricity, electricity that 2 years ago sold for $30 a megawatt hour. That is 1/120 times the price. I mean, this is just extraordinary. What is the market signal these folks are getting? How efficient is the plant going to be that they are going to build? What is their long-term look at the market? What about future reliability?

□ 1615

Actually in the Northwest, we recently had a company that has what is called a server farm, that is a headquarters for a bunch of systems and companies and others that operate computers, computer servers, they were told, ''Yeah, we've got to admit it's a little problem when we crash the electricity to your server farm. We can understand you would get upset.'' So the local company there said, ''Hey, if you only pay us 400 percent of the current price, we'll guarantee reliability.'' Is this the new wonders of the market that the Bush administration is talking about? If I do not want to have to reprogram everything in my house or have the lights go out when I am not there or have a problem with my heat pump, my defroster in the refrigerator, things melting, the other things that happen, or senior citizens in nursing homes, if we want reliability, by God, you have just got to pay three or four times as much. I do not think so.

This works. It worked successfully. We became the greatest industrial Nation on Earth under such a system. I realize people say, ''Oh, you're a socialist, DEFAZIO. You want government to get into this.'' I say, ''The government was in this.'' What do you think the policy was when the Reagan administration was in office?

Regulated utilities when the Reagan administration was in office. We did not have these kinds of problems. This was signed by Bush the senior back in 1992, and it only took 8 years to destroy the western energy supply and grid under national deregulation. It is coming to the rest of the United States soon. People know it. They want us to go back to a system that works. This is too essential to our economy, too essential to our senior citizens, too essential to small businesses and residential ratepayers. We cannot have something that is unreliable and plagued with price spikes or blackmail, where they say, ''Look, if you don't want your lights to go out, just pay me five times your bill.'' Gee, I guess I would only have to pay up from $170, if I would be willing to pay $850 for my electric bill in a winter month, they would guarantee that my lights would stay on.

Is that not great? This is sure a functional market. And the Federal Energy Regulatory Commission, the chairman appointed by George Bush, Jr., unlike George Bush, Sr., who brought about this system, is saying there is nothing wrong, he is not going to do anything about it. He is defying and suppressing his staff. Hopefully the changes that have come about on the other side of the Hill will bring some investigation and subpoena into this where we get some of the professional staff to come in or we get even Commissioner Massey to come in and tell us what is really going on at FERC, which is that they are there for the profits. As long as they can milk this for the Reliants, the Dynergys, the Entergys, the Enrons, the Dukes and all these other predatory new energy companies, they are going to do it because they are major contributors to this administration and to the majority party in this House and, by God, they are not going to do anything to hurt their profits and JOE BARTON was making sure of that and that is why he killed that bill. They did not want a vote on price caps because they are afraid it might win.

Mr. FILNER. I thank the gentleman from Oregon. We have, I think, shown that there is an incredible disaster both in being and looming further. We have shown there is a manipulated market that needs to be brought under control, that cost-based rates ought to be brought in in order to stem this tide while other solutions come about. And we know that there are long-range solutions involved in all this. We know that even though we are concentrating right now at getting the situation in California and the West stabilized through cost-based rates, we have to move into other directions in terms of renewable energy sources and a much different way of approaching our energy. One of the leaders in the Congress in making us think about these things has been the gentlewoman from California (Ms. WOOLSEY). I thank her for joining us and for her efforts on behalf of an energy future that will give us back some control of our own life.

Ms. WOOLSEY. I thank the gentleman from California for organizing this special order to highlight the energy crisis facing Californians and the west coast.

Like my colleagues, I rise this afternoon in outrage, outrage that my constituents in Marin and Sonoma County and across California are still dealing with rolling blackouts and skyrocketing energy bills while the power companies are raking in record profits. We need a responsible energy policy that helps in the short term by allowing, insisting, that FERC do its job, FERC, the Federal Energy Regulatory Commission, do its job by imposing cost-of-service based wholesale rates, at least temporarily, to stabilize this situation. And in the long term by making significant investments, time, money, incentives and focus in clean energy sources to supplement our current electric supply so that we can ensure that we never repeat these shortages.

