

shameless, shameless seniors organizations who pray on the fear of seniors to swell their membership and get contributions and be able to fund their lobbyists and TV commercials and continue to go out there and feed on this frenzy. I hope the American public and seniors can see through this. It is a scare tactic that should not succeed. See through this. See that there is a problem, and see that those who want to tackle the problem now are doing it because we care, not because we want to destroy a program.

I yield the floor.

The PRESIDING OFFICER. Under a previous order, the Senator from Montana is recognized to speak for up to 10 minutes.

(The remarks of Mr. BURNS pertaining to the introduction of S. 745 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. CAMPBELL. Mr. President, there will be several people this morning who have reserved time to speak on the potential sale of the Power Marketing Administrations.

I ask unanimous consent to also speak on this issue during morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### OPPOSE SALE OF PMA'S

Mr. CAMPBELL. Mr. President, I would like to add my very strong voice to that of my colleague from South Dakota, who will be speaking on this; the Senator from Montana, Senator BAUCUS; as well as Senator DASCHLE, on the potential sale of the Power Marketing Administrations that the administration has proposed.

There are a lot of things wrong with the Federal Government, very frankly, and I know we should always be looking for the functions we can privatize, that are done better in the private sector than by the Federal Government.

The American system of the Power Marketing Administrations is, in my experience and that of many of my constituents, an example of something that the Government does well in direct partnership with those folks living in rural regions of America.

The electrification of rural America is a success story because it involved a true partnership between the Federal Government and the people of rural America who rely on the electrification of the REA's to provide their power.

The partnership with the Federal Government has been a mutually beneficial one. America's rural electric cooperatives and small municipal power systems agreed to purchase the initially more expensive Federal hydropower because they understood the long-term security of a publicly owned power system.

Without the commitment to purchase the power, the system could not

have been built. The REA members and other customers pay for electricity based on the cost of providing service, retirement of the construction debt, and interest.

The system is working well, Mr. President. Those who rely on electrical power from the system are repaying the Federal Government for capital investment costs of building a system, as well as the annual operation and maintenance costs of the system.

Down the road, when the projects are paid for, these dams and facilities will be federally owned and will continue to provide significant sources of revenue to the Federal Government.

The proposal of selling off the PMA's has a great deal of uncertainty. It is clearly our goal to cut the deficit, but on the other hand, if we are simply doing things to privatize another Government function without understanding the effects of doing so, I think it is rather risky.

Is it change just for the sake of change? I hope not. If it is to maximize deficit reduction, that means we sell to the highest bidder. If we do that, clearly the highest bidder will have to raise the electric rates for rural America, and that will not do any good for those who represent the States.

The rural regions that are having the toughest economic times of anywhere must have low rural electric rates. As Congress considers a new farm bill and the probability that many vulnerable programs may be cut or eliminated, I think it would be cruel to also turn out the lights.

If, on the other hand, those who represent rural regions insist, and we will, that there be a safe prohibition placed on the rate increases if they are sold, then it seems to me we are truly in a pointless exercise, privatizing a function that most agree serves its customers well at no annual cost to the Treasury.

I want to thank my colleagues, Senator PRESSLER, Senator DASCHLE, and Senator BAUCUS, for arranging a section on which they will also speak.

I yield the floor.

#### PUBLIC POWER

Mr. PRESSLER. Mr. President, I rise today to express my opposition to the administration's proposal to sell the Western Area, Southwestern, and Southeastern Power Marketing Administrations—collectively known as the PMA's.

Public power serves many functions in South Dakota. As a sparsely populated State, utilities are faced with the challenge of how to get affordable electricity into small cities and communities where there are less than two people per mile of transmission line. Public power provides the solution.

In public power utilities, the only investors are the consumers. Revenues are reinvested in the community—in the form of taxes and services. And, the

low cost of power is essential to encourage economic development in small cities and towns.

