

SPENCER ABRAHAM NOMINATION

HEARING
BEFORE THE
COMMITTEE ON
ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE
ONE HUNDRED SEVENTH CONGRESS
FIRST SESSION
NOMINEE TO BE SECRETARY OF THE DEPARTMENT OF ENERGY

JANUARY 18, 2001



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SPENCER ABRAHAM NOMINATION

THURSDAY, JANUARY 18, 2001

U.S. SENATE,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, DC.

The committee met, pursuant to notice, at 9:06 a.m. in room SD-106, Dirksen Senate Office Building, Hon. Jeff Bingaman, chairman, presiding.

OPENING STATEMENT OF HON. JEFF BINGAMAN, U.S. SENATOR FROM NEW MEXICO

Chairman BINGAMAN. The committee will come to order. Under the Rules of the Senate the standing committees continue from one Congress to the next and have the power to act until their successors are appointed. Although the Senate has yet to appoint new members, we expect, subject to the approval of a Democratic Conference and the full Senate, that Senators Feinstein and Schumer and Cantwell will be appointed as Democratic members of this committee and, if they are able to attend this morning, we will certainly permit them to ask questions of the nominee and participate.

Obviously, we extend the same courtesy to any new Republican members, but I understand that the Republican Conference has not yet decided on who those members will be. Is that correct?

Senator MURKOWSKI. That is my general understanding, Mr. Chairman.

Chairman BINGAMAN. The committee will consider the nomination of Spencer Abraham to be the Secretary of Energy this morning, then we will break for lunch and reconvene at 2:30 this afternoon to consider the nomination of Gale Norton to be the Secretary of the Interior. I have decided to exercise the prerogatives that I have as chairman for another day-and-a-half, Mr. Chairman, to model these hearings after those that we conducted in this room for Donald Rumsfeld instead of those that are being conducted for John Ashcroft. By that I mean that I would intend to give a brief statement myself, call upon Senator Murkowski, the Ranking Republican member, to give a statement, then call on the two Senators from Michigan to introduce the witness, and then call on Senator Abraham, the nominee, to make his statement, and then we would go after that to questions by the committee.

In the first round of questions we will have 8 minutes per questioner instead of 5, so the people can make statements or ask questions as they see fit.

The purpose of this hearing, as I said, is to consider the nomination of our former colleague, Spencer Abraham, as the Secretary of

Energy. Several years ago, Senator Abraham urged that we abolish the Department of Energy. He has since seen the light. He has come to understand the importance of that Department, and the importance of it for our energy security, our national security, our economy, and our scientific and technological prowess.

I am sure he is also learning the difficult problems facing the Secretary and how difficult it will be for the Secretary to solve those problems. Like his predecessors, he will be held accountable for energy supply and price fluctuations over which he has very little control. He will be held responsible for the performance of National Nuclear Security Administration, over which he has no direct management authority. He will be called to account for environmental messes that he had no part in making, and he will be held liable for not having opened the nuclear waste repository 3 years ago.

Republicans harshly criticized President Clinton's nominees for this and other posts in the Department of Energy for not being sufficiently steeped in the intricacies of the energy area for which they were nominated, and for needing, as it was referred to, on-the-job training. It would be easy for Democrats to respond in kind, now that our roles are reversed. It would be easy but it would not be constructive or fair to this nominee.

It is time for both parties to put aside their rancor, to work cooperatively with the new Secretary to try to solve some of these very serious problems facing the Department. I, for one, have assured this nominee of my support, and I look forward to working with him. At this point let me call upon Senator Murkowski to make any opening statement he would like to make.

[The prepared statements of Senators Akaka and Johnson follow:]

PREPARED STATEMENT OF HON. DANIEL K. AKAKA, U.S. SENATOR FROM HAWAII

Mr. Chairman, thank you for promptly scheduling this hearing to confirm our Secretary of Energy. The sooner we confirm Senator Abraham as the Secretary of Energy, the sooner he can begin work on his new and challenging assignment.

I am pleased that President-elect Bush has chosen Spencer Abraham to be the Secretary of Energy. He is aware of the concerns of Americans regarding rising energy costs. As a Senator from Michigan, Spencer Abraham has had firsthand experience with the increases in gasoline prices that occurred last year. I want to tell you that I plan to vote for your confirmation as the Secretary of Energy. I also commend you for accepting the task of running the Department of Energy. It is one of the most challenging jobs in the Federal government.

As a member of this Committee and as a member of the Senate Armed Services Committee, I look forward to working with you on all aspects of the operations of the Department.

Senator Abraham, as you know our nation has suffered the impact of high energy prices for the last two years. Some areas of the country have suffered more than others. But Hawaii has borne the brunt of having to pay high energy prices during all of the 1990s. For most of the 1990s, the average Honolulu gasoline price, based on a weekly survey, hovered at roughly 25 cents to 50 cents above the national average.

One of the major challenges facing our nation is to stabilize energy prices and ensure that Americans enjoy reasonable and affordable energy prices. We have not had a coherent and comprehensive energy policy for a long time under both Democratic and Republican administrations. Additionally, we have not had a commitment to address our dependence on foreign sources of oil. The absence of an effective policy and a visible commitment to addressing our energy dependence have made us captive to OPEC's production decisions and led to other problems.

The only way to reverse our energy problem is to have a multifaceted energy strategy and remain committed to that strategy. This will send a clear message to

OPEC and their partners about America's resolve. If we are to have a comprehensive energy policy that strengthens our economy and serves the real needs of Americans, then we need to dismantle our dependence on foreign oil as soon as possible.

The way to improve our energy outlook is to adopt energy conservation, encourage energy efficiency, and support renewable and alternative energy programs. Above all, we must develop energy resources that diversify our energy mix and strengthen our energy security. This is only one aspect of the problems faced by the Department. It faces other problems as well. The problems facing the Department are varied, complicated, and challenging. The Department has a large and diverse bureaucracy. The process of reinventing and reorganizing the Department is far from over. Electric utility industry restructuring poses its own challenges. Nuclear waste is a monumental problem. The weapons program has its own challenges. Environmental management at the Department's facilities is a complicated and an expensive undertaking.

The Department's science and technology programs need direction in the post Cold War era. The Department has facilities in 35 states, requiring it to work very closely with state and local agencies. The responsibilities of the Department extend even to remote islands in the far reaches of the Pacific Ocean. Our national security and economic health depend to great extent on what the Department does. In a nutshell, a series of problems await our new Secretary.

To address these and other issues, a strong hand is needed at the helm. The Department needs an effective leader who can promote policy and build a consensus. The President's nominee to be the Secretary of Energy is such a man. Senator Abraham's record and his experience have prepared him well for this challenge. I have every confidence that he will provide leadership in developing and implementing a comprehensive energy policy. I am also confident that he will address other problems faced by the Department in a cooperative and bipartisan manner.

Senator Abraham, I look forward to working with you.

PREPARED STATEMENT OF HON. TIM JOHNSON, U.S. SENATOR FROM SOUTH DAKOTA

Mr. Chairman, the Secretary of Energy is a critical and vital Cabinet position. We are at a crossroads in our energy policy. Gas and oil prices are going up, shortages are becoming more prevalent and our electricity system is becoming more constrained. Meanwhile, demand is growing more than ever and our economy is affected by the volatility that is occurring.

At this juncture, it is important for the Secretary of Energy to be a steward of the direction the nation's energy policy. It is clear that we must take a measured, balanced approach. Favoring one side too heavily in this debate could have ramifications that will take us years to change.

It is also important that we work together to find solutions and stop assessing blame. In particular, we need to work together to find a long-term national energy strategy that can lower our dependence on foreign oil and get us away from the instability with which we are constantly faced. There is much debate about how to do this and far too much time has been spent in this committee faulting people rather than coming up with solutions. I am hopeful that we can be more productive.

As we all know, the rising cost per barrel of crude oil has driven up the prices of gasoline, propane, diesel and heating oil with seemingly little relief in sight. These increases have become a significant obstacle for farmers and ranchers, families, local governments, and frankly, anyone who has any level of dependence of fuel for heating, transportation, or other needs. Moreover, natural gas prices are also going up because of low supplies and lack of production. In a state like mine where nearly half of the residents rely on natural gas for heat, this could have serious consequences.

It is clear that consumers are going to experience disruptive price fluctuations as long as we rely on foreign oil imports for the majority of our fuel supply. Obviously, no magic bullet exists for either the short or long-term fuel supply and price situation. But while it is only one part of a potential solution to our nation's energy situation, I am committed to elevating the role that alternative fuels, such as ethanol and biodiesel, play in our nation's energy strategy. The use of renewable alternative fuels benefits energy security, the environment, and our overall economy.

And of course, the production and use of renewable alternative fuels derived from agricultural products directly helps our agricultural economy. I have supported efforts in the past for greater use of alternative fuels. I authored legislation that was enacted two years ago that includes the use of biodiesel that federal fleet operators can use to meet the EFACT. In my view, this is the type of approach we should be using to change the demand for fuel—complimented with increased supply, it

could go along way to way towards meeting our increasing energy needs. While only increasing production and use of domestically produced renewable fuels will not take care of our energy security problems, it must be one component of our long-term national energy strategy.

I am interested to learn how the nominee will address these and other energy matters. Our well-being and economy is probably more dependent that we would prefer on energy needs but it is a reality that we must address. And we must address it in a cooperative way so that we can meet the needs of the American people.

I look forward to the nominee's testimony.

**STATEMENT OF HON. FRANK H. MURKOWSKI, U.S. SENATOR
FROM ALASKA**

Senator MURKOWSKI. Thank you very much, Mr. Chairman, and let me join you in welcoming your new members to the committee, and I certainly commend President-elect George W. Bush for nominating Senator Spence Abraham to serve as Secretary of Energy. I must admit, Mr. Chairman, this is a little detraction from my ego to have to hold my breath for a day-and-a-half, but nevertheless it is good character-building to be readjusted, but the good news is, it is temporary. But in any event, you and I have got a close working relationship, and I think it is fair to say the bipartisan nature of this committee has been evidenced by the number of bills that we have gotten out in working with the professional staff in a manner that I think is traditional with the Committee on Energy and Natural Resources.

Let me remind the nominee that this is not necessarily a glamorous position. As Senator Bingaman indicated, your challenges are many, and in many cases they are unique. I think it is fair to say that we all agree that we have an energy crisis that is upon us. We can point fingers, but that does not do the job.

I do not know if you have looked at your gas bill, but I looked at mine yesterday and it roughly doubled, and Nancy and I have been gone most of the month, but nevertheless, outside of an appeal to the gas company, which we would lose on, I think it is a reality that natural gas is up about four times what it was a year ago, and 56 million or 50 percent of the homes in this country depend on natural gas. 98 percent of our new electric generation is going to be fired from gas, so the demand is going to be there.

We have seen crude oil prices bouncing around up to \$37. We noted that OPEC has cut production. Obviously they have discipline within their system, and intend to keep oil prices relatively high. We have become increasingly dependent on foreign oil imports. Some of us remember the gas lines around the block in 1973 and 1974. Others a bit younger do not know what we are talking about, but at that time we were 37 percent dependent on imported oil. Today we are 56 percent dependent. The Department of Energy has indicated that in about 2004 we will be somewhere around 62 percent. The question is, how much is enough? When do you adjust for the national security interests of the country when we have that kind of dependence?

Supply is not keeping pace with demand. We have seen the California price spikes, power shortages. They finally had the blackouts. The consumers now are affected. Their bills have been affected yet, but I think some of us think that California may really

have forgotten where energy comes from. Somebody has to produce it, and it has to come from some resource.

The problems faced by consumers in California are not the only energy problems American consumers face. As we look at the new administration coming in, I think it is fair to say that from the lessons of the last administration we need a coordinated effort by the Secretary of Energy involving the head of the Environmental Protection Agency, the Department of the Interior, to work for solutions and try and generate a balance and the legitimate concern over the environment has to be modified to some extent by the reality that the energy has to come from some source, and what we have going for us is better and newer technology, and we can make a smaller footprint.

We brought an oilfield into Alaska about 15 years ago. It came in as Endicott, the tenth largest producing field in the country. The footprint was 56 acres. Now, 15 years later, we have technology that could reduce that in the ANWR area to roughly 2,000 acres out of million acres. Now, that is the kind of consideration that we have to understand and appreciate and recognize the tradeoff and the balance. As you look at your new applications, the nuclear issue, where 20 percent of our energy comes from, it is efficient, clean, but nevertheless the waste problem is a reality that members of this committee and members of Congress are going to have to face up to.

Hydro consists of about 8 percent of our electric generation. We have problems, of course, trying to balance the needs of the areas with the fish resources, but we are going to have to make decisions, and the decisions are going to have to be made on sound science. We simply cannot put off the decision-making process.

Wind, solar, biomass, there is tremendous potential there. We spent \$6 to \$7 billion in the last 5 years mostly in subsidies, grants. It has been worthwhile, but it still contributes less than 4 percent of our energy source.

Now, these are a few of the problems you will face as Secretary of Energy in the coming years, and I might add, I have not added the issues you will face with regard to environmental cleanup, the weapons complex. You have got to go out to Hanford. Believe me, it is a tough set of facts, and it is challenging to the science as well, the laboratories down in New Mexico and the contribution they make, but I have great confidence in your ability to meet the challenges placed before you as Secretary of Energy and I welcome both you and your family and feel that you have the qualifications, because in the time that you have been in the Senator representing your State of Michigan you have demonstrated a keen understanding of energy and environmental issues, from technological advances in automobile technology to the needs of Michigan consumers for natural gas and heating oil in the winter.

Your vocal support for the funding for the T&GV at the Department of Energy's Office of Science demonstrate your commitment to the mission of the Department of Energy to break through research to yield the next generation of energy technologies and the public-private partnership needed to get these technologies to the market.

You have also been one of the Senate's foremost authorities on high tech issues and the Department of Energy's high tech research will benefit from your leadership. I encourage you to try and bring the environmental community to recognize that with true technology we can make advancements and we can make footprints smaller, and the opportunity before you, particularly in the Department of Energy, with the capabilities in the laboratories and various other aspects, puts you in the forefront of that effort, so we have high expectations that you will be able to come forward with some answers and, indeed, a recognition of the necessity of trying to balance where energy comes from.

So, Senator Abraham, you are clearly an outstanding nominee. I fully support your nomination with the chairman. I look forward to hearing about your vision for the Department of Energy, and I look forward to working with you as you help to solve our Nation's energy crisis and provide a secure, affordable, and clean energy future.

Mr. Chairman, I just have one more comment. I commend you on being able to do something I have never been able to do, and that is limit the opening statements of you and I.

Chairman BINGAMAN. With that, we will go ahead and hear from our two colleagues from Michigan. First, Senator Levin. We are glad to have you here before the committee.

**STATEMENT OF HON. CARL LEVIN, U.S. SENATOR
FROM MICHIGAN**

Senator LEVIN. Senator Bingaman, first let me congratulate you on the way this committee has thrived under your chairmanship. To be able to do what Senator Murkowski just did indicates a tremendous initiative, leadership on your part.

You know, it is one of the wonders of the political world that within a few months after Senator Abraham lost an election to Senator Stabenow, an election in which I supported Senator Stabenow, that today we are here, Senator Stabenow and I, to introduce to this committee Senator Abraham to recommend his confirmation by the U.S. Senate. This is really American democracy at its ironic best.

One of the most demanding jobs in this Government is that of the Secretary of Energy, for the reasons which Senators Bingaman and Murkowski have just enumerated. Energy is the key to our security, to our economy, and to our comfort. The importance of it is highlighted by some of the recent problems that we have had, from high gas prices around the country to shortages in California of electricity, to the demands for heating, fuel, fuel oil, to the way in which OPEC manipulates the world market in oil.

This is a tremendously demanding and tasking job to which Senator Abraham has been nominated. It needs someone who is extraordinarily hard-working, and someone who is a quick learner. Senator Abraham is both. He is known for being both a quick study and somebody who is extremely hard-working. I just want to spend a moment on one issue which has not yet been touched upon. Senator Abraham brings a special expertise with his knowledge of alternative fuel vehicles and the importance to those vehicles to our energy security and our energy future. The auto industry in this

country is moving towards alternative fuel vehicles, which include now hybrids and fuel cells.

Over the next few years, and over the next few decades, these vehicles will be the secret to greater energy independence, to fuel efficiency, and to greener automobiles, or environmentally sound automobiles. These AFV's, as we call them, these alternative fuel vehicles, are really going to be a centerpiece of our automotive future and will be a major contribution to both energy use reduction as well as to environmental protection.

To achieve this, we are going to need partnerships between the industry and government. We are going to need incentive for consumers, and we are going to need a full use of markets, free markets, in order to achieve their fuller utilization. Spence Abraham has been involved in all of these, from his involvement in tax incentives for the use of vehicles, alternative fuel vehicles, to his involvement in the partnership for a new generation of vehicles, the PNGV. He has knowledge of the industry and the direction in which it is moving, which will be very, very useful in our struggle for both energy and environmental security.

Spence really needs no introduction to any of us. He is a friend of all of ours. He has made friends on both sides of the aisle, which is surely the goal of this body, and of every member of this body. His wonderful wife, Jane, needs no introduction to any of us. She is well known. I will leave the treat of introducing his three children to him, because I know how important they are in his life and how supportive they and Jane are of him and of his career.

I am delighted to be here to introduce Spence Abraham and to recommend his confirmation to this committee.

Chairman BINGAMAN. Thank you very much, Senator Levin.

Senator Stabenow, we are glad to have you before the committee.

**STATEMENT OF HON. DEBBIE STABENOW, U.S. SENATOR
FROM MICHIGAN**

Senator STABENOW. Good morning. It is wonderful to be here, Mr. Chairman, the ranking member, soon to be chairman, both of you. It is a pleasure for me to have one of my first duties in the U.S. Senate to be here today to present a major Michiganiaan to this committee for confirmation as our next Secretary of Energy.

As you would imagine, we have certainly gotten to know each other over the last few years. Our previous meetings have been behind podiums facing each other, and today I am very pleased and honored to be sitting at the same table representing Michigan.

Mr. Chairman, Senator Abraham is a devoted family man, as Senator Levin indicated, and his wonderful wife and children are here today. He has a long record of service in government and politics. Our Secretary-designee is no stranger to the Senate, as we all know, or to Washington, D.C. He has an impressive work and educational background. He received his bachelor's degree at my alma mater, Michigan State University, and we both cheered together the basketball team as they hopefully go on to their second NCAA men's championship this year.

After that, he went on to obtain his law degree from a small university in the East called Harvard. Prior to his Senate service, Senator Abraham served as Deputy Chief of Staff to Vice President

Dan Quayle, and from 1983 to 1990 he served as the Republican Party chairman for the State of Michigan.

Mr. Chairman, when Senator Abraham takes his next oath of office, he will be confronting major energy problems, as we all know. These are critical issues facing our Nation and Michigan residents. As Senator Levin has indicated, he brings great knowledge of the auto industry and the technologies we can bring to many of these problems and solutions.

One major problem is the volatile price of energy. For example, Michigan residents still remember the high price spikes in gasoline during last summer's driving season. I know that Senator Abraham has witnessed this price shock first-hand. That is why I am pleased that a son of Michigan will be a member of the new President Bush Cabinet. I wish him the best as he addresses complicated, difficult energy issues that will affect our families in Michigan and across the country. Mr. Chairman, I am pleased to be here to support the nomination of Spencer Abraham and hope the committee and the full Senate will confirm him expeditiously.

Thank you.

Chairman BINGAMAN. Thank you very much, Senator Stabenow. We also want to acknowledge and recognize the presence of the Governor of Michigan, John Engler. Thank you very much for being here today.

Senator Abraham, before I administer this oath to you, which we require of all witnesses, let me just ask if you would like to introduce your family members who might be here today.

Senator ABRAHAM. I would be glad to, Mr. Chairman. I am joined today by my wife, Jane, and our children, our daughters Betsy and Julie, and our son, Spencer. We are also joined by Jane's parents, Bob and Betty Jane Hershey, and by a number of other friends and family members who have traveled here to Washington to be with us today. I am very happy they are all with us, if I could ask them maybe just to stand up.

Chairman BINGAMAN. Very good. We welcome them.

[Applause.]

Chairman BINGAMAN. Thank you very much.

The rules of the committee, which apply to all nominees, require that they be sworn in connection with their testimony. Would you please rise and raise your right hand, please? Do you solemnly swear that the testimony you are about to give to the Senate Committee on Energy and Natural Resources shall be the truth, the whole truth, and nothing but the truth?

Senator ABRAHAM. I do.

Chairman BINGAMAN. Go ahead and be seated. Before you begin your statement, I need to ask three questions that we address to each nominee before this committee.

First, will you be available to appear before this committee and other congressional committees to represent departmental positions and respond to issues of concern to the Congress?

Senator ABRAHAM. I will.

Chairman BINGAMAN. Are you aware of any personal holdings, investments, or interests that could constitute a conflict, or create the appearance of such a conflict should you be confirmed and as-

sume the office to which you have been nominated by the President?

Senator ABRAHAM. Mr. Chairman, my investments, personal holdings, and other interests have been reviewed by myself and the appropriate ethics counselors within the Federal Government. I have also taken appropriate action to avoid any conflicts of interest. There are no conflicts of interest or appearances thereof, to my knowledge.

Chairman BINGAMAN. Senator Abraham, are you involved, or do you have any assets held in blind trusts?

Senator ABRAHAM. No, I do not.

Chairman BINGAMAN. With that, we very much welcome you to the committee. Go right ahead with your statement.

**TESTIMONY OF HON. SPENCER ABRAHAM, NOMINEE TO BE
SECRETARY OF THE DEPARTMENT OF ENERGY**

Senator ABRAHAM. Mr. Chairman, thank you very much. I wanted to thank you and Senator Murkowski, as well as the members of the committee. It is a privilege to appear before you today as President-elect Bush's nominee to be Secretary of the Department of Energy, although I have to say, as I listen to both the chairman and Senator Murkowski describe the challenges facing the next Secretary, and their suggestions as to the difficulties of this job, I took it even more seriously than before.

I am extremely honored that the President-elect has asked me to serve in this capacity, especially considering the tremendous importance of the energy and national security issues facing this country. I want to thank you, Mr. Chairman, for moving forward so expeditiously with this nomination.

Although they have left, I also want to publicly express my gratitude to my former colleague, Senator Levin, to Senator Debby Stabenow for her gracious introductions here today, and I look forward to working here with them as well as with the other members of this committee and my former colleagues in the Senate.

As I look around the room, I do see an awful lot of friends, people with whom I have worked, the members of this committee, with genuine expertise on the important and diverse programs at the Department of Energy. I have enjoyed working with a number of you on various projects in the last few years, and I can assure you that, if I am confirmed by the Senate as the next Secretary of Energy, that I will continue to work closely with each of you and to draw on your expertise to address the challenges that lie before this Department and the country.

Mr. Chairman, I have already introduced my family and, when I finish my comments, our children will, if they are still awake, at least, be leaving the hearing room. They heard about the Ashcroft hearings, I think, so they wanted to go over and see some real fireworks here today.

But I just also really do want to publicly thank a number of friends who have come down from Michigan to be with us, and family members as well. As each of you knows, the missions of the Department of Energy are vital to this country. The Department splits a national interest in a variety of contexts but for particular areas. National security, energy policy, science and technology, and

environmental management. What I would like to do today is to just briefly discuss the Department's role in each of these areas and my perspectives on that.

First, national security. Paramount among the four missions of the Department is supporting our national security. As all of you know, more than two-thirds of the Department's funding comes from defense accounts. One of the most sobering and important responsibilities that is vested in the Secretary of Energy is the duty to annually certify to the President that the U.S. nuclear arsenal is safe, secure, and reliable.

I can assure the members of this committee that nothing that I will do will be higher on my priority list than the management of our nuclear stockpile. The Department also plays a critical role in the challenge of nuclear nonproliferation. This Nation has an acute interest in accounting for and preventing the spread of nuclear weapons materials and expertise. The Department has had many past successes in this arena, and working with you the Bush administration will continue those efforts with regard to security at the Department's national laboratories. I will only say that this, too, will be a very high priority of mine.

I met with Under Secretary Gordon earlier this week, and I look forward to working with him to make our national laboratories secure and to make sure that the Department and the NNSA (National Nuclear Security Administration) functions are effectively performed, which means that we must also make ensure that the highly skilled employees at our facilities are treated with the dignity and the respect that they deserve.

The second area where the Department supports the national interest is, of course, in the area of energy policy. Let me begin today by saying that I am very concerned with recent developments in California. We appreciate the urgency of the situation and have been monitoring it. I have had the opportunity to discuss the situation briefly with Secretary Richardson yesterday, as well as with many members of this committee over the last few days. While I believe it would be premature to speculate today as to actions the Bush administration might or might not take, I want to assure all of you that we will work with California, with the members of this Congress, and with other concerned parties, particularly those in the region, to address this urgent situation.

Certainly the situation at the Northeast heating oil supplier evidences the importance of the Department's responsibility to develop a national energy policy. President-elect Bush and I are deeply committed to developing an energy policy that includes domestic production of energy in an environmentally responsible manner, increasing our use of renewable energy, decreasing our reliance on imported oil, and developing new technologies that can conserve fossil fuels and reduce energy-related pollution.

It will take a concerted, cooperative effort from both sides of the aisle, each end of Pennsylvania Avenue, and from individuals both inside and outside of government to accomplish these objectives. The American people deserve our best efforts. That much is clear from the experience of the past year, a year in which Americans worried about the price and supply of gasoline, heating oil, electricity, and natural gas. It was also a year in which oil imports

reached an all-time high, 56 or 57 percent, as was mentioned in Senator Murkowski's opening statement, compared to just 36 percent in 1973-74, when our economy was disrupted by the OPEC oil embargo.

Every day, our economy grows more dependent on energy. Just look at the Internet, which accounts for nearly 10 percent of U.S. electricity demand. As the Internet doubles in size every 100 days, and e-commerce expands every day, the associated electricity consumption has and will continue to rise sharply. Clearly, our continued economic prosperity is directly linked to ensuring adequate supplies of reasonably priced energy.

Just let me take an additional moment to put this in perspective. Over the last decade, oil consumption has increased by more than 14 percent, while domestic oil production has declined by more than 18 percent. These trends have increased our dependence on imported oil, as I have said, to the 56 or 57 percentile, which is our highest level ever. We now import more than 11 million barrels of oil each day, and the Department of Energy estimates that imports will increase to perhaps as high as 15 million per day by the year 2010.

Natural gas prices have more than doubled over the last year in many areas of the country, and in some places are much higher. All this will drive up the price of goods through increased production and transportation costs. The Department of Energy is the principal Federal agency charged with responsibility for development of a national energy policy. However, development of such a national policy requires coordination with other Federal agencies and departments, and working with Congress, and I look forward to doing both in the days ahead.

The third area where the Department supports the national interest is through research in science and technology. For the past 6 years, I have worked with a number of you and others of our colleagues on a variety of science and technology programs that I believe can improve our economic competitiveness. I cannot stress enough my desire to continue to move this Nation forward in this area. The science and technology programs at the Department have been widely praised, and justly so.

The laboratories have improved the ability of the Department to perform its national security, its environmental management, as well as its energy policy missions. The laboratories are also, of course, supporting the activities and missions of other Federal agencies, but they are much more than that. I think we would all agree they are national treasures. I believe the national laboratories can serve the country in many other capacities, and I look forward to exploring the full potential for partnerships with industry and with the academic community.

The final area where the Department supports the national interests is in the area of environmental stewardship. As you all know, the Department has the unenviable responsibility for implementing the world's largest cleanup program. In this respect, the Department has an exceptionally difficult challenge in terms of both cleaning up as well as managing the waste generated during more than 50 years of nuclear weapons production.