In the short term, the Federal Government must take action to protect California consumers and stabilize our market. But despite repeated and urgent requests from California Democrats and Democrats from the Pacific Northwest, President Bush refuses to order FERC to impose wholesale cost-based rates in California and the western region. It is outrageous that the President dismisses this straightforward action that would protect 34 million California consumers, consumers who are being gouged by big energy producers. With two oilmen in the White House, it is absolutely no surprise that this administration turns its back on consumers and sides with big oil special interests. But that certainly does not make it acceptable.

What is acceptable is this: recognizing that we need to increase renewable energy resources while reducing demand for electricity. We can do this by promoting and using more efficient energy technologies. These are policies that will protect our environment and guarantee a better future for our children.

Since passing the National Energy Policy Act in 1992, Congress has generally ignored energy issues. But power problems in California and the higher prices of natural gas and oil throughout the Nation have brought energy back to the top of our Nation's agenda. The energy shortage we are experiencing in California is just a signal. It is a signal to the country that Congress must raise the stakes in search of sensible energy policy. Obviously what we are doing is absolutely not enough.

As Congress and this administration work to forge a long-term energy policy, it is imperative that we make a true, honest commitment to renewable energy sources, to energy efficiency and to conservation so that we prevent future energy crises and we protect our environment.

When President Bush stood before Congress in this very Chamber and told the American people in February that he would pursue environmentally sound policies, including renewable energy sources that would help solve our energy crisis, I thought that was too good to be true. Unfortunately, I was right. As soon as the cameras went off, the commitment went away.

Sadly, the Bush administration's budget reneges on the commitments the President made to pursue renewable energy sources. Critical R&D programs were cut. Energy efficiency and technology deployment programs were cut between 35 and 50 percent. That is unacceptable. And it is a disaster for our energy future. Actions speak louder than words. That is why I am outraged but not surprised that the administration's commitment to environmentally friendly sources of energy

lasted only as long as the television cameras were rolling.

I would say to our President, if he were here, now is the time to increase funding for national energy efficiency and renewable energy programs. It is absolutely not the time to cut funding. Cutting funding for vital energy efficiency and renewable energy programs is a step backward, a step in the wrong direction, and a serious blow to our efforts to craft a sensible national energy policy.

This is especially frustrating because we do have bipartisan support for renewables and clean energy policy. In fact, it is pretty overwhelming. As the lead Democrat of the Subcommittee on Energy of the Committee on Science, I am preparing energy policy that is environmentally sound, that will result in lower cost solar energy, wind power, bio energy and geothermal energy. Relief for the American people, in the short and long term, is where our Federal priorities should be, not on increasing our dependence on fossil fuels as the administration intends to do. This dependence on fossil fuels got us into this situation in the first place.

Like my constituents and my colleagues, I strongly believe there is an important role for the Federal Government to encourage sensible short-term and long-term policy in order to solve the energy crisis. As this Congress debates energy policy, we must broaden our horizons by thinking out of the box. We must encourage policies for the future.

I urge the Bush administration to rethink their recent actions to join us in this endeavor because, after all is said and done, what happens in California, the sixth largest economy in the world, will happen across this Nation. It is time to step up to the problem now. It is time to make a short-term commitment to California to make sure we stabilize this situation. And it is absolutely time to look at smart energy policy for our future so that we will no longer have blackouts.

I very much thank the gentleman from California for doing this and for letting me be part of it.

Mr. FILNER. We appreciate the leadership of the gentlewoman from California on the Committee on Science and hopefully someday her chairmanship of the subcommittee. We are looking forward to her report on renewable energy sources.

There are supposedly several plans that have been put on the table to look at this energy problem in its broadest sense. President Bush put out his energy plan several weeks ago. It had 105 recommendations. Not one of them gave any hope or any help to the western States for immediate relief. Overall, his plan is an unbalanced one that puts big oil and utility special interest friends of his who are already reaping record profits ahead of the consumers, all of us as consumers and the environment. He wants to drill in the Arctic and other pristine areas. There is no relief for consumers facing high gas prices and high energy costs. There is no help for the consumers out West who are being gouged by utilities. He wants to produce some of the fossil fuels and give tax breaks for nuclear plant construction. In fact, when his Secretary of the Treasury, I believe, was giving testimony to a congressional committee, he said on the safety record of nuclear energy, if you leave out Three Mile Island and Chernobyl, there is no problem with nuclear energy. That is coming from the Cabinet of this administration.