Public power, purchased through the Western Area Power Administration, known as WAPA, costs South Dakotans an average of 2.5 cents less than the market rate. This allows revenue to be reinvested in additional transmission lines, and better service. The availability of hydropower from the Missouri River to rural cooperatives and municipalities have helped to stabilize rates. With 7,758 miles of transmission lines in the Pick-Sloan region, WAPA can serve 133,100 South Dakotans—without charging them an arm and a leg.

Public power has brought more than electricity to South Dakota. For example, Missouri Basin Municipal Power Agency, based in Sioux Falls, has embarked on a program offering incentives for planting trees. The goal is to plant at least one tree for each 112,500 meters in the Agency's membership territory. In fact, Missouri Basin was recognized by the Department of Energy for outstanding participation in this Global Climate Change Program. I congratulate Tom Heller of Missouri Basin for this excellent community service program.

Public power also brings new jobs to the communities it serves. In part due to the low cost of power from East River Electric, there are now three injection molding plants based in Madison, SD—creating snowmobile parts. Arctic Cat, PPD, and Falcon Plastics employ approximately 200 people in Madison.

East River also is involved in other economic development activities. It provides classes to help the community attract businesses, and offers grants for feasibility studies associated with economic development projects. South Dakota clearly has benefited from the work of Jeff Nelson, as the general manager of the East River Electric Power Cooperative.

Public power is a South Dakota success story. It is the source of innovation, development, and community pride. I am sure the same is true in other towns and communities across America. In spite of these success stories, the Clinton administration—and several Members of Congress—want to put an end to this success.

Specifically, President Clinton has proposed selling WAPA and two other power marketing administrations in order to pay for the modest tax cut he has promised the American people.

In essence, this would force South Dakotans—and public power consumers in small cities and rural areas—to cover for the rest of America.

Under the President's plan, South Dakotans would not be able to enjoy the promised tax cut. Why? Because the sale of the PMA's could result in rate increases totaling more than \$47 million.

In addition, I question the claim made by the administration that the

sale of the PMA's would generate revenue for the Federal Government. Will it? Let us look at the facts.

PMA's still owe \$15 billion in principal. Also, more than \$9 billion in interest already has been paid to the Federal Government. By selling the PMA's, the Government would forfeit future interest payments.

In fact, a recent report prepared by the Congressional Research Service demonstrates just how much money the PMA's are expected to contribute to the Federal Government. This year, WAPA is expected to pay back \$225.1 million borrowed from the Federal Government. But WAPA will also return another \$153.4 million to the Treasury. Given these figures, it is clear that the Clinton plan does not make good economic sense.

As my colleagues know, this is not a new issue. I have been fighting the proposed sale of the PMA's ever since I came to Congress. In 1986, the Reagan administration made similar attempts to privatize the PMA's. We stopped them by passing a law to prevent the Department of Energy from pursuing any future plans to sell the PMA's, unless specifically authorized by Congress. I suspect the Clinton administration may have forgotten that law.

Mr. President, once again, we are fighting to prove the worth of public power. Once again, we must demonstrate how necessary it is to the lives of rural Americans. The people of South Dakota have stated their message loudly and clearly—through thousands of postcards, letters, and phone calls. South Dakotans such as Ron Holstein, Bob Martin, and Jeff Nelson have been leaders in their opposition to the proposed PMA sale and I appreciate all their hard work.

Public power is a solid investment for the Nation. Public power is one of the great success stories of South Dakota. I urge all my colleagues to stand united behind the continued success of public power, and the essential service it provides to the Americans who reside in small cities and towns. Now is not the time to mess with success.

#### POWER MARKETING ADMINISTRATIONS

Mr. BUMPERS. Mr. President, I rise today to join my colleagues in expressing opposition to the privatization of the Federal Power Marketing Administrations [PMA's]. This ill-conceived concept, which proponents claim would help reduce the deficit, is simply a bookkeeping gimmick that would accomplish little except for raising the electric rates of millions of consumers served by municipal and cooperative utilities.

