

will be very important for our country to be able to strengthen our economy, put people back to work, and go into a full recovery.

The bill we will have before the Senate in the next 48 hours is not a perfect bill, but it is a bill that I am very hopeful will pass so that we can start the process of having an energy policy that includes conservation, incentives for production, incentives for nuclear power. We have not had a nuclear powerplant built in America since 1978. It is our cleanest source of energy and it is energy that has the capacity to meet our needs. I am very hopeful we will pass this bill and we will work to fix some of the things not fixed in the bill.

I am hopeful also that we will pass Medicare prescription drug benefits. That is a bill in progress. We are going to have an incredible ending to this legislative session if we are able to work those bills out and pass them, including the jobs created in the Energy bill and to begin the process of providing our seniors a prescription drug benefit.

I see the Senator from the State of Oregon is on the Senate floor, and I yield to him up to 8 minutes.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. SMITH. I thank the Senator from Texas for yielding to me.

ENERGY

Mr. SMITH. Mr. President, in thinking about my remarks today, I was reflecting back upon the investments made during the Great Depression in the Pacific Northwest by President Franklin Roosevelt, by his congressional friends. They were at the time expensive, but they were done at a time in America, particularly the Pacific Northwest, when only 30 percent of the American people had electricity. One had to live in the city to have electricity.

President Roosevelt went to Oregon and Washington and dedicated the Bonneville Dam. At the time, in 1937, it was an enormous undertaking. He was a visionary when he dedicated that dam. He foresaw the benefits of universal electrification of our Nation from an economic and from an environmental point of view.

There were those who expressed concern about the cost of this Energy bill. In preparing for these remarks, I read the address of Franklin Roosevelt those many years ago because it is applicable even today. He ends his address with this adage, which is as true today as it was then:

We in America are wiser in using our wealth on projects like this which will give us more wealth, better living, and greater happiness for our children.

It seems to me the difference between those for the bill and those against it has to do with money and the picking of winners and losers supposedly in this bill, and the difference of approach.

The American people want affordable energy. The American people want a clean environment. It does seem to me there are those on the other side who believe the best approach to get energy and to get more green policies in place is through regulation. Indeed, I saw with some interest an article in the Washington Post this morning in which the probable Democratic nominee, Howard Dean, calls for: An age of reregulation. There is the headline. He was apparently a born-again reregulator. He wants to reregulate American industry, and specifically energy.

It seems to me you can get different outcomes at the heavy hand, the club, of government. But I think what this legislation does is try to get to green results with affordable energy by incentivizing it with carrots. So you really have a choice between carrots and clubs, depending on which side you want to support in this debate and how you vote.

But, Mr. President, I rise today to speak in support of the conference report on H. 6, the Energy Policy Act of 2003. All of the conferees are to be congratulated for their tireless efforts to craft a bill that provides for real progress in securing our Nation's energy future. It is a positive step toward ensuring our farms, factories, and homes have energy they need at affordable prices.

The bill provides significant incentives for diversification of our energy sources and for investment in needed energy infrastructure.

I am pleased the bill authorizes \$550 million in grants for biomass programs, which will help Oregon's communities and small businesses treat forested lands at high risk of catastrophic fires. This bill will promote the generation of electricity with the wood and brush removed from lands when lands are treated to reduce wildfire dangers.

The extension and expansion of tax credits for the generation of electricity from renewable resources will also benefit Oregon, which has been a leader in renewable energy production, particularly in wind energy.

There are tremendous amounts of incentive here for windmills. In fact, I heard Pete Domenici say: In 10 years, you are going to be tired of seeing all the windmills that will be produced from this.

Now, the Federal Government can mandate it and impose it on electrical utility companies, or it can incentivize it by helping these renewable types of energy to be more affordable and more marketable in the marketplace of today. Again, it is the carrot approach, not the stick approach.

We will further improve the environment by establishing tax credits for energy-efficient homes and appliances, and for energy efficiency improvements to existing homes. Expansion of the Energy Star program builds on the success of the collaborative effort between Government and industry to in-

form consumers about energy-efficient appliances.

Mr. President, hydroelectric facilities in the Pacific Northwest provide almost 60 percent of the region's electricity. That is why I am so supportive of the provisions in this bill that authorize \$100 million for increased hydropower production through increased efficiency at existing dams. People worried about global warming ought to be very interested in this provision because hydroelectric power produces abundant electricity without global warming.

The bill also contains important reforms to hydroelectric relicensing laws, allowing for increased production while maintaining existing environmental safeguards.

Our Native-American tribes in Oregon will benefit economically from provisions that promote the development of energy resources on tribal lands and extend the accelerated depreciation benefit for energy-related businesses on Indian reservations. I thank Senator CAMPBELL for his leadership on this important Indian energy title.

