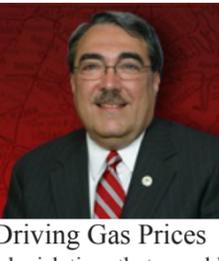




**Congressman**  
**G.K. BUTTERFIELD**  
*1st District of North Carolina*



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## Investigating What's Driving Gas Prices

This week I co-sponsored legislation that would empower and encourage the Secretary of Energy to uncover the factors affecting the price of crude oil and petroleum products.

For too long, energy markets have operated behind a veil of secrecy. Given the record energy prices that are harming businesses, farmers, consumers and our economy as a whole, Congress must act to determine the precise effects that manipulation and speculation are having on energy prices.

The bipartisan legislation would require the Department of Energy to establish an interagency working group responsible for investigating the factors that affect the price of crude oil and petroleum products. The working group would include members from the Federal Energy Regulatory Commission (FERC), the Federal Trade Commission (FTC), and other relevant regulatory bodies. The working group would also include representatives from the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission (SEC).

Under the leadership of the Secretary of Energy, this working group would advise Congress on gaps in data collection and oversight involving both the physical and financial markets, in the United States and abroad. It would also assess whether the existing framework for policing the integrity of the financial and physical markets can or should be strengthened. The legislation would require the working group to report back to Congress quarterly and to complete its study within a year of the bill's enactment.

This legislation would help bring needed accountability to energy markets. The recent run up in energy prices has caused great concern and calls for action. This will provide all the facts Congress needs to craft appropriate solutions.

The House Committee on Energy and Commerce's Subcommittee on Oversight and Investigations has been investigating energy speculation since last year. The Committee held a hearing on the topic in December and has scheduled a second hearing for June 23rd to explore whether weak regulation of the futures market has permitted pension managers and currency hedgers to flood the oil futures market

## In This Week's Issue:

- Investigating What's Driving Gas Prices
- Extending Unemployment Benefits
- Rural Electric Cooperatives

with so much money that, at a time of tight supply and demand, oil prices have become disconnected from underlying supply and demand.

## Extending Unemployment Benefits

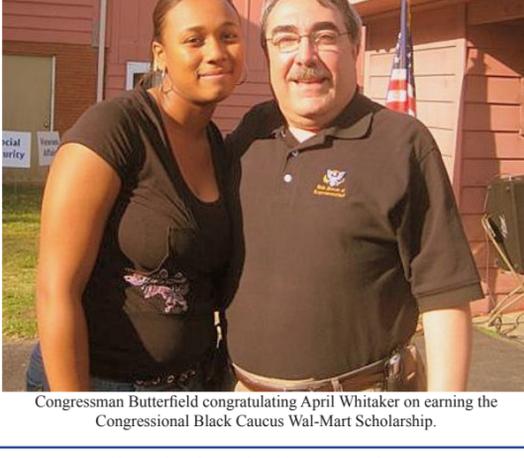
This week a bipartisan House majority approved a plan to provide additional unemployment benefits for Americans out of work. The Emergency Extended Unemployment Compensation Act would immediately provide up to 13 weeks of extended unemployment benefits to jobless workers in every state and was approved by a vote of 274 to 137.

While President Bush has threatened to veto the measure, it passed by the two-thirds majority that would be needed to override a veto.

Americans across the country are facing rising costs of living—and we have just seen the largest monthly increase in unemployment in 20 years. For the fifth straight month, the economy lost jobs and unemployment rose from 5.0% in April to 5.5% in May. The economy has lost nearly 325,000 jobs this year and 8.5 million Americans are unemployed.

North Carolina's unemployment rate jumped to 5.4 percent in April, the highest it has been since August 2005.

The legislation approved in the House today would benefit 3.8 million unemployed Americans -- providing up to 13 weeks of extended unemployment benefits in every state to workers exhausting the 26 weeks of regular unemployment benefits. In states with higher levels of unemployment, an additional 13 weeks would be available, for a total of 26 weeks of extended benefits. The legislation will be paid for through the federal unemployment trust funds, which have more than enough reserves to cover the cost.



Congressman Butterfield congratulating April Whitaker on earning the Congressional Black Caucus Wal-Mart Scholarship.

## Rural Electric Cooperatives

I recently had the great pleasure of addressing the North Carolina Association of Electric Cooperatives, whose members were in Washington, D.C. as part of the group's annual visit. Here are the remarks I made during the meeting:

Rural Electric Cooperatives are an invaluable asset to our rural, suburban and exurban communities across the country. In places where larger energy companies lack the financial incentive to extend their services, Rural Electric Cooperatives are there to fill the gap between the "haves" and the "have-nots." They serve 40 million people in 47 states who otherwise might not have access to the electricity they need.

