

DEVIN NUNES UNITED STATES CONGRESSMAN, CALIFORNIA
21ST CONGRESSIONAL DISTRICT ★ ★ ★ ★ ★



Feature Story

Foreign Energy Dependence and Rising Fuel Prices

This four-month series will examine U.S. dependence on foreign sources of energy and the future of domestic energy production. It will conclude in the June edition with an examination of federal policies that would expedite a path to increased energy self-sufficiency.

The current situation: U.S. dependence on foreign oil

For decades, the United States has relied on extensive imports of fuel in order to satisfy our national energy consumption needs. At the time of the 1973 “fuel crisis,” we imported 36% of our oil. Today, imports total nearly 60%.

Why should Americans be concerned about this? The answer is simple. The greater our dependence on foreign sources of fuel, the greater our exposure will be to uncontrollable supply interruptions. We will also be at the mercy of global energy prices. Due to our increased reliance on imports, an “oil shock” such as that experienced in 1973 would be significantly magnified today

and would be devastating to our economy.

The significance of foreign actors in relation to our energy needs and our nation’s resulting vulnerability are clear. By way of example, the Organization of Petroleum Exporting Countries (OPEC) has a major impact on the world’s supply of crude oil. In 2003, OPEC reduced oil production and, despite unprecedented prices, continues to exercise cartel policies to keep production down. As a result, the current price of a barrel of oil, which is set on the world market, is over \$58 – compare that to 1999 when it was \$20 a barrel resulting in \$1.27 per gallon of gas. Considering that the price per barrel of oil comprises approximately 55% of the price of gas, it should not shock anyone that record highs for a barrel of oil has corresponded to record highs at the pumps. Without question, OPEC’s decisions on production quotas

one-third of the total growth in global demand. As highly populous countries like China and India continue to grow and develop economically, we can only expect that this percentage will grow.

We are also faced with possible disruptions in oil production from major exporters, including

Foreign Sources

A look at the rise in crude-oil imports from Venezuela and some African nations since 1985, and a current Energy Department estimate on foreign suppliers.

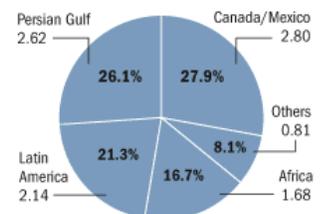


An oil rig on Lake Maracaibo in Venezuela.

U.S. crude-oil imports from select countries, 1985 & 2004, in thousands of barrels per day

COUNTRY	1985	2004	PERCENT CHANGE
Venezuela	306	1,294	322%
Nigeria	280	1,062	279%
Angola	104	306	194%
Gabon	51	142	178%

Estimated U.S. crude-oil imports by source area for 2005, in millions of barrels per day*



Source: Department of Energy Photo by Bloomberg News/Landov

*Figures do not add up to 100% due to rounding

are the single most important factor in the supply and price of oil worldwide. Of course, OPEC is not the only international actor affecting oil prices.

In addition to challenges related to foreign control of energy sources, we are faced with growing international competition. China’s oil consumption alone is expected to grow by 800,000 barrels per day this year. This represents more than

Venezuela, Iraq, Iran, and Nigeria. In the case of Venezuela, which has large proven oil reserves, they have recently moved to nationalize their oil industry. This removes oil production from a market based economy to a government controlled regime that can be halted at any point based on the political whims of the country’s president. In the case of Iraq, they continue to face

IN THIS ISSUE

- Feature:** Foreign Energy Dependence
- Health Beat:** Medicare Rx Under Attack
- Guest Column:** Interning on Capitol Hill
- Rumor Mill:** Congressional Retirement
- In My Words:** 110th Congress Outlook

Health Beat: Medicare Part D Under Attack

Prescription drugs are part of the fabric of modern medicine and enable men and women to live longer, healthier lives. Since the passage of landmark Medicare prescription drug legislation in 2003, the federal government has worked to ensure the availability of a variety of competitive drug plans for seniors. In California, 24 drug plans are available to seniors at an average cost of \$24.00 per month. For seniors with high drug costs, several plans are available offering comprehensive coverage with no gaps. For other seniors, with moderate or low drug costs, plans are available for as little as \$9.70 per month.

The first year of the new drug benefit, known as Medicare Part D, resulted in 38 million seniors receiving benefits. The program surpassed all expectations in terms of enrollment, cost savings, and senior satisfaction. Indeed, Part D enjoys an 80% approval rating among seniors. Senior support for Part D is well

founded. Competition among drug plans has already saved \$253.9 billion over projected benefit costs and the average senior saved \$1,200 in the first year. Even more savings are expected for the second year of the program.

Despite these compelling facts, Speaker Nancy Pelosi and other Democrat Members of Congress have decided to impose changes. They claim that government control of drug prices, through direct negotiation, is necessary to save seniors money. To accomplish this, they will eliminate free market competition among drug plans, restrict the availability of certain medications, and force most seniors to participate in mail order drug plans. Such an approach would be a catastrophe to our nation's seniors. Access to local pharmacies and the full spectrum of life saving medications should not be taken away. Price controls are incompatible with our national goals of bringing cutting edge medicine



to seniors and would do nothing more than impose further government controls over a healthcare system already over-burdened with regulations.

The Republicans in Congress were not alone in opposing Speaker Pelosi's prescription drug price control initiative. The American Legion, Kidney Cancer Association, ALS Association, Arthritis Foundation, Epilepsy Foundation, Inter American College of Physicians, and many other organizations spoke out against Democrat efforts to undermine the highly successful Medicare Part D.