A number of years ago customers of municipal and cooperative electric utilities entered into a covenant with the Federal Government. In exchange for the right to purchase the hydroelectric power generated at multipurpose Federal water projects at cost-based rates, these customers have provided a significant portion of the funds needed to build and operate the water

projects. In addition to power production these projects serve other significant purposes, including making water available for irrigation, flood control, navigation, municipal and industrial water supply, wildlife enhancement, recreation, and salinity control. In many instances, the beneficiaries of these nonpower purposes of the water projects have paid little, if anything, for the projects.

Some are not suggesting that the Government renege on its agreement with the power customers by eliminating their right to purchase the power produced at Federal water projects. In addition to being patently unfair, the breach of this covenant with the power customers raises serious questions about the integrity of future agreements entered into between the Government and private parties.

The five power marketing administrations currently sell power to municipal and electric cooperative utilities serving millions of consumers in 34 States. Privatization of the PMA's could result in tremendous rate increases for these customers. In some areas, retail residential rates could triple. A recent study prepared by the Congressional Research Service estimated that PMA privatization could cause electric rates to rise by \$1.2 to \$1.3 billion per year.

The Southwestern Power Administration [SWPA] currently sells power produced at Federal water projects to customers in my home State of Arkansas, as well as in Kansas, Louisiana, Missouri, Oklahoma, and Texas. The privatization of SWPA could cause serious adverse economic consequences in the region. A study prepared when President Reagan first proposed privatizing SWPA indicated that consumers in Arkansas alone could stand to pay as much as 343 percent more to replace the power currently purchased from SWPA. Mr. President, I don't want to go back to my constituents and tell them that they are going to have to pay three times as much for electricity because the Government no longer wants to honor a contractual commitment.

Rather than roll up our sleeves and make the tough choices in order to reduce the Federal budget deficit, some Members of Congress instead want to resort to budgetary gimmicks. The sale of Government assets to increase the Government's cash flow, in the short term, might be the most cynical gimmick of them all. Because budget scoring periods run for 5 or 10 years, it is tempting to take actions that would reduce the deficit during the scoring period, but would actually increase the deficit in the out-years. This is exactly what would happen if the PMA's are privatized. Selling-off the PMA's could very well produce \$2 billion in revenues immediately. However, because the PMA's would no longer be selling power on the Government's behalf, the immediate increase in revenues would be offset by the revenues forgone resulting from the sale of the assets.

In 1990 Congress amended the Budget Act to prohibit the use of receipts from the sale of Federal assets to be scored as a reduction in the deficit. The purpose of this provision is to prevent the use of gimmickry to create an illusion that we are balancing the budget. Mr. President, I fully expect that efforts will be made this year to repeal this prohibition. I intend to fight any such efforts that would make it more difficult to honestly balance the budget.

Mr. President, I recognize that we live in a new era and that streamlining Government and making it more efficient are not only desirable, but necessary. In this spirit, I am willing to work with critics of the PMA's in order to make them more efficient. But I will not support any legislation that would abrogate the covenant between the Government and the PMA customers which provides reasonably priced power to more than 1,000 consumer owned electric systems in the United States.

#### POWER MARKETING ADMINISTRATION

Mr. WARNER. Mr. President, I rise today in opposition to President Clinton's budget proposal for fiscal year 1996 to sell the Western Area, Southwestern, and especially the Southeastern Power Administrations to private investors.

In Virginia, the electric cooperatives and the municipal power systems represent almost a million citizens who receive a significant portion of electricity from the Kerr-Philpott hydro facilities located in southside Virginia. It is estimated that preferred customers under the electric cooperatives can expect annual increases of approximately \$100 per year should the Southeastern Power Administration be sold.

I believe that it is fiscally irresponsible to turn the Power Marketing Administrations over to private interests, which will in turn penalize our consumers by driving up their rates. These members have already paid for a significant portion of investment in these facilities and nearly twice that amount in interest. SEPA has already repaid \$433 million, or 30 percent, of the \$1.442 invested.