These problems were not created overnight, and certainly we are not going to dispense with them quickly or easily, but I think we can do a better job of accelerating cleanup and closure of those sites that are surplus to DOE's needs. I pledge to work with Congress and the States to find ways to move the DOE's cleanup program forward.

With respect to the nuclear waste program, I share President-elect Bush's commitment to ensuring that sound science governs the program. I share the frustration of the members of this committee with the lack of progress in this area. My commitment is to make progress on the nuclear waste program while ensuring that sound science governs decisions on site recommendation.

Before I close, I would just like to move to a topic that was alluded to by the chairman in his remarks, and is, I am sure, on the minds of a few folks in this room. As you all know, I think, as a member of the Senate I supported legislation that would have shifted the various and important and vital functions of this Department to other departments and agencies or to the private sector. Widely held concerns about the Department's management structure and operational success, combined with the relatively stable nature of our energy markets, led me to support this legislation in the past. A number of developments have occurred that either significantly address these concerns or have put them in a new light.

Just to mention a few, I think quite clearly the changing energy situation, as well as the enactment of a National Nuclear Security Administration Act last year which restructured the Department to improve agency management have significantly altered the equation, and I can assure the committee that I no longer support this legislation and its various components, such as the privatization of the Federal Power Marketing Administrations.

Mr. Chairman, in closing, let me just say again how extremely honored I am that President-elect Bush has chosen me for this position. The missions of the Department are vital to our national interest. If confirmed, I will work with the members of this committee and others in Congress to carry out these missions to the very best of my abilities, and in the best interest of the American people.

Thank you very much.

[The prepared statement of Senator Abraham follows:]

PREPARED STATEMENT OF HON. SPENCER ABRAHAM, NOMINEE TO BE SECRETARY,
DEPARTMENT OF ENERGY

Mr. Chairman, Senator Murkowski and Members of the Committee, it is a privilege to appear before you today as President-elect Bush's nominee to be Secretary of the Department of Energy. I am extremely honored that the President-elect asked me to serve in this capacity, especially considering the tremendous importance of the energy and national security issues facing the country.

I want to thank you, Mr. Chairman, for moving forward expeditiously with my nomination.

As I look around this room I see many former colleagues and friends. The members of this Committee have genuine expertise on the important and diverse programs at the Department of Energy. If confirmed by the Senate as the next Secretary of Energy, I pledge to work closely with each of you, and draw on your expertise, to address the challenges that lie before the Department and the country.

As each of you know, the missions of the Department of Energy are diverse, complex and vital to our country. The Department of Energy supports the national in-

terest in four critical areas—national security, energy policy, science and technology and environmental management. I would like to briefly discuss the Department's role in each one of these areas.

NATIONAL SECURITY

Paramount among the four missions of the Department is supporting our national security. As you know, more than two-thirds of the Department's funding comes from defense accounts. One of the most sobering and important responsibilities vested in the Secretary of Energy is the duty to certify to the President each year that the U.S. nuclear arsenal is safe, secure and reliable and I can assure the members of this Committee that nothing I do will be higher on my priority list than the management of our nuclear stockpile.

The Department also plays a critical role in addressing the challenge of nuclear nonproliferation. This nation has an acute interest in accounting for and preventing the spread of nuclear weapons materials and expertise. The Department has had many past successes in this arena and—working with you—the Bush Administration will continue those efforts.

With regard to security at the Department's national laboratories, I will only say that this too will be a very high priority of mine. I met with Under Secretary Gordon earlier this week and look forward to working with him to make our national laboratories secure and to make sure that the Department and NNSA functions are effectively performed. Which means that we must also ensure that the highly skilled and patriotic employees at our facilities—who, by the way, create the nuclear secrets we all agree must be protected—are treated with the dignity and respect that they deserve.

ENERGY POLICY

The second area where the Department supports the national interest is in the area of energy policy. Certainly recent developments in California's electricity markets and the Northeast's heating oil supply evidence the importance of the Department's responsibility to develop a national energy policy.

President-elect Bush and I are deeply committed to developing an energy policy that includes increasing domestic production of energy in an environmentally responsible manner, increasing our use of renewable energy, decreasing our reliance on imported oil and developing new technologies that conserve fossil fuels and reduce energy-related pollution.

It will take a concerted, cooperative effort—from both sides of the aisle, each end of Pennsylvania Avenue and from individuals both inside and outside government—to accomplish these objectives. The American people deserve our best efforts. That much is clear from the experience of the past year—a year in which Americans worried about the price and supply of gasoline, heating oil, electricity and natural gas. It was also a year in which U.S. oil imports reached an all-time high—57 percent compared to 36 percent in 1973-74 when our economy was disrupted by the OPEC oil embargo.

Every day our economy grows more dependent on energy. Just look at the Internet, which accounts for nearly 10 percent of U.S. electricity demand. As the Internet doubles in size every hundred days and e-commerce expands every day, associated electricity consumption has and will continue to rise sharply.

Clearly, our continued economic prosperity is directly linked to assuring adequate supplies of reasonably priced energy. Let me take a moment to put this in perspective.

Over the last decade oil consumption has increased by more than 14 percent while domestic oil production has declined by more than 18 percent. These trends have increased our dependence on imported oil to 57 percent—our highest level ever. We now import more than 11 million barrels of oil each day—and DOE estimates that imports will increase to 15 million per day by 2010.

Natural gas prices have more than doubled, over the last year in most areas of the country and in some places are much higher.

All of this will drive up the price of goods through increased production and transportation costs.

The Department of Energy is the principal Federal agency charged with responsibility for the development of a national energy policy. However, development of a national energy policy requires coordination with other Federal agencies and working with Congress.

SCIENCE AND TECHNOLOGY

The third area where the Department supports the national interest is through research in science and technology. For the past six years, I have worked with a number of you and others of our colleagues on a variety of science and technology programs that can improve our economic competitiveness. I cannot stress enough my desire to continue to move this nation forward in this area.

The science and technology programs at the Department have been widely praised and with good reason. The laboratories improve the ability of the Department to perform its national security, environmental management and energy policy missions.

The laboratories also support the activities and missions of other Federal agencies. But, they are much more than that—they are national treasures. I believe the national laboratories can serve the country in many other capacities and look forward to exploring the full potential for partnerships with industry and academia.

ENVIRONMENTAL MANAGEMENT

The final area where the Department supports the national interest is in the area of environmental stewardship. As you all know, the Department has the unenviable distinction of implementing the world's largest cleanup program.

In this respect, the Department has an exceptionally difficult challenge in cleaning up and managing the wastes generated during more than 50 years of nuclear weapons production. These problems were not created overnight and certainly we are not going to dispense with them quickly or easily. But we can do a better job of accelerating cleanup and closure of those sites that are surplus to DOE's needs. I pledge to work with Congress and the States to find ways to move the DOE cleanup program forward.

With respect to the nuclear waste program, I share President-elect Bush's commitment to ensuring that sound science governs this program. I share the frustration of members of this Committee with the lack of progress in this area. My commitment is to make progress on the nuclear waste program while ensuring sound science governs decisions on site recommendation.

DOE REORGANIZATION

Before I close, I would like to move to a topic that I suspect is on more than a few minds in this room. As the members of this Committee know, I supported legislation that would have shifted the various important and vital functions of the Department of Energy to other departments and agencies or the private sector.

While widely-held concerns about the Department's management structure and operational success, combined with the relatively stable nature of our energy markets, led me to support this legislation in the past, a number of new developments have occurred that either significantly addressed these concerns or put them in a new light.

Indeed, the changing energy situation and enactment of the National Nuclear Security Administration Act last year, which restructured the Department to improve agency management, have significantly altered the equation. I assure the Committee that I no longer support this legislation and its various components, such as privatization of the Federal power marketing administrations.

CLOSING

In closing, let me say again that I am extremely honored that President-elect Bush has chosen me for this position. The missions of the Department are vital to our national interests. If confirmed, I will work with the members of this Committee and others in Congress to carry out these missions to the best of my abilities and in the best interests of the American people.

Thank you.

Chairman BINGAMAN. Thank you very much. I will go ahead with my first round of questions and then call upon Senator Murkowski for his.

Thank you for addressing the issue about the importance of maintaining the Department of Energy, and I will not ask you again about that since you have already addressed it.

On the issue of science and technology support at the Department of Energy, the science and technology programs, in my view

at least, have not been funded at a level that is commensurate with their importance in the Department. Particularly, I refer to difference between the science budgets for the Department of Energy compared to budgets for other science-focused agencies such as the National Science Foundation and the National Institutes of Health.

They, in my view, have had a much better record of maintaining commitments and resources for science and technology than the Department of Energy has, so the obvious question from that is whether you will support robust budgets for science and technology at the Department of Energy that would be comparable to the treatment that we give to these other science agencies.

Senator ABRAHAM. Senator, one of the roles which I took a part in during my tenure in the Senate was to work on some of these science research priorities. I am kind of very proud—I actually just played an active role in trying to focus more resources on some of the areas that you have mentioned, NIH (National Institutes of Health) in particular.

I think one of the challenges for us is to make an adequate investment in basic research as a Nation. I intend to be a strong proponent of that, recognizing two things, that I will need to be effective for support here in the Congress, but also I think an appreciation that all the roles of this Department, particularly as it relates to environmental management and nuclear security as well as the science and technology function are very important priorities, and so my commitment is to continue the work I did in the Senate of trying to be an advocate for increased investment in science and technology, but I am probably also going to be an advocate for doing the things we need to do to address some of the other challenges.

We can say that others are of lower priority, but they certainly remain important to this Nation's interests. I was able during my time in the Senate to work with a number of colleagues on this committee to try to increase those investments with Senator Domenici in my role on the Budget Committee and others in other contexts, and I look forward to continuing that function as an advocate for the Department.

Chairman BINGAMAN. Thank you. A major issue that you are probably already aware of, but you will certainly become very aware of at our national defense labs now is the imposition of management requirements that has occurred in the last year or so. Particularly I am thinking about the polygraph examination requirements that have been imposed. There is a perception in the laboratories among many of the scientists and engineers there that much of that requirement for polygraph examinations is not based on any scientific grounding. I worked with Secretary Richardson to set up a review by the National Academy of Sciences of the science underlying the Department of Energy's current use of polygraphs.

If the National Academy of Sciences finds deficiencies in the Department of Energy's program of using polygraphs, would you work to correct those deficiencies so that those polygraphs would only be used where their use could be justified scientifically?

Senator ABRAHAM. Well, before I address that directly, I would just say that one of the things I was informed of shortly after my designation was that, should I be confirmed, one of the things that

will happen is that I will be subjected to a polygraph, and that puts this in maybe a clearer focus for me as I look at the issue that you have raised here today, because I think this proposal, which affects a lot of people in this Department, is one that I will be hearing a lot about and experiencing on a personal level.

Clearly, we will look at any results that come about as a result of the study that is being undertaken. I think what we also want to do is to look at a broader set of considerations which I suspect we might talk a little bit more about before we are done here today. Clearly, the American people expect us to conduct business in the national security arena with the highest degree of protection of our secrets, of our security.

I am deeply committed to making sure that that is fulfilled, recognizing, however, that there is a need to make sure that we retain and attract the body of people at the laboratories who can perform all the various functions of those laboratories in the most effective way possible. I have talked briefly about this issue already with General Gordon, and we intend to continue to focus on it as well in the context of his role as he addresses the broad issues that the NNSA will be overseeing, but certainly we will look at the results of that study when it is available.

Chairman BINGAMAN. One issue that you alluded to and that is going to be very much on your agenda for consideration and action when you take office will be the problem with electric utility restructuring in California and what that has led to. Secretary Richardson has taken several actions to try to assist the situation in California, to try to head off the shortage that is obviously there. What additional actions, if any, could you advise us of today that you would take? If you were in a position to give us any additional information, that would be very useful.

Senator ABRAHAM. Mr. Chairman, as I said in my statement, I think it would be premature today for me to speculate about actions that might be taken once this administration takes office. I say that for two reasons, first, because we have not injected ourselves—I haven't, and I don't believe others have—in the negotiations and the discussions that have gone on with various parties involved from the government of the State of California to the various providers.

I believe those kinds of discussions certainly would commence after the administration is in office, and also because I do believe that, with the ongoing discussions and actions that are taking place in California right now in the legislature as well as on various private channels, that any speculation, if misinterpreted or in some other way perceived by parties to those discussions as either advantaging or disadvantaging them, could disrupt what I think is a very important set of meetings and deliberations going on.

I am not trying to put this off for long, but I do think that it is very critical that the legislative actions that are in the process of being conducted, and the negotiations that are part of that, move ahead unimpeded by speculation on litigation today, but I do want to assure this committee, and I know a number of members are from either—including Senator Feinstein, who is on the committee, either from California or from the region, who are very concerned

about it, and this administration is very concerned as well, and we view this as a matter of urgent priority and will treat it as such.

Chairman BINGAMAN. I firmly believe that ensuring the reliability of our interstate transmission grid needs to be a top priority. Last year, the Senate passed the reliability bill that came out of this committee. Unfortunately, it died in the House of Representatives. Late last year, the Department of Energy issued a notice of inquiry on initiating a rulemaking to impose mandatory reliability standards. Do you have some views you could express today about whether you would proceed with that rulemaking on mandatory reliability standards if Congress does not act in this area?

Senator ABRAHAM. Well, in the broadly defined area of electricity, I think that the administration, and I know that during the campaign President-elect Bush indicated a desire to address these issues. We have not put together yet, nor do I think it would be possible in the short period of time that we have had since the election results were determined, to begin to develop that program, but I know that one of the issues that would certainly be part of that, of any restructuring effort that we would propose, would be issues that relate to reliability, ones that we addressed in the last Congress.

I think what I would want to do is work both with members of the Congress as well as examine where the Department is at this point in terms of putting forward some type of rulemaking before I would reach a conclusion as to which course of action made the most sense, but certainly that would be a priority that we will focus on.

Chairman BINGAMAN. My final question relates to these power marketing administrations. I believe that you referred to that in your opening statement. The Western Area Power Administration provides Federal electric power to a number of rural utilities in my State. This low-cost power is critical to keeping rates down in the rural parts of the country. Do you foresee the need to make any changes in the operations or terms of sale of the Federal PMA's?

Senator ABRAHAM. I am well aware of the composition of this committee and the interest on this set of issues. In fact, I believe Senator Smith may have called me before any other person with my designation was made public to make sure I was fully apprised of these issues, and other Senators, Senator Wyden and others, were soon to follow.

I do not have, nor is the plan of the administration to make any changes in the issue of rate structure or with respect to the continuing responsibilities of the Department of Energy to house those administrations within the Department in terms of any kind of privatization discussions, as I mentioned in my statement.

Chairman BINGAMAN. Thank you very much.

Senator Murkowski.

Senator MURKOWSKI. Thank you very much, Senator Bingaman.

I thought your answer on California was appropriate relative to the fact that you have not been confirmed, the administration has not taken over, and clearly there are a lot of discussions going on in California. There have been for some time. But after the 20th, there are going to be great expectations that somehow you are going to solve this dilemma. I think it is unfair to characterize the

California effort as true deregulation. Any time you structure an effort in a free market and then put in price controls you have disrupted that, and as a consequence the process was flawed from the beginning.

We are under a great deal of pressure on this committee to address the issue of deregulation, and the merits associated with it relative to lower cost to consumers, but I personally think that the experiment in California is not representative of true deregulation, and it has to some extent muddied the water, and clearly compromised the credibility of the effort. Other States are doing quite well, Pennsylvania as an example, and others that I could mention, but in any event, my concern and questions to you relative to this are, you had better have some answers after the 20th, because there is expectations that it is going to be the partial responsibility of government.

Now, we have seen government bail out companies before. Chrysler, the Mexican debt, testabonos. As a consequence, the parallel of what we are going to do to the largest utilities in the country, BG&E and Southern California Edison, that have missed their payments because they have been put in an impossible situation, where they have a cap on retail—or, excuse me, a cap on retail and no cap on wholesale and as a consequence they can't stay in business and do anything about that.

Now, FERC has a responsibility as a Federal agency. They could potentially put a cap on wholesale, but that would be contrary to stimulating competition, but I would encourage you to recognize that before there is going to be meaningful corrections the California consumer has to feel the hit, and that has not occurred yet. They have felt an inconvenience associated with the recent brown-outs, but the immediate burden has to fall on California. It has to fall on the Governor, the California State legislature, and the California utility commissions to basically restructure the process and fix the problem.

Now, I do not expect an answer to that, but I think it is fair to say that everybody is going to be pointing fingers at everybody else. This was not a problem caused by the previous administration. This was a problem that was quite predictable, was ignored. The reality of where energy comes from, and to think that a State like California with, I think it has the sixth largest economy, if you will, in the world, could continue to prosper and continue to use energy and not be concerned with where it is going to come from, as long as it did not come from within the State of California, and as they begin to purchase outside they seemed to think it would never end and, of course, prosperity hit other States and we have seen the results.

So as a consequence I would encourage you to keep the pressure on those that are responsible for it and not necessarily encourage Uncle Sam to step forward and bail out a situation that is going to take some internal correcting within the individual State.

A question, though, and that is what this is all about, that moves us over to Yucca Mountain, where this committee has spent an extraordinary amount of time and effort relative to the obligation that we feel we have in addressing the disposition of high-level waste associated with our commercial reactors, and the realization

that the nuclear industry contributes about 20 percent of the power generated in this country.

1998 was the due date for the Federal Government to take the waste in kind. Ratepayers have paid in excess of \$11 million. Now, it did not go into escrow. It went into the general fund. I do not know what Pete Domenici did with that.

Senator DOMENICI. Just dumped it in the Treasury.

Senator MURKOWSKI. Well, anyway, somebody would have to appropriate it if we are going to meet our obligations. Coming up are a couple of dates that are going to be significant. One is a site determination sometime this summer or early this spring. I am not just sure when it is, but one of, I guess, the concerns I have is, this has to be one of your highest priorities to deal with the spent nuclear fuel waste. I assume you will consult with this committee.

Senator ABRAHAM. Of course.

Senator MURKOWSKI. And I assume you are aware of the reality that nobody wants this waste. We have seen the members of this committee laying down their political lives to ensure that it did not come, as an example, to the State of Nevada. It is a highly politicized issue. If you throw it up in the air, it is going to come down somewhere.

Nobody wants it, but the realization is that the estimated current litigation costs associated with the nuclear industry's countersuits against the Federal Government is somewhere in the area of \$40 to \$60 billion, and that is as a consequence of the Government failure to honor the terms of the contract that it entered into to take that waste in 1998. Some people seem to dismiss the significance to the taxpayer of this liability.

I wonder if you have any comments relative to this dilemma that everybody else has simply put off for reasons of expediency, preferring not to accept the responsibility on their watch, and little heed the obligation of what it means to the taxpayer of this country.

Senator ABRAHAM. I would first note that when I was a member of the Senate I did support legislation that was produced by this committee, because in my State we have nuclear power generators who have waste issues that are very acute issues to the State of Michigan, and I take seriously the responsibility of this Department to fulfill the commitments that were made to the various companies, and to ratepayers across America.

There was a process. I hope and expect to see that process move forward in a timely way, but it has to move forward. The President-elect I think made it very clear during the campaign that he was committed to making sound science decisions, i.e., the underlying basis for any site's determination.

As the committee knows, there are a number of additional steps that go beyond a site determination. There is obviously opportunities for public comment. There is a role for the State which the site's determination produces to have an opportunity to veto, if they wish, that decision. There is an opportunity for Congress to override that veto. There is a role for the Nuclear Regulatory Commission to play in a very public sense.

I think the key is that the process be followed, that it be based on sound science, and that it be followed in a timely manner.

Senator MURKOWSKI. Thank you. I just have time for one more question. You certainly responded adequately. This is coordinating administration energy policy, because the Department of Energy doesn't control Federal lands which contain energy resources. DOE does not control air quality standards that often impact energy supply and price. The Department of Energy does not have the responsibility for fiscal policies that are going to be necessary to stimulate various resource development, technological development.

How do you propose to coordinate the reality that you are going to have to have cooperation from the Environmental Protection Agency, the Department of the Interior, various other organizations, to obtain an objective of relief for the crisis that we are in?

Senator ABRAHAM. Senator, you are absolutely correct that the challenge facing us with regard to developing and implementing effective energy policies is an interdepartmental interagency problem that is not solely the responsibility of the Department of Energy or any other single unit of Government.

I have spoken already with the President-elect about this. In fact, it was one of the issues we discussed at the time we met to discuss my possible selection, and I know that he is committed to trying to bring together the various departments and agencies of the Government, and you mentioned a number of them, but arguably others even would be included beyond the list that you put forward to try to come back to you and to work with you, with the Congress and beyond, to try to identify the kinds of components and action steps that need to be taken.

As we move forward on an executive branch level I certainly would anticipate seeking the counsel and participation in some form or other of the Congress, but also of others beyond Washington, and beyond the Government of the United States. There are a lot of people who have some expertise to participate here, but at the end of the day it clearly will require a set of policy options that span a variety of agencies and we will try to bring that together in some kind of policy development format.

Senator MURKOWSKI. Thank you, Mr. Chairman.

Chairman BINGAMAN. Senator Dorgan.

**STATEMENT OF HON. BYRON L. DORGAN, U.S. SENATOR
FROM NORTH DAKOTA**

Senator DORGAN. Mr. Chairman, thank you very much. I would like to just make a couple of comments, since we did not make opening statements, and then ask a couple of questions. First of all, Senator Abraham, it is my intention to support your nomination. You are going to inherit some of the most difficult policy problems we now face in this country. Yesterday's announcement of rolling blackouts in our Nation's largest State, dramatic price spikes in natural gas prices, they are just some of the symptoms of a very serious energy problem.

You indicated in your statement that we are too dependent on foreign sources of energy. That is certainly correct. The solution is, in my judgment, a balanced, coordinated, thoughtful set of policies that blend the need to find and produce more energy here, with the need for more and more conservation. When I say more energy, I also mean more renewable energy.

Now, you and I have visited in my office about a range of policies. We are going to agree and disagree from time to time, but my sense is that these creaky institutions of democracy are largely lubricated by the good will of men and women who aspire to public service and want to do the right thing, and I count you among that group, and that is why I support your nomination.

I do want to ask you about a number of issues. First, you indicate that you no longer support privatization of the Federal Power Marketing Administrations. Let me agree with my colleague from New Mexico of the importance of these PMAs, the Power Marketing Administrations. In addition to no longer supporting it, could we hope or, could we expect, that you no longer oppose those few discordant voices who from time to time suggest that they be sold?

Senator ABRAHAM. Yes, you can.

Senator DORGAN. Let me ask about restructuring briefly, and thank you for that answer. I would not agree with my colleague from Alaska on a couple of points but agree with him on the large point with respect to California. It seems to me that if you go to the road of complete restructuring and take the caps off wholesale and also the caps off resale, what is going to happen at the retail level with no caps is, you are going to find ultimately very little support for any kind of restructuring once you get some problems in the retail market, so that is why they kept the caps on retail.

But it is clear to me that this is going to substantially diminish the appetite of some to want to rush headlong into restructuring. Do you feel that we ought to move forward aggressively? Do you feel we ought to move forward cautiously? Give me again, if you could rephrase your answer on restructuring, how you generally feel?

Senator ABRAHAM. Well, as I said, Senator Dorgan, and I want to thank you for your comments relative to my nomination, I think during the campaign the President-elect made it clear that he believes that some electricity restructuring needed to be addressed, and we are not prepared today, and I can't give you a time line as to when this administration either would come forward with its own legislation or work with legislation that might be offered, and I know there are a number of members of this committee who at times have offered various forms of restructuring legislation.

Part of certainly any effort we will undertake is to examine what is obviously a set of laboratories that are in place in the various States today. Senator Murkowski mentioned the experiences in Pennsylvania which seem to be, at least to this point, quite different than experiences in California.

I mean, I think there's fairly widespread agreement that the California approach is a failure, not working as currently structured, and I think we would want to take into account any and all of that information as we might develop something, so I don't expect that we would have a restructuring recommendation or piece of legislation quickly to present to the committee or to the Congress, because I think we need to go through that investigation on the executive branch side and to hear from members of Congress.

I would say that as I talk to members of this committee it's definitely an issue that a number of people have very different views on, and we will want to try to sample opinion from all.

Senator DORGAN. So you are not a missionary on this issue?

Senator ABRAHAM. Well, you know, I think that as part of a comprehensive energy policy we have to consider how we make affordable and adequate supplies of electricity available, but there's a lot of issues that are part of that debate, in addition to restructuring.

Senator DORGAN. Some of us feel very strongly about renewable energy sources. Some say, well, gosh, it contributes almost nothing, less than 5 percent. Some of us feel very strongly that the potential in wind energy and biomass and others is very important. Will you be an advocate for those kinds of issues at the Department of Energy, and will you be supportive of, for example, production tax credit extensions for wind energy?

Senator ABRAHAM. I will continue to support the Department's commitment in that area. I think I supported legislation in the last Congress, if I remember, that would have extended the tax credits, and I think we ought to look at other kinds of incentives that might be made available in one or more of the various areas of renewable energy, including biomass, solar, and geothermal energy as well, to see what other kinds of ingredients might be useful. I think the challenge we have is to overcome what is perceived by many and has been mentioned by many here today is our inability thus far to really move in this direction in terms of supplying a significant portion of the energy that this country uses, but I think we've got to really have a balanced approach, and I think renewable energy is an important part of that kind of balanced approach.

Senator DORGAN. And do you feel the same way about clean coal technology?

Senator ABRAHAM. Absolutely, and I would mention that the President-elect during the campaign has made strong statements of support for a substantial increase in clean coal technology research.

Senator DORGAN. I would ask you about two other areas, Senator Abraham. One deals with fuel efficiency, but first let me ask about global warming. Some say clearly the evidence exists that there is some global warming. Others say, this is not settled science, and still others say, that's nuts, we don't have any idea what is happening to our Earth, or our world at this point.

What's your impression? Some say no matter how you feel you ought to take a series of no-regrets policies in anticipation if there is settled science at some point. If there is global warming, you ought to have done something.

Senator ABRAHAM. I think regardless of the differing opinions of scientists and experts and so on on the broad issue, that we have a challenge as a Nation and an opportunity in the sense that the new technologies that are, you know, in so many ways affecting our lives, some of which I've had a minor role, in my previous career in the Senate, in helping to expand to try to make sure among the kinds of priorities we set for the research we're doing and the technology development that's going on is to try to address the issue that relate to CO₂ production and ways to try to address that, as well as to see how we can conserve in a fashion that reduces rather than expands these kinds of emissions.

And I hope we can look for new solutions. I think during the campaign the President-elect stressed that as one of his priorities, to find ways to use technologies to find new solutions so that we're

not locked in to simply, you know, a single-minded debate about what the scientists think on the one hand or, on the other hand, a situation in which our debate is almost exclusively whether or not we can work with the less-developed countries to come up with a more balanced approach to dealing with this problem.

Senator DORGAN. I would like to follow up on that, but because of the time I will send you a question to answer on that.

One final very short question. You come from Michigan. It is a great State, produces a lot of America's automobiles. We have had aggressive debates here in Congress about the issue of fuel efficiency and standards. Improving fuel efficiency by 3 miles per gallon in this country would save 1 million barrels of oil per day. In my State, we are all concerned about pickup trucks and various things. I understand all of those issues.

Having said that, the question, I guess, for an Energy Secretary is, will fuel efficiency play a role in energy conservation and in trying to address our energy needs? Should it play a role, and how will it play a role in your administration?

Senator ABRAHAM. I suspect that if you had asked either Senators Levin or Stabenow their views on this they would have been remarkably similar to mine as a Senator from Michigan. As a Secretary of Energy, certainly we are going to look at all these issues.

