

power when supply is tight and can result in unjust and unreasonable rates under the FPA . . . we reaffirm our findings that unjust and unreasonable rates were charged and could continue to be charged unless remedies are implemented."

The Air Resources Board is continuing its efforts to ensure that California has the maximum electrical power output possible, while still protecting public health and mitigating any adverse effects of increased electrical output. This is being done within the confines of existing law as recently expanded through the Governor's Executive Orders. To quote Governor Davis, California is demonstrating that we can cut red tape, build more power plants and continue to protect the environment.

Our State's history reflects a pattern of success even in the face of unparalleled challenges. California, the most populous state in the nation, has made incredible strides in improving air quality and protecting public health. At the same time, the State has enjoyed immense population and business growth. During this current energy situation, California will maintain its record of achieving a balance among all the issues to ensure that a reasonable and successful solution is achieved.

In sum, the air quality regulatory system works. The Governor's utilization of his emergency powers to expedite the process of power siting while maintaining environmental standards confirms that California can maintain its environmental and economic objectives.

Thank you, Mr. Chairman, for the opportunity to testify this morning.

Mrs. FEINSTEIN. Mr. President, the point I am trying to make is that there is no environmental law that is holding up either the approval or the functioning of any generation facility in the State of California. Also, I have written the CEOs of all of the energy generators that sell power to California and I have confirmation of this. I have not heard of one single example that contradicts Secretary Hickox's statement. So I believe that California is really doing all it can right now to maximize energy supply, to reduce its demand, but it is still not likely to be enough for the summer.

Now, this summer we are projected to have a shortfall on a warm day, with all plants operating, of 2,000 megawatts. On a hot day, with some plants down, the shortfall is estimated to be 10,000 megawatts. That could well be a serious disaster. Because hydro-power in the Northwest is also low, there will also be shortages in other Western States as well. Our State has already experienced several days of rolling blackouts, and when a blackout hits, it means traffic lights go out, elevators stop, fuel pumps are down, food begins to rot, and production stops. The economic losses are measured in billions, and there well could be loss of life.

Let me put price on the table. This chart shows that in 1999 the total cost for energy in the State of California was \$7 billion. In the year 2000, those costs became \$32 billion. The cost predicted for energy to the State of California in 2001 is \$65 billion.

Look at this cost jump in 3 years. This is the problem—this deregulated

wholesale market has run amok, and there are no controls. If the FERC has found these prices to be unjust and unreasonable and refuses to regulate, what happens this year with these prices and no regulation? So the situation we are in is inordinately serious.

I want to make a couple of points about natural gas. Natural gas stocks are low everywhere, and the price for natural gas for most of the country is averaging about 3 times more than the historic average. However, in Southern California, the prices are 8 to 9 times higher. CN&H Sugar, a refiner in Crockett, CA, generally pays about \$450,000 a month for its steam generated through natural gas.

During the peaks of this past year, \$450,000 a month has risen to \$2 million a month. That plant can employ 1,000 to 1,200 people. That plant cannot continue to operate under these conditions.

There is a real problem in the transportation costs of natural gas because they are not transparent and because profits are hidden. The transportation of natural gas, the cost of moving gas from, let's say, San Juan, New Mexico, to San Diego has always been regulated. When it was, that cost was about 70 cents per decatherm.

If natural gas is selling for \$5 in San Juan and it costs 70 cents to transport it to southern California, when it gets to southern California it should be selling for no more than \$5.70.

The price of natural gas today in San Juan, NM, is \$4.80. However, the price in southern California today is \$14.71. In northern California it is \$9.59. Something is clearly wrong. This price need be no more than \$6 per decatherm, not \$14.71.

In February of 2000, the FERC decided to experiment, and it removed the cap on the transportation of natural gas for 2½ years, believing the market would actually drive down the price. Clearly, the opposite happened. The absence of transparency allowed companies to withhold parts of that natural gas transportation pipeline just for the purpose of increasing prices, and prices have risen.

Senator GORDON SMITH and I, along with Senator BINGAMAN, Senator CANTWELL, Senator MURRAY, and Senator LIEBERMAN, introduced legislation yesterday directing FERC to do its job. The legislation says that since you, FERC, have found the prices to be unjust and unreasonable, you must now do your job and you must set either cost-based rates on a temporary basis or a rate cap on a temporary basis for the western grid within 60 days.

