

of the House, the following Members will be recognized for 5 minutes each.

**A BRIEF DISCUSSION OF PART OF THE PRESIDENT'S PROPOSED NATIONAL ENERGY POLICY**

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. DEFAZIO) is recognized for 5 minutes.

Mr. DEFAZIO. Mr. Speaker, I come to the floor this evening for a brief discussion of a part of the President's proposed national energy policy, the document of May, 2001.

This goes to the issue of electricity and electricity supply. If we look in Appendix I, way in the back of the report here under "Summary of Recommendations," there are a couple of things which I think Members of the House and members of the public should pay attention to.

At the top of this unnumbered page, in Appendix I it says, "The NEPD Group recommends the President direct the Secretary of Energy to propose comprehensive electricity legislation that promotes competition, protects consumers, enhances reliability, promotes renewable energy, improves efficiency, and repeals," there is the key part, "the Public Utility Holding Company Act and reforms the Public Utility Regulatory Policy Act."

What does that mean? That means national deregulation. Now, of course there is a little problem in proposing national deregulation. We have the California model, where this year the same amount of electricity will be sold as 2 years ago. Two years ago, that electricity sold for \$7 billion. This year that same amount of electricity, despite the myths about huge increases in the demand and all that, the same electricity as 2 years ago will sell for \$70 billion, a 1,000 percent increase in the price in 2 years.

That money has to be going somewhere, and it is. A good deal of it is flowing to a number of large energy companies based in Houston, Texas. They are saying this is such a successful model. The lights were on in parts of California for part of the day yesterday, and most people still can afford to pay their energy bills, although they are about to get a retroactive 47 percent-plus rate increase and tiered rates, which will penalize anybody with an all-electric home.

The President, under the guise of the summary buried in the back of this report, wants to take that across the Nation. People will say, that is not fair. The California plan was poorly written. Look at some of the other great models of deregulation. Let us look at some of the other great models of deregulation.

We have Montana, right near my State. Montana, until 2 years ago, had the sixth cheapest electricity in the United States of America. They were

producing 150 percent, 1½ times their peak demand, on their own hydro power; affordable, cheap, reliable. But what happened? They deregulated. Montana Power sold all of its generation resources to PP&L, Pennsylvania Power & Light, who now controls the generation in Montana.

Pennsylvania Power & Light finds they can sell Montana's electricity more lucratively elsewhere, and they have lifted the cap on industrial customers, so industry after industry in Montana is closing. They are laying people off. They are saying they cannot afford the huge increase in electric rates.

Luckily for residential consumers, their prices are capped for another year. But a year from today, it will hit them, too. They will say, Montana did not work out too well, California did not work out too well, but look at the deregulation in Pennsylvania. Look how well it is working.

First off, dereg is supposed to give us choice. I have yet to have a consumer come up to me and say, Congressman, I want to choose my energy company. I am tired of this company that just delivers the electricity day in, day out, reliably at a low price. I would like to choose, to gamble. I would like to see what would happen. Nobody, nobody wants that except a few big energy companies that are getting filthy rich off this scheme.

So they gave choice to Pennsylvanians, and very few of them chose it. Now, even though they had rate caps, and that is why people say it is a success, rates did not go up; yes, if we have capped rates. What happens when the caps go away? The same thing that has happened in California, the same thing that is happening in Montana: huge increases in price.

This is nothing but a scheme to extract more money from tens of millions of Americans and small businesses and big businesses across this country, and move that money to a few big energy companies.

So I would hope that this Congress, as it has in the last two Congresses when President Clinton proposed national energy, as they want to call it now, restructuring, because deregulation has become a dirty word, we cannot use that. It is like around here we do not talk about the estate tax, but we call it the death tax. Now they call deregulation restructuring, as does this report.

It is a scam on the American public. Let us not have it perpetrated under the guise of this report.

**REMARKS OF THE VICE PRESIDENT CONCERNING THE CALIFORNIA ENERGY CRISIS**

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. SHERMAN) is recognized for 5 minutes.

Mr. SHERMAN. Mr. Speaker, this weekend I was disappointed by the comments of the Vice President in talking about the California energy crisis.

Vice President CHENEY put forward the theory that California made a mistake with its deregulation, and therefore, California should suffer without any Federal action; that the blackouts and outrageous prices being faced by people in my State are somehow part of a divinely ordained morality play.

Well, California did make a mistake. We put ourselves at the mercy of gougers, chiefly independent energy companies based in Houston, Texas. Our theoretical economist told us that if we deregulated, all these companies would produce independently as long as they could make a profit; that they would maintain their output.

What we discovered instead was that if we came anywhere close to a shortage, a few of them would close down, create the prospect of blackouts, all in an effort to drive up the price. That is why the California Public Utilities Commission determined that not only are we paying outrageous prices, but deregulation, which according to the theorists should maximize the production of electricity, is actually causing the blackouts by causing them to underproduce. By producing a little less, they can charge us the outrageous prices that my colleague, the gentleman from Oregon, just pointed out to this House.

But returning to the Vice President's idea of fault, that this is somehow California's fault, and therefore, Californians should suffer, this might make some sense if Californians were rushing to this floor asking for tens of billions of dollars of aid. But that is not what we are asking for. We are only asking for the right to reregulate, whether that is done at the Federal level or whether it is done at the State level. We are asking for the reinstatement of the same system of regulation that served this country so well for 100 years.

The Vice President's statements are analogous to the following situation. Assume our neighbor's house is burning down. If that happens, one approach is to steal our neighbor's hose and lecture our neighbor about fire safety, that the fire should never have started.

That is in fact what this administration is doing. On the one hand, we are lectured that California made a mistake, and given the current outcome, that is no doubt true. But then, instead of being given help, instead of even being left alone, the hose is stolen, impounded, and a smile comes across the administration's face as the house burns down.

At a very minimum, California needs to see cost-based regulation of the electric plants located in California. Federal law prevents us from doing so. We