The Federal Government is currently recovering its investment in SEPA facilities through the rates charged for the hydroelectric power generated to the customers in southside. This investment should be viewed as a contract with the ratepayers of the cooperatives to continue service with the Federal Government.

While the sale of the PMA's would provide the Department of the Treasury with the desired instant cash flow, we must consider how these Federal power sales will continue to generate revenue long after the projects are repaid.

The Power Marketing Administration should be valued for its assets, for the income it produces to pay its own way, and for the service it provides to the members of the cooperatives. For

these reasons, I believe that the sale of the Power Marketing Administrations is not an efficient means of contributing to deficit reduction and should not be considered as a means of deficit reduction.

POWER MARKETING ADMINISTRATIONS

Mr. EXON. Mr. President, I will not take a great deal of time this morning, but I wanted to reiterate my strong opposition to the sale of the Power Marketing Administrations. I've made similar points with the Director of the OMB. And I sat to discuss this matter with the President.

We seem to go through this exercise just about every year, regardless of who is in the White House or who controls Congress. Until someone can show me some real benefits of privatization, I will continue to oppose the sale of the PMA's.

The Power Marketing Administration's deliver a critically important service to a large portion of the Nation. They are an example of what's right with Government. It seems ironic and very ill advised that they should be put on the auction block and I will not stand for any wholesale dismantling of the PMA system.

Ms. MOSELEY-BRAUN. Mr. President, I concur and agree with Senator EXON and I want the RECORD to state that.

Mrs. MURRAY. Mr. President, I have spoken in the past about my commitment to continuing the production and distribution of clean, reliable hydropower through Federal Power Marketing Administrations. Today, I reaffirm this commitment.

The Federal power program has served well both the taxpaying public and energy consumers. It serves the taxpaying public by paying its own way—and paying interest on its debt. It also serves the general public by providing navigation, flood control, recreation, fish and wildlife conservation, and irrigation. Few Federal programs can claim such far-reaching benefits at such a low cost.

Mr. President, if we sell our PMA's, we cannot be assured that the general public will continue to reap these many benefits. While the sale of PMA's would produce short-term revenue, the sale will do little to solve the long-term problem of our Nation's debt. In fact, the permanent loss of these productive assets will result in foregoing future revenues likely to be in the billions of dollars.

At this time, the Bonneville Power Administration is not immediately threatened with sale. Several months ago, however, officials within the administration suggested to the President that he sell BPA to finance a tax cut. Fortunately, after hearing from Senators and Representatives from the Pacific Northwest, President Clinton elected to decline that advice. Recognizing the special attributes of BPA, he has said he does not intend to offer it for sale. So, my constituents appear to be safe for now.

I speak in opposition to the sale of the other PMA's because I believe their sale is not in the best interest of either the taxpaying public or the tens of millions of consumers who will certainly be saddled with higher electricity bills. Let us reject this short-term solution to our deficit and protect our Federal assets for the next generations of Americans.

SALE OF THE POWER MARKETING ADMINISTRATIONS

Mr. ROBB. Mr. President, like many of my colleagues, I rise today to briefly address the President's fiscal year 1996 budget proposal to privatize some of the Power Marketing Administrations [PMA's], including the Southeastern Power Marketing Administration [SEPA], which serves many Virginians.

I am concerned about the devastating effects of the privatization of the Southeastern Power Administration and other PMA's on rural electric providers and their consumers. Prior to the fiscal year 1996 budget submission, I contacted President Clinton and OMB Director Alice Rivlin and asked for this proposal to be reconsidered. Like many of my Democratic colleagues, I was disappointed to find this one-time asset sale in the final budget proposal.

Nationwide 650 rural electric systems receive allocations of power from Federal projects. Eleven of our thirteen Virginia rural electric cooperatives get a portion of their power direct from the Southeastern Power Administration. Over the years, Federal hydropower has helped rural electric cooperatives keep their rates competitive with investor-owned utilities.