It requires that those costs must be passed on to the consumer in a manner that the State believes just. The cost can be staggered over years and passed on through real-time pricing, tiered pricing, or by setting a baseline, but it must be passed on, again, to create a functioning marketplace.

The bill also requires that all future orders to sell natural gas or electricity

to an affected State must include a reasonable assurance of payment.

We believe this is a bill that must be passed by this body. The Energy Committee has had two hearings on the subject, and I am hopeful this body will pass this bill in a timely manner. The inability or failure to do so I think is going to create a human and an economic disaster in the Western States come summer because these costs, not only of natural gas but electricity, in the hot months are going to be serious and extraordinarily high.

I thank the Chair for the opportunity to give this status report. I end by particularly thanking Senator SMITH of Oregon. He has worked with me in a bipartisan way. He has gone with me to see members of the committees on the House side. He has stood very solid and steady in support of this legislation. I am very proud to have him as a major cosponsor. I also thank the Senators from the great State of Washington and the Senator from Connecticut who also recognize what this problem is and are determined to do something about it.

I yield the floor.

The PRESIDING OFFICER. Under the previous order, the time until 11:10 a.m. shall be under the control of the Senator from Wyoming, Mr. THOMAS, or his designee.

The Senator from New Mexico.

Mr. DOMENICI. Mr. President, as a designee, I ask that I be permitted to speak for up to 10 minutes.

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

EDUCATION

Mr. DOMENICI. Mr. President, I rise today to speak about education. Since we are going to seriously consider education reform in this Chamber during the ensuing days, I thought it might be appropriate for me to talk about it before I, and many others, offer amendments.

New Mexicans and Americans agree, from everything I can tell, that improving the educational opportunities available to our children should be our top priority. The issue is whether or not we can reform the school system such that our children will perform better as they are educated in our public school systems in ensuing years.

There is ample evidence that it is absolutely imperative the public school systems do better, that more and more of our schools be held accountable, and that an accountability requirement be part of the reform measures the Senate will be considering in the next few days or weeks.

For starters, going back to the days of our origin, I quote a very distinguished American who talked about investing resources. Benjamin Franklin said:

An investment in knowledge always pays the highest interest.

Obviously, that is a very simple way of talking about our priorities and

where we put our resources and where we might expect the best benefits for society. This great American in our founding days said: You will always get the best interest when you invest in knowledge.

Later in the discussions there will be ample opportunity for Senators to assess the performance of the school systems across America and what is happening to our children—not everywhere but some places; not to all children but to substantial numbers by way of our desire to give them the basic skills with which to perform as students, as growing Americans, and ultimately as adults in our society, which is requiring more and more that people be skilled of mind, their cognitive skills be developed to the highest extent possible.

The President of the United States, in suggesting reform of the educational system, also suggested with that reform there should be a substantial increase in the level of funding by the Federal Government. The President suggested we spend \$44.5 billion for the Department of Education. That is an 11.5-percent increase over last year, but it is also \$1 billion in new funding for a new reading program for young children, tied into the reform measures that we will talk about as the bill proceeds.

It increases special education funding to a Federal share of 17 percent. That is 17 of the 40 percent we have committed. It is the highest proportional share by the Federal Government in the history of the program. It doesn't do justice to our original commitment of 40, but for a 1-year add-on to the program, it is substantial. It provides \$2.6 billion in the area of teacher quality funds. That is a 17-percent increase. It provides a $\frac{1}{2}$ billion increase for title I grants to serve disadvantaged children.

There is already bipartisan discussion between the committee members and the President. There will be a lot of discussion as to how to change the underlying laws we have had on the books for a long time, the bill that provides most of the funding for education and how that will be changed.

The Senate will begin debate on a new act which is going to be called the Better Education For Students and Teachers Act. I will take a few moments to talk about my specific input which I will offer to the Senate.

Americans and New Mexicans are concerned. Their highest priority is education. Second, most Americans and most New Mexicans are worried about what is happening to the character and the morals of our society, of our culture. That seems to be almost the second most important issue around. I will be offering on the floor what will be called the Strong Character for Strong Schools Act.