What I would say is, I thought we made some very positive progress last year when the Senate deliberated this issue and came up with what I thought was a very good proposal to examine. I believe it was the National Academy of Sciences examination and study of the issue of what was an appropriate fuel efficiency CAFE standard, but to take into account, in addition to simply the question of miles per gallon, some of the other issues that have bothered Americans coast-to-coast on this issue, the safety of vehicles that are, in fact, brought into line with lower standards, and the impact on the economy.

The other thing I would note in closing on that topic is just, as Senator Levin mentioned, we're seeing the auto companies actually moving faster than I suspect any kind of Department of Transportation regulations would move with the projected date of perhaps as early as the year 2003 of having the first of these hybrid models that Senator Levin alluded to in his statement, so I think we're seeing the market drive this probably faster than Government ever possibly will.

Senator DORGAN. Mr. Chairman, thank you, and let me wish Senator Abraham well.

Chairman BINGAMAN. Senator Domenici.

**STATEMENT OF HON. PETE V. DOMENICI, U.S. SENATOR
FROM NEW MEXICO**

Senator DOMENICI. Thank you very much, Mr. Chairman. It is a pleasure to be with you, Spence, and I am harkening back in my mind to some pleasant days when we were privileged to go off to Europe ahead of the euro market to learn about what was going on over there as they decided to have their own currency.

I do not think you are going to have time for that for a little while, because I think you have taken on a job, and I am sure voluntarily, that is probably as onerous as any in American history.

Anyone that is not telling you that the greatest Nation on Earth has a severe energy crisis is not telling you the truth.

We have been playing around the edges of this crisis, doing little or nothing about it, no aspirations on any one, we just have not done much about it, and now it finally comes to a head in the sixth largest economy in the world, which happens to be California, and I would suggest, not for you, but I hope Californians will, in terms of how people up here feel about California, I think it is an immediate crisis, and I think you are going to be confronted with addressing some of those soon.

But I also believe California has to decide what they want to do about energy. I believe they have been part of the decisionmakers of that State have been part of getting them into this problem, and I do not mean just deregulation. I think they have had a we-don't-want-any-power-plants-in-our-State attitude for far too long and frankly there is an attitude that we do not need any more electricity, maybe we can fix this up some other way.

I want to suggest to you, without an answer required, that yes, we have got to help them, but yes, they ought to decide what they are going to do also. No comment required.

Senator, let me suggest something to you now and ask you what you think about it. The United States has so much coal that we are considered to be the Saudi Arabia of coal. We have had the highest technology base in terms of nuclear power and new nuclear technology that the world has ever seen. We have 21 to 22 percent of our energy in nuclear power now, and very new technology moves us in directions of totally different kinds of powerplants, but we have a fringe in America that is scared to death to even mention it.

We have natural gas in the Department of the Interior, where the lands are tied up, that we have now been told contain 200 trillion acre feet of natural gas. For your perusal, we use 20 a year. They are on Federal land which we cannot drill for natural gas. Part of it is in my State. We have ten times the current annual use of natural gas locked up, and yet what happens in America? Every new powerplant built, Mr. Secretary, of recent origin, five or six have been built to use natural gas. No coal, no nuclear, just this beautiful fuel called natural gas.

We do not have enough natural gas for that, and we do not have enough infrastructure to deliver it, so we have become a natural gas-dependent country. Now, I ask you, Mr. Secretary, in light of all the diversity possible, does that frighten you, as the Secretary of Energy, as you look at America's future?

Senator ABRAHAM. As I mentioned, I believe in my response to Senator Murkowski, I think that we cannot allow ourselves to move any further away from a balanced approach with respect to the sources of energy that we use. That's, I think, the strongest argument among many for the kind of interagency program of developing a comprehensive strategy that includes a focus on all the various possible sources on the one side, conservation issues and investments in research toward development of renewable energy sources, to the provision of more fossil fuel-generated energy sources as well.

If we allow ourselves to essentially put off-limits one after another of the sources—and I think we can all see, you know, how some of this has come about. I mean, we have had what seemed to be an abundant supply of energy in recent years, and so it perhaps moved us away from a focus on the future. I think that any comprehensive policy we develop can't just look at America today, or even America in a couple of years. I mean, we really have to put together a set of proposals that has a far longer focus to it, and I think we've got to include in that each of the sources you mention.

Senator DOMENICI. Mr. Secretary, since my time is going to go out, let me give you a couple more observations. First, yesterday I sent a letter to the President-elect. I would like to give it to you today so you can read it.

I believe it is time for the President to suggest that we cannot put the whole burden on you because you do not have the power to make the decisions, but the other Departments of Government should all be tasked, be it the Department that we call Environmental Protection, Interior, and others. They should be tasked with reviewing each of their policies and each of their decisions in terms of, how does that affect the energy supply of this Nation, not necessarily making energy decisions, but look at them in that light. Would you suggest some approach for trying to make sure we are not making contrary decisions with reference to our energy supply?

Senator ABRAHAM. Right. Well, I would, and I think I have made that point. I will look forward to seeing your letter, and I would support that kind of interagency participation. This is by no means something that only one Department has the ability to affect exclusively.

Senator DOMENICI. I want to suggest that—Senator Bingaman raised an issue. In confirming a Secretary of Energy he raised an issue of lie detector tests at the national laboratory, and it is very interesting that in your opening remarks you addressed the morale of those great scientists and those who support them at the national laboratories, and I think there are 10 that are energy labs, three of which are nuclear deterrent laboratories, but it is interesting that we are talking about that in an Energy Secretary, because you have jurisdiction over that.

I want to put on the record that I believe you should start immediately trying to find out why we should be doing between 10 and 20,000, which I think is what the statute which came out of the House and the conference report requires. I think it is borderline ludicrous to have that many lie detector tests in these three laboratories.

I think we have got to find out how they work and put them to work, but by saying we are doing 80 times more than we did 6 years ago we are secure I believe is rather ludicrous, and I would hope that you would attend to that as quickly as you can.

Senator ABRAHAM. As you said, I have talked already with General Gordon about this issue, and asked him to bring me up to speed as quickly as possible on the status of his analysis, and your point, and the one that I made also about the morale and the need for us to have the kind of environment that attracts the talented people and retains the people, that allow us to have the skilled force of workers there that we need, is paramount.

Obviously, we all want to make sure at the same time that we do not in any way back away from a standard that protects the secrets that those very scientists have been responsible for creating.

Senator DOMENICI. Now, Mr. Secretary, my last question has to do with the creation by the Congress of the NNSA, the National Nuclear Security Administration, which is now headed by retired General John Gordon. If you have not, I am sure you and your staff will have an opportunity to read that statute.

It was heavily debated in conference and was significantly maneuvered, but it does create a semiautonomous agency within your Department, you are still ultimately in control, but it creates that Department to manage and see that the nuclear weapons part of your jurisdiction is no longer dysfunctional and managed from so many sources it cannot get its work done, as recently outlined by the General Accounting Office when they reviewed it.

Is it fair to say from your opening statement that you will attempt to abide by that law and to work with General Gordon or his successor to create that kind of an entity contemplated by that statute I referred to?

Senator ABRAHAM. I voted for the legislation, as you know, and therefore obviously approved of the thrust of it and, indeed, have talked to Senator Rudman and others who have done extensive analysis from the President's Foreign Intelligence Advisory Board's perspective and others on this subject.

General Gordon and I look forward to working with him to make sure, to do the part that the Secretary must perform to make sure that the job he's performing is done well, but I also, as you mentioned, recognize that the ultimately responsibility still rests in this agency with the Secretary, and my goal is to make it possible for the work of the NNSA to be done as well as possible. I look forward to working with him to achieve that objective.

Senator DOMENICI. I thank you, Mr. Chairman.

Chairman BINGAMAN. Thank you.

Senator Graham.

**STATEMENT OF HON. BOB GRAHAM, U.S. SENATOR
FROM FLORIDA**

Senator GRAHAM. Thank you, Mr. Chairman. I would like to start with the same statement that my colleague, Senator Dorgan did. I look forward to voting in support of Spencer Abraham to be Secretary of the Department of Energy. I have known him to be a man of intellect, high values, and an ability to absorb complex information rapidly. I believe that he will provide wise leadership in an area where we need all the wisdom that we can get at this present time.

As we discussed in the office, I believe that it would be very beneficial if the Department were to try to establish some national energy goals and to put as many numbers behind those goals as possible. For instance, the last number I had is that we were using somewhere in the range of 17 to 18 million barrels of petroleum per day.

Those numbers may be somewhat out of date by now, but what should be our national policy in terms of the total amount of petroleum that we used, and then what should be our national goal over

time in terms of the allocation between domestic production and foreign imports. That will then get to a set of subsidiary questions such as how much of a reserve and resource should we maintain in our domestic production?

Should we try to maintain a 50-year reserve of petroleum in the United States, which will tend to restrict our current ability to draw down our domestic resources, or are we prepared to live with a smaller cushion of safety? What would be your receptivity to the idea of setting some national goals with the numbers behind them which then drive the resolution of the difficult tradeoffs that are going to be involved?

Senator ABRAHAM. Well, first of all, Senator Graham, I just want to thank you for your kind remarks and support. As you know from our conversation just the other day, and I might add a number of other members raised similar interests, I guess a similar level of interest in trying to get a kind of current status of the challenges before us, and have raised, and I alluded to it a minute ago, the interest in not having just a comprehensive energy policy for 2001, or 2001 through 2005, but a much longer term kind of approach, and I think it makes every bit of sense.

To the extent that we can quantify some of these projections, I think everybody ought to begin with that framework, because we try to talk about policy changes, whether it's on the conservation side or the production side or any other aspect of this we really do need to know either what the current demand level is going to be, and what the projected supply levels are going to be, category by category, so I would say that some type of an initial analysis is particularly important before we talk about policies that might reach that level of fulfillment.

Senator GRAHAM. There are some issues which would be affected by that analysis that are coming fairly quickly before Congress. On the issue of energy conservation, one of the principal sets of incentives to achieve conservation has been the tax code. Various tax credits, deductions and other specialized provisions that were designed to encourage everything from biomass to solar energy to more conservation-oriented appliances have ended up in the tax code.

Yesterday before the Finance Committee the nominee for the Secretary of the Treasury, Mr. O'Neil, indicated that within the next 60 days he anticipated the administration would present to the Congress a large, in the range of \$1½ trillion, proposed tax cut. At that scale, that is probably going to be the major tax recommendation for the foreseeable future. Have you, or would you review that in terms of what that tax cut would provide in terms of incentives for energy conservation which in turn might be part of your overall energy strategy?

Senator ABRAHAM. We will, and I think I mentioned in an earlier answer that I believe in the last Congress I supported proposals that would at least extend the current tax code's special treatment of certain types of investments.

I think that without elaborating too much, as we look ahead towards the development of a comprehensive policy, certainly we know that there are in a variety of the areas of possible sources of production or conservation, or renewable development, situations

in which adjustments in the tax code could make an impact. Whether, and to the extent to which those will be part of this initial proposal of the administration I can't say today, but I think it will be certainly on the table for this Department to work to include.

Senator GRAHAM. My point is, I think there should be a certain sense of urgency on that, because if we are going to have an energy policy that will be balanced as between increasing supply and reducing demand, one of the key levers in the reduction of demand is going to be through the tax code. It looks like many of the decisions as to what will be offered for reductions in tax measures will be made early rather than later, so I would suggest that an early assignment for the Department would be preparing to influence what will be in the program and then explain it once it is proposed.

Senator ABRAHAM. The point is well-taken. I agree.

Senator GRAHAM. On the supply side, an issue that I know Senator Domenici and many other members of this committee have been interested in, as have I, has been the use of nuclear energy in meeting our electrical generation needs. My State is fairly typical of the Nation. Not too long ago we had about 20 percent of our total electric generation from nuclear energy. Today, that is dropping down close to 15 percent and appears to be headed down further.

This is a complex issue, which involves matters of disposal of waste, but it also involves regulatory policy. How do you reinvigorate the industry to seriously look at nuclear? How do you get the financial institutions to be willing to undertake the investment? What do you see as the role of the Department of Energy? Should there be a role? Is it an appropriate policy to try to reinvigorate our nuclear power option and, if so, what are some of the things you might consider doing?

Senator ABRAHAM. Well, I think that any kind of balanced comprehensive policy has to take into account the possible role and the broadening or focused role of nuclear power as a source of generation. My own view is that again, and there are a number of agencies that have various responsibilities here, and I think that we, as I keep saying, have to do this on a multi-departmental level.

What I would say is that I think we all know that there has not been a new nuclear power facility started in this country in a very long period of time. I think maybe it's back to the 1970's. But we also have existing facilities that may be headed towards a point where they may not be allowed to continue. They may need to be reauthorized.

I know one of the challenges, for instance, is the purchasing by entities who often have greater expertise in the safe and efficient operation of nuclear facilities from current owners who do not, and it seems to me we have to look at that part of the puzzle. How could we keep facilities already in place, functioning well into the future? I think all of those are issues the Department ought to be examining as we conduct this analysis in terms of the development of a long-range plan, or strategy.

Senator BINGAMAN. Thank you very much. We will have one other set of questions here from Senator Campbell, and then we will take a 10-minute break.

Senator Campbell.

**STATEMENT OF HON. BEN NIGHTHORSE CAMPBELL,
U.S. SENATOR FROM COLORADO**

Senator CAMPBELL. Thank you, Mr. Chairman. One of the benefits, I guess, of sitting this far away from the center of power, where the chairman sits, is that most of the questions have already been asked, or in your statement you have already talked a good deal about the things I was interested in, but I appreciate the comments of my colleagues, particularly Senator Dorgan and Senator Bingaman.

There is no question you are stepping into a quagmire of problems, and I just have to tell you, Spence, I really admire you for taking on that job. I think that California, which tends to lead the rest of the Nation in a lot of things good and a lot of things bad as it washes across the country, is just the tip of the iceberg of what we are going to be facing, and I know it is easy just to sort of point fingers, you know, that deregulation was the problem, or it is those greedy power producers, they are the problem, or whatever, but I think we all recognize that Nation-wide we have got a growing population and diminishing power production, maybe not diminishing, but it certainly is not keeping up with the amount of power we need.

One of my colleagues mentioned the Internet takes 10 percent of our power uses now, and who knows what things have not even been invented yet that will need power in the next 10 years, but clearly the present administration, by locking up a lot of our resources, or preventing us from developing them, has been part of the problem.

I noticed with interest this morning that seven more large tracts of land were locked up under the Antiquities Act that will be off the screen now for any kind of future development, and I know, too, that there is a national defense component.

I read with interest a couple of days ago that Iraq is already rearming, and doing it with the money that we are paying them, since we are now importing more oil from Iraq than we did before the war. I mean, there is something wrong with that picture. Americans lose their lives over there in the sand of the Middle East, and just a decade later we are dependent on them, instead of them dependent on us. There is something wrong with our policy that needs a major fix, and I know that you are just going to be up to your ears in it, so I just want to tell you how much I admire you for doing that.

But one of my colleagues did mention interagency cooperation, and coming from public lands States, many of us have a little different view on perhaps the sale of the PMA's where rural electrification is so important, or the use of public lands for drilling and coal-mining, things of that nature, but clearly a lot of the things that you will have to deal with in looking for energy sources so that we can get less dependent is going to have to be done in cooperation with the Interior Department and perhaps a number of others, too, and I just want to commend you.

I do not have a lot of questions to ask you, but I know, as you do, that we haven't built a refinery in this country, a new refinery

for oil, in 30 years. I do not know how many years ago it has been since we built any kind of a nuclear facility, a good number of them, I guess, and I know that this last administration that is now leaving advocated tearing down some of our dams, which are suppliers of much of our electrical power.

I do not know how anybody in their right mind could not look at all those and recognize that we are in deep trouble, and we are going to get more and more dependent on foreign power all the time, but Senator Dorgan mentioned, too, something about conservation. I think that is important, and alternative fuels are important, too.

Living out West, coal bed methane, natural gas, oil shale, things of that nature are just sort of coming on line. The price has not been right, but as we get more and more expensive oil, I am sure they will be, but certainly automobile manufacturers and those manufacturers of apparatuses that use energy can do better, too. We now have Caterpillar and Cummins in Detroit and a number of our manufacturers that basically got their start in your State who have engines developed now that develop 600 horsepower and pull 80,000 pounds and still get 6 miles to the gallon. I do not get that much in my pickup.

I will not mention the name of my pickup, because I do not want to hurt their sales, but I am getting rid of that thing. One of the reasons is, I know there are more efficient engines out there, and I know that we can do a lot more on efficient engines that still use hydrocarbon power. We are not ever going to get to the position where we can use solar, or wind, or something like that to drive our ship fleet or our bombers or heavy trucks. It is just not going to happen, and we need the kind of power that comes from hydrocarbons, which has basically been cut off from our use.

But I just wanted to make just one comment to you. It will not be really in your purview, but you probably know that something like one-third of our whole trade deficit now is related to oil. It is really a downward spiral, and it is going to continue as long as we are related more and more to foreign oil.

But there is one form of land in this country that has huge resources of coal, of coal bed methane, of natural gas, of oil, too, and that is Indian lands, and they have not had the opportunity to develop that, to provide jobs for their own people, but it seemed to me that if you do some work with the Department of the Interior you are going to find an opportunity in which a lot of the resources in America that have not been locked up will be able to be developed for the good of the Nation, and certainly the good of the people that live on those lands, by providing jobs and an income to those tribes, so I would hope you would keep that in your mind as you take your position.

I also just want to wish you good luck in your tenure.

Thank you, Mr. Chairman.

Chairman BINGAMAN. Thank you very much. We will take a 10-minute break and then continue with the questions.

[Recess.]

Chairman BINGAMAN. Let us go ahead and reconvene. I wanted to advise all members that it would be the intention of the chair to have a vote on the Abraham nomination when we come back

into session at 2:30 this afternoon before we proceed to the hearing on Gale Norton's nomination, so we will advise all offices of that so that if there is objection we can consider that, but otherwise if there is no objection we will do that.

Senator Wyden, you are next.

**STATEMENT OF HON. RON WYDEN, U.S. SENATOR
FROM OREGON**

Senator WYDEN. Thank you, Mr. Chairman. Mr. Chairman and colleagues, I have worked closely with Senator Abraham on a wide variety of technology issues in particular, including the Internet tax freedom bill and the Digital Signatures Act. I think all of us understand that Senator Abraham is smart, he is fair, and he is a good listener.

I have been kidding him that I was pleased that his proven legislative expertise did not extend to his bill to sell off Bonneville Power. As he knows, that would just clobber our agency, and in conversations Senator Abraham has assured Senator Smith and I that he will not support selling off Bonneville. He will not support these precipitous schemes to go to marketplace rates, and he will continue to support the preference clause that is so important to Bonneville customers and small businesses.

The one area, Senator Abraham, that we did not discuss but that is of importance to our region are these emergency orders that the Department keeps issuing to require our region to sell power to California. Now, California energy officials publicly thanked the Northwest back in December for those sales that they said prevented rolling blackouts in their region, so Oregon and the Northwest is clearly being a good neighbor.

My question to you is, will you take another look at these emergency orders and, in doing so, I hope you will agree with me that you will not continue to renew them when they put Northwest ratepayers at risk, or they lack guarantees that Oregon and the Northwest will be repaid.

Senator ABRAHAM. Senator, as I said in my statement, I think it's certainly premature today to speculate about policy actions which will be taken, although certainly soon, but what I have indicated to you, to Senator Feinstein when we met, and to others who have had concerns about this, is that the administration will look at all of these issues in a broad regional context, as well as in the context of the immediate and urgent problems in California, and obviously the concerns which you and others from the Northwest have expressed to us about where energy supplies to your States and the region will be at a later point this year, perhaps, are part of a broader set of considerations that have to be taken into account as all of this plays out, but it is certainly something we're concerned about, and something that we regard as a matter of great urgency.

Senator WYDEN. Understand that these emergency orders continue to be renewed, and the people of my State have been more than good neighbors, but I hope you will also look to the proposition that we should not be forced to ship power by emergency order when we do not have any. That is the concern that Oregonians have today.

The second area I wanted to explore with you deals with environmental protection. As you know, there have been a number of environmental groups that have been concerned about various votes in the Senate. Someone said to me, you should not vote for your friend Spence Abraham because of his environmental record. What is your orientation with respect to assuring that the country produces more energy without compromising the environmental protection and the treasures that we all appreciate?

Senator ABRAHAM. Well, obviously, Senator, as you know, we look ahead to a real challenge in terms of the demand for energy that not only exists today, that produces some of the challenges we confront even immediately before us, but to the increase in demand that I think we all, at least to date, can project for the future, so as we move forward we have to analyze not only what we can do on the production side, but what we can do on the conservation side, what we can do on the renewable energy side of the equation, all of which, obviously, contribute I think towards environmental sensitivity.

I think this administration, and I know the President-elect during the campaign made it very clear that whatever policies he would be advocating with respect to increases in production would be advocated in a way that was environmentally sensitive.

What I think we also, though, have to recognize is that there are a lot of other agencies that are part of this decision-making process. Some of the issues that certainly would be related to environmental protection are not going to be within the scope of the work that the Department of Energy does, and I suspect that other hearings with Governor Whitman and probably later with Gale Norton here will also be part of that decisionmaking process, too, but certainly this Secretary's focus will be on trying to properly balance the sensitivity to environmental safety on the one hand, as well as the need to address the production and supply needs.

And to just take it one step further, a major part of the responsibility of this Department, as you are well aware, is environmental management, is the cleanup of sites that have been over the last 50 years or so, as part of our weapons process and so on, have posed very serious threats, and I have talked to a number of members of this committee about how important it is to me, and I know to them, that we move forward and try to begin to gain some ground on the cleanup of those sites. That is a very important commitment as well.

Senator WYDEN. I understand your reluctance to go into specifics today, but I hope that early on in your tenure you will send a powerful message that it is possible to produce more energy in this country without compromising environmental policy. The American people are looking for that message, and I think it is important that you send it early on, and it is one that I feel very strongly about.

The third area that I want to examine is a regional one, that is, the question of Hanford. There are not the funds right now for the cleanup of Hanford, which, of course, adjoins our lifeblood, the Columbia River, and the Upper Pacific Northwest. There are a lot of folks in our region who believe the area is being turned into a sacrifice zone.

Now, the current administration considered the proposed restart of the fast flux test facility for a variety of different missions, took 5 years, spent \$100 million of taxpayers' money, looked at every conceivable use of this facility, and said that the expected missions could be handled by other Department of Energy facilities.

I hope that you will not resume this scavenger hunt for some kind of mission to restart this facility. Do you have any thoughts on that this morning?

Senator ABRAHAM. My understanding is that Secretary Richardson may have already have completed the process of the signing of the RFP, I believe, on that issue. I recognize there are other focuses here of other perspectives, but I really think, in the absence of any demonstration of inappropriateness in the reaching of the conclusions that have been reached, that that would be the extent of that effort.

Senator WYDEN. Do I have time for one additional question? Is my time up?

Chairman BINGAMAN. You have 10 seconds.

Senator WYDEN. This one really starts a brawl in the committee, because the chairman and I have a difference of opinion on it.

The Oregonian, our State-wide newspaper, found evidence that BP Amoco has manipulated the West Coast gas market through export sales to Asia. As you know, there had been a lifting of the export ban of the sales of Alaskan oil. I would ask only that you take a look at this issue that you consult with Northwest members, the chairman, of course, and others, because we have the dubious honor of paying the highest gasoline prices in the country, and the paper in our State put e-mail and other documents from BP Amoco on the front page of the paper saying that this is part of a plan to manipulate West Coast markets.

I do not want to cause a brawl in this committee, but I would ask that you look at that evidence.

Senator ABRAHAM. I would be happy to do so.

Senator WYDEN. Thank you, Mr. Chairman.

Chairman BINGAMAN. Senator Thomas.

**STATEMENT OF HON. CRAIG THOMAS, U.S. SENATOR
FROM WYOMING**

Senator THOMAS. Thank you, Mr. Chairman. First, let me welcome Spence Abraham. I am certainly delighted that you are going to take this job, and I know you will do very well. As has already been said, by the time we get here, almost everything has been said, but that never deters us from saying it again, so I guess basically I just have some things I would like to emphasize with respect to what I think are important.

One is the coordination among agencies. We have talked about that. I think Interior, Energy, EPA, even the White House, Environmental Quality Council, those kinds of things, all have a very important impact on this thing. I would like to suggest to you that there ought to be organized soon some kind of an almost summit meeting where the heads of those agencies are brought together to visit a little bit with producers as well as consumers, and I think we are faced with two things, it seems to me, both of which you have talked about.

One is a longer-term policy which, frankly, we have not had. It is very important, but it isn't a short-term answer. And then we have to do some things more on the short term, and I think we need to do that.

Nuclear waste has also been mentioned. Certainly we are not going to move forward with nuclear power as a supplemental or alternative until we do something about the waste, or else begin to use it as they do in Europe, in some sort of recycling, but we have spent billions of dollars on waste facilities that are not now being used very fully, and we need to do that.

Hydro energy, we have talked about that. The idea of removing dams certainly is not consistent with the problems we have now.

Obviously, access to public land, particularly those of us in the West, where 50 percent of Wyoming belongs to the Federal Government, and even more in most of the Western States. then I am not suggesting we open up all the wilderness or the parks and so on, but we do have a lot of multiple use lands that ought to be made more readily available, it seems to me.

Interesting, I think this week you have had the Secretary, the current Secretary overseas dealing with OPEC, which is an appropriate thing to do, but it does not seem to me that the Department of Energy has a lot of leverage, and I mentioned this to General Powell yesterday. It would seem to me in those countries where we have done a great deal for them, when we are dealing with them about the production of OPEC, that energy ought to be joined by the State Department, it ought to be joined by DOD and some others, so that we have a little leverage in terms of what we are doing there.

I am also interested, of course, in your nuclear weapons activities. We have, I think very important offensive missiles—offense, not offensive, that are very important as well as the missile defense, and I hope you do that.

So you mentioned, I apparently missed it, I think, doing some research on clean coal. I would like to suggest that you expand that a little bit to also enrichment. You buy a ton of coal in Wyoming for \$4½, and by the time it gets to Dallas it costs \$25. We can change that by increasing the enrichment, get more Btu's than that. You could do some of that. What is your reaction to experimentation with that?

Senator ABRAHAM. I would say that I am not that familiar with the process. I know that with regard to the basic clean coal technology programs that we had, the work that is done in the labs in Pittsburgh and Morgantown and so on, that the President-elect has expressed a strong commitment to increase over \$2 billion over the next 10 years for those kinds of programs, what the mixture would be in terms of the kind of research we really are not yet prepared to make recommendations about, but would take into consideration that as perhaps part of the type of research that would be done. I would be interested in getting more information from the Senate on that.

Senator THOMAS. I think that would be great. Actually, there has been research going on for some time, and it has not been as effective, I think, as it might be. We have a specific issue with my friend from Idaho where we have had the treatment project in

INEL, which is a waste disposal pilot plant in which incineration was the original idea, and of course those of us that are downwind, whether it is Yellowstone Park or Wyoming, have been concerned about that.

The Secretary has set up a study group. They have come up with some recommendations, and I want to urge you to continue to pursue the alternatives to incineration in that plant. I think it is very important to us.

Again, congratulations. We look forward to working with you, and I think we can make some progress by working together.

Thank you, Mr. Chairman.

Chairman BINGAMAN. Thank you. Since we have no other already approved members of the committee on the Democratic side, I will go to Senator Craig.

Senator FEINSTEIN. Jeff.

Chairman BINGAMAN. Yes. Let me call on Senator Feinstein. Did you have a question about the procedure?