If we are serious about deficit reduction, we must ensure that all of our Federal programs continue to provide significant benefits to our taxpayers. In my opinion, this proposal to sell SEPA and other PMA's is penny-wise, but pound-foolish. I would favor any proposal for deficit reduction, so long as the savings result from sound public policy. Our Federal power program benefits consumers, taxpayers, and continues to facilitate economic growth and development in rural areas across the country. Privatizing the PMA's will not produce benefits that outweigh the current program and is, in my judgment, bad public policy.

We should oppose the sale of the PMA's for several budgetary reasons. In the first place, the Government would lose a stream of revenue flowing into the Federal Treasury if the PMA's were sold. The estimated revenues which go to the Treasury exceed the appropriations for the PMA's. In fiscal year 1995, it is estimated that the net positive receipts to the Federal Treasury will be \$243 million.

Given this situation, the fiscal advantage to the Federal Government of selling the PMA's is time limited. During the year in which sales are actually occurring, the Treasury would receive a windfall in receipts as monies received from the sales and saved from appropriations overwhelm the revenues lost as a result of the sale. However, as

the foregone revenues exceed the saved appropriations in the years after the sales, we would be adding to the deficit.

Because capital asset sales are a one-time event. We have a budget rule that assets sales should not be counted in the budget. If we were to count the proceeds from selling Government assets as though they were receipts of the Federal Government, then these one-time receipts could be used to fund new spending programs or tax cuts that outlive the stream of receipts. We should follow the budget rule and not allow these fleeting savings to be counted as budget savings.

Another budgetary reason to oppose the sale of the PMA's is that the Federal Government could actually lose money if the sale price were inadequate to cover the present value of the federally-held debt. One study indicates that the revenue from the Alaska Power Administration under the current program would be higher than under its proposed sale. If this is the case with the APA, it could be equally true of the others. Given these budgetary uncertainties, we should not be rushing to privatize these entities.

The PMA's remain an integral part of our commitment to bring affordable and efficient hydroelectric power to the many Americans dependent on rural cooperatives and municipal power systems. PMA's are a wise and profitable investment on behalf of rural America.

We have made great strides in bringing electric power and other utilities to rural areas, largely through the work of rural electric cooperatives, and we should carefully consider the consequences of eliminating this valuable supply of electricity now.

I respectfully urge all of my colleagues to join me and support the continuation of Federal power.

POWER MARKETING ADMINISTRATIONS

Mr. HATFIELD. Mr. President, I am pleased to join with a number of my colleagues from both sides of the aisle who have come to the floor this morning to shed some light on proposals to sell off the Federal power marketing administrations. I continue to oppose such proposals, not only as they relate to the Bonneville Power Administration, but also as they relate to the other power marketing administrations.

Power Marketing Administrations are entities that have been created to market the power generated by Federal hydropower projects operated by the Army Corps of Engineers. PMA's are part of the Department of Energy's Federal power marketing program. One of the central features of this program is the preference clause, which allows consumer-owned, nonprofit local utility systems to have the preferential access to the power produced by Federal dams.

The five PMA's are as follows: The Southeastern Power Administration

[SEPA], the Southwestern Power Administration [SWPA], the Western Area Power Administration [WAPA], the Bonneville Power Administration [BPA], and the Alaska Power Administration [APA].

The President's budget includes provisions for the sale of each of these PMA's except BPA. Proposals are pending in the House to either sell all or some of the PMA's or require them to sell their power at market rates, the definition of which appears to this Senator to lead to highly inflated and unrealistic prices.

My opposition to the sale of the PMA's is based on my view that it is shortsighted public policy to sell one of the few revenue generating assets of the Federal Government. It is important to remember that BPA is repaying, with interest, the capital investments in the Federal hydropower projects in the Columbia Basin. The other PMA's are making similar payments. When the repayment is completed, the Federal Government will be the owners of these projects. The PMA's pay their way and then some. I ask unanimous consent that a table showing project investments and repayment by PMA's be printed at this point in the RECORD.

