

INDUSTRIAL SITE CLEANUP AND REUSE LEGISLATION

**PECO Energy Company Comments Before the
House Environmental Resources and Energy Committee**

Presented by:

**Dennis P. Capella
Manager, Environmental Policy
PECO Energy Company**

March 16, 1995

Mr. Chairman, Committee members, good morning. My name is Dennis Capella and I am here today on behalf of PECO Energy Company to offer our support for the legislative package consisting of Senate Bills 1, 11 and 12.

PECO Energy is a combined electric and gas public utility serving over 3.5 million people in southeastern Pennsylvania. As there are a significant number of abandoned and underutilized commercial and industrial properties in our Company's service territory, which includes the counties of Philadelphia, Bucks, Chester, Montgomery and Delaware, we appreciate the work of the Pennsylvania General Assembly over the last several years to develop a balanced legislative package aimed at encouraging the remediation and reuse of these properties. We believe that the bills under consideration today will provide real incentives to clean up more properties faster and in a manner which is protective of human health and the environment.

From a public policy perspective, reusing old industrial sites rather than developing open space makes inherent sense. Old properties often come pre-packaged with the buildings, utilities and other infrastructure which industry would otherwise need to construct and install if open space siting were selected. By reusing old sites, industry and municipalities can minimize capital expenditures on infrastructure and redirect this capital towards other productive uses.

Reusing old industrial sites also preserves local tax revenues and the services they support, helps maintain the existing population bases and may help to reduce the hardship to unemployed residents who are otherwise forced to relocate to find employment.

As it is now, the many economic and environmental benefits of reusing old industrial sites are often outweighed by the potential costs of unknown and potentially unlimited environmental liability from past property use. The sites remain underutilized.

PECO Energy has encountered a number of situations over the past several years in which a very promising economic development opportunity was lost - not because southeastern Pennsylvania was an unattractive place to do business - but because the potential buyer of used commercial property could not be assured that there would be a limit to the environmental liability of the site or sites being considered.

For example, in 1992 a major international manufacturer of corrugated boxes visited southeastern Pennsylvania in search of a location to construct a \$100 million recycling mill and associated manufacturing plant. The manufacturer found what was thought to be the ideal location.

This location had everything for which the manufacturer was looking, including a ready supply of waste paper and fresh water, a local electric utility willing to work with the manufacturer on price and delivery needs, sewer connections, access to rail lines, a major interstate highway, etcetera.

Upon closer investigation, however, it was found that a small portion of this property contained environmental contamination from an unknown source. Unfortunately, identification and quantification of required remediation and the time it would take to complete the effort were difficult to determine. The manufacturer opted to build its recycling and manufacturing plant in the South.

With the plant went the numerous regional benefits Pennsylvania might have received, including:

- 300 direct and indirect jobs;
- A demand for up to 250,000 tons of waste paper per year;
- A \$100 million investment in a state of the art facility;
- Work for 100 trucks per day;
- The need for 15 railroad cars;
- Demand for 105,000 megawatt hours of electricity per year, and;
- Additional local and state tax base.

Today the property continues to sit idle, and still contaminated.

Furthermore, the same international manufacturer has just released a business prospectus for another new plant in our area, but this time proposing to build in a neighboring state.

Senate Bills 1, 11 and 12 will not solve all of Pennsylvania's economic development concerns, but they will allow property owners and potential property owners to quantify the costs of redeveloping used properties. Unless potential environmental remediation costs can be identified, few may risk redeveloping old commercial and industrial properties in Pennsylvania.

We support the legislative package. By setting achievable health-based environmental standards, a rational implementation process, and a framework for limiting future liability for cleanups, the bills encourage current and potential land owners to take responsibility for cleaning up properties today and bringing these properties back to productive use. The alternative is to continue losing economic development opportunities to other states and greenfield locations - while existing properties remain idle and unremediated.

I would like to thank the Committee for considering our comments and would be glad to answer any questions you may have.