Senator FEINSTEIN. No. I am sorry, I thought you said there were no other members.

Chairman BINGAMAN. No, no. You and Senator Cantwell and Senator Schumar I am going to call on after the members who have already been approved since you have not yet been approved by our conference.

Senator FEINSTEIN. I see. Thank you.

Chairman BINGAMAN. Go ahead, Senator Craig.

**STATEMENT OF HON. LARRY E. CRAIG, U.S. SENATOR
FROM IDAHO**

Senator CRAIG. Mr. Chairman, I am not sure that I want to be in the situation of being recognized first, before the two new additions to our committee, since both of them are ladies. However, I have worked with Senator Feinstein in the past and I know that if I do not get the first word in, I will never get the last. She is most effective. I welcome both of you to the committee.

Senator FEINSTEIN. Thank you.

Senator CRAIG. The great thing about having you before the committee is I can say, Spence, welcome. It is not often that we have the opportunity to be able to know those who will become key players in a new administration on a personal and a friendship basis prior to them assuming that responsibility. Most of us on this committee have had that opportunity with you, Spence. I can say that I am excited and looking forward to you becoming our new Secretary of Energy.

I am sure all of the members this morning have laid out the daunting task before you. I just came from the Agriculture Committee where we were visiting with Ann Veneman, soon to be your colleague in the Cabinet as Secretary of Agriculture. Even there, as we talked about agriculture and its problems and the need for leadership, energy emerged.

The cost of the production of fertilizer has tripled in the last 6 months. Natural gas, as you know, is a large component in the production of fertilizer. Many of the fertilizer plants simply do not believe they can produce fertilizer for the coming year at a cost that the American farmer can afford.

I do not think any average consumer even has begun to understand the ripple effect of high energy costs in this nation. Many of us on this committee knew that. We watched for the last 8 years as average increase in production of energy in this country went up less than 1½ percent. And average production or consumption went up over 2.5 percent. We knew that at some time in the future those lines would cross and we would be in crisis.

Those lines crossed about 8 to 10 months ago. We are now in crisis. If we do not articulate and implement a new energy policy for this country in the near future, then the situation in California will be occurring nationwide.

I say this not for the benefit of my colleague from California, but the political correctness that has been going on in California for the last decade over energy production produced the blackouts of yesterday. They are not a producing State. They are a consuming State. But tragically enough, we have become a consuming nation, not a producing nation. You know that. That is going to be a huge responsibility for you and an obligation.

While just in another building, John Ashcroft is getting all the attention this morning, as he did yesterday and the day before, my guess is that in the long-term, yours is by far the greater task. Because what you will do in the next year with our new president to articulate an energy policy and to begin to implement it in cooperation with Congress is going to have immediate, short-term and long-term impact on every citizen in this country. Whether it is the cost of that which they consume or their lifestyle itself needing to be altered, simply because there is no longer the abundance of energy available, people will feel the impact of this crisis. Energy has driven the great economy of this country all of our lifetime and will certainly be a key factor in the future.

We look forward to working with you in that task. We know that it has to be done. We will not be able to conserve our way out of this one. We will need to produce our way out of this one.

At the same time, conservation is important. I would hope that the budget that you present to Congress will not have any less money in it for technology; the kind of new technology of which you are so well aware. You introduced me to some exciting new technology when I was in your State in the last year looking at that marvelous new fuel cell concept that is being produced there in the laboratories of some of our auto manufacturers. That technology has to go forward.

At the same time, it is downstream. We know what we have got to produce in the short-term to get our country back on track.

I have communicated this urgency to the President-elect. I am very willing to say that the current situation is the Clinton energy crisis. I believe that because I know that they have not been a producing administration. They have been a conserving administration. They have wanted to sit back and wait for new technologies to come. If we do not articulate a policy, if you do not help develop that and lead us in that, then this crisis will be short-term for Mr. Clinton and long-term for Mr. Bush. I say that as a dedicated conservative Republican. At the same time, I recognize the importance of it getting done and that will require all of us working very closely together.

You gave me the courtesy of coming to visit yesterday and we talked about the needs of my State. We also discussed the marvelous national laboratories that I have in my State and the resource that they are to the Nation. We discussed the kind of experimental, research and engineering development work that goes on there. Idaho's national laboratories are also DOE's lead laboratories for environmental research, environmental stewardship programs and nuclear energy technology. I am very excited that you are becoming our new Secretary of Energy. I am excited about the opportunity to watch your leadership and to work with you in the development of these new policies for our country now and for the future.

So, welcome to the committee and let me recognize you as soon to be our new Secretary of Energy. Thank you, Spence.

Senator ABRAHAM. Thank you, Senator.

Chairman BINGAMAN. Senator Bayh.

**STATEMENT OF HON. EVAN BAYH, U.S. SENATOR
FROM INDIANA**

Senator BAYH. Thank you, Mr. Chairman. It is good to be with you again today. And Senator Abraham, I would just like to say that it is good to know that there is life after the U.S. Senate. You are looking very well here today.

I would also like to compliment you on your stamina. You were good enough to call me on the phone shortly after your nomination. You then came to see me. And now you are good enough to endure our comments here today. It reminds me in some ways of the medieval justice system where they had the trial by ordeal. So this is a testimony to your dedication to public service. And I know I speak for all of us when I say that I also apologize for having to step out. I enjoyed seeing your beautiful family. How old are your twins again, Spence?

Senator ABRAHAM. Seven.

Senator BAYH. Seven. Well, as you know, I have got twin boys who are 5 years and 2 months old. And I kind of wondered how long your girls were going to last there in the front row. If I had brought my boys to something like this, they would have been at the witness stand there in no time flat.

Senator ABRAHAM. Well, we had sort of arranged in the event that the questioning turned particular hostile to send our 4½-year-old son loose on the committee. And so he had been practicing his various techniques last night for disruptive behavior. But we decided at the last minute that might not go down too well.

Senator BAYH. Well, you never know. Having experienced that times two—

Senator ABRAHAM. The threat still exists. He remains on the floor. So he is somewhere in the building.

Senator BAYH. All right. We will bear that in mind as the proceedings continue on. And finally, I know your friend and colleague, the Governor of Michigan, has been recognized previously. John, it is good to see you again. I enjoyed our service together. And I could not help but remark, as I think you and I were commenting on yesterday, you have twins. And I have twins. And the

Englers have triplets. There must be something in the Midwestern water that produces these results.

Senator ABRAHAM. The Department of Energy will study that issue as well.

Senator BAYH. I will look forward to the results. Just briefly, we have talked about these issues previously. As you know, as I think Senator Craig was just mentioning, and several of our colleagues have talked about the importance of energy independence for our country.

And I have had a chance to share my thoughts with you about the great reserves of coal that we have, not only in the Ohio River Valley Basin, but elsewhere across our country, and the importance of continuing to invest in technology and research so that we can utilize those resources that we have in abundance in a way that is environmentally safe and sound. And I would encourage the efforts that you have pledged to undertake in the Department.

I know you expressed your support for this. I know the President-elect has also indicated his support for clean coal technology. I think it has to be one of the fundamental pillars of a long-term strategy for energy independence in our country. It should be a win/win strategy, a domestic energy source that is reliable and affordable. With the new technology coming on line, we should also be able to find ways to make it safe for the environment. So I just take an opportunity here on the public record to reiterate my support for that initiative.

Secondly, as we have previously discussed—I know Senator Feinstein will probably have some additional comments about this. Perhaps some of my colleagues will as well. I shared with you my own conviction that in the long run, we need to harness market forces in the electricity market in ways that will provide a safe, secure, and affordable source of electricity without relying on the traditional monopolies that have dominated that part of our energy system.

One of the beauties, as our mutual friend Governor Engler would tell you, one of the beauties of the Federal system is we allow different States to experiment with different solutions to the problems that face our citizens. And then those of us at the national level can use the benefit of that experience to see what works and what does not work.

Unfortunately, there appear to be some things that have gone seriously awry in California. But I hope that does not mean that we give up on the prospect of having a more open market for energy and that we can look for ways that, as I said, harness market forces, while still absolutely assuring people of a reliable and affordable supply of energy.

That is a balance that needs to be struck and I am sure that we will be analyzing the results from the West Coast and elsewhere as we try to seek, ultimately, the right answer. But I would encourage you to at least analyze that situation and glean the answers that can be taken from it to inform our future policymaking.

Just a couple of other quick points. I know that we all share—particularly you and I, several of the rest of us from automotive producing States—your two colleagues who introduced you to the committee emphasized this—a strong commitment to the next gen-

eration of automobiles to ensure that they get the better fuel mileage and also they have lower emissions. And I would encourage your dedication in that regard.

It is an important domestic industry as you know. We employ a lot of people. And we need to try to invest in this technology to ensure that we get the economic benefits of this industry while still doing right by the environment and the long-term energy concerns of the country.

So I know I am preaching to the choir here when I mentioned this, but, again, I just want to reiterate that for the public record.

Finally, Spence, I did have one question for you. I do not want to bring this out of the blue. It was submitted by, or recommended to me, by a member of your congressional delegation. He asked that I get the benefits of your thoughts. It must be an issue you have had to address before because it comes from Michigan. About any thoughts that you might have about the advisability or appropriateness of drilling for oil and gas in the Great Lakes Basin. Apparently, this is something that is on the mind of some folks up there. And if you have any thoughts along those lines. Obviously, the Great Lakes are a vitally important natural resource. I personally was not aware that there was a great interest in drilling, but apparently at least one member of Congress believes there is.

Senator ABRAHAM. Yes, I am not aware that there is either, Senator. I certainly have the support of that and do not bring that perspective to this job. And as I said to several of the members during the comments, our goal here is to try to work together to identify the new sources of energy or ways to enhance the current sources we have in an environmentally sensitive and balanced way.

And obviously, the fresh water supply the Great Lakes provides for our Nation is so vital, I do not think that we would ever lose sight of that set of factors as we would consider—or factors like them in other areas of production and sources. Clearly, we have to weigh all these considerations.

At the same time, as I mentioned, we need a balanced approach. And as you and I talked this week, trying to make sure that we do have balance is pivotal to the success. The dependence somebody mentioned earlier, the increasing dependence on natural gas cannot be allowed to continue because that will not work for long. And we really need to look at this in a more balanced way, but also an environmentally sensitive one as well.

Senator BAYH. Thank you, Spence. Apparently, there was a gas leak in one town out there that raised this concern, and with the possibility of some slant drilling and things of that nature apparently are issues on some people's minds.

You know as well as I do that the Great Lakes are a vitally important part of our ecosystem and a great national treasure. So I think you are right. Any activity of this kind there needs to be done in an appropriate and sensitive way to ensure both the continued greatness of the Great Lakes while ensuring that people do not have any undue health concerns.

Having said all that, I look forward to supporting you. And I look forward to working with you. And I appreciated the hand in friendship you extended the other day. And on behalf of all of us on this side of the aisle, let me just say we want to work with you, when

we can, to try to get policy right in our country. I wish you the very best of success.

Senator ABRAHAM. Thank you. And I look forward to working with you as well.

Chairman BINGAMAN. Senator Smith.

**STATEMENT OF HON. GORDON SMITH, U.S. SENATOR
FROM OREGON**

Senator SMITH. Thank you, Mr. Chairman. Spence, I also take delight in calling you by your first name and so appreciate the opportunity and the great challenge that you have.

I have heard my colleagues state the dilemma facing you in different ways. And to state it differently, I have reconstructed a couplet that I heard as a boy for this occasion.

Just because—I am speaking of Oregonians now. Just because we love our fish, our birds and our trees should not mean that we must sit in the dark and freeze.

So that is your challenge, Spence. We want a good, clean environment. But we want our lights on at night and the heat on in the winter. And I must say I am very concerned for my State. I have been—I have felt I have been something of a voice in the wilderness for a long time now saying that food does not come from Safeway. We do not create energy by hitting a light switch. Gasoline does not come from a filling station.

All these natural resource industries have been under assault for 8 years. Now, the challenge you have is to meet the new environmental ethic of our country. But somehow reconnect the reality dots for the American people as to what we must do to help them to continue to prosper as a people.

Now, why am I concerned about Oregon? We are California's neighbor. We care about our neighbors and we want them to be well and to be healthy. And we want them to be warm in the winter, especially cool in the summer. But frankly, I think my State is being set up—and I include Washington State—to be an energy farm for California.

Now, why do I say that? Recently, the California Public Utilities Commission voted to increase rates temporarily from 9 to 15 percent. However, yesterday after we met, I received three calls from different industries in Oregon complaining to me that they are just being put on notice that their rates will go up between 30 and 40 percent because of what is happening in California.

I have to tell you whatever hope they might have had for a profit this year is gone with those rates. Now, that effects directly the value of those businesses, their ability to pay taxes, the ability to keep schools open for their children, the ability to have a family wage job.

I wonder, Spence, if you agree with me that Governor Bush was incredibly prescient when he said in the Northwest that it is the height of irresponsibility to tear out hydroelectric power in the middle of a looming energy crisis. Do you agree with that?

Senator ABRAHAM. I support the Governor's position. And I think he has made that very clear on a number of occasions.

Senator SMITH. Yes, he did. And I appreciate his courage in saying that. A lot of people did not realize how far sighted he was when he said that.

But right now my State is in the cross hairs. And for those who love the environment—and I count myself as one of those—the policy of our government has been to store up water to produce some power in the winter—and we ship a lot of it to California, but we do it in a way that protects salmon.

Our reservoirs are at historic lows right now. And so our ability to help is frankly much impaired. But we need to run these assets. These are assets that were established by Franklin Roosevelt in the 1930's when only 30 percent of my State even had electricity. And we are being beguiled into believing that we can have it all, but we do not need to produce it. We can just import it. I say to every American, we have never been in greater jeopardy to foreign sources of oil that are hostile to the interests of this country.

Somehow, Spence, you have got to keep our lights on and you have got to produce. And you have got to protect the birds, the trees, and our fish as well.

It is a tall, tall order. But I hope that reality can be returned soon.

Spence, I also want to invite you to Oregon. I think we need to talk about how to run our hydroelectric system, how to create more power and frankly I would like to distance myself from the comments of my governor who said recently that the problem is not that California is not doing enough. People outside the region do not appreciate what California is doing. I think they are doing something now.

But you know what? This problem has been in creation for a decade now. And I can cite you chapter and verse in utilities that have been shutdown, dams removed, proposals for energy production said we do not need them. And here is a headline from the *Daily Astorian* on an article. It says "Cash Starved California Utilities See No Help in Governor's Plan".

And I just am asking, Spence, to be fair to this neighbor of California. Because my citizens cannot afford this. It is going to take a neighborly approach. But it must be fair. And what is going on right now is not fair. It is not fair to every other Western State.

And so I plead for fairness. And I plead for a more balanced approach. And somehow, I hope you and the Governor, President-elect Bush, will use your bully pulpit to reconnect the reality dots for the American people as to how we make it all run. I think I had a question, Mr. Chairman, but it got lost in my statement.

Chairman BINGAMAN. All right. Well, we will let you submit it for the record.

Senator Burns.

**STATEMENT OF HON. CONRAD BURNS, U.S. SENATOR
FROM MONTANA**

Senator BURNS. Thank you very much, Mr. Chairman. Spence, I want to associate myself with my colleagues on this committee about your dedication to community service and national service and your family values. That is all you have got written down here. Do you want me to say anything else?

[Laughter]

Senator ABRAHAM. I have to say that the second page was even more impressive than the first.

[Laughter]

Senator BURNS. We have some people nodding off out there and I kind of wanted to wake them up. I think Senator Smith hit upon a point that the situation that we find ourselves in today just did not start at the first of this year. I have two of my largest employers shutting down because of energy in Montana. I am sort of like the movie Apollo 13, "Houston, we've got a problem." That Houston is you.

And also, we are looking at a situation where—I tell you when you get to a certain age, New Year's Eve is not what it used to be when you were younger. My wife has grown to the stage where we rented a movie and stayed at home and watched a movie. And we watched a movie called "The Perfect Storm". And there is a lot of lessons to be learned there, but we are in the middle of what one could call a perfect storm.

I represent a constituency that is oil producing people. That should be good for us because oil prices are high. We also produce a lot of natural gas. Gas prices have increased some four times from just a year ago. I am in a State that produces coal which effects energy prices in Minnesota and Michigan and a lot of States we ship our compliant low sulfur coal.

But at every turn in the last 10 years because we are also a public lands State and the policy for public lands is that they have been withdrawn from any kind of exploration or management.

We say that impacts us and it does. But basically, we see now that it is impacting all of America. But some of these policies that were supported, now when they hit the switch to turn the lights on, the lights are not going on. Bad policy.

In the mix of things, there has to be conservation. In 1976, when we had the shortage of oil and we had the lines and we were asked to conserve, we Americans did react. And we did conserve. And we can. And it should be part of the mix. But also, on our power mix are fuel cells, alternative fuels, ethanol, coal bed methane, to make those fuel cells, has to be in the mix.

It would take a person much smarter than I am to see how they complement and work with each other, but we must have somebody or someone or something that could figure out exactly how that is. And then to dream a little bit and to tell America or at least give us a vision where do we want to be energy-wise in ten years, 20 years and 30 years down the road instead of just taking a band-aid and fixing it tomorrow.

My farmers cannot afford the fuel prices that diesel is going to cost this summer, not on \$2.50 wheat. They also cannot afford their fertilizer with natural gas as high as it is four times higher.

So it is going to effect our food prices. Is food going to cost more at the grocery store? I doubt it. But the raw product will cost more and that impacts the income in my State.

Somebody is going to have to make some hard choices. We have been willing to make some of those hard choices in the last 10 years, but nobody else has. And I am like Senator Smith. We have

been sort of a voice in the wilderness saying there has to be a different kind of an approach.

So with PMAs and when you represent a State now I realize that Senator Smith has got Portland in his district. I do not have any really large city. I have got a lot of dirt between light bulbs. And all of those folks out there are just like any other American. They have a right to the same sources of energy to power their economy as the rest of America does. And I am going to make sure that it is there as best I can.

Well, I appreciate your coming in. We went over the questions. We locked it up today. Also, I would suggest to this administration to set up an interagency, someplace where you can bring all agencies together and say if we do this, how does it effect agriculture? If we do this, how does it effect agriculture? If we do this in agriculture, how does this effect transportation?

And, you know, we are going to ride horses in the parade on Saturday. And when we mentioned horses, I will never forget this. The man who is in charge of the parade, he said, well, can't you cowboys walk? We do not especially want horses in this parade. And I said, you do not know cowboys. That is the reason they make pick ups and horses. We do not walk anywhere.

Well, I will tell you what. We may spend more time on that horseback than we are in them pickups. But I would hope not because those pickups are very important to the State of Michigan. And I would not want to put the Governor here in any embarrassing position.

But I look forward to working with you. And also on clean coal technology. And I serve on the Interior Appropriations. And we are going to make sure that you have got research dollars so that that can move forward. And I think the great future with your automobiles in the next generation is fuel cell development. And we just happen to have the resources it is going to take to build those fuel cells. And we want to talk to you about that also.

So, thank you for coming today. And thank you, Mr. Chairman, for your kindness.

Chairman BINGAMAN. Thank you.
Senator Nickles.

**STATEMENT OF HON. DON NICKLES, U.S. SENATOR
FROM OKLAHOMA**

Senator NICKLES. Mr. Chairman, thank you very much. And welcome to my friend and colleague. Senator Abraham, I am delighted that you are here. I am delighted that President Bush selected you for this position. It is a pleasure to see a friend, Governor Engler, as well before you and supporting you. But you are taking on an enormous task. And you are taking on a task that is close to crisis. And you are up to that task. But it is going to take a lot of work. And it is going to take Democrats and Republicans working together to work with you and this administration to get some positive accomplishments to help meet these challenges confronting you.

You mentioned in your statement that we are now importing 57 percent of our oil. We are very vulnerable to foreign supplies. In 1973 and 1979 when we had curtailments and brownouts and

shortages that Senator Feinstein is experiencing today in California, that was the last time we had significant curtailments is in 1973 and 1979. That means that factories were shut down, schools were closed, homes did not get power in those years, 1973 and 1979.

What we do about it is important. Congress at that time did a lot of things. In 1979 and 1980, they passed a lot of legislation. Most of it did not do any good. As a matter of fact, most of it was harmful. Most of it was counter productive. But Congress wanted to do something. And I feel maybe a sense that we are in the process now. We want to do something. I want to do something. But let us make sure it is positive.

If you look back in history, if you look at the five major energy acts that were passed as a result of the shortage, the crisis in 1979, Congress passed the synthetic fuels corporation. We abolished it later. It wasted a lot of money. We passed the Natural Gas Policy Act. It had some good things and some good things and some bad things, but it continued and extended price controls on natural gas. We finally decontrolled natural gas and it has worked. And it resulted in lower prices I might mention for consumers.

Congress also passed the Fuel Use Act and said you cannot burn natural gas in powerplants and industrial facilities. We finally repealed the substance part of that. Congress passed the windfall profits tax. We finally repealed that. We taxed basically domestic production, did not tax imports. So we gave imports an advantage over domestic production. We finally repealed that. Also, there was an Energy Allocation Act which allowed politicians to distribute energy which was really absurd and we repealed that.

So the major energy acts that were passed in the Carter administration basically to respond to the energy crisis in the 1970's were serious mistakes. We need to make sure that we move forward and do not make serious mistakes, but do things to help alleviate the problem.

If you are importing 57 percent today, Mr. Secretary and Mr. Secretary to be in a couple of days, that figure is quite likely to be 66 percent in 10 years. That means we are very vulnerable. And that means if hostilities become more hostile in the Middle East, we could really have a problem. And if California thinks they are alone, our entire country could experience shortfalls, brownouts, curtailments.

And so we need to be very leery of that, aware of it, and try and take some efforts to alleviate it. And that includes energy from a lot of sources. That means increasing supply and not just in Anwar. It means nuclear power. It means producing, increasing production. It means conservation. It means a balanced approach. And as you said, a balanced approach and environmentally sensitive and sound management.

So, you have an enormous challenge. I look forward to working with you. You have proven yourself to be a very outstanding legislator I think in the Senate and I think you will be an outstanding Secretary of Energy. And we look forward to working with you in the next several years. My complement to you for taking on this enormous task.

Chairman BINGAMAN. Senator Cantwell. Senator Cantwell is gone.

Senator Feinstein.

**STATEMENT OF HON. DIANNE FEINSTEIN, U.S. SENATOR
FROM CALIFORNIA**

Senator FEINSTEIN. Thanks very much, Mr. Chairman. I am very pleased to be a member of this committee. I asked for it largely because of two things. One was obviously what has happening in California right now with respect to energy. And the other is my concern over the nuclear labs. And I am very pleased I have had an opportunity to share both of these concerns with Mr. Abraham. I do intend to support your nomination.

I do not have a lot of questions to ask you today. I understand you come into this new. You are right in the middle of the thicket. And it is going to be a very hard time. And I want you to know anything I can do to make it easier, I would be happy to do that.

I do want to spend my time this morning saying what I think is happening, particularly in California. And I know it is very easy for some to say, oh. California is hoisted on their own petard. They enacted a bill in 1996 that was deeply flawed. Let them sit and work it out. That is a very dangerous philosophy.

Let me tell you what I think has happened. The bill was very flawed. The reason it was very flawed, the main reason, is because it required California to buy 95 percent of its power on the day ahead or spot market.

Now, that would have been fine if there was an abundance of power. The point is there was a shortage of power. And whereas, California will have 20,000 new megawatts on line by 2004 but it is just not possible to get on line sufficient new power by the summer.

Additionally, a good deal of the power is actually contracted out of the State. Five to ten thousand megawatts, for example, normally would be going up to the Pacific Northwest. That changes when you go into an energy emergency.

This morning, California starts the day with a deficit of 62 percent of its power need if you can believe that. The blackouts that are going to go on today will effect all non-essential services. Now, that is deceptive. Non-essential services are hospitals under 250 beds. There are retirement centers. There are schools. There are street lights. There are ATMs. There are businesses. For 62 percent of the State, that is an enormous impact.

Additionally, California's two blue chip utilities, PG&E and Southern California Edison, are very close to bankruptcy. Now, why? Because on this spot market, they had to buy power. They could not pass through the cost of that power in excess of \$64 a megawatt hour. And spot power was selling anywhere from \$4,300 to \$1,400 to even \$3,000 at one point. You have to buy power at \$3,000 a megawatt hour. And you can only pass it through at \$64. That put the utilities in the position that we are in today of occurring for the past 6 months tens of millions of dollars of debt each day. That debt has run up to a net of \$8 billion. Their bonds are today junk status. They are very close to going to chapter VII, not

XI, but VII bankruptcy. Which means they then go out of that business.

Now, there are those in California that would say, oh, let that happen. I am not one of them. The worst possible thing in my view is to have these two blue chip utilities—first of all, we have got hundreds of thousands of retirees that depend on those stock dividends. Secondly, subcontractors that depend. And tens of thousands of employees that depend.

These utilities go into bankruptcy. That will have a strong ripple effect through the remainder of the California economy, the Western economy, the national economy, and, yes, the international economy. It is that big.

Now, the State is kind of in a way—the market is so broken, not only do you not have the supply, but the rates are also fixed. So unlike, for example, where Arizona where consumer rates flow free, California has restricted rates. So you cannot pass those costs on. And you have a robust consumer market whose consumers say we cannot pay any more. We do not want to pay any more. Very badly broken market.

Now, the bilateral contracts offer a solution. If you can negotiate them long-term at rates that are practical, these negotiations have been going on now for a month and a half under an Administrative Law Judge. The generators will not budge. And the State has not budged.

Consequently, you have got a gridlock. My appeal today is on both sides. Please, you have got to work out a practical long-term contract. There are not other alternatives.

Secondly, the State has to move in my view to securitize the debt of the utilities. In other words, give them an opportunity to gain back the credit. They cannot do that unless they can show a way that they can make their forward purchases and pay for them. And also, the banks will not loan to them unless they can show a way that they can make up this \$8 billion of back debt.

The State could securitize this. Any rate increase that is necessary could be spread long-term, say for 15 years, on the individual rate payers. But you have got to bite the bullet to do this. And there has been I think a broad reluctance to bite that bullet.

Now, last night the Governor issued this statement at 10:15. I had a long conference call with the four principle generators in California, the CEOs of those companies, Duke, Southern, Reliant and Dynergy, with the four legislative leaders in a bipartisan effort.

Those generators were prepared to pull down the utilities into bankruptcy tomorrow—that is today—at 12:01 p.m. They have agreed, if legislation passes tomorrow, they will not do that. They will provide us the power necessary to keep the lights on.

I very much hope that is happening today. Because we are going to lose life and lose business. And this is the tip of the iceberg. Now, I am one that believes that the State has to move. The State legislators have to move. They have got to amend that flawed bill. They have got to do it. They have got to allow the utilities to generate their own power, not divest of the power. I believe they are willing to do this. They have to permit full cost based contracts bi-

laterally, negotiate it. That will enable this situation to be stabilized.

It is also my belief that FERC has not acted. FERC has found the rates, the rates I spoke of, \$800, \$1,400, \$3,000, on the spot market, to be both unjust and unreasonable. But FERC has not carried out the second part of its responsibility which is then to set those rates.

I sincerely believe that there is a Federal responsibility here through FERC. If FERC is going to sit by and allow this entire Western States to self-destruct, because that will happen, rather than carry out their mandate and set power rates, when rates they find are unjust and unreasonable, it is a disastrous situation for this Nation.

This is why I will introduce legislation that will give this Secretary—he may not want it—the right to set these rates. If they are found to be unjust and unreasonable. And they will be cost based. So that there can be a pass through, a margin for profit, a margin to recover costs, and will permit any Governor of these 11 States to opt out. If the Governor does not believe there is a need for this, that governor will be able to opt out.