Mr. FORD. Mr. President, I wish to voice my opposition to any efforts to privatize parts of the Federal Power Marketing Administrations including

the Southwestern, Southeastern, or Western Area Power Administration.

This Nation made a commitment to bring affordable and efficient hydroelectric power to rural customers. In conjunction with thousands of rural cooperatives and municipal power systems across the country, Federal Power Marketing Administrations [PMA's] have met that commitment.

The utilities purchase power through the PMA's and the revenues cover PMA operating expenses, construction costs, and interest payments. And these sales put money into the Federal Treasury.

The proposed sale of these PMA's not only jeopardizes that commitment to rural Americans, but upsets the sensitive dynamics of the many dam projects from which the PMA's market their power.

These dams perform an array of services, including power generation, navigation, flood control, water supply, recreation, and fish and wildlife preservation. As a government entity PMA's have effectively balanced these sometimes diverse, and often competing functions.

As several colleagues and I told President Clinton in a letter back in January, there is no indication that a private, for-profit entity can be expected to become a full-partner in these interests at an almost certain loss of profits.

And what about the consumer? They essentially lose twice. Estimates show

increases of as much as 30 to 50 percent per month for some residential rates. That's a frightening prospect for many families who are already living from paycheck to paycheck.

The consumer gets hit a second time when the Federal Treasury experiences a loss of that steady revenue I mentioned earlier. Because the Federal Power Program pays for all investments made, once construction, and interests costs are repaid, the Federal Government will own the power plants. But once sold, no revenue. And that's bad news for consumers at a time when reducing the deficit is critical to continued economic stability.

The Federal Power Program is one that assures access for rural residents to affordable electricity, returns much-needed revenue to the Federal Treasury, and effectively balances the many demands on these dams—from flood control to water supply to recreation. Clearly, this is not the kind of program Congress should add to the auction block, and I urge my colleagues to oppose any such efforts.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

PMA'S PAY BACK PRINCIPAL WITH INTEREST

Customers of the federal power marketing administrations are required by law to pay back the investment in federal hydropower facilities with interest. They are doing so, as shown in the table below:

STATUS OF REPAYMENT AS OF SEPT. 30, 1993<sup>1</sup>

[Cumulative dollars in millions]

Location	Power investment <sup>2</sup>	Power revenues	Operation & maint. (O&M)	Purchased power	Interest paid thru 1993	Cumulative repayment thru 1995	Unpaid investment
Alaska .....	\$205	\$144	\$52	0	\$53	\$39	\$166
Bonneville .....	<sup>3</sup> 12,260	34,723	5,572	\$20,825	5,914	<sup>3</sup> 2,412	<sup>4</sup> 9,848
Southeastern .....	1,442	2,325	1,043	65	781	435	1,007
Southwestern .....	997	2,042	688	520	536	298	699
Western .....	5,631	<sup>5</sup> 11,210	4,311	3,013	1,911	2,198	<sup>4</sup> 3,433
PMA total .....	21,658	47,466	11,166	22,554	8,831	5,133	14,525

<sup>1</sup> All data are on accrual basis of accounting, except as noted, and are based on the best information available.

<sup>2</sup> The power investment to be repaid includes irrigation and other nonpower investment assigned to power for repayment for Bonneville and Western.

<sup>3</sup> Cash rather than accrual basis.

<sup>4</sup> The unpaid investment does not include construction work in progress or capitalized deficits.

<sup>5</sup> Net of income transfers of \$109 million.

Mr. HATFIELD. Mr. President, the five PMA's carry out a distinctive mission, including both power and nonpower functions. For example, the Bonneville Power Administration's primary function is to market power generated by the Corps of Engineers dams in the Columbia River Basin. They also have significant involvement in implementing regional conservation measures, regional fishery recovery and conservation measures, and regional renewable energy programs. It is unlikely that the private sector would be willing to fulfill these public duties in the absence of PMA's.