He does nothing for fuel efficiency in his plan. The President claims to want to do something about it but slashes funding as we have just heard for energy efficiency and renewable energy by more than 25 percent. He delays putting in our fuel efficiency standards. He has rolled back such standards for air conditioners. He is using the excuse of the California crisis to roll back all environmental regulations, breaking his campaign promises on clean air, for example, and undercutting all kinds of other protection. And he benefits not the consumer or the average American but the oil and gas industry, the utilities, the nuclear and coal producers who have contributed, coincidentally, millions to the Bush campaign.

There is another plan on the table, a plan that was devised by the Progressive Caucus of the Democratic Party. With us this evening is the chairman of that Progressive Caucus, the gentleman from Ohio (Mr. KUCINICH) who will outline a plan which actually will help us in this crisis and not hurt us as the Bush plan does.

Mr. KUCINICH. Mr. Speaker, as chairman of the Progressive Caucus, I am proud to be here this afternoon to present our alternative. But before I do, I would like to offer a perspective on this issue. My father and mother, Frank and Virginia Kucinich, when they raised a large family in Cleveland, Ohio, many years ago, I can remember vividly the scene in the kitchen where they were counting their nickels and their dimes at the kitchen table, you could hear the click of the coins against the table, one of those old enamel top tables, and they were counting their nickels and dimes so they could have enough money to pay their utility bills. I am sure that there have been a lot of families in this country who had to worry about those nickels and dimes in being able to pay the utility bills because today more and more families are finding out that the cost of electricity is beyond their meager budgets.

□ 1630

Families are finding out that even if they are blessed enough to have even the tiniest bit of economic security, that they cannot keep up with rising utility bills. Families are finding out that even if they have a little bit of affluence, they cannot keep up with rising utility bills. The nickels and dimes have turned to five dollar bills and ten dollar bills, and people are counting them out and they cannot keep up with the rising electric bills.

Today, all eyes are on California where the people of California have been the target of a deliberate manipulation of energy supplies by energy companies that has raised prices in that State. Blackouts in California have been the result of a policy which has tried to strangle the market in favor of energy companies that have done nothing but manipulate the market and manipulate energy prices and gouge consumers.

Now, this is not just a humble Member of Congress from Cleveland, Ohio, stating this. These conclusions have been reached by the Federal Energy Regulatory Commission, by the California Public Utility Commission, by the California Independent System Operator, by Credit Suisse and by the Public Utilities Fortnightly publication.

Now, there are people around this country who say, well, it is a California problem. Do not believe it. This is a matter that is coming to a light switch near you in your neighborhood soon. Rolling blackouts and outrageous prices are today strapping citizens of California because deregulation has permitted energy companies to rig the market and price electricity as high as the market will bear.

The Tellus Institute's report, called the Progressive Pro-Consumer Solution to Today's Electricity Crisis: Just and Reasonable Rates show that these events are not from a lack of supply and, Mr. and Mrs. America, they are not unique to California. I quote from this Tellus Institute report about the solution being just and reasonable rates, and they say every State that chose to restructure its electric industry and deregulate generation did so in the hope that tangible benefits would result. The general assumption was that retail electricity prices would decline relative to what rates had been under regulation. As a matter of fact, everyone remembers they told the American people, if they deregulate their rates are going to be cheaper. That is what they told the people of California. That is what they told the people of Ohio. That is what they are telling people all over the United States.

In California and in many States, almost every one of these States now faces rising electricity prices. In California, deregulation has helped to create rolling blackouts, has caused exorbitant electricity prices, threatening the financial health of the State. In general, the goals of restructuring go unfulfilled. The price of electricity is higher than before and the quality of service has declined dramatically.

The Progressive Caucus has moved into this breach, into this massive evidence of price gouging, to come up with a solution that I will go over very briefly. That solution, the general approach is, it mandates a fair electricity

market nationwide and mandates sustainable energy policies. We define the problem as saying that deregulation has led to price gouging and rolling blackouts. The solution to the high prices: Fair prices nationwide, with federally-set cost-based rates, including refunds. That does not mean caps, because you could create price caps, but if the rates are already sky high, what does that do for your family's budget? Very little.