Now, what will this do? To be temporary, it should only be until the State is able to bring some additional power sources online. There is no quick fix. We are going to live with this for the next year and a half or two years. And it is extraordinarily complicated.

So what my appeal is today to this new Secretary is please look at all of these elements. Please understand no one thing is going to solve it. We must put additional generating facilities online on a fast track and do everything we can.

I just got the note. I did not mean to get going here. My time has expired. But I do want to say that I am prepared to do whatever I can to help you, Spencer. This is a very difficult situation. Anybody who thinks this is just going to stay with California, as Senator Nickles said, is dead wrong.

So what I want to say to Oregon and Washington and the other States is I want to work with you. I want to see us get ourselves out of this solution in a way that is fair to every State in the Union. Because it is going to eventually effect a number of them. Thank you very much, Mr. Chairman.

Chairman BINGAMAN. Senator Cantwell.

**STATEMENT OF HON. MARIA CANTWELL, U.S. SENATOR
FROM WASHINGTON**

Senator CANTWELL. Thank you, Mr. Chairman. And, Senator Abraham, congratulations on your nomination to this post. It is a great honor for me to serve on this committee as a new member. I think that out of the last 50 years, probably at least 45 of them there has been a member from Washington State. Because these energy issues are so important to the Pacific Northwest, not only the Bonneville Power Administration—and I appreciate your comments earlier about the Power Market Administration and your support of them—as well as Hanford and nuclear waste issues.

If I could on a few issues, some of my colleagues have already covered, and that is the particular concern of Secretary Richardson's order requiring suppliers to sell to California. And I hear my

colleagues comments about working together as a region and we want to do that. But I want to reiterate Congressman Wyden's statements about the great concern that we have about the financial security and the consequences that it places on the Northwest when those kind of emergency orders are put in place.

And so I want to reiterate my strong concern for those types of solutions that put our industries and consumers at-risk within the Northwest.

And I do not know if you have any further comments on that.

Senator ABRAHAM. I think as I said at the outset of my opening statement, Senator, that as we assume office as an administration and should I be confirmed, when we are looking at these issues, we will be looking at them both with the goal of—I mean, we understand the urgency—and I stress that—as well as the concern of the incoming administration. And it is not a minimal concern. It is a very strong one.

And our goal is to not just see us solve these problems in the short-run, albeit the short-run is very pivotal, but also on a long-run basis. And any kind of short or long-term solutions, as I said in my statement, need by necessity to include a regional, not just a State-by-State kind of analysis. We certainly will want to have the counsel of members throughout the region recognizing the interdependence here of energy sources.

Senator CANTWELL. Given that, what would your thoughts be on a west-wide price cap as a short-term?

Senator ABRAHAM. As I said already, I think it is premature for us today to—for me at least today to speculate about what we might offer in terms of policy options, recognizing we will be in a position to act in a few days.

But there are two reasons for that. No. 1, a number of discussions have been going on between the current administration and the various parties as well as legislators and so on. We have not engaged in those discussions. I have not heard from those various participants and feel that is an important prerequisite to making any kind of judgment as to the kinds of policies we might follow.

And I do not want to—if I say, well, maybe we are open to that idea or maybe we are not, it will send signals that I think are premature to send. We just have not looked at this at all from the standpoint of having those discussions. And I want to have that opportunity.

I also want to make sure that—and Senator Feinstein touched on even today very important decisions may be made in the legislature in California that effect not just California, but the whole region. I think it would be premature to start talking about the next set of policies when we really do need action as soon as possible. I share the point that Senator Feinstein made about the need for action to be taken today if possible by those who can.

Senator CANTWELL. I appreciated your comments in your statement about the connection between the new economy businesses and their access to a reliable and stable source of energy. The Northwest has a long built in economy based on those stable and reliable sources. And, yes, now it is leading the way in a new economy that is very much interdependent on those issues as well.

We have long had the Pacific Northwest Preference Access to Federal Power from the Bonneville Power Administration. And obviously, we have suffered some of the adverse environmental impacts of that.

Can you tell me of your commitment to retain the benefits of BPA, particularly the exclusivity for Pacific Northwest?

Senator ABRAHAM. I do support that continuation. I would just add, your point about the new economy is a really important one for us as we move forward in the development of policy to take into account. I think a lot of the premises on which existing energy policy has been developed was in the context of an economy that we no longer are in. And as we move forward with the development of a comprehensive set of recommendations and policy, we really do have to re-analyze the kinds of energy needs we will have in light of the transition that is going on across this country.

I mentioned in my statement the direct connection between Internet usage and electricity consumption. And that is just one example of many. We obviously have heard and seen the comments made by leaders in the high tech industries about the needs they have for certain types of energy sources if they are going to be able to be producing the kinds of products that they make in terms of the component parts to new technology products.

And so I think as we move ahead with this we will be looking to members of this committee—particularly ones who come from that industry to talk about and share with us some of that insight. Because I think it really is a pretty central part of the initial analysis we have to conduct.

Senator CANTWELL. Turning to another subject, Hanford cleanup. And obviously, hoping to get a commitment today about the priority within the Department of that as a major priority. As well as we have had a tri-party agreement to set milestones that need to be met. And I guess I am looking for a commitment there to work with our State and to live up to the obligations of that agreement and the milestones that are set.

Senator ABRAHAM. We recognize—I do at least—the need to meet commitments that have been made. I think we all need to work together. And we have several members of the Budget Committee who are part of this committee to make sure that we have the resources to do so.

The environmental management budget of the Department of Energy is right now pegged at something in the vicinity I think of about \$6.75 billion a year which is around 34 percent of the total departmental budget. The projections that I have seen for long-range cleanup commitment to address all of our sites are in the vicinity of \$2 to \$3 hundred billion over a number of decades.

But I think we have to within that long range projection identify urgent challenges of which I would put Hanford on the list as well as areas where we can move fairly quickly hopefully to bring closure to sites that are in the position of being cleaned up. Rocky Flats being an example there.

So we want to work with you to address that. As I think many observers are aware, the Hanford site has something in the vicinity of 177 underground tanks of which some 65 to 70 are leaking. That is an unacceptable situation that will take a long time to address,

but which needs to be addressed as a priority. And I am looking forward to working with you to make sure that we fund it at a level that allows that to happen.

One of the problems I know that the Department has had is that the budget that is in place today, while addressing a lot of the maintenance concerns, is now allowing situations to worsen and has not allowed us to make as much progress as we need to actually clean up the sites. The overhead and the security issues by themselves have consumed too much of that budget. We need to get beyond not just that level, but to actual site closures.

Senator CANTWELL. I appreciate that. I know that my time is up. I just think that the deal that they are looking for in 2001, the total cleanup was about \$1.2 billion. And then additional resources obviously for the cleanup efforts of the Hanford Columbia River short. Plus, the vitrification, the waste classification that is coming online. That facility is looking for a separate item as well. So obviously, a huge budget item within your budget. So I look forward to working with you.

Senator ABRAHAM. Thank you.

Chairman BINGAMAN. Senator Schumer.

**STATEMENT OF HON. CHARLES E. SCHUMER, U.S. SENATOR
FROM NEW YORK**

Senator SCHUMER. Well, thank you very much, Mr. Chairman. And I am delighted to be here for the first time as a member of this committee. I want to thank you for your hospitality as well as the ranking member.

Chairman BINGAMAN. Before any of you three arrived—I think Maria was here, but I did indicate that we welcome all three new members on the Democratic side. And if we have new members on the Republican side, we will equally, heartfelt welcome them. So go right ahead.

Senator SCHUMER. Well, thank you, Mr. Chairman. And I just apologize to the membership and to Senator Abraham for not being able to be here the whole time. As you know, we have whole lots of hearings, including the one in Judiciary. So I apologize for that.

I am also excited to be the first New Yorker on this committee since the late 1970's when Daniel Patrick Moynihan was on this committee. And I guess the only North Easterner on this committee since Senator Jeffords left a few years back.

And I want to welcome Senator Abraham to this confirmation hearing. We have known each other quite well. We worked together on the Judiciary Committee. Spencer, you are a man of integrity. You have dealt with both sides very, very fairly. You went out of your way to be helpful to me in a number of instances on the immigration subcommittee when you were the chair. And you are an extremely intelligent dedicated kind of person, the kind of person the founding fathers would have wanted to go into government. So I am glad that you are not leaving government, but rather moving on—I guess I cannot say to greater heights, but to lateral heights with us here.

Senator ABRAHAM. I only would hope that all the members will remember how well they thought of me today as we move ahead.

Senator SCHUMER. I have a feeling, Spence, that will be the case.

Senator ABRAHAM. I hope.

Senator SCHUMER. And I think that you will be an excellent Secretary. And I have every intention of supporting your nomination.

Let me say a couple of things and just ask for your judgment. One of the reasons I sought to be on this committee is I do believe we have an impending energy crisis. I have seen it in my State of New York. Last summer for the first time in a long while, we struggled with brownouts. They were small and controllable, but they are a real problem.

And the situation is very, very simple. And I am sure it has been touched on by many of the people who spoke before me this morning, many of my colleagues. That supply is basically flat and demand will go up.

And one of the things I worry about is if our economy sort of cools down a little bit, we will forget about this. The long-range prognosis is that the world economy will grow. I read somewhere that China alone is expected to have 170 million new cars, cars that nobody drives right now, as their economy grows over the next 15 years.

That is just something to think about. As the rest of the world and as I think our economy continues to grow, we are going to have this problem. And one of the problems we faced is we had it so good for so long that there was not a national focus on energy policy and we are going to need it.

I guess my second observation is it seems there is something of a deadlock in Washington where mainly—this is not exclusive on either side, but one side of the aisle focuses on supply. One side of the aisle focuses on demand. And we do not get much done.

I look forward to working with you. There is not a better place for a 50/50 Senate than the Energy Committee. Because it means that both sides have to be put together. And it seems to me that that is a policy that makes sense to. That when demand increases and supply is flat, we have to do things to both to try to limit the demand increase without limiting economic growth and increase supply.

And I for one am willing to work with you on both sides of that equation, not just on one. And I think you are the perfect guy to help put it all together because you have had such good relationships with Senators on both sides of the aisle.

So I do not want to ask a whole lot of questions having not been here. The questions I will ask probably have been asked already by my colleagues.

But I would just like your comments on that general proposition. Then I will yield back my time, Mr. Chairman.

Senator ABRAHAM. Senator, I agree wholeheartedly, as I indicated in my opening statement, the need for us to develop a comprehensive energy strategy that is balanced, that focuses on both the supply and demand side.

But I think we—you know, one of the thoughts that went through my mind as you were commenting, as I was looking at you and Senator Cantwell, is that in the area of technology and the new economy, one of the challenges we are going to have I think is going to be to address the demand side in light of new technologies that are being developed that are extraordinarily attrac-

tive to the people of our country. And I think, again, I mentioned and used as a statistic in my earlier opening statement that the ten percent of the electricity used in this country now appears to be linked to just the use of the Internet.

How we address the demand on that particular and singular challenge seems to me to be a pretty difficult, to say the least, problem. Because I look at just my own friendship circle, my family, and all people that all of us certainly know whose use of Internet will be very difficult to curb or to reduce.

So it will be tough and it will call upon all of us to be optimists I think probably is the best word as we move ahead. I think there are two ways we can look at this situation, as a challenge to America. We can look at it in a very pessimistic way in a sense that we cannot address these challenges they are so onerous. I do not believe that to be the case at all. I am very optimistic we can make some progress. I look forward to working with you as we have talked.

Senator SCHUMER. Well, thank you. And I would just make the comment technology works both ways.

Senator ABRAHAM. Right.

Senator SCHUMER. One in terms of the demand, the new use of the Internet and everyone has a computer and a fax machine. But it also has tremendous potential. You know, New York State, where General Electric has had its labs, we have a lot of electricity oriented new companies, particularly in the Albany area, because of the GE labs in Mistyuna.

And two companies that are very interesting and have potential, one is really on the verge of being able to create economical fuel cells which produce electricity in your home.

You know, it is a very simple little chemical equation. They take the oxygen. You have a little pot of water or container of water. I am sure I am not doing justice to this in its full scientific flourish, but they take apart the oxygen and hydrogen atoms, put them back together, take them apart, put them back together, and generate energy as a result of that and use a small amount of natural gas to do it. And you do not need all the transmission and everything else.

And it costs about \$20 a month for the supply of natural gas to do it. Much cheaper to the consumer. Of course, the machine itself is so expensive right now that it does not quite work. But every year the cost goes down and it is something that we might want to look at and encourage.

Then they have another company over there in Latham, a suburb of Albany, where they are developing the ability using super conductivity to send eight times the amount of power through existing transmission lines that they can do right now. And that presents tremendous potential for areas like New York, particularly downstate New York City and Long Island, where one of our problems is even if you build a new powerplant upstate, they do not have the transmission capacity to get it downstate.

So there are a whole lot of things, exciting things, optimistic things as I think you accurately put it, that we can look at and work towards together. If we have a little bit of will and a little

bit of compromise, I think we can lick this crisis before it occurs. Thank you, Mr. Chairman. And thank you, Mr. Secretary.

Chairman BINGAMAN. Thank you, very much. Let me just advise all members that if you wish to submit additional questions for the record, they can be filed with the committee staff anytime before 5 o'clock tomorrow, Friday. We will now have another round of questions here and these will be limited to 5 minutes per member.

Let me start with a couple of questions and then go to Senator Murkowski. One issue that is very much in your jurisdiction relates to the non-proliferation programs in the Department of Energy. Former Senator Baker, our Majority Leader here for many years, and Lloyd Cutler chaired a task force that has looked into this issue and made some recommendations.

I do not know if you have had a chance to look at their report. A major recommendation to the new Congress and the new President says the President in consultation with Congress and in cooperation with the Russian federation should quickly formulate a strategic plan to secure and/or neutralize in the next 8 to 10 years all nuclear weapons usable material located in Russia and to prevent the outflow from Russia of scientific expertise that could be used for nuclear or other weapons of mass destruction.

I would ask if you have seen that recommendation, if you have any position on the recommendation, and if you intend to follow it.

Senator ABRAHAM. Senator, I have not read the entire report, but I am certainly familiar with it and with the basic recommendations it makes. And they are obviously consistent with some of the work that has been done and continues to be done at the Department of Energy.

As you know, in the context of non-proliferation, we have worked on a number of fronts, primarily with respect to Russia. We have programs that are designed to provide support for the actual security of existing or past facilities to protect the material that is there.

We have programs that are designed to address the issues of the technicians and scientists, also alluded to in the comments you made that are part of the report to try to—to the degree we can—prevent the talent from somehow becoming available to those who would use weapons of mass destruction inappropriately, the rogue nations and other questionable acquirers of such talent.

I know that there have been concerns expressed about the effectiveness of that particular program. It is one of my priorities to become more familiar with.

We have the ongoing program designed to purchase highly enriched uranium from the Russian sources with a pretty substantial commitment in terms of the magnitude of what we might purchase. I think we have already purchased 110 or so tons of highly enriched uranium which has in effect made that industry in America more or less recede.

And we, of course, are in and have negotiated with Russia with respect to weapons grade plutonium conversion. We have not gotten to the point where although we have kind of agreed upon numbers and I know we have moved forward with respect to the design of facilities that might be used for such conversion and resources for that to be done on the Russian side do not exist at this point.

And I know that we are looking to others to perhaps help in that process.

So that is a kind of long about way of saying that this is a high priority. Each of these categories will be. Whether every component of the report is one that I would recommend to the President or to the inclusion in our budget, I would have to defer until I have analyzed every part of the report.

I have talked or actually did not have a chance to meet with, but I know that Senator Baker wanted to have a discussion at some point. As soon I am confirmed, I will talk with Lloyd Cutler and him to examine these. And, of course, General Gordon's role in this is very important as well. He and I have briefly discussed this as an extraordinarily important part of the national security issues we face.

Chairman BINGAMAN. We passed a law in the 103rd Congress prohibiting research and development of low yield nuclear weapons. Can you assure the committee that under your leadership the Department of Energy will abide by that provision of law?

Senator ABRAHAM. That was prior to my arrival here. So I will not try to comment beyond indicating it would be my intention to fulfill the commitments that are statutorily required of the department and if that is a statutory commitment, then certainly it would be my duty to fulfill it.

Chairman BINGAMAN. Thank you, very much.

Senator Murkowski.

Senator MURKOWSKI. I will try and be brief. Senator Wyden brought up an interesting point that I think deserves examination by your Department. And that covers the issue of the alleged West Coast price adjustments on oil from my State of Alaska that would be exported. And I would like the record to reflect that there has been no oil exported from Alaska since roughly April of this year. Excuse me, of last year.

As a consequence, there seems to be a little necessity to bring some background into the Alaska oil historical picture. Alaska when it came online produced about two billion barrels a day. That production is down to roughly one million barrels. At that particular time, the West Coast refineries could not accommodate the excess oil. There was surplus oil.

From a business point of view, all Alaskan oil has to move in U.S. flag vessels. It cannot move in a foreign carrier. So the cost of transportation is higher than it would be if you moved it in a foreign carrier. The Jones Act requires a carriage of U.S. products and passengers in U.S. flag vessels. There is no exception to that.

So as a consequence, a significant maritime fleet was built up. Most of that fleet was raised for shipyard use in the Portland shipyard that was built by public funds from Portland as I think a pretty good investment.

But since my time is limited, I do want to advise you that the production has dropped to a million barrels a day. The surplus that was formerly excess to the West Coast, moved for a while through the Panama Canal. Then a pipeline was built across the isthmus of Panama and the excess oil was moved into the Atlantic and then in the Gulf Coast refineries.

But as the markets for production increased from Venezuela, from Mexico and so forth, they were able to supply the refineries in the Gulf Coast.

But the point is the Alaska oil production declined as Prudhoe Bay production declined. It is currently about a million barrels a day.

Now, as a consequence, we formally had a law that prohibited the export of Alaskan oil. It was Alaska specific, did not require California or any other State, but just Alaska. Congress in 1995, passed, and the President signed, legislation lifting the ban on exports of Alaska and the north slope crude oil.

As a result of that legislation, we brought in GAO as a watchdog. And they reviewed the impacts and found the following. And these are quotes. One, "lifting the ban raised the relative price of ANS and comparable California oils between 98 cents and \$1.30". That was crude oil only. That is not gasoline.

Secondly, "West Coast consumers appear to have been unaffected by lifting the ban because the price of important petroleum products they use has not increased".

Finally, third, "Future oil production should be higher because higher crude oil prices have given producers an incentive to produce more oil".

Now, that is what they found. Additionally, in the statute, it provided the President with the authority to revoke or modify ANS exports based on recommendation from the Secretary of Commerce and Energy—which of course would be you—if the President determines they are responsible for supply shortages or oil price increases.

So as a consequence, I assume you will uphold the law regarding the ANS export issue. Unless the law has changed.

Senator ABRAHAM. I will.

Senator MURKOWSKI. Now, the FTC, currently with my support and Senator Wyden's, is investigating gasoline prices on the West Coast. And I think that is an appropriate thing to do.

I would remind my colleagues—and this is their business within their own States—that Oregon has no refineries. That is a rather dangerous situation. In my own mind, it is somewhat similar to California who has decided that they do not want to produce power. They would rather get it from outside. But that is the business of the State of Oregon.

All products shipped come from some other area outside the State of Oregon. And Oregon's gasoline taxes are some of the highest in the Nation, about 42.4 cents a gallon.

Now, as we look at this issue, again I would advise you that there is currently no oil exported Alaska oil. Nor in my opinion is there a likelihood of it. Because we do not have a surplus anymore. And we are consuming and using more.

I want to use the balance of my time, however, to request that you folks take a look at the role of public power vis-à-vis investor owned power. Because you are going to get into it. And this committee has been into it for a long time.

And I am not degrading the role of the PMAs, but we should remind ourselves that power marketing, which Bonneville is one, was paid for by all the taxpayers of this country, designed to serve a

region. And it certainly served the Pacific Northwest. It has given them an aluminum industry. It has given them very bountiful agriculture and various other things which are meritorious. And as a consequence, when we try in Alaska to tie our 1,000 miles of coastline with some kind of an inter-tie, we need Federal help, taxpayers from all the States.

So I do not begrudge that. But I think you are going to have to look at various aspects that have developed. Because there has been times when Bonneville had surplus power. As a consequence, they have negotiated contracts, take or pay contracts. As a consequence, we have seen some of the aluminum industry quit producing aluminum and sell electricity. It is a good business. They can make money at it.

We have seen a situation with new energy ventures in Los Angeles where you should look into the circumstances because it appears that there was a negotiated deal made for surplus power to be wielded from Bonneville down to Los Angeles and resold. Who is entitled to that profit? Is it Bonneville? Or is it individuals in an office somewhere simply making a buck? I do not begrudge them that, but we need to have some clarification on these side deals if we have no access to what the prices were, what the terms of the contract were. And this is a quasi-government activity. The activities associated with a PMA.

We have situations where we know the Seattle power, the municipal power and light company, does a great job in Seattle. Buys power from Bonneville because they can get it cheaper than they produce it. And they wield it down to Southern California and sell it to the Nordstrom stores under contract. Nothing wrong with that, but it displaces investor owned.

As we look at the situation in the Northwest where the shortage is becoming more apparent, even in Washington and Oregon, let alone California, we ought to take a look at the appropriate role of these PMAs. And I am sure my friend from Oregon, both of them, would support this. Because there are some inconsistencies. And I happen to believe that charity begins at home, whether it be Oregon, Washington, Alaska, California or New Mexico. But there are just too many unanswered questions out there at a time when our friend says the reservoirs are at an all time low. And when summer comes, look out. Because you are not going to be able to meet your own current demand.

So I just leave you with that rather profound elongated and muddy statement relative to realities associated with your new responsibility. Thank you, Chairman Bingaman.

Chairman BINGAMAN. Thank you, very much.

Senator Wyden.

Senator WYDEN. Thank you, Mr. Chairman. As I said to the nominee, this question of Alaskan oil exports has never been a subject for the faint hearted. And that you have gotten a sense of that.

Look, the chairman is absolutely right in saying there are no exports taking place today. The problem is we wanted to put in place a permanent ban to ensure that in effect the Federal Government's position with BP Amoco was not just we will trust them. And so that is why we are asking for a re-examination.

Chairman BINGAMAN. I assume you are talking about all exports of oil outside the United States.

Senator WYDEN. I was just getting to that point, Mr. Chairman. Because I think that one area where there may be some common ground—and we ought to explore it. And the chairman and I were just visiting about it—is the question of perhaps given this dependence that our country has on foreign oil, 60 percent or thereabouts, there ought to be a complete ban on the export of domestically produced oil given the national security ramifications.

Mr. Secretary, what would be your reaction to something like that? And understand, the chairman and I have just visited about this informally. This is going to take a considerable amount of research and analysis. But what would you think about that conceptually?

Senator ABRAHAM. It will take a considerable amount of research and analysis I think is my reaction. I think that as we develop—as we try to accomplish what virtually every member of this committee, either today or in the private meetings I had leading up today, has said to me we need both a balanced, but a comprehensive policy that analyzes very source, determines how we get there.

And I think that as we examine sources, we have to examine them, not just from the standpoint of how to produce more in terms of permit processes or of tax laws, but also in terms of how market forces would apply. And I mean no disrespect to the position of either the Senator from Oregon or the people, the Oregonians' position or anybody else. I would want to analyze the market impact. Because it certainly sounds like at least the study that Senator Murkowski alluded to had found perhaps that there were some effects that were not necessarily anticipated when you think of this in a kind of abstract sense. But at least my first blush reaction is that I would need to certainly find out a lot more about the issue before I would hazard a judgment in terms of whether or not it is—

Senator WYDEN. I understand that. Know that this GAO report that was cited was done before the Oregonian put the e-mail on the front page of the paper attesting to BP Amoco's desire to deliberately stick it to the West Coast consumer by discounting sales to Asia knowing they could more than make up for it with higher prices on the West Coast.

I would like us to work on some approaches that find common ground. And I think one of the areas we ought to take a look at and examine is the question of saying that when you produce oil in this country, it stays in this country. I hope that we can look at it.

One other issue that I would like to raise with you and that is this question of transporting gasoline products from the Gulf of Mexico to the West Coast. Our understanding is that it costs between 7 and 8 cents per gallon. As you can understand, a big part of the concern in the West that we are paying the highest prices in the country, 10 to 20 cents higher than the national average, so transportation costs, while not the entire driving force behind these increases, is certainly significant.

Would you look into the question of whether there are legal, logistical or other kinds of constraints to figuring out a way to get

the gas by tanker or pipeline to the West and provide some relief to our region?

Senator ABRAHAM. I would. This is an area of some interest to me because we confronted gasoline prices back in the Midwest last summer that I am sure many of you not only observed, but probably recall me preaching about on the Senate floor at the time. In fact, suggesting we should temporarily suspend gas taxes to abate the problem to some extent temporarily.

And what we discovered, at least what I discovered, in that period, was that there were a number of factors that we really had not even recognized that compounded this problem that were logistical in nature to a certain extent, that were regulatory in nature to a certain extent.

Probably the biggest problem was actually a rupture in a pipeline that was supplying the southern part of Michigan. And so that on top of other factors, including OPEC's decision to reduce production that took place shortly before the prices spiked were the big parts of it that kind of got my interest in this area peaked. And so it would be something that I would like to see us examine, not exclusively with respect to the West Coast challenge.

Senator WYDEN. Mr. Chairman, my time is up, but I look forward to supporting Spence Abraham this afternoon. I think there will be strong bipartisan support in the committee and it is very much deserved. And I thank you.

Chairman BINGAMAN. Thank you, very much. I know Senator Domenici indicated right now that he would be right back and does have another question or two. While he is on his way, did you have an additional question? I can ask you one just so we are not cooling our heels. You are familiar with the nuclear cities initiative that the Department of Energy has engaged in with Russia to accomplish work there.

Much of the success of that is a result of the efforts of the Department of Energy employees working with officials in these secret cities, former secret cities, on non-weapons research and commercialization activities.

There have been some difficulties, however, in arranging for Department of Energy employees to meet with those officials, not problems with the Russians, but problems with our own Department of State. I do not know if you are familiar with any of that, but I have discussed it with others in the administration and the incoming administration as well.

I would just ask that once you are in the position of Secretary of Energy if you would look at that issue and see if you could not come to a better agreement with the Department of State. So that they would be more cooperative in allowing Department of Energy officials to go to Russia and do this work.

Senator ABRAHAM. I know that you have particular knowledge about and expertise in this area. And I would be more than receptive to getting your guidance as to whatever impediments we have on our side and then to carry forth with the new Secretary and the appropriate officials at State to try to address it.

Obviously, the nuclear cities issue as I mentioned a few minutes ago in my comment about non-proliferation challenges is one that has suffered a certain amount of criticism and concern. And if we

can find ways to address some of those concerns, if they are impediments that we are creating ourselves, then it makes sense to me to me that we would want to try to do that as soon as possible.

Chairman BINGAMAN. Senator Domenici, go ahead.

Senator DOMENICI. Thank you, Mr. Chairman. And thanks for waiting for me. I apologize. I have three questions I am going to submit for you in writing. At your leisure, you could answer them.

I would just want to make two closing observations. You have heard a lot today about the challenges and how tough a job you have undertaken. I think you know tough jobs make heroes. Tough jobs are what make people do great things. And frankly, I think you have one of the most difficult situations right now in terms of our future growth and prosperity that we have had in a long, long time. And I hope you succeed. Because if you do, the country will be much better off.

I want to tell you in the process you will experience some very exciting and fun things. Because you will attend that the national laboratories, all ten of them, I am very familiar with all of them but most familiar with the nuclear ones which do much civilian work. You will experience some of the most exciting science that you could imagine coming into your life.