The bill also recognizes that not everyone is sharing in the Nation's economic recovery. It is very important that we approve the authorization in this bill of \$3.4 billion a year from 2004 to 2006 for the Low Income Housing Assistance Program, known as LIHEAP. It is an important addition to this bill.

Nationally, we have finally established mandatory reliability standards for the electric transmission system, including enforcement mechanisms. This is something the Senate has attempted to do for the past three Congresses. These standards will help avoid future blackouts like those that plunged the east coast into darkness last August 14 or the August 1996 event which paralyzed the Western United States.

Finally, let me turn to the electricity title. This has been an issue of particular importance to my constituents in Oregon and to the West in general. In recent years, Oregon ratepayers have been harmed as a result of market problems that spread from California throughout the West. Most Oregonians have seen their electricity rates increase by around 50 percent in the past 3 years.

FERC's proposal on standard market design, SMD, threatened to raise Oregon's rates even further. As originally proposed, it simply would not have worked in the Northwest, where hydroelectricity is the dominant resource.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SMITH. Might I have another 2 minutes?

Mrs. HUTCHISON. Mr. President, how much time do we have remaining?

The PRESIDING OFFICER. Eighteen minutes 50 seconds.

Mrs. HUTCHISON. I yield 1 more minute to the Senator from Oregon, and then I will yield up to 8 minutes to the Senator from Mississippi.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. SMITH. In short, SMD was bad for the consumers of Oregon, particularly those in rural areas.

Led by the Senate, this Congress has taken the extraordinary step in this bill of blocking FERC from continuing with this rulemaking that would have been so harmful to so many areas of the country.

Unfortunately, the SMD is only part of a FERC vision for restructuring the wholesale electricity industry in a way that puts consumers at risk. FERC appears bent on "competition at all costs," regardless of the costs to consumers, and without justifying the need for its draconian proposals.

We have stopped SMD in this legislation, but other proposals are out there. Even now, utilities in the Northwest are concerned that they will once again be harmed by California's efforts to get FERC approval for new market structures under what is commonly known as MDO2.

We cannot continue to legislate against specific FERC proposals for market design.

I do hope that FERC gets the message we are sending them, however. The goal of Federal policy, which I believe is furthered by this electricity title, is to promote universal access to electricity at affordable prices.

Electricity is too fundamental to our lives, and to this Nation's economic well-being to be subjected to radical experiments, such as the one proposed by SMD.

In closing, Mr. President, I congratulate Senator DOMENICI and Senator GRASSLEY for their leadership in crafting this important legislation.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Mississippi is recognized for 8 minutes.

Mr. LOTT. Mr. President, I appreciate the remarks of the Senator from Oregon and his thoughtful comments about the electricity section. I do think this legislation includes good language in that area that will be fair to all sides of electricity production.

I do believe, as a result of this legislation, we are going to have a better grid. There are incentives to expand the grid where it is needed. In my part of the country, there have been significant investments in the grid already. We have a surplus of power. We are delighted to have more competition. We are delighted to work to have interconnectibility.

But my concern had been that this language, this section, was not written properly, that the Federal Energy Regulatory Commission would have come up with a plan that would have forced ratepayers in my State to pay for additional transmission lines which would not benefit them. So it is a delicate balance.

It has been very hard to work through this with regional differences, with Senators on both sides of the aisle

coming at it from a different viewpoint. But through the efforts of Senator DOMENICI and Senator CRAIG THOMAS, and the interest of Senators such as GORDON SMITH and LARRY CRAIG, and the chairman in the House, BILLY TAUZIN, we came up with a good package. I appreciate the efforts of all concerned.

We will hear from the chairman and ranking member about details of this legislation. I am sure they will go into some of the specifics about policy decisions that were made in the electricity section and also give us detailed information about some of the tax policy, the tax incentives that were included in this bill.

I guess there is some sticker shock when we learn that the tax section would actually wind up being some \$23.5 billion. But it is a diverse package and one that I do believe will produce more energy in this country.

It has a lot of incentives. Some of them will not produce that much, and I acknowledge that. Some of it I would not have included. Probably two-thirds of it I would not have included. But this is the art of legislating.

So I want to speak to the broader perspective of what we are doing.

We have not passed major energy legislation in the Congress for 10 years. The truth is, we have done very little since 1979, when we were dealing with lines at gas stations and unreliability of supply. Frankly, it has not been getting better over the years. It is getting worse. We are becoming more and more and more reliant on foreign oil for our energy needs—now well over 50 percent, probably headed for 60 percent. This is dangerous. We are relying on Saudi Arabia, Iraq, Venezuela, Nigeria, and other countries such as Canada and Mexico, countries on which it makes me very nervous that we are dependent for their oil to power this country.