This is of particular interest to the Northwest, where BPA is, under current plans, expected to shoulder the vast majority of the costs of salmon recovery. While many in the Northwest have argued that BPA should not be required to bear the entire burden of

these recovery costs, to remove BPA from the picture leaves a void that would be difficult if not impossible to fill.

A number of economists have questioned the true fiscal benefit of selling Federal assets such as the PMA's. Not only would such a sale require the budget scoring rules of the Senate and the House to be fundamentally altered in order to show any positive deficit impact, it would also be of questionable benefit to the deficit problems we face. As Harvard Prof. Martin Feldstein has pointed out:

Although Government accounting methods would make it look as if Federal spending and receipts are in better balance, these asset sales would do nothing to lessen the burden of the deficit. That burden occurs because Government borrowing to finance the deficit preempts savings that would otherwise be available for private investment in

plant and equipment and in housing construction. The administration's proposed assets sales would preempt private savings every bit as much as a Federal sales of new debt of the same value.

Mr. President, over the last decade, I have seen many shortsighted proposals by successive administrations to sell off or alter substantially the power marketing administrations. I have had to fight these proposals each time and will continue to do so. As budget deficits grew, a cash-starved Federal Government looked to all sources of revenue generation to produce more dollars. The power marketing administrations, which produce large sums of annual revenues, became easy targets for those who look only at the bottom line. Little or no consideration was given to the impacts on local economies or the overall impact on Federal revenues.

While none of these proposals ultimately was successful, each created a cost for the economies which depend on PMA electric power. Electricity is the cornerstone of much of the Nation's economy, particularly in the Pacific Northwest. The high reliability and low cost of electric power provides the United States, and especially the Pacific Northwest, with a global competitive advantage which benefits the entire Nation.

As each of these proposals were made, uncertainty over the future cost of electricity was created. In the Pacific Northwest, where over half the electric power consumed is marketed by the Bonneville Power Administration, these proposals cast a cloud of uncertainty over future electric power prices. Rate increases of the magnitude contemplated by the proposals would devastate the economy of the region by discouraging investment in infrastructure, including modernization of new plants and equipment, and close factories and businesses which operate on the margin, many of which were attracted to the availability of low cost hydroelectric power in the region. The benefit of these proposals has overstated by every administration because the potential for lost tax revenue as a result of business failure or lack of investment was never taken into account.

In conclusion, Mr. President, proposals to sell off these revenue generating entities that are such fundamental importance to the local and regional economies they serve are misguided and will be opposed by this Senator. I am pleased to join with my colleagues to reinforce the importance of this issue.

I yield the floor.

Mr. CONRAD. Mr. President, I would like to speak for just a moment on this PMA matter and then direct my attention to another issue. Who controls time?

The PRESIDING OFFICER. The Chair would inquire of the Senator from North Dakota if he is speaking on the time of his colleague from North Dakota?

Mr. DORGAN. Mr. President, I ask unanimous consent the Senator from North Dakota be allowed to speak for 9 minutes in the time reserved for morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from North Dakota is recognized for up to 9 minutes.

#### THE POWER MARKETING ADMINISTRATIONS

Mr. CONRAD. Mr. President, I thank the Chair and thank my colleague. I would like to speak just briefly on the PMA matter and then speak on another issue as well.

With respect to the PMA matter, I salute my colleagues who have come to the floor to oppose the sale of PMA's. Let me say I believe sale of the Power

Marketing Administrations represents a very bad idea. It is bad for rural America. It represents bad faith. It is bad economics and it is bad policy.

This would have a very serious impact on rural America. In my State we would see an increase in rates of up to 60 percent; 240,000 customers in North Dakota would be adversely affected. Those rural customers are already paying rates that are 15 to 40 percent higher than city customers. The reason for that, of course, is very obvious. There is much less of a load per mile in rural areas than in city areas, so the costs are higher.