In the First District of North Carolina, which I have the honor of serving, Rural Electric Cooperatives serve nearly 20% of residents, which is about 130,000 people. I am appreciative for the fine work that you do in ensuring that our homes are lit; warm in the winter; and, cool in the summer. As democratically-governed businesses, you are truly customer-driven and not profit-driven. I support and thank you for your investment in rural America.

By any name, the phenomenon of rising global temperatures due to greenhouse gas emissions is one of the most talked-about issues in American government today. Congress has focused a great deal of discussion on this issue as it works to provide policy on carbon emissions. Our children are depending upon us to address the causes of global warming and climate change, and that means reducing carbon emissions. Mounting scientific evidence necessitates a need for reform. The need for vision to move us away from our fossil fuels addiction has never been more pertinent.

Amidst the backdrop of this reformist awakening is the reality that we have a vast existing infrastructure upon which we are absolutely dependent for our energy needs. We are completely reliant on the means in which you deliver electricity to us, and the components are deeply embedded in our way of life. Moreover, much of the technology needed to make changes at scale to the way we produce and deliver energy is still in its relative infancy.

While there's a demand from many quarters for immediate action, there's also the need to undertake thoughtful deliberation to ensure that we get the problem right. We don't want to be a Congress that kicks the can down the road on climate change legislation. We must be sure that our efforts make positive changes that recognize the value of existing infrastructure and avoids depressing business and harming consumers.

For the rural electric cooperatives, this is especially important. Because you have no profit margin, any extra costs associated with policy aimed at reducing carbon emissions will be passed directly on to the consumers. For the citizens of the First Congressional District, that means higher utility bills on top of higher gas and food prices. This is untenable for many of my constituents and your customers.

I represent the 15th poorest district in the United States, and we simply cannot afford to be the load-bearing agent of this reform. Nor can the utilities, such as the rural electric cooperatives, be asked to shoulder the entire burden of this challenge. Undoubtedly, any effort, no matter how carefully vetted, will be costly to implement. Careful consideration of the many moving parts of such legislation is crucial to overall success of the program.

The most popular proposal at this point is cap and trade legislation. As you have been briefed, Senate Bill 2191, the Lieberman/Warner Bill was reported out of committee to the full Senate in December. Given its progress, it is the current benchmark for carbon-reducing legislation today. It features the ambitious goal of reducing carbon emissions to 1990 levels in twelve years, and establishes an auction system for allowance allocation. It is a resolute beginning to addressing a serious problem, but not without room for significant improvement. Of the utmost concern to you and to me is the absence of an economic safety valve in the bill.

The lack of sufficient technology to help mitigate the carbon emissions means that when caps are enforced, you will face high overhead as you struggle to meet ambitious caps in an economy-wide program. There remains much work to be done on carbon sequestration, clean coal, and biomass to make these technologies affordable and available. At this point, the timeline for reduction of emissions is likely incongruous with the rate of development of technology. To deal with this prospect, a safety valve is a responsible means of preparing for a murky future. It would serve to protect customers, particularly the rural electric cooperative customers, from bearing the burden of these measures.

The push for cap and trade legislation must be matched by a commitment to foster research and development of these new technologies. The chairman of the Energy and Air Quality Subcommittee, Rick Boucher, is a strong advocate for such measures. I admire his commitment to finding workable solutions, and also for trying to build a healthy environment where technology development will help us use existing infrastructure to solve this problem.

In our efforts to lower emissions, nuclear energy must be central to the discussion. Nuclear energy already generates 50% of the power to North Carolina Rural Electric Cooperatives, but it can do so much more. As a highly efficient, zero-carbon emitter, nuclear energy easily fits the profile of a fuel source to move America to a more sustainable future. But there are barriers to growth as well. Not the least of these is lingering public fear about the safety of nuclear power, a fear fueled by the incidents in Chernobyl and Three Mile Island.

Additionally, questions of where to retire nuclear waste and how to pay for the now very expensive facilities hampers the growth of this industry. The Wall Street Journal recently reported the cost for the next generation of nuclear power plants is between \$5 and \$12 billion. It will require investment from industry and government alike to cultivate nuclear energy in this century.

I am in Congress to help provide a better future for the 660,000 people whom I represent. Ensuring that they have access to energy through the rural electric cooperatives is critical to reaching that goal. If and when the cost of reforming our energy system reaches the many low-income residents I represent, we should be there to ensure that they are not swept away by the current of reform. I strongly advocate that should our emissions policy generate government revenue, that a portion of the proceeds be earmarked for low income energy assistance.

Ladies and gentlemen, I have only briefly outlined the many obstacles facing us as we attempt to confront climate change. From ambitious emissions reductions to a greater need for technology, dealing with this problem will require unprecedented cooperation between lawmakers and industry. I am prepared and committed to working with you as we attack this to ensure that rural electric cooperatives can continue to carry out their mission. The people in my district, and many others throughout the country, would find energy inaccessible if it weren't for the work that you do. It is right and prudent that our legislation take into account your needs, because we do share the same vision of a sustainable future.