It is important to note that reform does not only apply to math, science, and reading. While the current debate is centered on reform, our bill simply

encourages the creation of character education programs at the State and local level by providing grants to eligible entities. The bill builds upon a highly successful demonstration program to increase character education contained in last year's ESEA bill.

Since 1994, the Department of Education has granted seed money to some of our school systems to develop character education programs. Currently, there are 36 States that have either received some Federal funding or on their own have enacted laws encouraging or mandating character education. Thus, the time is now to ensure that there will be a permanent and dedicated funding source made available for character education programs.

When we first look at character education, questions are asked. What is it? Will it work? Will teachers want to do it? I will cite an example of how it is being done in my State under a program called the Six Pillars of Good Character. I will read the words that equate to the six pillars and discuss it. The words are trustworthiness, respect, responsibility, fairness, caring, and citizenship. These were developed a few years ago when a large group of Americans, under the leadership of a foundation in the United States that brought them together to talk about good character, the Josephson Institute for Ethics, essentially a foundation that promoted ethics, was specific in coming up with six pillars of character.

In my State, we have the largest number of public schools at the grade school level, junior high level, of any State in the Union that has incorporated these six pillars into the daily education of our children. The teachers love it. It empowers them to do some things they have always wanted to do. There are lesson plans that help them get across these six pillars as part of the normal education of our children.

It is a joy to go to a school and see what is occurring in the hallways of the school. They chose one of the pillars of character for each month. If you go to the school when they chose "responsibility," you will see the hallways laden with posters that contain ideas and events about responsibility. At the end of the month, they get together and talk about that pillar. You will see the most enthusiastic group of teachers and young people discussing what happened during that month with respect to encouraging responsibility and understanding of it and actions based upon it.

Without telling the Senate how that got started, it is a glimpse of what can happen across America if we continue to encourage this kind of character education and ask more and more of our States to get involved and encourage them but not order them to do this.

I thank Senator DODD for his leadership. Since the departure of Senator Nunn, he has joined with me in promoting the encouraging startup funding for character education in the United States.

In addition to that measure, Senator KENNEDY will join me in a bill which will address itself to mental health needs in our schools. Essentially, it will say the mental health resources not in the school but which are in the community and are public should be used in collaboration with the schools for the counselors and for the young people. I think that bill will find general acceptance in the Senate and is something we ought to encourage.

The third amendment I will introduce with a number of cosponsors has to do with the recruitment and retention of teachers. Rather than detailing this, I will do so when I introduce the amendment. It is obvious we need teacher recruitment and teacher development. We will promote this idea by advocating teacher recruitment and development retention centers within our States for the exchange of names to provide a program in the country on a purely voluntary grant basis where there would be internships by budding teachers with senior teachers known for their quality and competency, thus permitting a number of young Americans to have a half year or year service as an intern with an educator before they are placed in the classroom.

I think it is going to be a worthwhile debate. There are many participating from the committee in the Senate. I do not happen to be on that committee, but I will participate to the maximum extent so these three amendments and ideas will be incorporated in amendments that will be offered on the floor.

I know Senator SMITH is waiting and I have exceeded my time, so I yield the floor.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. SMITH of New Hampshire. Mr. President, under the time allotted to Senator THOMAS I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator is recognized for 5 minutes.

HONORING THOSE LOST IN THE JOINT TASK FORCE FOR FULL ACCOUNTING HELICOPTER CRASH

Mr. SMITH of New Hampshire. Mr. President, in early April, April 6 to be exact, the Senate recessed. The following day, April 7, a Saturday, a helicopter, in the fog, crashed into the side of a mountain in Vietnam. In that crash, seven American military personnel were killed as were nine Vietnamese. It is a grim yet a vivid reminder of the fact that every day American servicemen throughout the world are serving their country in harm's way. Even though the Nation is not at war, we sometimes forget these men and women put their lives on the line for us.

I want to share with the Senate what these men were doing. These men were searching for the remains of American missing personnel, MIAs from the Vietnam war. These young men volunteered for this job and put their lives