At some of the labs, the next generation of computer chips are now a working product between a national laboratory that you will be running and all of the computer chip companies of the world. And what they say they will soon have for the world is incredible in terms of computer chip capacity. And you will be able to mark part of that as having been done by the stars in science at the Department of Energy. In fact, that one I am talking about is international. So everybody is going to put money into get the next computer chip and it is incredibly more powerful than what we have got and will be ready for the world.

In addition, you have heard a lot about genome. You remember when I used to talk a lot about it. Believe it or not, in short order the computer capacity of one of the major laboratories will be melded with the genome research that is going on to determine much more quickly the relationship of chromosomes, which are very complicated, to illness. And that will be a great big venture that will be announced shortly between one of the national labs and one of the companies that does that. That is exciting. If you were Energy Secretary, you could be present at that. And instead of worrying about all of this, you could be very excited about doing it.

And my last remarks have to do with something that also is subject to your control, but Secretaries of Energy have not had to do a thing about it. And that is the nuclear navy of the United States. And I want to just tell you something about it because I think it will help you as you think of nuclear power.

And although a small group of people who tremble when you talk it and who worry so much about low level radiation they have stymied everything, anything that has to do with nuclear, since 1954 when the Nautilus put the first atomic engine in it was put into the oceans of the world, we have continued to put them in. We have over 120 right now sailing the seas of the world with one or more—believe it or not—nuclear reactors onboard running the boat

with the waste that comes from it on the boat until they dispose of it.

And guess what? They go to every seaport in the world loaded with these nuclear reactors and nobody worries about them except one place in Australia which has a non-nuclear policy, non-nuclear power policy.

So it serves notice that if we are looking for the next generation of power for Americans, we really ought to look to the next generation of nuclear power also. You will be told much about this. And, of course, you will probably be told do not touch it because of politics.

I say touch it. Let us get a waste disposal policy to start getting rid of the nuclear waste. France is doing it with immunity and has 78 percent of their energy is nuclear. Why could not the country that invented it, that put all the technology into it, whose Energy Department or its predecessor actually made them, and whose U.S. Navy sails the seas and everybody lets them in all the ports because there is nothing dangerous about them?

I am just hopeful that you will begin to get some positive reactions to this. Because our Energy Department without a sign up there that says we are also looking at nuclear energy is not an energy department of the United States. At least it is not gifted enough to be called an American energy facility or department.

I am sorry to give you speeches today, but I guess you know I feel pretty strongly about this. Because I think we are making a mistake. Good luck.

Senator ABRAHAM. Thank you.

Senator DOMENICI. I look forward to voting for you and working with you. Thank you.

Senator ABRAHAM. Thank you, Senator.

Chairman BINGAMAN. Thank you, very much. Before we conclude, I wanted to particularly thank some of the people who helped prepare for the hearing today. Andrew Lundquist, of course, from this committee, Paul Longworth with the Armed Services Committee, Clay Sell from the Appropriations Committee in particular. Senator Abraham, subject to your assurance that you will respond to any additional questions we have in writing some time in the next week, we would go ahead at 2:30 with a vote here in committee on reporting your nomination.

Senator ABRAHAM. Thank you. I will be happy to respond. And I might also if I could just have the opportunity to submit for the record the names of some other individuals who participated in the efforts on behalf of the preparation team here to make today's hearing on our side more effective.

Chairman BINGAMAN. We would be glad to receive that. And the committee will stand in recess now until 2:30.

Senator ABRAHAM. Thank you, Mr. Chairman.

[The information referred to follows:]

Listed below are the people who helped with the initial confirmation:

Andrew Lundquist	Joe McMonigle
Paul Longworth	Cesar Conda
Joe Kelliher	Bill Martin
Clay Sell	Kevin Kolevar
Henry Gandy	Chase Hutto
Francis Norris	Majida Dandy
Ted Garrish	Michael Ivahnenko
Kyle McSarrow	

[Whereupon, at 12:34 p.m. the hearing was adjourned.]

APPENDIXES

APPENDIX I

Responses to Additional Questions

THE SECRETARY OF ENERGY,
Washington, DC, January 30, 2001.

Hon. FRANK H. MURKOWSKI,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: I want to thank you and Senator Bingaman for the opportunity to appear before the Committee on Energy and Natural Resources as Secretary-designate for the Department of Energy.

Enclosed for the record are the answers to the post-hearing questions submitted to me in writing by members of the Committee.

Please let me know if I can be of any further assistance.

Sincerely,

SPENCER ABRAHAM.

[Enclosure]

RESPONSE TO QUESTION FROM SENATOR MURKOWSKI

Question 1. There has been lot a concern about maximizing all of our sources of energy. Nuclear energy, as you know, provides over 20% of our nation's electricity. Nuclear energy is safe, reliable, and non-emitting and produces high volumes of electricity that are an essential part the nation's base-load generating capability. In the current energy crisis, there is much talk about new generation nuclear reactors. Over the past decade, operating gains in the current fleet have created the equivalent of 23 additional nuclear plants in the U.S. There is potential in the near term for building new, proliferation and incident, resistant nuclear plants. The indemnification for our current fleet and any new commercial plant initiatives is covered under the Price-Anderson Act that expires on August 1, 2002. Nuclear-related contracts under the DOE are also covered by this Act. Both the NRC and DOE have submitted reports that recommend extending the provisions for an additional 10 years.

As Secretary of Energy, will you support coverage under the Price-Anderson Act?

Answer. Indemnification of DOE contractors under the Price-Anderson Act is essential to the achievement of DOE's statutory missions in the areas of national security, energy policy, science and technology, and environmental management. I look forward to working closely with members of both parties and with individuals from inside and outside government to secure the early renewal of the Price-Anderson Act.

RESPONSES TO QUESTIONS FROM SENATOR DOMENICI

SCIENCE AT THE WEAPONS LABORATORIES

Question 1. Within the Department of Energy are laboratories primarily funded by the national security side of the Department and others that are primarily funded by the civilian side. Many of the more basic research areas of the Department's mission areas are found on the civilian side of the funding.

I've seen many examples where the national security labs have made superb contributions to civilian science and vice versa. I think it's very important that the weapons labs maintain their ability to contribute to civilian science areas. Their re-

search programs in these areas frequently assist in recruitment of staff and it's not at all unusual for a breakthrough on the civilian side to impact key aspects of our defense missions.

Legislation crafting the National Nuclear Security Administration took great pains to encourage the continued role of the weapons labs in civilian science programs, and I believe that General Gordon supports this approach.

Is this integration of civilian research into the weapons labs, and vice versa, something that you are comfortable with within the Department and are you willing to encourage the weapons labs to maintain their strong multi-program characteristics?

Answer. I am convinced that it is very important for the continued strength and vitality of the weapons laboratories, the Department's programs, and the nation's science base that the weapons laboratories maintain their multi-program status. Both basic science and applied research benefit by the sharing of staff, equipment, and facilities between civilian and defense programs. General Gordon has assured me that the National Nuclear Security Administration will continue to encourage the weapons laboratories to take advantage of shared research opportunities that strengthen their ability to perform their primary national security mission.

NUCLEAR ENERGY

Question 2. Your statement notes many of the serious trends that have contributed to the current national energy crisis. You noted your intent to increase the use of renewable energy, decrease our reliance on imported oil, and develop new technologies that conserve fossil fuels and reduce energy-related pollution. You did not mention the role of nuclear energy in your statement.

Nuclear energy, as you know, contributed about 22 percent of our electricity last year, and did it without emission of pollutants into the atmosphere.

Nuclear energy is poised for a rebirth, with serious consideration being given to construction of new plants for the first time in decades. These may be very different plants than we now have, they may be much smaller modular plants that are absolutely passively safe. They may be even safer than our present plants with their superb record of safety and availability.

For nuclear energy to continue as a viable energy option, their safety record must continue and the nation must develop approaches to spent fuel issues. I've personally favored development of interim storage of spent fuel, which will promptly move fuel away from the current reactor sites, while we evaluate a range of technologies that may contribute to long range spent fuel strategies.

Are you interested in working with the Congress to continue nuclear energy as a clean source of a significant fraction of our electrical supply?

Answer. Nuclear energy is a vital and essential component of the U.S. energy mix. The Department of Energy is eager to work closely with Congress to ensure that nuclear energy remains fully viable as a clean energy option. U.S. nuclear power plants are the lowest-cost source of baseload electric energy available on the grid today and we must maintain this option for now and in the future.

I am aware that in recent years the Department has initiated key programs in the area of nuclear energy, including the Nuclear Energy Research Initiative, the Nuclear Energy Plant Optimization programs and the Generation IV Nuclear Power Systems Initiative. Combined, these programs address not only the continued and improved operation of existing nuclear power plants, but also the need to maintain nuclear power as a viable energy option for the future. These are important programs, recommended and endorsed by the Nuclear Energy Research Advisory Committee (NERAC)—an independent panel that is comprised of the leading nuclear science and technology experts in the United States.

COMPARISONS OF ENERGY SOURCES

Question 3. Every energy source has both risks and benefits. For some energy sources, like nuclear, some groups focus only on discussion of risk areas, without discussion of benefits or discussion of technically sound approaches to addressing risks.

I strongly suggest that the Department should set about a careful evaluation that compares the full life-cycle costs of all energy sources. Such a study should include careful treatment of both the risks and benefits of each source.

In the recent past, we've seen some energy sources treated as "politically correct," while others are treated as "politically incorrect."

Would you favor such an evaluation of our future energy options?

Do you agree that such an evaluation might enable the Department and the marketplace to decide among competing energy options?

Answer. I agree that every energy source has risks and benefits. I also agree that there is opposition to continued use of some energy sources, such as hydropower, coal, and nuclear energy. However, the reality is these energy sources account for 47 percent of the total U.S. energy supply. There are advantages to diversifying our energy supplies, and I believe it would be a mistake to rule out any energy sources, particularly energy sources that are the mainstays of our economy. However, I have reservations about conducting the analysis you propose. First, I have doubts that this analysis would be relied on by the energy industry. Energy companies make decisions on developing various energy sources based on their own analysis of risks and benefits, particularly economic risks and benefits. It is unlikely they would substitute the Department's conclusions for their own analysis. Second, as you suggest in your question, in the past the Department has championed certain energy sources over others. That kind of advocacy could threaten to skew any analysis of risk and benefits.

PUBLIC RECOGNITION OF DOE'S CONTRIBUTIONS

Question 4. The Department of Energy operates one of the world's largest scientific organizations. Some of their contributions rival in importance to the nation those of agencies who are more of a "house-hold" name—like the National Institutes of Health or the National Science Foundation.

With few exceptions, the Department of Energy has not emphasized public understanding of their contributions, from scientific breakthroughs to new technologies for nuclear power.

Furthermore, when the Department is in the news lately, it has usually been related to a security issue or poor management of a project, like the NIF fiasco.

I'm sure that you agree that part of your focus in Departmental leadership must be directed to avoiding the "bad" news, through better management of all aspects of your enterprise, from management of construction projects to excellence in security.

But would you also agree that the Department should expand its efforts to publicize its successes in key areas of technology that impact national priorities?

Answer. First of all, I wholeheartedly agree with you that the Department has made significant contributions in the advancement of science in many areas. The national labs are a national treasure and they can be proud of the work that they have done. The Public deserves to know about these scientific achievements to the extent possible and the Department can, and should, do a better job of publicizing them.

COMPETITION WITH THE PRIVATE SECTOR

Question 5. Several companies have questioned the Department's sponsorship, through its Office of Scientific and Technical Information (OSTI), of PubSCIENCE. PubSCIENCE offers U.S. taxpayer-subsidized, free access to peer-reviewed journal literature. Services providing such access to peer-reviewed literature have long been available within the private sector, but, of course, these services cannot compete with a federally subsidized free service. I've expressed concern about the PubSCIENCE activities within the DOE, as have several other Senators. Do you support actions by the government to develop and maintain a world-wide free public access to journal literature in competition with private sector services?

Answer. I have not yet had an opportunity to closely review the specifics of the PubSCIENCE Program. However, as a general matter, I do not support actions by the government that compete with the private sector. I have been told that PubSCIENCE works in voluntary partnership with 41 publishers of peer-reviewed journal literature. Science cannot thrive without the sharing of information and the cross-fertilization of research.

The Department is already working with the Software and Information Industry Association (SIIA), which is a trade association representing the companies that compile citations and which have expressed concerns about PubSCIENCE. The Department is also working with other parts of the Administration on this issue as well since many of the protesting companies also object to Web-based information dissemination products from the National Institutes of Health, the U.S. Department of Agriculture, the Department of Education, the Department of Transportation, and others. I will continue the Department's work with the companies in an effort to balance the public's rights, the Department's needs, and the companies' interests.

RESPONSES TO QUESTIONS FROM SENATOR CRAIG

ENVIRONMENTAL MANAGEMENT

Question 1. Like other DOE sites with environmental contamination, clean up at the Idaho National Engineering and Environmental Laboratory (INEEL) is governed by a legally enforceable settlement agreement between the DOE, the Navy and the State of Idaho. Continuing to make progress on meeting the clean up milestones set out in the agreement is critical to continuing the good will between the lab and the state but progress in the next few years will require securing a sufficient budget for DOE's clean-up commitments nationwide.

As Secretary, will you be committed to continued progress in DOE's environmental management program, and working with Congress, OMB and the Administration to secure the funds needed?

Answer. Cleaning up the legacy of nuclear weapons research and production will be one of my priorities. I believe that the Department, working closely with the Congress, the Administration, regulators, and stakeholders, can do a better job of accelerating the clean up of contaminated sites. This is one of the challenges facing the department and providing adequate funding to achieve these goals will be essential.

BURIED WASTE

Question 2. I have discussed with you the need to deal responsibly with DOE's buried waste legacy, both in Idaho and at other DOE sites. I have supported funding for the construction of a Subsurface Geosciences Laboratory at the INEEL and research into the science of how pollutants move through underground, subsurface environments. I think DOE could make a contribution to the contaminated soils problem we face nationwide by discovering more cost effective solutions for underground pollution.

You have referred to DOE's laboratories as national treasures. Do you agree that we should focus the resources of the labs on solving these kinds of environmental challenges?

Answer. The national laboratories can play a key role in improving our ability to address the nation's environmental challenges. I support efforts by the Idaho National Engineering and Environmental Laboratory and other national laboratories to develop solutions to these challenges.

ADVANCED NUCLEAR REACTOR DESIGN

Question 3. Americans today are forced to deal with electricity shortages in California due to insufficient generation capacity, astonishing increases in natural gas prices, record high gasoline prices this past summer and now, cutbacks in OPEC oil production. At the same time, nuclear power is performing economically and safely.

What will you do in the Department to accelerate the development and deployment program for Generation IV advanced nuclear reactors which will be cheaper to build and operate and, safer, produce less waste, and be more proliferation resistant?

Answer. The Department is leading a research and development (R&D) effort—the Generation IV Nuclear Power Systems Initiative—that has two distinct tracks. The first is aimed at the near-term deployment (NTD), by 2010, of nuclear power plants that incorporate technical and economic improvements over today's operating and advanced light water reactors. The NTD study is designed to support owners/operators who are preparing to license and build new nuclear power plants in the near future. The second track is to make commercially available, in the longer-term future, a select number of innovative nuclear power plant designs. When complete, these efforts will result in an internationally-supported technology roadmap to develop and make available advanced nuclear energy technologies.

The first fruits of this R&D effort should arrive later this year when the NTD effort makes its recommendations. The technology roadmap, which will set the stage for future activity, will be completed by fiscal year 2003. I will examine the results of this roadmap closely and assure you that the Department will fulfill its responsibilities to help bring both the near-term and later designs to the market as early as possible.

YUCCA MOUNTAIN

Question 4. Many proponents, as well as opponents, of nuclear power believe that until the waste issue is resolved, the construction of new nuclear plants will not occur.

What are your plans for addressing the long-term disposal issue at Yucca Mountain?

Answer. It should be emphasized that sound science governs the program. I understand that the Department has been conducting site evaluation and characterization activities for the past 18 years, under legislative authority provided by the Nuclear Waste Policy Act of 1982, as amended in 1987. We are nearing a point where sufficient scientific and technical information may be available to support a decision on whether the site is suitable. There are a number of additional intermediate steps between site recommendation and actual waste acceptance, including a rigorous safety licensing process with the Nuclear Regulatory Commission, which must still be met. Again, my commitment is to make progress on the nuclear waste program while ensuring that sound science governs each step in the process.

NEW NUCLEAR ENERGY

Question 5. The total electrical output from U.S. nuclear plants has risen from 300 billion kwh in 1980 to about 750 billion today, even though no new plants have been ordered in that time. This, as well as other dynamics, points to a bright future for the universal use of nuclear power.

What is your view of the expanded use of nuclear energy in California and outside of the United States to meet the growing electricity demands in domestic and foreign markets?

Answer. For the past several years, nuclear power has accounted for roughly 20% of total electricity generation in the U.S., in spite of the fact that several plants have recently been retired. The average capacity factor at U.S. nuclear plants has risen from 56% in 1980 to 86% in 1999—resulting in record levels of generation. Clearly, nuclear power is a critical component of our energy supply mix.

A sound national energy strategy must reflect a number of diverse goals, such as ensuring fuel diversity and energy security, and maintaining adequate, reliable supplies of energy at reasonable costs. Nuclear power can be an important contributor to these goals. In selecting what generating plants are built, power producers should be able to select from a diverse set of technologies in their efforts to balance cost, efficiency, and risks.

NUCLEAR FUEL CYCLE

Question 6. The role of nuclear power for the nation's energy security is very clear. Indeed, to me it is clear that expanding our nuclear generating capacity is essential for the future. I am concerned however that the value of such an expansion could be undermined by the loss of the nation's capability to produce and process nuclear fuel for its own reactors. Indeed, the continued viability of the sole remaining uranium converter in the U.S. appears to be currently in doubt.

How important do you think it is to maintain our own nuclear fuel cycle in the U.S.? What do you think DOE should do to maintain the viability of our fuel cycle in the U.S.? Do you think temporary assistance to the U.S. uranium mining and conversion industries to ensure their continued viability may be appropriate?

Answer. I support the objective of maintaining reliable and competitive domestic uranium conversion and enrichment industries. I share your concern for the depressed state of these important industries and understand that over the past year the Department has worked diligently with Congress and industry to evaluate options that address the depressed uranium and conversion markets. In this respect, the Department recently submitted two reports to Congress [*Effect of U.S./Russia Highly Enriched Uranium Agreement* and *Maintenance of Viable Uranium, Conversion and Enrichment Industries*] that focus on these very issues.

I plan to review the two reports carefully and the issues concerning these domestic industries and look forward to continuing to work with Congress to maintain a viable domestic nuclear fuel industry.

GAS REACTOR RESEARCH

Question 7. Under the Department of Energy's materials disposition program, the U.S. is currently funding work to develop the high temperature gas cooled reactor for the purpose of burning up surplus Russian weapons plutonium. The Russians are matching part of the U.S. contribution and the French and Japanese are contemplating substantial contributions to this program. As you may be aware, this reactor type brings with it several advantages in the form of increased safety, efficiency and reduced waste production which may make it a promising candidate for a next generation power reactor.

What is your position on the need for international collaboration in advanced reactor development and on this reactor development, specifically?

Answer. International cooperation is needed because the GT-MHR cannot succeed as a plutonium disposition option, in the time frame required, without significant financial contributions from international participants.

FUSION RESEARCH

Question 8. The fusion energy sciences program has received more high-level, independent reviews over the past 6 years than any other DOE science or energy program (there have been 5 such reviews). Each one of these reviews has praised the program for the quality of its science, the progress that has been made towards the ultimate goal of fusion energy and has reminded us of the importance of fusion research for the future. Each of these reports has also pointed out that the fusion program is, in their view, under-funded.

If you are confirmed, would you work to increase the funding and support for this program? What do you think the government's role should be in fusion energy?

Answer. Because of the long-range nature of fusion energy research, as well as the pivotal role that this program plays in support of fundamental plasma science in the United States, the government should continue to support fusion energy research. I will work hard to maintain the high quality of DOE's scientific research efforts in this regard, including the Fusion Energy Sciences Program.

Question 9. If confirmed as Secretary of Energy, will you continue the practice of having the Power Marketing Administrations report directly to the Deputy Secretary of Energy?

Answer. I have no plans to change it. I understand this reporting arrangement has worked very well in bringing the PMAs' time-sensitive concerns to the attention of the highest levels in the Department.

RESPONSES TO QUESTIONS FROM SENATOR GORDON SMITH

Question 1. The Bonneville Power Administration, as well as other Power Marketing Administrations, currently report to the Deputy Secretary of Energy. Will you commit that Bonneville and the other PMA's will continue to report to the Deputy Secretary in order to assure that power marketing issues receive a high level of visibility in the Bush Administration?

Answer. I have no plans to change it. I understand this reporting arrangement has worked very well in bringing PMAs' time-sensitive concerns to the attention of the highest levels in the Department.

Question 2. In my region of the country—the Pacific Northwest—the Bonneville Power Administration and investor-owned utilities have worked with the regional stakeholders to develop a regional transmission organization, or RTO. Movement to a RTO will be a significant change for my constituents and cannot be done without considerable input and participation from regional interest. Do you agree to work with me and my colleagues from the Northwest on this issue and, in particular, that regional processes and solutions should be respected and acknowledged?

Answer. Electricity systems around the country differ by region and state. National policies should recognize these regional differences and regional stakeholders need to work together to the extent possible in helping to meet the nation's priorities. I assure you that I will work with you and your colleagues from the Pacific Northwest on both national and regional policy objectives affecting your region.

RESPONSES TO QUESTIONS FROM SENATOR BINGAMAN

STOCKPILE STEWARDSHIP PROGRAM—CTBT

Question 1a. Last Fall, the Senate held a few brief hearings on the Comprehensive Test Ban Treaty and ultimately voted against ratification. In my view, that action was very detrimental to the nonproliferation goals we talk so much about here in Congress. As part of that process, the Senate held a single hearing on the subject of the Stockpile Stewardship Program—a critical element supporting the CTBT by assuring us that the nation's nuclear weapons stockpile is safe and reliable. Laboratory directors have certified the stockpile to be safe and reliable for four years now.

I was disturbed that many of my colleagues seemed to get the impression during that hearing that the Stockpile Stewardship Program is a sort of computer simulation exercise that can't provide the level of confidence we need to know that our weapons will work if we needed to use them.

Are you confident that the current certification process is sufficient to give the nation full confidence in the safety and reliability of our nuclear weapons?

Answer. As I stated previously during the hearing, I view certification of the stockpile as a paramount priority. The stockpile was recently certified by my prede-

cessor, and I have been assured by those officials involved that they have the utmost confidence in that decision. As Secretary, I will review the certification process to assure that it provides the confidence and reliability that was intended.

Question 1b. Will you work with the Congress to ensure that sufficient funding is available to support the Stockpile Stewardship Program such that we maintain the level of confidence that we need regarding the stockpile and that any fixes that are needed are identified and funded?

Answer. I look forward to working with Congress to make sure the Stockpile Stewardship Program is funded at a level that will ensure its continued success. The Stockpile Stewardship Program is crucial to maintaining the necessary level of confidence in the stockpile.

Question 1c. We have a bipartisan working group looking at CTBT issues in the Senate. Will you work with our group and with the whole Senate to keep us educated about the elements and performance of the Stockpile Stewardship Program in order for us to better understand its effectiveness in support of a Comprehensive Test Ban Treaty?

Answer. I and General Gordon, the Administrator of the National Nuclear Security Administration, will be pleased to keep your group and the Senate fully informed on all aspects of the Stockpile Stewardship program. The program's whole purpose is to ensure the continued safety, security and reliability of the nation's nuclear deterrent.

FUNDING FOR THE INITIATIVES FOR PROLIFERATION PREVENTION PROGRAM

Question 2. DOE's Initiatives for Proliferation Prevention (IPP)—The Initiatives for Proliferation Prevention program began in 1994 with the goal of bringing U.S. and Russian laboratory scientists and the private sector together to move technologies from concepts to sustainable businesses. In the past, there has been concern that IPP has not achieved the goals underlying the program—that a great deal of research is being done, but there is little commercial success achieved thus far. This program—a critical element of our overall nonproliferation strategy—is beginning to produce significant commercial successes involving U.S. companies. Many of IPP research programs have reached R&D maturity but lack the funds and business expertise to make the transition to commercial success—the goal set for the program in 1994.

Would you support additional funding to assist the transition of IPP programs to commercial applications consistent with the law and DOE administrative regulations?

Answer. I am acutely aware that the Department has a critical role in addressing the challenge of nuclear nonproliferation. I am advised that the IPP program has made significant progress in the recent past in connection with the goal of creating commercially viable enterprises. In sustaining these important efforts, I will be pleased to work with you and the cognizant committees.

RENEWABLE ENERGY

Question 3. What are your views on the technology advancements that have been made in renewable energy? Do you believe that renewable energy can and should play an important role in our nation's energy mix?

Answer. Twenty years ago renewable energy was generally produced at a very high cost and in an inefficient manner. Since then, renewable energy technologies such as wind, solar, biomass, and geothermal have made remarkable progress. Advances from research and development conducted by the Department of Energy and its partners have led to significant improvements—in production costs, system reliability and in reduced energy production costs.

I know that the role of each technology has to be put in perspective with regard to the current energy prices and situations. Clearly, competition and a number of technology advances in the electric power sector have led to dramatic decreases in the price of power from new sources of generation. The incredible growth and demand for additional power across the Nation suggest the need to develop a wide-ranging portfolio of domestic-based options to meet the different needs, and match the resources, of the various regions of our country. Renewable energy technologies—including advanced hydropower and renewable/fossil hybrid systems—can and should play an important role in the future of energy in the U.S.

WIND POWER

Question 4. Wind power is the fastest growing source of energy in the world, with over 17,500 megawatts of installed capacity. U.S. capacity is just over 2,500 megawatts, which provides nearly 6 billion kilowatt-hours of electricity annually or

enough to power 600,000 homes. Those domestic totals are expected to nearly double in 2001. Furthermore, the cost of wind is currently 3-5 cents per kilowatt-hour, comparable to new coal and natural gas facilities. Under your leadership will the Department of Energy continue to support initiatives to increase the percentage of electricity derived from wind?

Answer. President Bush has reaffirmed his commitment to increased production from conventional and alternative domestic energy sources. This Administration believes strongly in a balanced approach to meeting our energy needs. As a rapidly growing source of energy in the world, as well as one of the quickest to install, I expect wind energy to play an increasingly important role in domestic power production.

TAX CREDITS FOR RENEWABLES

Question 5. Under present law, an income tax credit of 1.5 cents per kilowatt-hour adjusted for inflation is allowed for the production of electricity from qualified wind facilities, "closed-loop" biomass facilities, and poultry waste farms. The current credit will expire on December 31, 2001. An extension of the credit has been included in a number of legislative proposals, including S. 2557, introduced in the 106th Congress by Senator Murkowski, which you cosponsored. Do you support an extension of the wind energy Production Tax Credit?

Answer. President Bush supports expanded production of all energy supplies—and clearly supported an extension of this production tax credit. I look forward to supporting this tax proposal and working with the Congress to assure its enactment.

RESPONSES TO QUESTIONS FROM SENATOR AKAKA

ENERGY RESEARCH

Question 1. The United States is becoming increasingly dependent on foreign oil, while competition from other nations for the available energy supplies is increasing. What is needed is increased energy research and development.

What new approaches do you plan to implement with respect to energy research and development, and what areas of research will receive priority attention?

Answer. President Bush and I are deeply committed to developing an energy policy that includes increasing domestic production of energy in an environmentally responsible manner, increasing our use of renewable energy, decreasing our reliance on imported oil, and developing new technologies that conserve fossil fuels and reduce energy-related pollution.