Mr. President, this would be a very serious matter for rural America. It also represents bad faith. The Government made a deal. The deal was this power was going to go to help rural America. That is precisely why the Federal Government entered into this enterprise. Preference power, it should be emphasized, is not a subsidy. These facilities are being repaid with interest. I believe the sale also represents bad economics. Selling the PMA's would be a one-time shot. It does not reduce the deficit because their own budget rules say you cannot sell assets to reduce the deficit. So, Mr. President, selling these facilities forgo decades of steady income.

Finally, I believe the PMA sale represents bad policy. These dams serve multiple purposes. No private entity can balance the interests of power production with flood control, navigation, water supply, and wildlife values.

Mr. President, for those reasons I oppose the sale of the PMA's.

#### WHERE IS THE BUDGET?

Mr. CONRAD. Mr. President, today is May 3. I think it is time to start asking the question of our colleagues on the other side, where is the budget? Where is the budget? We are supposed to have completed action on the budget in the Budget Committee by April 1. Today is May 3. We still do not see a budget. I am on the Budget Committee. I still do not know when we are even going to start to work on the budget.

Mr. President, I must say I am somewhat surprised because our friends on the other side of the aisle had a budget before the election. They told the American people that they had a budget plan. They said they could cut taxes, they said they could increase defense spending, and they said they could balance the budget. But now that they have assumed power and assumed control and assumed authority, there is no budget.

Mr. President, it is amazing the difference an election makes. Before the election there was this plan. They had the Contract With America. They told everybody they had this miracle. It was not going to reveal the details but a miracle plan that was going to allow them to cut taxes dramatically, increase defense spending, and balance the budget. Now that they are in power

their plan is missing in action. Maybe it is because the plan just does not add up. This chart shows what we would need to do to balance the budget over the next 7 years. We would have to have a reduction in spending of \$1.2 trillion to begin with. Then if we were going to be true to the promise we have made to Social Security recipients, they would have to cover the \$636 billion in Social Security surpluses that are going to be generated during that 7-year period.

So now the hole to fill in is \$1.8 trillion—not million, not billion, but trillion dollars. That is real money even in Washington talk. On top of that, of course, we are going to have to cover the massive tax cuts that the House has passed, \$345 billion of tax cuts over the 7-year period. So that is the hole that we have to fill in, \$2.2 trillion.

Unfortunately, before they ever started to fill in this hole, they dug the hole deeper by passing these massive tax cuts.

Let us see what they have produced so far by way of proposals to narrow the gap between the \$2.2 trillion we need, and what they have actual done so far over in the House in terms of proposal. They are down here at a measly, anemic, \$485 billion.

Mr. President, I would say our friends on the other side of the aisle have a credibility gap that is opening up here. In fact, it is more than a gap. It is a chasm. They are \$1.6 trillion short. No wonder we do not see a budget out here. No wonder they have blown the deadline. No wonder they have not even started in the Budget Committee and they were supposed to be completed a month ago.

It is amazing. During the balanced budget amendment debate there was a rush to amend the Constitution to balance the budget. Boy, that was priority No. 1. But now when it comes time to actually do something to balance the budget, because of course, a balanced budget amendment will not cut one dime, will not add one dime of revenue, will not narrow the deficit by a dollar—now, when it comes time to actually present a budget, to actually do something about the deficit, the budget plan is nowhere to be found. This just does not add up. It does not add up, and not surprisingly our colleagues on the other side are more focused on a tax cut for the wealthiest among us than presenting a plan to reduce the deficit.

It is very interesting. If you look at who benefits from the Republican tax bill, what one finds is if you are a family of four earning over \$200,000 a year, you get an \$11,000 tax cut. If you are a family of four earning \$30,000 a year, you get \$124.

So the idea of our friends on the other side is to target tax relief in this country by giving 100 times as much to those earning over \$200,000 a year than those earning \$30,000 a year, and they call this middle-class tax relief. It is an interesting concept of the middle class.