Guest Column

by: Jairo Lamatina

My time as an intern in the U.S. House of Representatives has continually afforded me with distinct, unforgettable experiences that I am very thankful for.



Coming to work every day on Capitol Hill is a fascinating, although initially intimidating experience. Work here is mingled with a certain inescapable excitement of being at the center of it all. Amidst conducting Capitol tours and sorting mail, I occasionally find myself walking beside Members of Congress in the hallways of the office buildings. In the office, C-SPAN is always on and the legislative process is observed continuously.

I was still new at the job when, on the other side of the Capitol, cannon fire saluted the memory of President Gerald Ford on the occasion of his funeral. The

highlight of my experience in Washington, D.C. came when I was given the opportunity to attend President Bush's State of the Union address. A sudden tranquility came over me as the president walked in, greeting many, then saluted the vice-president and Speaker of the House, and began to address the nation. A chapter in history was written that night, and I was completely thrilled

to witness it.

Such notable moments have been a part of my experience as an intern on Capitol Hill. During my time here I have absorbed this hands-on approach to government and gained practical perspectives on the legislative process that have proved valuable in complementing theoretical concepts. Interning has been an important personal stride, helping to reshape me from an educated observer into an able, effective citizen.

My time here has been truly remarkable, and although I have learned and grown tremendously, I look forward to the months I have left with great expectation. I treasure the opportunity I have been given to intern under Rep. Nunes, and to take an active part in the exceptional celebration of this country's democratic foundations that is the United States Congress.

**Want to Join the Nunes
Team as an Intern?**

**Visit Rep. Nunes' website at
www.nunes.house.gov
to download the application.**

**For questions about interning in Rep.
Nunes' Visalia or Washington, DC offices
please contact
Melissa Mederos at (559) 733-3861.**

Rumor Mill

Rumor: Members of Congress, both Senators and Members of the House, don't pay into Social Security and instead receive retirement benefits equivalent to their salary. This Internet-based rumor email also claims that benefits for elected officials amount to a golden parachute, even for those who serve one term in office.

Truth: This allegation is false. Members of Congress do participate in the Social Security program. In addition, like other federal employees, they have access to a pension which is financed by payroll deductions and employer contributions. Like other federal employees, the amount of a Congressional pension depends on the years of service.

In My Words: 110th Congress Outlook, by Rep. Nunes

I am humbled by the privilege of representing the citizens of the 21st Congressional District of California for another two years.



be made on a number of issues of significant local concern. I will continue my work on water storage issues and will remain committed to resolving the San Joaquin River dispute to the benefit of both farmers and conservationists. Additionally, I will continue to work with other Valley lawmakers to improve federal agriculture policy, to deliver additional resources for our regions infrastructure, and to improve the delivery of health-care.

The 110th Congress will be challenging for Members of my Party as new leadership in the House takes over. This leadership change has significant implications for our region. Those running key House committee's do not reflect the interests or values of the Central Valley. Instead, they are largely liberal urban lawmakers with big government solutions to our many challenges. This contrasts sharply with the values I share with you, including the desire to limit government intrusion in our lives and promote free enterprise.

Despite the challenges associated with the political environment in Washington, I am confident that further progress can

On issues of great national significance, I intend to reach across the aisle to advocate passage of a comprehensive energy bill that invests in new technologies, such as cellulosic ethanol and biofuel energy production, which decreases our dependence on foreign oil. I also want to ensure that our Central Valley farms and orchards have the labor they need to operate successfully, which means passing immigration reform. It is possible to reform immigration in a way that does

Keep Your Energy Bill Out of Hot Water

Water heating is the third largest energy expense in your home. It typically accounts for about 13% of your utility bill.

A family of four, each showering for five minutes a day, uses 700 gallons of water a week.

Cut that amount in half by using low-flow aerating showerheads.

Average Hot Water Use	
Activity	Gallons per Use
Clothes washing	32
Showering	20
Bathing	20
Automatic dishwashing	12
Preparing food	5
Hand dishwashing	4

not allow amnesty, but which does not take willing workers out of the field.

As your Congressman and a native of the region, I understand how important it is to have your voices heard in the halls of Congress. Thank you again for this opportunity.

ENERGY *continued from page 1*

insurgent attacks against its oil production facilities. These disruptions have reduced the country's output.

In the case of Iran, the world is trying to come to grips with a nation whose policy is the destruction of Israel and the expansion of Islamic law throughout the world. That same nation is defying international pressure to stop the development of nuclear weapons. This confrontation with Iran, a major international oil producer, has created significant concerns about the future of its oil

exports. Indeed, the very fact that Iran is such a significant player in the global oil market has caused allies of the United States to resist confrontation and has emboldened Iran to continue nuclear weapons development.

Finally, there have been numerous attacks in Nigeria's Delta region which have significantly undermined oil production. Because nearly half of Nigeria's oil exports go to the United States, the threat to Nigerian oil supplies are of great concern. Considering that there is little spare capacity in the global oil

market, any local conflicts will have broad effects.

With nearly 60% of our energy coming from places like Nigeria, the United States faces significant challenges in assuring a reliable, affordable supply of fuel now and in the future. For this reason, policies that have driven production out of the United States must be reexamined and new policies that will foster home grown energy development are essential. Next month, we will examine some of the domestic challenges that we face here in the United States.

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