The Department of Energy is the principal Federal agency charged with responsibility for the development of a national energy policy. However, development of a national energy policy requires coordination with other Federal agencies and working with Congress. We will need to work with the agencies on issues such as federal land use, meeting our environmental responsibilities and how to provide appropriate incentives for production of our domestic energy resources.

Question 2. I have sponsored laws that promote research and development for new sources of energy such as hydrogen and methane hydrates. These sources of energy have the potential to provide abundant and clean energy for decades. These programs need appropriate financial and managerial support.

Will you ensure that these R&D programs are provided appropriate funding and high level managerial support?

Answer. I recognize the potential of hydrogen as an important long-term energy source and understand that the Department has a plan for developing the critical technologies for realizing this potential. The Assistant Secretary for Energy Efficiency and Renewable Energy, and the Assistant Secretary for Fossil Energy will both continue to see that the managers of the Hydrogen Program interact with the Hydrogen Technical Advisory Panel to help realize the potential of these energy sources.

Question 3. Hydrogen and methane hydrates are decades away from becoming major sources of energy. We would need other sources of energy to help us in transition to utilizing these sources of energy. Natural gas is a good source of energy for many applications. It is particularly good for use in the transportation sector.

What plans do you have to encourage the use of clean sources of energy such as natural gas in the transportation sector?

Answer. Natural gas has made significant progress in recent years as a transportation fuel. In addition to active research and development on natural gas vehicle technologies, I am informed that the Department administers several programs—in partnership with natural gas vehicle (NGV) manufacturers and fleet stakeholders—to assist with the deployment of these vehicles and the development of the infra-

structure necessary to support them. Currently all of the U.S.-based automakers have NGV product lines, as do several foreign manufacturers. In addition, all of the major transit motor coach suppliers now offer a natural gas option to their customers.

Despite the progress, many barriers to increased use of NGVs still exist—such as the higher initial cost of the vehicles and the limited availability of refueling stations in most areas of the country. To address these issues we would need to investigate ways to expand the natural gas refueling infrastructure, to continue to reduce costs through R&D activities and deployment partnerships, and to ensure that consumers and fleet users have access to accurate information about these vehicles. The proper emphasis of these actions, of course, will depend on the judgments made, with the Congress, in the formation of an overall energy strategy for the Nation.

Question 4. Certain regions of our country are overly dependent either on one source of energy or on an imported source of energy. For instance, the Northeast is overly dependent on heating oil. Hawaii is overly and dangerously dependent on imported oil. Hawaii's residents and visitors use oil to meet 90 percent of their energy needs. Hawaii's dependence on oil poses risks to Hawaii's economy from sudden price increases or from supply problems. It is imperative that we make all efforts possible to diversify the energy resource mix.

Will you support initiatives that will allow Hawaii to diversify its energy mix by introducing other sources such as natural gas?

Answer. As you know, Hawaii has an abundance of renewable energy resources—geothermal, solar, wind, and biomass—that I believe can help diversify the state's energy mix and offset its dependence on costly imported fuels. In particular, Hawaii would benefit from energy systems that generate power at or near the end-user which eliminates the need for significant new transmission and distribution systems. Additionally, there are a number of renewable resources in Hawaii that can be used to produce hydrogen, an energy source that can be used for both power and transportation purposes.

The Department of Energy has funded the University of Hawaii to conduct research on several methods to produce hydrogen: direct dissociation of water using sunlight; biological methods of hydrogen production; and the use of gasification technologies to produce both hydrogen and electricity from biomass. The Department is also researching hybrid distributed energy systems using a combination of natural gas and renewables and on combined heating, cooling and power systems which will use natural gas, syngas and propane resources (used extensively in Hawaii) much more efficiently than most current technologies.

MIXED PLUTONIUM/URANIUM OXIDE (MO_x) SHIPMENTS

Question 5. Under the terms of the 1988 U.S.-Japan Agreement for Peaceful Nuclear Cooperation, the United States must approve the comprehensive transportation plan for transfer of plutonium from U.S.-supplied nuclear fuel provided by British and French reprocessing plants to Japan for use in Japanese power plants. The agreement also requires the application of strict physical protection measures, including the use of an armed, military-type vessel or alternative security measures.

In February 1999, the Departments of Energy and State briefed the Congressional delegations of Hawaii and the Pacific territories on the shipments of mixed plutonium/uranium oxide (MO_x) from Europe to Japan. At that time, I expressed concern about the review and consultative process being pursued by the Executive Branch. Despite these concerns, the U.S. government approved a transportation plan that did not require a dedicated armed escort vessel, such as the \$100 million Japanese Coast Guard "plutonium escort vessel" that the United States approved for a 1992 shipment to Japan. Instead, the United States approved use of two British freighters, armed with light cannons and machine guns and armed with civilian guards, in clear contravention of the intent of the U.S.-Japan agreement.

There is a pending departure this week of the second MO_x shipment to Japan, and many more are anticipated in the future.

Question 5a. Will the Bush Administration undertake a new review of security and safety arrangements for MO_x fuel shipments from Europe to Japan?

Question 5b. Will the Bush Administration insist upon a dedicated armed escort vessel?

Question 5c. Will the Bush Administration continue the present policy of not permitting shipments of plutonium or MO_x fuel to transit the Panama Canal for security/safety reasons?

Answer a-c. I understand the concerns in this regard. The Department of State is the federal agency which has the responsibility and the authority to review and make changes to the conditions and precautions necessary for international ship-

ments of MO_x . I will ensure that your concerns about this issue are brought to the attention of the State Department.

GLOBAL WARMING

Question 6. The effects of major global climate change on the U.S. and the rest of the world will be devastating. Hawaii, being an island-state with limited land mass, is extremely sensitive to global climate changes. Hawaii is a tropical paradise. The worldwide problem of greenhouse gases threatens its well-being.

The World Meteorological Organization and the United Nations Environment Program established the Intergovernmental Panel on Climate Change (IPCC) in 1988. The function of IPCC is to assess available information on the science, impacts, and crosscutting economic issues related to climate change, in particular to a possible global warming induced by human activities. The IPCC completed its first assessment report in August 1990 which indicated with certainty an increase in the concentration of greenhouse gases due to the human activity. The report assisted the governments of many countries in making important policy decisions, in negotiating, and in the eventual implementation of the UN Framework Convention on Climate Change which was signed by 166 countries at the UN Conference on Environment and Development at Rio de Janeiro in 1992. The convention was ratified in December 1993 and took effect on March 21, 1994. IPCC issued another assessment in 1995. It also developed another assessment in 2000.

The conclusions of the panel's latest assessment are alarming. One of its most striking findings is its conclusion that the upper range of warming over the next century could be even higher than the panel's 1995 estimates. IPCC also reached the consensus that it is likely that increasing concentrations of anthropogenic greenhouse gases have contributed substantially to the observed warming over the last 50 years.

Question 6a. Would you support efforts to address the concerns raised by the conclusions of the panel?

Question 6b. What mandatory measures would you consider as part of responsible U.S. policy to deal with the problem of global warming?

Question 6c. Would you support legislation that would require significant mandatory reductions in the emissions of four pollutants (SO_x , NO_x , Mercury, and CO_2) from power plants?

Answer a-c. The Department of Energy is currently in the process of reviewing the IPCC's latest report that was completed January 19, 2001. As President Bush indicated during his campaign, global climate change is an important concern that must be addressed. I expect to be involved in formulating this Administration's policies addressing climate change. Any effective response must involve the international community and both developed and developing countries. It must also be cost-effective, in order to mobilize the private sector in support of the objective, rather than merely putting the private sector in a regulatory straight jacket.

ENVIRONMENTAL MANAGEMENT

Question 7a. The cleanup of the legacy of nuclear weapons production is one of the most technically challenging and expensive problems facing this country. This problem was created during more than 50 years of nuclear weapons production. The Department has had a program for the last decade or so with the goal of cleaning up the contaminated facilities in the weapons complex. You have said that we can do a better job of accelerating the cleanup of contaminated facilities. I welcome that statement.

What are the most important environmental cleanup issues that still remain to be addressed by DOE?

Answer. The Department's cleanup program is one of the most technically challenging and costly programs in the world. The environmental legacy of 50 years of nuclear weapons research, production, and testing, and DOE-funded energy research includes large volumes of nuclear materials, spent nuclear fuel, radioactive waste, and hazardous waste. These are challenges that cannot be remediated overnight. While significant progress has already been made, some of the most difficult challenges are still ahead. These include:

- safely storing, treating, and disposing of the high-level radioactive waste in tanks and packaging spent nuclear fuel in pools at the Hanford site in Washington State;
- stabilizing nuclear materials, continuing treatment of high-level radioactive waste and packaging spent nuclear fuel at the Savannah River Site in South Carolina;

- continuing the packaging of spent nuclear fuel and treatment of high-level radioactive waste at the Idaho site in Idaho;
- remediating contaminated ground water at numerous sites including those in Idaho, Tennessee, South Carolina, Washington, Kentucky, and New York;
- completing the cleanup at sites with near-term closure dates like Rocky Flats in Colorado and the Fernald and Mound sites in Ohio; and
- developing and applying new technologies to treat types of waste for which no effective technology currently exists.

Numerous other clean-up challenges also exist and must be addressed. I will pursue an active program to remediate all sites—big and small.

Question 7b. How do you plan to ensure long-term stabilization and safety of highly contaminated DOE sites? What kinds of administrative structures and funding regimes do you believe will be necessary to protect the public and the environment for the indefinite future?

Answer. Each DOE site presents unique cleanup challenges. When assessing these challenges, I believe the Department needs to continue to work with EPA, State and Tribal governments, local communities, the Congress, and other stakeholders in selecting cleanup remedies. These remedies should be consistent with reasonably foreseeable land use while ensuring the protection of public safety. In some cases, even after cleanup is completed, unrestricted use of the land may not be possible because of the nature and extent of the contamination make it technically or economically infeasible to restore the site to an unrestricted condition. These sites may also require post-cleanup management and monitoring (i.e., long-term stewardship) to protect the environment and public health. The Department should work to identify opportunities during cleanup to avoid costly long-term stewardship where possible.

Question 8a. The Department is involved in research and development of innovative and cost effective environmental technologies. These new technologies can be used not only in the cleanup of DOE sites, but also on other sites in our country as well as have potential for use overseas.

Are these technologies being effectively utilized in the cleanup process?

Answer. I understand that the Department has made significant progress over the past several years in deploying new technologies within its facilities to solve or accelerate cleanup challenges. DOE currently has over 280 new technologies available for use and has used these technologies over 500 times in cleanup activities since the program was established in 1989. I will continue to press to use the best available science and technology to the cleanup challenges facing the Department and the private sector where possible.

Question 8b. Does the Department have a process in place to ensure that technologies it develops are being used? If such a process is in place, is it being widely used?

Answer. I understand that widespread deployment of new technologies in which DOE invests has been a major focus of the Environmental Management (EM) program for the past several years. The EM science and technology program also provides technical assistance in the form of Deployment Assistance Teams to provide site-specific assistance in evaluating new technologies to address local environmental problems—as well as the training or customizing of new technologies to satisfy a unique site-specific purpose.

Question 8c. Are there any DOE initiatives to enhance our competitive position with foreign countries with respect to environmental technologies?

Answer. The primary mission of DOE's environmental science and technology program is to provide innovative technologies to clean up the Department's weapons complex more efficiently. However, because the Department partners with private industry in developing new technologies, most of these technologies become commercialized and available to anyone, from U.S. vendors themselves to foreign users. For instance, the Oxy-Gasoline Torch—a technology sponsored by the DOE science and technology program with Petrogen International Ltd., in Richmond, California—is being used in Russia to dismantle buildings undergoing deactivation and decommissioning.

RESPONSES TO QUESTIONS FROM SENATOR CANTWELL

Question 1. In recent weeks, the Secretary of Energy has declared an emergency in west coast wholesale energy markets and ordered utilities outside of California to make sales of their surplus power to California, often without adequate financial security. Consequently, these utilities outside of California are also placed in financial trouble. Do you plan to extend Secretary Richardson's order and, if so, do you plan to make any changes to it?

Answer. On January 23, I issued a two-week extension of emergency orders requiring certain energy suppliers to provide natural gas and electricity supplies to California utility companies. Both of the emergency orders will expire on February 7.

The extension was granted at the request of California Governor Gray Davis in order to provide sufficient time for California to complete actions on steps designed to, among other things, restore the financial health of the utility companies and develop other sufficient sources of energy to meet their needs.

In granting the extensions, I emphasized that while the federal government has provided help to the State, only the State of California can implement the policies necessary to resolve its short term as well as its long term energy supply challenges—a view shared by the previous Administration.

Question 2. What are your views on a short-term, west-wide price cap for electricity and would you support it in one form or another? If not, what measures would you support to help bring the situation under control?

Answer. Rising demand and the lack of new generating capacity over the last 10 years is the primary cause of the current situation in California. There are, however, a number of market design problems that have exacerbated the situation. For example, until recently, California generally prohibited distribution utilities from entering into long-term contracts or undertaking other sound risk-management practices. Instead, they were forced to purchase all of their electricity in day-ahead and real-time spot markets—exposing them to significant price volatility risk. Most California consumers also pay fixed rates that do not vary based on the amount of electricity that is available. Consumers therefore have little financial incentive to conserve electricity when wholesale prices rise due to tight supplies. As a result, supply and demand are not balanced in the market.

California needs to correct these and other market design problems in order for power prices to stabilize and return to reasonable levels. As a fundamental matter, this problem can only be solved by California.

Question 3. I appreciate your commitment to support the Power Marketing Administrations (PMA's) as well as your positive response on supporting the regional preference for the Bonneville Power Administration. On a related note, some have proposed that PMA's move from cost-based rates to market-based rates which would negatively impact the Northwest economy. Will you oppose proposals that would alter the cost-based rate structure for Bonneville and other PMA's?

Answer. The Federal government has created a statutory requirement that the Bonneville Power Administration and the other Power Marketing Administrations sell power at cost-based rates. As Secretary of Energy, I will continue to support the cost-based rate structure for the Power Marketing Administrations.

Question 4. The Bonneville Power Administration, as well as the other Power Marketing Administrations, currently reports to the Deputy Secretary of Energy which has worked extremely well for managing Bonneville and PMA business decisions. Will you commit that Bonneville and other PMA's will continue to report to the Deputy Secretary in the Bush Administration?

Answer. I have no plans to change it. I understand this reporting arrangement has worked very well in bringing PMA's time-sensitive concerns to the attention of the highest levels in the Department.

Question 5a. The State of Washington, U.S. Environmental Protection Agency and the Department of Energy are all parties to a comprehensive clean-up and compliance document called the Tri-Party Agreement. This document is a legally binding agreement and consent order committing the Department of Energy to clean up the Hanford Nuclear Site and to achieve compliance with State and Federal environmental laws. As Secretary of Energy, will you commit to working with top officials from the State of Washington to repair the damage to the relationship between the State and the Department of Energy done by the Department's failure to live up to its obligations under the Tri-Party Agreement?

Answer. Let me assure you that I take the obligations under the Tri-Party Agreement very seriously and will work closely with the Governor of Washington and other top State officials, as well as the U.S. Environmental Protection Agency, to address the cleanup of the Hanford Site through the Tri-Party Agreement.

Question 5b. Also, will you direct the staff of the Department's Environmental Management Program to make the Hanford site a top priority, as well as provide the Hanford Nuclear Site Office of River Protection adequate finances and authority to successfully manage the Hanford tank clean-up project?

Answer. The high level radioactive waste tanks at Hanford pose one of the most pressing and complex problems facing the environmental management program. To ensure that cleanup of these tanks proceeds apace, the Assistant Secretary and the Manager of the Office of River Protection have been delegated appropriate authority

to manage the project and will have my full support in implementing these responsibilities.

Question 5c. Lastly, in FY 02, the budget for building the vitrification plant on schedule will require approximately \$1.1 billion. Do you support maintaining our existing legal commitments to build this vitrification plant on schedule?

Answer. The Department recently signed a contract to design and construct a vitrification plant for the highly radioactive tank wastes managed by the Office of River Protection at Hanford. I understand the contract incorporates key dates for treating the waste and provides the contractor with significant incentives to perform the work on the required schedule and with penalties for failure to perform.

RESPONSES TO QUESTIONS FROM SENATOR THOMPSON

Question 1. The largest construction project in the Department of Energy's Science budget is the Spallation Neutron Source (SNS), located at the Oak Ridge National Laboratory in Oak Ridge, Tennessee. This facility, which will be used by scientists from across the country and around the world, will restore America's leadership in the field of neutron science and enhance our global competitiveness. Construction began in 2000, and the project will be completed in 2006.

Do you support keeping the SNS on its current schedule, including the budget profile that includes approximately \$300 million in fiscal year 2002?

Answer. Completing the SNS project on time and within its Total Project Cost will remain one of the Department's top priorities.

Question 2. A number of recent studies have documented serious infrastructure deficiencies across the Department of Energy's nuclear weapons complex. The Y-12 plant in Oak Ridge is a critical part of that weapons complex, but many of its facilities date back to the original days of the Manhattan Project and are either crumbling or are simply obsolete.

The Department and the National Nuclear Security Administration, led by General Gordon, have made an initial commitment to modernizing the weapons complex, including several significant construction projects currently planned for Y-12. I strongly believe that these projects are critical to ensuring that Y-12 and the other weapons facilities can continue to perform their vital national security missions in the future.

Will you commit to supporting the modernization of the nuclear weapons complex, including the production plants, to preserve our nuclear deterrent and ensure that our stockpile remains safe and effective?

Answer. Ensuring the safety and reliability of our nuclear weapons stockpile and preserving this nation's nuclear deterrent is the paramount mission of the Department.

I am aware that the Department is considering a facilities and infrastructure recapitalization initiative and I have requested a detailed briefing on it. I understand that the initiative's purpose is to reverse the long decline in investment in the deteriorating weapons production infrastructure. A modernized infrastructure would help improve overall operational efficiency and help attract and retain the skilled engineers and production technicians that will be needed to maintain the nation's nuclear stockpile. I plan to examine options to modernize the weapons complex and will work with the Congress on ways to address the problem.

Question 3. As you know, the Environmental Management (EM) program is the largest program run by the Department of Energy. While significant progress has been made in cleaning up DOE sites that were involved in past weapons production activities, serious environmental challenges remain in a number of states, including Tennessee.

I am concerned that, if the EM program does not receive adequate funding over the next several years, compliance agreements with state regulators and the Environmental Protection Agency will be jeopardized and the long-term costs to the taxpayers will increase.

How important a priority will you make cleanup of the Department's former weapons sites? Recognizing that you must balance the funding requirements of all of the important programs that the Department oversees, will you attempt to ensure that EM activities receive sufficient funding over the next several years?

Answer. Environmental cleanup will be a priority at the Department of Energy. I understand the critical importance of addressing the risks posed by contamination at DOE's sites and meeting our cleanup commitments to the communities and the states that have supported the nation's national security efforts. I am committed to meeting the Department's obligations arising under compliance agreements and environmental laws. I am prepared to work with the Congress on the funding issues presented by those problems.

Question 4. Last year, Congress created the Energy Employees Occupational Illness Compensation Program to compensate Department of Energy nuclear weapons workers whose health was harmed in the course of their service to our country.

Pursuant to the legislation that was enacted and a subsequent Executive Order, this program will be run by several different Cabinet agencies led by the Department of Labor. However, the Department of Energy will play a critical role in identifying eligible employees, providing information about employee exposures, and in assisting exposed workers not eligible for federal benefits in accessing the appropriate state workers' compensation system.

All workers at DOE sites have been waiting years—and in many cases decades—for the federal government to step up to the responsibility it has to help those it has put in harm's way. Will you make every effort to ensure that the Department of Energy acts as expeditiously as possible to carry out the responsibilities assigned to it under the Energy Employees Occupational Illness Compensation Act and the associated Executive Order?

Answer. The Compensation Program will be administered by the Department of Labor, the Department of Health and Human Services, and the Department of Energy. I recognize the importance of ensuring that DOE carry out its responsibilities under the Program, and have designated my staff office—the Office of the Assistant Secretary for Environment, Safety and Health (EH)—as the lead for ensuring that the Department's obligations under the Energy Employees Occupational Illness Compensation Program Act, and the associated Executive Order, are carried out quickly and completely.

RESPONSES TO QUESTIONS FROM SENATOR JOHNSON

Question 1a. What do you see as the primary reasons behind skyrocketing energy prices—doubling and even tripling of natural gas prices—and what package of solutions would you propose to alleviate the problem?

Answer. Over the last decade oil consumption has increased by more than 14 percent while domestic oil production has declined by more than 18 percent. These trends have increased our dependence on imported oil to 57 percent—our highest level ever. We now import more than 11 million barrels of oil each day—and DOE estimates that imports will increase to 15 million per day by 2010. Natural gas prices have more than doubled over the last year in most areas of the country and in some places are much higher. All of this will drive up the price of goods through increased production and transportation costs.

President Bush and I are deeply committed to developing an energy policy that includes increasing domestic production of energy in an environmentally responsible manner, increasing our use of renewable energy, decreasing our reliance on imported oil, and developing new technologies that conserve fossil fuels and reduce energy-related pollution.

The Department of Energy is the principal Federal agency charged with responsibility for the development of a national energy policy. However, development of a national energy policy requires coordination with other Federal agencies and working with Congress. We will need to work with the agencies on issues such as federal land use, meeting our environmental responsibilities and how to provide appropriate incentives for production of our domestic energy resources.

Question 1b. What do you think about decreasing U.S. exposure to fossil fuel price shocks by increasing fuel diversity with greater reliance and production from domestic alternative energy resources?

Answer. We can and should continue to encourage the use of renewable energy, including biomass, solar, geothermal and wind—for environmental purposes as well as to reduce our demand for foreign oil.

Question 2. Since the cost of oil has a much greater impact on our transportation system—as opposed to our electric system—would you support a significantly increased use of alternative fuels, such as biofuels?

Answer. The Department of Energy (DOE) has supported the development of alternative fuels, including biofuels. These programs are vital for implementation of the Biomass Research and Development Act of 2000, which calls for closer coordination between DOE and the Department of Agriculture (USDA). Industry, in collaboration with DOE, USDA, and other agencies, has developed a vision for biobased products and bioenergy that calls for a tripling of the use of biomass by the year 2010. DOE is implementing a \$100 million FY 2001 research budget for this purpose, which includes research and development of ethanol and biodiesel fuels. As I have said previously in regard to the nation's overall energy policy, we need a balanced approach to meeting our energy needs that uses renewable alternatives and

non-fossil energy sources. The same kind of approach is needed in the transportation sector as well.

Question 3. Many farm-belt states are net energy importers, costing billions of dollars to these already strapped rural economies, and high energy prices are making the situation even worse. Despite the fact that several studies have documented tremendous potential for renewable energy in these states—South Dakota, for instance, is ranked as one of the highest states for wind energy potential—the region has had trouble capitalizing on these resources. Do you support federal initiatives that would lead to significant growth in the industry—especially in these states where the potential is so great?

Answer. There is an excellent opportunity for renewable energy technologies to become an important new industry that can strengthen local and state economies throughout rural America. While each state will ultimately have the responsibility to assure that its individual policy, legislative, and regulatory framework supports renewable energy, the Federal government can and should help introduce new opportunities in the states by providing leadership and coordination in overcoming the barriers often faced by renewable technologies. This past year, DOE co-sponsored wind and biomass energy workshops in several states throughout the Midwest and Upper Great Plains, including South Dakota, North Dakota, Nebraska, Montana, and Kansas. In each instance the response was overwhelming, the information and assistance we provided was well received, and the workshops have led to a focused state effort to seriously explore wind and biomass development.

Question 4. Natural gas—among its many uses—is a major cost component in the production of nitrogen fertilizer. And as you know, for the last several years natural gas has been touted as the fuel of the future because it is clean-burning, cost-effective, and relatively plentiful right here at home. Indeed, natural gas heats around half of American homes and is used to generate around 16% of our nation's electricity.

However, since this time last year, spot prices for natural gas have increased dramatically. This specifically increases the cost of natural gas to fertilizer manufacturers in the U.S. Nitrogen fertilizer, particularly anhydrous ammonia, is a critical input to agricultural producers in South Dakota and the entire country. Much of the corn, wheat, and cotton grown in this nation depends upon the application of fertilizer to boost yields which can translate into increased profit potential. Nonetheless, farmers in South Dakota and elsewhere are very concerned about the access to affordable nitrogen fertilizer. As a consequence of higher natural gas costs, fertilizer producers are decreasing production and even shutting down plants. Some farmers have remarked to me that their fertilizer costs will increase between 33-100% from 2000 to 2001. Other farmers cannot even get bids to purchase fertilizer for the next crop year.

As Energy Secretary, it is very likely you'll need to tackle this pressing problem immediately. What steps can be taken to ensure farmers have access to affordable nitrogen fertilizer in the future?

Answer. A Bush Administration priority is to increase domestic production of oil and natural gas which will help address our needs for both energy and fertilizer.

APPENDIX II

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

CALIFORNIA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS,
Sacramento, CA, January 2, 2001.

Hon. FRANK H. MURKOWSKI,
Chairman, Senate Committee on Energy & Natural Resources, U.S. Senate, Washington, DC.

DEAR SENATOR MURKOWSKI: On behalf of the California Association of School Business Officials, I am very pleased to advise you and the committee of our strong support for the confirmation of Senator Spencer Abraham as the next United States Secretary of Energy. Senator Abraham understands the many energy issues that impact public schools across the nation and has been an enthusiastic supporter of public education.

In California, our aging public schools combined with the most intensive student population growth in the nation combine to challenge energy utilization while we are attempting to maximize every dollar for instructional purposes. In addition, our public schools transport more people daily than most of the major metropolitan transportation systems in the state combined. The need for less expensive and cleaner burning fuels on our school buses demand creative ways to enable districts to retire old, inefficient buses and reduce the overall expense of student transportation. Senator Abraham has always understood that public education policy spans agencies well beyond the Department of Education.

During his service in the United States Senate, Senator Abraham was always eager to assist public education on a variety of issues that impacted schools in California and all across the country. He assisted us with issues including transportation, energy, health and technology. He is a strong advocate of public schools and has always been responsive to the importance of local control.

For these reasons, we enthusiastically urge the committee to confirm Senator Abraham as the Secretary of Energy. If you have any questions regarding our support for Senator Abraham's nomination, please don't hesitate to contact me at 916-447-3783.

Sincerely,

KEVIN R. GORDON,
Executive Director.

INFORMATION TECHNOLOGY INDUSTRY COUNCIL,
Washington, DC, January 8, 2001.

Senator FRANK MURKOWSKI,
Senate Energy and Natural Resource Committee, Washington, DC.

SENATOR MURKOWSKI: ITI is the association of leading IT companies. Our main mission is to promote the understanding of the digital world and advance policies that enhance the competitiveness of our industry.

I am writing today to add our perspective on Senator Abraham's nomination to be the next Secretary of Energy. During his tenure in the Senate and his service on the Judiciary and Commerce Committees, Senator Abraham has been a leader on technology issues. He was a leader on a number of fronts including digital signatures legislation, H-1b Visa legislation and free trade initiatives. In addition, he also realizes that our industry has become so pervasive in the economy that every policy arena—including energy—is critical to Americas continuing leadership in the Information Age.

Senator Abraham is someone our industry has worked well with in the past and someone we look forward to continuing to work with during his service in the Bush Administration.

Sincerely,

RHETT DAWSON,
President.

USEC,
Bethesda, MD, January 11, 2001.

Hon. FRANK MURKOWSKI,
Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.