Mr. FILNER. Mr. Speaker, I just want to show this chart, which shows the coalition of organizations and individuals which support that concept in the Committee on Energy and Commerce, which is called the Price Gouging and Black-out Prevention Amendment. We can see not only all the governors of the western States, but farmers and businesspeople and working people and consumers, public safety people, health care providers, all of which support the end of the price gouging that the gentleman has advocated.

Mr. SHERMAN. Mr. Speaker, will the gentleman yield?

Mr. FILNER. I yield to the gentleman from California.

Mr. SHERMAN. Mr. Speaker, I just want to point to that chart. The bill before this Congress to provide for rate caps or for regulation of these wholesale energy prices is supported not only by the governor of California, but by the governors of Oregon and Washington, and by the American Association of Retired Persons, AARP, the Consumers Union, the Consumer Federation of America. These are organizations that look out for consumers and there should be no doubt as to what approach is in the interest of consumers.

Mr. FILNER. Mr. Speaker, I thank the gentleman from California (Mr. SHERMAN) for those comments.

Mr. Speaker, I would ask the gentleman from Ohio (Mr. KUCINICH) to continue the outline of the Progressive Caucus.

Mr. KUCINICH. Mr. Speaker, I thank the gentleman from Sherman Oaks, California (Mr. SHERMAN) for his remarks.

Mr. Speaker, in going back to the solution to high prices: Fair prices nationwide with federally set cost-based rates, including refunds.

Utilities are entitled to a modest profit. Any business is. But when one starts talking about California electricity generator profits that for one company, Calpine, increased first quarter of 2000, 424 percent; Dynergy, 102 percent; Williams, 100 percent, all of those figures were increased for the first quarter of 2000 over the last year. People are making a killing at the expense of the consumer.

So we are trying to address that in the Progressive Caucus by coming up with a solution and a plan that provides for fair prices nationwide with federally cost-based rates, including refunds. The solution to rolling blackouts is to mandate generators to produce electricity. The solution to issues relating to energy efficiency is to mandate increased energy efficiency.

With respect to renewables, mandate increased renewable energy production. Clean air aspects, mandate the development of clean air technologies. Public power, provide financial incentives to encourage public power systems and remove key barriers.

Now, what most people are not aware of across this country is there are actually over 2,000 municipally-owned electric systems, one of them being in Cleveland, Ohio. What most people are not aware of is that the right of utility franchise, now listen to this, Mr. and Mrs. America, the right of utility franchise belongs to the people. There is no inherent right for the private sector to own a utility. Understand that. The people have the right to a utility franchise. We give the private sector, in theory, the right to operate a utility in exchange for reliability of service and low cost. That is the way it is supposed to work, but, Mr. and Mrs. America, it does not work that way.

Consumers are getting gouged by these companies that are using our own rights; they are using the right that we give them to operate a utility.

We have a plan here with the Progressive Caucus to take back the right that we have through a measured approach that would mandate fair electricity markets nationwide and mandate sustainable energy policies. But the truth is that if these energy companies do not respond, if they insist on price gouging, if they insist on price manipulation, then the people have a right to take that franchise back because that is a Democratic right. That right is vested in the people. It is in our State constitutions and we have the right. What we give, we can take back. If they do not want to give us decent rates, then we punch their ticket, take their charter and reclaim our government and reclaim the ability to save our nickels, our dimes, our $5.00, our $10.00, to save our families, to save our way of life.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. ROGERS of Michigan). The Chair would just remind Members to please address all remarks to the Chair.

Mr. FILNER. Mr. Speaker, I thank the gentleman from Ohio (Mr. KUCINICH), the former mayor of Cleveland, for his leadership on this issue. We hope that the caucus program can be, in fact, on our agenda at some point in the future.

Mr. Speaker, as California experiences this problem, the Congressional representatives all over California have been trying to make sure that our State and our Nation does not go under, and one of the leaders in this effort has been the gentleman from Sherman Oaks, California (Mr. SHERMAN). We thank the gentleman for his ideas and his energy and his contributions in coming up with a solution.

Mr. Speaker, I yield to the gentleman from California (Mr. SHERMAN).