This issue is about the future of America. Are we going to continue to be dependent on this foreign oil and, if we are, what will that mean for our economy if they decide to jack up the prices or cut off the supply, or if there is a change of government that produces uncertainty as we have seen to a degree in Venezuela, not to mention Iraq, of course.

That leads to the national security aspects. If we don't have a reliable energy supply, it will affect our ability to power our ships, our planes. I thought it was so ironic last year that we were involved in a direct conflict with Iraq and yet we were winding up relying on Iraqi oil which we brought to the United States, refined, and put in airplanes to bomb Baghdad. This is a dangerous situation.

What is the solution? Produce more energy supply of our own. The whole package, not just oil but, yes, oil. We have a lot of oil in America that is captured in these stripper wells, these small wells. We have natural gas that we could produce more of. What we have done in America is there is no in-

centive to produce it, and by the way, we have locked up lots of it. You can't drill in most of the Gulf of Mexico, not on the Atlantic or Pacific coasts, not in certain areas in the west. So slowly but surely we have stopped production in America.

This bill will produce some more oil and natural gas. We will be able to have greater use of coal because we are going to put an investment in clean coal technology. We are going to have more hydropower and, yes, more nuclear power. The cleanest power producers are natural gas and nuclear power. Why don't we encourage more of that?

And we have lots of incentives in here for alternative fuels: ethanol, biodiesel, whatever that is. We are going to use biomass, and some of that will be done in my State. I don't think it is going to produce a whole lot. I think it is going to eat up a lot of money. But we will look for alternative fuels, and that is good. So that is part 1: more production.

Some people say we don't need more production; we can conserve ourselves into an energy policy. How ridiculous can you get. What are we going to do, go back to just burning coal in the fireplaces? I used to have to bring in a scuttle of coal every morning before I went to school, and I didn't like it. It was cold to bring in the coal, and it was dirty burning. I never liked it. Well, what are we going to do? Just produce more blankets. They would probably be sent to us from China.

Let's get real. In conservation, yes, give incentives to people to better insulate their homes and to maybe buy more fuel-efficient and better appliances that don't create pollution. Let's include that. More production: let's go after alternative fuels. Let's have conservation. Let's have the whole package.

What will be the result? America will be more secure. Our economy will be stronger because this bill will produce jobs. You may say, well, they are not real jobs or maybe they are temporary jobs. A job is a job where I come from. Where I come from, if you want to eat and live and do well, you have to find a job. You take what you can get. This will produce over 800,000 jobs. This is a jobs bill.

It is about the future reliability of our economy, about the future of our national security, and it is about jobs, which will help our economy.

It is also about ensuring clean, affordable, and reliable energy—the whole package. I think we have good legislation here. We do have incentives in it for ventures such as geothermal energy. That will bring a renewable energy online, could create a few hundred jobs. We also are going to put a real emphasis on clean coal technology. We have an abundant supply of coal, and we are developing the technology to be able to use it, burn it, and in a clean way.

I commend my colleagues for producing this bill. It is like every legislative piece. It has a few warts on it. If you are expecting the perfect, this is not it. But we need to do this. We have been arguing about it for 3 or 4 years. The things that held us back in the past we did set aside. Now we are going to be able to get this legislation.

When you look back on this year, there is going to be a lot the Senate can take credit for having made a difference in the country—the tax bill, the partial-birth abortion legislation, energy legislation, and transportation bills.

I am glad we have this legislation. I urge my colleagues to support it. It will make a difference for the future.

I thank Senator HUTCHISON of Texas for putting together this opportunity for us to speak.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Mr. President, I appreciate the remarks of the Senator from Mississippi. He was on the conference committee. He worked hard, knows how hard the compromises were. I appreciate his leadership because we can't depend on foreign countries for 60 percent of our energy needs and have a stable economy and keep the jobs we have and create more jobs for our recovery. I thank the Senator from Mississippi and the Senator from Oregon. The Senator from Oregon also has been a leader in this field. I appreciate so much his remarks and his leadership in this area.

I ask how much time remains in morning business?

The PRESIDING OFFICER. Eight minutes ten seconds.

Mrs. HUTCHISON. I yield the remainder of our time to the Senator from Pennsylvania, Mr. SANTORUM.

MEDICARE REFORM

Mr. SANTORUM. Mr. President, I thank the Senator from Texas and thank colleagues for their remarks this morning. I rise to talk about the Medicare prescription drug bill that is still being worked out. I think it needs to be stated that this is still a process. We have an agreement in principle, but there are still issues having to do with how much the bill will cost and whether it is going to be within the \$400 billion framework that has been laid out by both Houses of Congress and by the President. They are still working through that.