DEAR SENATOR MURKOWSKI: It is my great pleasure to strongly endorse the proposed nomination by President-elect Bush of Senator Spencer Abraham to be Secretary of Energy.

As demonstrated by current events, the United States is faced with a great need for a comprehensive energy policy. This policy must address our strategic need for energy security while at the same time accommodating the needs of the environment and the productivity of our citizens. The complexity of the required effort mandates the selection of an individual as Secretary of Energy who can bring to the table the diversity of interests necessary to achieve this extraordinary, and in the past, elusive goal. Senator Abraham, with his experience in the Vice President's office during the previous Bush administration and his six years in the United States Senate where he held a leadership position clearly will bring to the office of the Secretary of Energy the ability to lead this quest for energy security.

As President and CEO of USEC Inc., the Nation's sole producer of enriched uranium for use as fuel in civilian nuclear power plants, I strongly endorse the new Administration's emphasis on the relationship between our national security and our energy security. I am looking forward to working with Senator Abraham as Secretary of Energy, and I have every confidence in his ability to serve the American people with distinction.

Sincerely,

WILLIAM H. TIMBERS,
President & Chief Executive Officer.

FRIENDS OF THE EARTH,
Washington, DC, January 11, 2001.

Hon. FRANK H. MURKOWSKI,
Ranking Member, Senate Committee on Energy and Natural Resources, Washington, DC.

DEAR SENATOR MURKOWSKI: On behalf of the thousands of members of Friends of the Earth, I would like to formally express this organization's opposition to the nomination of former Senator Spencer Abraham as Secretary of the United States Department of Energy (DOE). As a United States Senator for the state of Michigan, Spencer Abraham has a record of defending polluting, resource extractive energy sources over renewable energy.

Growing bodies of evidence demonstrating the impacts of global warming and current energy crises throughout the country emphasize the importance of sound energy conservation strategies. The U.S. is at a crossroads in terms of its national energy policy: will there be a substantial move towards sustainable and renewable energy sources, or will we continue to rely on fossil fuels at the expense of our air, water, and natural resources? In light of his record, Senator Abraham's nomination would be a step in the wrong direction.

Senator Abraham's abysmal record on energy issues includes:

- Voting to block consideration of an amendment that would have increased spending on the DOE's Solar and Renewable Energy program by \$62 million, bringing it within range of the Administration's FY00 budget request (Roll Call Vote No. 171, June 16, 1999). This policy stance is in direct conflict with President-elect Bush's own Comprehensive National Energy Policy, which states that Bush "understands the promise of renewable energy and believes strongly in encouraging alternative fuel sources such as wind, biomass, and solar."
- Voting against a resolution calling for an end to the freeze on Corporate Average Fuel Economy (CAFE) standards (Roll Call Vote No. 275, September 15, 1999). Currently, emissions from U.S. cars and sport utility vehicles (SUVs) contribute 20 percent of U.S. global warming pollution in the form of carbon diox-

ide. Improving the vehicle mileage per gallon of cars and SUVs by raising CAFE standards would reduce the amount of fossil fuels burned, saving gas and preventing further pollution.

- Consistently siding with the oil industry and voting to open the Arctic National Wildlife Refuge (ANWR) in Alaska to oil drilling (most recently: Roll Call Vote No. 058, April 6, 2000). ANWR is a 19 million-acre wildlife refuge of unequalled beauty and importance to the arctic and subarctic ecosystems of that region. It is home to hundreds of animal species and millions of migratory birds. It serves as a polar bear denning habitat and is the primary calving grounds for the Porcupine caribou herd, long a cultural treasure for the native Gwich'in people of Alaska and Canada. To allow oil drilling in this area when alternative fuel sources exist would be to senselessly destroy one of our nation's priceless natural treasures.
- Protecting the mining industry from efforts to enact environmental safeguards and bonding requirements for hardrock mines on public lands (most recently: Roll Call Vote No. 224, July 20, 2000). In addition, Senator Abraham voted to legalize unlimited mine waste dumping on public lands by eliminating the "mill-site claim" provision from the Mining Law of 1872 (Roll Call Vote No. 223, July 27, 1999).
- Defending the coal industry by supporting efforts to exempt hardrock mining operations from the Clean Water Act and the Surface Mining Control and Reclamation Act (Roll Call Vote No. 370, November 18, 1999).
- One of the three cosponsors of a bill to abolish the Department of Energy (see: S. 896, the Department of Energy Abolishment Act in the 106th Congress).

Given Senator Abraham's position on renewable energy and his unfettered defense of resource extractive industries, ratifying his nomination as Secretary of United States Department of Energy would be a grave mistake for the direction of our nation's energy policy. Friends of the Earth therefore urges you to oppose his nomination.

Sincerely,

BRENT BLACKWELDEER,
President.

NATIONAL COALITION FOR ADVANCED MANUFACTURING,
Washington, DC, January 12, 2001.

Hon. JEFF BINGAMAN,
U.S. Senate, Hart Office Building, Washington, DC.

DEAR SENATOR BINGAMAN: As you begin considering Senator Spencer Abraham's nomination to serve as Secretary of Energy, we can testify to his strong leadership skills and sound policy judgment from the many years that we have worked together.

In his recent role as Chairman of the Senate Subcommittee on Manufacturing and Competitiveness, we worked with the Senator to explore the close link between the health of the nation's industrial base and the nation's infrastructure for basic R&D. The national lab system under the DOE is an integral part of that infrastructure. It is important that Sen. Abraham and the Bush Administration recognize the contributions of the laboratories and commit, within the bounds of DOE's missions, to allowing the laboratories to build on their history of collaborative relationships with industry, universities, and other research organizations.

Sen. Abraham's confirmation hearings will begin defining the policy direction of DOE under the Bush Administration. We encourage you to acknowledge the important contributions of the basic research at the national labs to supporting DOE missions and the spinoff benefits of that research to societal and economic well-being. To that end, please find attached a NACFAM background paper that may help in preparing questions for the confirmation hearing. The paper provides concrete examples of the benefits of lab research spinoffs.

The National Coalition for Advanced Manufacturing (NACFAM) has spent the last two years analyzing the factors that will sustain U.S. industrial strength and productivity growth in the years to come. Our work reveals important roles and responsibilities for the public and private sector in shaping, positioning, and strengthening the infrastructure for basic research. Our recommendations in this area are the product of the Advanced Manufacturing Leadership Forum (AMLF) process.

As we worked with leading manufacturers and research organizations to develop the recommendations on R&D policy, it became quite clear that the laboratories operated by the DOE were critical to the health and vitality of the nation's basic research infrastructure. It also became clear that upgraded lab facilities and a robust

basic research portfolio is a magnet for attracting to the national labs some of the nations brightest scientists and engineers.

Given NACFAM's in-depth research and long experience with lab-university-industry R&D, we would be pleased to brief you or a designated representative on these issues. We look forward to working with you in the years ahead.

Sincerely,

ERIC MITTELSTADT,
Co-Chair, NACFAM.
LEO REDDY,
President, NACFAM.

Enclosure: Background Paper on Positive Impact of National Lab R&D

BACKGROUND ON POSITIVE IMPACT OF RESEARCH CONDUCTED BY DEPARTMENT OF ENERGY NATIONAL LABORATORIES

From the industry perspective, the national labs, together with the nation's universities and industry R&D facilities, represent the backbone of the America's infrastructure for basic research. The national laboratories of the Department of Energy provide important research and technologies to advance a number of diverse missions, the most notable of which is their contribution to the national security,

In meeting the complex challenges of their missions, the laboratories have developed competencies across a broad array of basic research disciplines and as a result guided a number of technological spinoffs that benefit both society at large and industrial productivity and quality. A few pertinent examples illustrate these spinoffs that have a broad societal benefit:

- The same encryption technologies that were developed to safeguard codes for nuclear weapons are now being used to protect the nation's financial system;
- Sensors developed to detect bioweapons are now used to detect disease by the medical community;
- The vast computational resources developed to simulate nuclear explosions were critical to the speed at which the Human Genome was mapped;
- Laboratory research in chemistry and combustion science developed to model explosions is now being used to increase energy efficiency and reduce pollution in industrial processes; and
- The labs knowledge of geosciences is essential to determining whether the repositories for nuclear waste and other hazardous materials are safe.

In particular, the DOE's science and technology infrastructure also plays a major role in safeguarding our economic prosperity, which rests on a foundation of technology-driven productivity growth. While making a major contribution to its own mission, especially the modernization of the nuclear stockpile, DOE's research on basic manufacturing science and technology enhance industrial strength and productivity. A few examples that illustrate the broad economic benefit:

- Meso-scale devices have the potential to revolutionize the industrial economy by allowing production at minute scales;
- Nanotechnology, which is the control or fabrication of structures at the molecular or atomic level, allows changes in the very material composition of structure leading to new engineered materials.
- Work on intelligent machines and automation science will enable more rapid production, customization of products on a broad scale, and increased worker safety and environmental protection.
- Advances in the understanding of the interactions of materials as well as the design of more efficient processes will improve the efficiency of resource use and decrease wastes from industrial processes.
- The combination of advanced information-technology with breakthroughs in new materials, sensors, simulation, modeling and chemistry will speed advances in the efficient production of biomedical devices and the bioprocessing of new materials.

CHAMBER OF COMMERCE OF THE
UNITED STATES OF AMERICA,
Washington, DC, January 16, 2001.

Hon. FRANK MURKOWSKI,
Chairman, Energy and Natural Resources Committee, U.S. Senate, Washington, DC.

DEAR CHAIRMAN MURKOWSKI: On behalf of the U.S. Chamber of Commerce, the world's largest business federation, representing more than three million businesses

and organizations of every size, sector, and region of the country, I am writing in strong support of the nomination of Senator Spencer Abraham to serve as the next Secretary of Energy.

Spencer Abraham is a proven legislator that is highly respected for his extraordinary dedication, tenacity and intelligence. He has worked in a bipartisan fashion to successfully advance and enact initiatives to protect public safety, reduce government waste and improve our nation's economic competitiveness.

One of the biggest threats to our continued economic vitality is current and proliferating energy supply problems across the nation. These serious problems urgently demand an effective and comprehensive national energy strategy. Given his track record, Senator Abraham is highly capable of leading the Administration's efforts to implement a national policy that will ensure affordable and secure energy supplies.

Accordingly, the U.S. Chamber urges your Committee to report favorably the nomination of Senator Spencer Abraham and that this letter be included in the hearing record. We look forward to our continued work with you in developing a comprehensive national energy policy.

Sincerely,

THOMAS J. DONOHUE,
President and Chief Executive Officer.

NATIONAL COMMUNITY ACTION FOUNDATION,
Washington, DC, January 17, 2001

Hon. JEFF BINGAMAN,
Chairman, Senate Committee on Energy and Natural Resources, Washington, DC.

DEAR MR. CHAIRMAN: On behalf of the nation's 1100 Community Action Agencies (CAAs), the National Community Action Foundation urges your Committee's approval of the nomination of Senator Spencer Abraham as Secretary of Energy.

From his work in the Senate, we know that Senator Abraham will consider all points of view in making policy, and our Michigan network of local Weatherization Assistance providers has witnessed his concern for the energy needs of the most disadvantaged Americans.

We are certain we will be able to work productively with Senator Abraham, and look forward to future opportunities for collaboration when it addresses the energy challenges facing low-income consumers.

Sincerely,

DAVID BRADLEY,
Executive Director.

STATEMENT OF MARCIA BAKER AND JOHN HOEFLE, EXECUTIVE INTELLIGENCE REVIEW

Chairman Bingaman, and Members of the Committee,

Our publication, *Executive Intelligence Review*, has forewarned for over two decades, against the kinds of policies that led to today's acute energy crisis: namely, the policies of dumping nuclear power, of deregulation, of speculation, and all the consequences of "casino economics." In recent weeks, emergency energy proposals based on guidelines by Lyndon LaRouche, *EIR* Founding Editor, and now newly-announced Presidential candidate, have been introduced before the Boston City Council, passed in California Democratic Party County meetings, and are being debated in state capitals throughout the country.

Millions of Americans are hit directly by the energy crisis, and chain-reactions of shut-down are spreading throughout the economy. As of January, 2001, electricity rate hikes in the range of 10-40% have been imposed in California, Massachusetts, Washington, and many other states; these come on top of natural gas, heating oil and propane prices sky-rocketing. Factory shutdowns, agriculture dislocation, and threats to vital services (schools, hospitals, water and sanitation) are now the order of the day.

It is from this crisis perspective—and also based on the larger context of the unprecedented global financial and economic-breakdown crises now breaking, that we urge you to reject the nomination of Spencer Abraham for the position of Energy Secretary. Our testimony opposing the Abraham nomination, has been prepared to provide the Senate with summary documentation of the nature of the energy emergency, and the urgency of facing the larger crisis.

We conclude our testimony with excerpts from Lyndon LaRouche's statements on energy policy, made on a live international Webcast Jan. 3, in specific response to

a question from *Detroit News* reporter George Weeks, about former Michigan Sen. Abraham and Bush energy policy. On that same Webcast, at the time the news broke of Federal Reserve Chairman Alan Greenspan's Jan. 3 interest rate cut, LaRouche stated, that President Clinton should immediately take two measures:

- First, he should use Presidential powers to create an emergency fund of credit which would be directed into urgently needed, major employment projects, like construction of power plants in California.
- Second, he should immediately re-regulate those sections of the economy, particularly the energy utilities, in order to prevent a power emergency.

LaRouche put it this way:

"There's only one thing you can do. The system is going to blow. What do you do? You don't use monetarist methods. Monetarist methods caused the problem. Yes, you may use credit. You did what Roosevelt did with Jesse Jones and the Reconstruction Finance Corporation; that's what you do. You take and earmark—don't lower the interest rates. Create a special vehicle. Go to the Congress. Get a special fund authorized by the Presidential powers under the Constitution. Get some money allocated, real fast, an emergency fund, to get going, as seed money, to get some major employment projects in construction. . . .

"For example, let's take the case of California. We've got, right now, one of the major crises of the nation is the situation with the Edison of Southern California, and the PG&E. Now, there's a shortage of energy. Well, why not, immediately, through the Federal Government, create, first of all, two steps: Establish re-regulation, emergency re-regulation. Do it under Clinton. Don't wait-for Bush. Do it now! I'd have Clinton do it right now, while he's still President. Re-regulate! On an emergency basis, under emergency powers of the President. You've got an emergency, California! A hell of an emergency. Re-regulate—it's a national emergency. And then get some money in there, we're going to fix this problem. We're going to get some power generation going in that area. We're going to ensure a safe and adequate supply of energy, to industry and to populations throughout the area. That's our mission."

In this testimony, we will not take up particulars of Sen. Abraham's personal record to call for his disqualification, even though he has several times called for the abolition of the very Department he has now been nominated to head. The relevant point about the man and his philosophy, in the case at hand, is that the energy and economic policies associated with George W. Bush, with which Sen. Abraham is aligned, are demonstrably at odds with the interests of the nation, even to the point of providing piracy-rate profits to Bush campaign-associated Texas energy companies, at the expense of keeping the lights on. We document this below, in the case of California's electricity and gas crisis.

Moreover, the Bush "team" profiteering goes beyond a conflict-of-interest scandal—which is historically unprecedented. The danger presented is that, with the unfolding energy and economic crisis, and the financial blow-out, if a Cabinet is allowed to be formed of the disposition represented by Abraham, along with others proposed, especially John Ashcroft, then conditions are created for the federal government to be used to impose rule by force under circumstances of social upheaval. The analogy here is to 1933 "emergency decree" policies asserted by Hitler. That is the degree of crisis, and danger represented by the persons and policies nominated.

The California and nationwide energy crisis, and the global financial and economic emergency, confront lawmakers with the task of re-asserting traditional U.S. general welfare policies. In the case of energy, there must be re-regulation, and infrastructure building. Spencer Abraham is not the man for that job.

We here provide the essentials for evaluating the immediate tasks for the head of national energy policy at time of crisis.

In order below:

1. The California and nationwide energy crisis.
2. The scandal of the Bush-associates' energy cartel.
3. The national and international financial and economic breakdown process.
4. LaRouche proposals: Re-regulate, issue emergency credits to rebuild

1. California, Nationwide Energy Crises

California and the Northwestern states are now experiencing an extreme energy supply and price crisis. On Jan. 11, a Stage Three statewide electricity shortage emergency was put into effect in California, the second such extremity in six months. Washington and Oregon are similarly hit. Electricity prices (on the new, deregulated "wholesale" market) have hyperinflated from, in the range of \$30 per megawatt hour in 1999, to \$1200—even \$3000 per megawatt hour, as of December 2000. Two of the three major distribution utilities in California, Southern Edison and Pacific Gas & Electric, have racked up \$12 billions in debt only from June to

December, 2000, because of the Weimar-style hyperinflation. They can neither buy electricity nor natural gas—whose price likewise has hyperinflated, especially in the Western states. The total debt of these companies is in the range of \$20 billions.

As of Jan. 16—the time of preparation of this testimony—Southern Edison's parent company stood in default for a \$100 million payment to a creditor; in upcoming days, both utilities face more due dates of unpayable obligations. In Sacramento, the state legislature was in emergency session to consider Gov. Gray Davis' proposal for the state to interpose in the markets in attempt to continue electricity supplies.

In financial terms, the California and other U.S. utility debt default is enough to blow-up the U.S. and international financial system. Under certain "cross-default" clauses, the California utilities debt places up to \$20 billions in default. Thus, technically, California is not at all a "mere" state energy crisis, but the manifestation, in energy, of the general economic breakdown process, and financial disintegration underway.

Nationwide, variations of the so-called "California crisis" are worsening in all regions, and for all modes of energy—electricity, natural gas, oil, gasoline, propane, fuel oil. National U.S. utilities debt is in the range of \$400 billions and growing, with other companies—outside California, and in natural gas as well as electricity, in stages of arrears.

How did this come about? In brief, the immediate causes were the lack of expanding energy generation facilities, and de-regulation policies that resulted in marginalized supplies, and allowed speculation and hyper-profits. Beginning in the 1970s, generating capacity per household in the U.S. began to fall year by year. At the same time, there began changes particular to each mode of energy (fossil fuels, oil and gas, electricity, etc.) made in the name of increasing "markets" and competition. This was a ruse from the start, as is now evident. In reality, mergers and acquisitions, along with the deregulation of various kinds now underway in about 26 states, have led to increased, centralized private control, shortages and soaring prices.

- The average price of natural gas has soared from under \$2.75 per 1,000 cubic feet in 1999, to over \$10 in December, 2000. A small group of newly-merged transmission and gas companies—directly interconnected with the Bush campaign and proposed Administration, are raking in huge profits. (Detailed below).
- The rise in the per barrel price of oil over Y2000—fueled by speculation in "paper oil" in London and on the New York Mercantile Exchange, has resulted in severe hardship for citizens, and economic activity, and huge profits for the cartelized oil companies. E.g. BP-Amoco made 94% profit Third Quarter 2000 over 1999.

We are now seeing the chain-reaction effects throughout all sectors of the economy. Kaiser has placed a surcharge on fabricated metal products. The electricity hyperinflation in California—origin of 20% of all U.S. produced dairy products, will create severe national shortages in supply, and whopping high prices for milk goods. Nitrogen fertilizer production—dependent on natural gas—is so cut back and high-priced, that corn-planting will be far-reduced in acreage this spring (on top of very low winter wheat acreage last fall). Vital services, such as sewage treatment, hospital operations, and so on are threatened in many states.

2. *The Bush League and the Energy Cartel*

The incoming Administration's stated policy is to continue the deregulation of energy, a policy of economic destruction of which the chaos in California is just the leading edge. Deregulation is a scam designed to let financial middlemen—the Enrons, Reliants, Dynegys and AESs of the world—skim off a large chunk of the billions of dollars Americans pay for energy every year, and Sen. Abraham has been given the assignment of protecting this scam. Anyone who would carry out such an assignment, is morally unfit for public office.

Not only is Texas the center of those energy speculators which California Gov. Gray Davis has accurately characterized as "pirates," but the circles around the coming—and the former—Bush Administration are in many ways indistinguishable from these energy privateers. California was the lead state to de-regulate in 1996, and by 1998 began the process of forced sell-off of generating capacity to the new echelon of private "merchant generators." Some 40% of the state's generating capacity is now in the hands of these firms, posting fabulous profits. The following are prominent among the nation's energy profiteers:

- Enron, based in Houston, is the leading historical contributor to the political campaigns of President-Elect George W. Bush. Enron chairman Kenneth Lay is one of the chief advisors of Secretary-nominee Abraham. Enron is also one of the leading forces in "energy futures"—namely, in transforming the pricing of

electricity from a “cost of production plus reasonable profit” model, to a “whatever the market will bear” speculators’ dream.

- Reliant Energy, based in Houston, reported that its income rose 37% in December 2000. Reliant bought five power plants from Southern California Edison in 1998, and owns 17% of the 40% forced sell-off. On its directors, James A. Baker, III, was chief of staff and Sec. of State in the Administration of former President George H.W. Bush. Baker has also been a consultant to Enron, as have a number of officials of the former Bush Administration and even former President Bush himself.
- Dynegy, based in Houston, owns California power generation capacity in partnership with several others, including NRG Energy, which posted a 221% third quarter income increase.

Others that acquired generating capacity, and are now making killer profits are: 1) Charlotte-based Duke Energy, whose income rose 74%; 3) and Arlington, Virginia-based AES, the global energy mega-company whose third-quarter earnings were 131% higher than the previous quarter.

3. *International Economic and Financial System Breakdown*

This looting of energy-payments occurs at a point in which the international economic and financial system is breaking apart, and the U.S. stands at ground zero of that collapse. The widely touted growth of the U.S. economy during the Reagan/Bush, Bush and Clinton years has been a growth in debt, financial claims and casino-like derivatives bets globally, but centered mainly in U.S. institutions.

Globally, we estimate there are some \$400 trillions of financial claims outstanding, ten times the size of the gross world product, which itself is a figure bloated by the effects of the financial bubble. The institution with the highest exposure to this bubble is the recently merged J.P. Morgan Chase & Co., which by itself has some \$23 trillions in derivatives bets, more than twice the U.S. GDP! The Federal Reserve’s recent lowering of interest rates to protect the troubled Bank of America and its \$7 trillion derivatives portfolio is indicative of the instability such uncontrolled betting creates.

The fate of the U.S. banking system and financial markets is inextricably intertwined with this bubble; if the bubble pops, the banks, the markets and Wall Street go with it. The Senate knows it, the House knows it, the Executive Branch knows it, and the media knows it. But rather than take the steps repeatedly outlined by Lyndon LaRouche to put this system through bankruptcy and begin to rebuild the productive sector of the economy, the policy has been to pump up the bubble by escalating the looting of the population and the productive base. The energy deregulation scam is but one aspect of this looting scheme.

Cannibalization of the population and the productive sector only works in the short term, however. The more you steal from the population, and the more you disinvest in infrastructure, manufacturing, health care and education, the less able is the economy to service the enormous debt overhang of the bubble—day by day, the economy becomes more bankrupt. Eliminating “useless eaters” creates more “useless eaters,” and the process feeds upon itself. Eventually the point is reached—as it has now—where the physical economy itself begins to break apart.

The California crisis, in which a physical-economic electricity crisis—combined with savage looting—has-created a financial crisis, represents just such an event, and serves as a warning to all that the piper is demanding payment for decades of foolish policies and ideas.

The Establishment knows that its mountain of financial claims can never be paid, and that a serious crash is coming in one form or another, and that leads us to an even darker side of deregulation. With the rampant mergers among energy companies, and the shifting into a “whatever the market will bear” pricing scheme, the Establishment is positioning itself to grab the income streams which remain after the crash. The rapid consolidation of control in energy, food production and distribution, telecommunications, strategic minerals, precious metals, raw materials and other essentials of life, represent preparations for exerting power after a crash. As the empires have known for ages, he who controls the necessities of life, controls the people. This is the policy to which the Bush Administration and its Energy Department are committed, and this is how civilizations end. This policy should be stopped now, by the Senate.

4. *LaRouche: California Is A Test for Energy Policy*

Only the traditional, “general welfare” approach to dealing with the energy crisis will work. The principles are in U.S. standing law, including the Federal Power Act of 1935, the Public Utility Holding Company Act of 1935, the Atomic Energy Act of 1946, and other precedents. What is immediately required is to deal with the two

causes of the worsening crisis: First, to remedy the lack of supplies of electricity and fuels (including transmission, refining and all such essential logistics); and secondly, to roll-back the deregulation. Even well-meaning stop-gap attempts to keep the lights on through tax-payer subsidies, or rate hikes, only line the pockets of Bush-team speculators, and hurry the nation down the road to destruction. Workable proposals must proceed from the economic national-interest overall.

On Jan. 3, during a live Webcast, newly announced Democratic Presidential candidate Lyndon LaRouche gave his evaluation of Spencer Abraham and the Bush energy policy in response to a question from Detroit News reporter George Weeks.

“Look, talk about energy policy. Two major things are involved here, first of all. First of all, how many kilowatts are we generating? What does it take to support a community? What does it take to support an industry? What about the energy flux-density of our energy sources? What about reliability, in terms of supply and price? You know, these kinds of questions have to be faced first. And this is exactly the kind of thing you’re not likely to get from Bush.

“Look, for example, one very—thing that sticks in your craw, when you look at Bush: What about Rainwater? What about the involvement of Enron? What about these things which are tied closely to Bush, which are the cancer destroying the energy system of the United States? I don’t think that a Secretary of Energy under George Bush, be he good or bad, has any chance of doing a good job at this time.

“My view on the entire Bush Administration, is that members of the Congress—chiefly Democrats, but also honest Republicans—have to get together and put a leash on this Bush Administration, to make sure it knows where to do what on the lawn, and where not to do it. You have to create a condition under which Bush says, ‘Okay, I’m the President, but I have to heed what this angry bunch of constituents is telling me I better do, or else.’ Under those conditions, you might be able to find a Cabinet appointment in the Bush Administration, which has enough independence of the Rainwater phenomenon and other things in the Bush background, to be able to make an honest decision on things like energy.

“But at present, the way the Administration is now constituted, the way it’s framed up to be, given the situation in the Congress at this moment—it may improve later, but at this moment—I don’t think the United States has a chance under a Bush Administration. I think we’re looking at a short road to Hell, under George Bush—unless we can create the condition in the country, where the fact that a weakly-elected, or quasi-elected President has to recognize that he doesn’t carry much weight with the country as a whole, and the best thing he can do, is sit back in that office, and pay attention to some orders and pressures from his constituents—and the orders and pressures coming from his best advisers, who tell him, ‘Mr. President, you better do this.’ And he says, ‘Why? I’m the President.’ ‘Well, we call you President, but you really aren’t. You’re just the man that signs the checks, and signs the bills.’”

[When George Weeks further asked, “Sir, when you say that we’re on the short road to Hell under George Bush, are you talking energy, or over-all?”]

“Over-all, everything. Energy’s just—Look at the California situation: What is the Bush policy on what are you going to do about PG&E and Southern Edison? What’s he going to do about it? That’s a test, that’s a test on energy policy—right now. We’ve got a situation in New England, that’s going to be developing on the heating oil question, that’s going to rise up again. We’ve got all over the country an energy crisis.

“Well, let’s take California. Let’s take PG&E and Edison. That is the market which tells you exactly what the entire Bush Administration policy is going to be on energy—right than and there. You don’t have to find out in Michigan, you can find our right there.”

As you undoubtedly know, just today PG&E defaulted on \$600 million in debt—and there is no clear policy coming from anywhere to guarantee the power-generating capacity in this region, which serves over 20 million people. So the question is before you now: will you select an energy secretary who will re-regulate and provide the energy we need, or will you hand the system over to the energy pirates wholesale?