Mr. SHERMAN. Mr. Speaker, I want to begin by commending our colleague, the gentleman from Ohio (Mr. KUCINICH), who, in an earlier lifetime, was mayor of Cleveland and fought against overwhelming odds to maintain municipal ownership of the utility company there.

In my City of Los Angeles, we also have municipal ownership of our utility system, and we do not have any of the problems that are hitting the rest of the State, and which hit San Diego so hard.

Mr. FILNER. Any price increases?

Mr. SHERMAN. None.

Mr. FILNER. Any blackouts?

Mr. SHERMAN. No blackouts. Good service. No problems. Where we had regulation, as we had in our State for well over 50 years, no problem; where we have municipal ownership even today in the City of Los Angeles and other cities in California, no problem. As I understand it, no problem in Cleveland today.

Mr. KUCINICH. Right.

Mr. FILNER. I will tell the gentlemen, by the way, that because the situation in San Diego has become so grave with doubling and tripling of rates, with scores of businesses facing bankruptcy and closing their doors, the whole community is virtually united as saying we must get control of our future. We are going to establish in San Diego a municipal utility district where we can begin to get some leverage on the system. If we owned 1,000 megawatts of electricity, one-third of our needs, we could have tremendous impact on the whole situation.

So we in San Diego, like the State of California in general, is moving toward a municipal ownership, to get out of, really, the heel of the cartel of energy wholesalers that is destroying our economy.

Mr. SHERMAN. I should point out that while I say Los Angeles has no problem, we are bound together with the rest of the State, just as the whole country is bound to California, an the economic problems facing the other cities in the State of California affect us.

I should also point out for our colleagues, who might think well, if Los Angeles has no problem, a huge part of California has no problem, that the Los Angeles municipality is roughly 10 percent of the State of California. So much of, as the gentleman knows, the Los Angeles area lies outside the city limits and outside the protection of municipal power. What has happened to our State is that we are being bled dry. We paid $7 billion for the generation of electricity for our State in the year 1999. In the year 2000, we used the same amount of electricity but instead of paying $7 billion, we paid $32.5 billion. This year for the same amount of electricity, we are going to pay $60 billion to $70 billion.

Now, this has fully hit home in San Diego because the utility there had a

different deregulation deal than the one in the rest of Southern California, or Northern California. So San Diego has seen the doubling and tripling of some electric bills because the local electric utility was not required to use up its entire net worth in order to protect consumers from the gouging being done from those who have purchased these electric plants.

In contrast, those in my district who live just outside the city limits were somewhat protected, protected for months. We saw disaster in San Diego, but we, just outside the city limits of Los Angeles, were safe because billions of dollars of Southern California Edison's net worth was used up, paying the gouging prices and selling to consumers at a regulated price. Of course, that could not go on forever because the gouging reached such a level that it bankrupted enormous utilities, threatens to wipe out the surplus of the State. The gouging reached levels that we never imagined as we thought that only San Diego consumers would be faced with this problem.

The voraciousness of these companies reached an incredible level.

Mr. FILNER. Mr. Speaker, I wonder if I may bring my colleague, the gentlewoman from San Diego (Mrs. DAVIS), just to share with us some of the experiences that San Diego has had and what conclusions they lead for us to take in this Congress.

□ 1645

Mrs. DAVIS of California. I wanted to thank the gentleman from California (Mr. FILNER) for providing us this time today. We have been talking about how people generally are feeling about this; and those of us in San Diego, we were at the epicenter last year.

I can tell you as we walked around the community, and the gentleman from California (Mr. FILNER) was certainly aware of this, it was almost as if all the businesses were dying. We have not got to that point yet, but people felt that way, that that could happen.

I see now there is new information out really across the country about the way people are understanding what is happening. A Washington Post-ABC poll just released Tuesday showed that 56 percent of the people across the country understand an electricity crisis should be cost-based. In California I would suspect that the percentage is even higher. People are not saying there should not be some profits, but that they should be cost-based. They should not be based on some market in the sky that is just a dream.

But we keep hearing that the administration is saying that cost-based prices will not increase supplies or decrease demand. That has really been their mantra.

They are just not listening. Californians, I think, have not been claiming that rational, cost-plus profit prices would address the growing energy supply needs of the western states, but they are saying that that kind of cost-based pricing is critical for today's problem, today, considering what is going on in the economy.