As a result, there will be some changes, probably, over the next 24 to 48 hours as to what this bill is going to look like in particular. But we do have a sense of what the broad outlines are. I have to tell you in all honesty, it is like any piece of legislation. There are some things that I really like, and there are some things that are good and I am in favor of. There are some things I don't like, and there are some things that I just darn well wish were not in the bill.

The question is, How do you come out? That is a decision that every one of us is going to have to make on both sides of the aisle, because there are things I am sure every Member in this Chamber can look at and say: This is a good thing. The problem is, for about half of us who say it is a good thing, the other half will say it is a bad thing. But that is the nature of compromise. You try to come together to work out an overall package that is going to be beneficial to seniors, beneficial to taxpayers, and beneficial to the Medicare system over the long haul.

That is what I want to talk about today. I think on balance this is a bill that achieves that.

Let me lay out sort of my thoughts. No. 1, I am concerned with the overall Medicare system, the long-term health of that system. I think in part that is dependent upon the private sector system of this country upon which Medicare was built.

You have to remember, Medicare was built on a 1965 Blue Cross plan. That was a private sector plan. The reason we are doing Medicare prescription drugs is because the private sector has been offering that for some time. So Medicare tends to follow what the private sector does.

The question is, What is the private sector doing now? They are doing a lot of managed care, HMOs, PPOs, and other things insurance companies are trying to do to try to get costs under control, to increase quality and efficiency.

Well, what are we trying to do with reforming the Medicare system? We are trying to put PPOs into Medicare. We already have some HMOs there. We are trying to expand that. What we are trying to do here is to conform Medicare to sort of a current state of play, as it was in 1965, and we are trying to conform it to what is working best in the private sector today. So that is one of the objectives we are trying to accomplish.

This is my problem. I don't think, necessarily, that the current private sector—just as in 1965—is necessarily the most efficient way to run a health care system. I think there are fundamental underlying problems in the health care system that we are paying the costs for today. That is why our health care costs continue to go up. I think the fundamental problem is that people are not paying for their health care. When I say that, it is not that people are not paying for it through insurance. They are, and their premiums and copayments are going up to some degree.

The overall cost for employers is going up, no question. One of the reasons the cost is going up is that utilization is going up, is that people's out-of-pocket expenditures don't conform to the benefit they are getting. In other words, they are paying \$2 for \$10 worth of service. As long as you are paying \$2 out of pocket for a \$10 benefit, you are probably going to continue to consume

that benefit, disproportionate to other activities where you put \$2 out of pocket and get \$2 of benefit. We have to change that dynamic in health care, while maintaining insurance for people who need that coverage.

The way this bill does that is just crucial. One of the reasons I am very excited about the bill is it puts in a provision called health savings accounts, which sets up a system in the private sector—it is not a Medicare provision but it is in the Medicare bill—it sets up a private sector reform to allow people to set up accounts so they can take more responsibility and more control over their health care expenditures. In a sense, by living healthier lives, by doing preventive care, doing all the things to maintain good health, they can actually save money and—this is the kicker—keep it. The insurance company doesn't benefit if you stay well and do the good things and you don't end up in hospitals or having surgeries. You benefit.

So we are fundamentally changing the dynamic at the private sector, pre-Medicare level. Why is that important? If this is successful—and I believe it will be—it becomes a building block for future reform of Medicare, because once the employee population with private sector insurance, pre-Medicare, becomes used to and comfortable with this kind of program, they will be demanding it when we get to Medicare.

It will infuse in Medicare what I believe is ultimately necessary, which is more individual control and responsibility for their health expenditures. So I argue that of all the things done, interestingly enough, in this Medicare bill, the most important thing I think we do, as a conservative, as somebody who believes in giving people more power and giving individuals more control, more choices, the most important thing we do in the Medicare bill isn't in Medicare but it is going to be a dramatic impact on it when the baby boomers retire and the costs go out of control.

I make the argument—and we can get into the details of the Medicare bill—from the standpoint of a Republican conservative and to conservatives across this country, what we are doing with the reform in health savings accounts—they used to be referred to as medical savings accounts—is probably the most important, I argue, for the long-term future of Medicare because, as I said before, Medicare reform follows private sector reform. When the private sector changes, eventually Medicare will change to reflect that because that is what the public will want and demand.

Within the Medicare system, we do put some reforms into place that are important. We have the reforms to Medicare Part B. We do put a Medicare drug bill in. Some people are saying: Well, as a conservative Republican, why do you want to put in a \$400 billion new entitlement?

The fact is, we have a health care system that doesn't cover health care