Building a power plant is a financial investment decision, and financial investment decisions that for a while people chose not to make. For the last 20 years it was not clear that more power was even needed, so energy companies did not make the financial decision to build more plants throughout the West.

Now it is clear that with a 40 percent population growth just in Nevada in the past decade, and with a 20–25 percent growth in our other neighboring States, and 10 percent growth in California, that more power at peak times will be needed. And, guess what, in the last year, 16 new plants in California alone have been approved, and four will be on line this summer. Nevada businesses are considering building new plants not only to cover the needs of their enormous growth, but also to export to other States.

We are seeing this growth in other places as well. In Baja, California, they are looking at the economic opportunities for selling electricity to the United States. In addition, it is working on a joint venture with U.S. companies to build a liquid natural gas conversion plant and terminal to bring liquefied natural gas economically from Australia and other areas of the world to increase our supplies. In fact, people are responding.

Mr. FILNER. Mr. Speaker, I know the gentlewoman wants to show how we are dealing with the supply issue. I want to have the gentleman from California (Mr. SHERMAN) show through this chart that the crisis now that we are experiencing with the price is not primarily one of supply. We have supply.

I would ask the gentleman from California (Mr. SHERMAN) to explain this chart, what these energy companies are doing to us.

Mr. SHERMAN. Well, yes. What has happened is that because we do not regulate these wholesale costs, they have an incentive to withhold supply and drive the price up. Instead of making a megawatt for $30 and selling it for the regulated price of $50, they produce fewer megawatts, drive the price up to $500, and make a killing.

What they will do when they shut down a turbine is say the turbine is closed for maintenance. The chart in front of you there illustrates how many megawatts were not produced on the average day in April, a couple months ago, because turbines were closed for maintenance. As you can see, over 15,000 megawatts were not produced on the average day. That is the yellow line.

You might say, is that not typical? No. You look at the prior April; and you see that blue line, roughly 3,000. You say was April just an anomaly? You compare the yellow and the blue lines, and the pattern is clear, 8,000 to 12,000 to 13,000 megawatts not produced on the average day to drive up the price, not because the plants needed to be closed for maintenance, but in addition to the regular maintenance that was done just 12 months ago.

I might point out, that is about one-fifth of the power we need in California. Closed for maintenance means closed to maintain an outrageous price for every kilowatt.

Mr. FILNER. We only have a minute left. I want to share with my colleague from San Diego a little frustration.

The President visited our city last week. We are in the middle of a crisis. As I said earlier, if it was a tornado or earthquake, he would have been there. He chose not even to come to meet people or the press. He went to one of our great Marine bases, Camp Pendleton. No contact with ordinary people. He said nothing really about the crisis and how he was going to solve it, and people had no opportunity to deal with the President face-to-face.

I think this was an incredible abdication of responsibility for a major crisis, and I know those of us from San Diego were especially aggrieved by that.

Mrs. DAVIS of California. I wish that the President would have had an opportunity to walk into just some of the cafes, the mom and pop restaurants in our communities, because I think it was there that people really felt this shift a number of months ago in San Diego. When you have sitting on those cafe tables a charge that they are asking people to pay in addition to the cost of the lunch, of the dinner, just explaining to people what has happened in terms of their own particular costs, I think that is quite astounding.

The other issue is not just the mom and pop shops. Certainly our seniors who have been so affected. But we have great concern and great fear in the community now that in fact some of the progress that they have been making, and I will take the biotech industry as one, that some of that progress may go out the window because we are faced with some of the problems that we are faced with today.

Mr. FILNER. I would say to those industries that really their survival is at stake, and yet they see a Republican President, and they may be Republicans, they feel they should not get into this. I will say to the businesses of California and the West and this Nation, for your own survival, tell the President that it is time to act. Tell the President that the Federal Government must intervene for our economic survival. He will listen to you more than he may listen to our Congress people here. So I beg you to ask.

I thank our colleagues, the gentleman from California (Mr. SHERMAN) and the gentlewoman from California (Mrs. DAVIS) on the floor with me today. Apparently our time is up, but we will be back here every day to talk about this crisis, until this Congress and this President act on behalf of all of the consumers in this Nation.