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COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES
APPROPRIATIONS COMMITTEE

MAIN CAPITOL
ROOM 140
HARRISBURG, PENNSYLVANIA

PUBLIC HEARING
DEPARTMENT OF ENVIRONMENTAL PROTECTION

TUESDAY, MARCH 6, 2012
3:09 P.M.

BEFORE:

HONORABLE WILLIAM F. ADOLPH, JR.,
Majority Chairman

- HONORABLE JOHN BEAR
- HONORABLE MARTIN CAUSER
- HONORABLE JIM CHRISTIANA
- HONORABLE GORDON DENLINGER
- HONORABLE BRIAN ELLIS
- HONORABLE MAUREE GINGRICH
- HONORABLE GLEN GRELL
- HONORABLE TOM KILLION
- HONORABLE DAVID MILLARD
- HONORABLE MARK MUSTIO
- HONORABLE BERNIE O'NEILL
- HONORABLE MICHAEL PEIFER
- HONORABLE SCOTT PERRY
- HONORABLE SCOTT PETRI
- HONORABLE TINA PICKETT
- HONORABLE JEFFREY PYLE
- HONORABLE MARIO M. SCAVELLO
- HONORABLE CURT SONNEY

BRENDA J. PARDUN, RPR
P. O. BOX 278
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1 BEFORE: (cont'd)

2 HONORABLE JOSEPH MARKOSEK, Minority Chairman
HONORABLE MATT BRADFORD
3 HONORABLE MICHELLE BROWNLEE
HONORABLE H. SCOTT CONKLIN
4 HONORABLE PAUL COSTA
HONORABLE DEBERAH KULA
5 HONORABLE TIM MAHONEY
HONORABLE MICHAEL O'BRIEN
6 HONORABLE CHERELLE PARKER
HONORABLE JOHN SABATINA
7 HONORABLE STEVE SAMUELSON
HONORABLE MATTHEW SMITH
8 HONORABLE GREG VITALI
HONORABLE RONALD WATERS

9

10 ALSO PRESENT:

11 HONORABLE PAUL CLYMER
HONORABLE MARK GILLEN
12 HONORABLE SCOTT HUTCHINSON
HONORABLE RICK SACCONI
13 HONORABLE RICHARD STEVENSON
HONORABLE MIKE TOBASH
14 HONORABLE VANESSA LOWERY BROWN
HONORABLE TOM CALTAGIRONE
15 HONORABLE DOM COSTA
HONORABLE PAMELA DELISSIO
16 HONORABLE BILL DEWEESE
HONORABLE DAN FRANKEL
17 HONORABLE BILL KORTZ
HONORABLE MARK LONGIETTE
18 HONORABLE HARRY READSHAW
HONORABLE CHRIS SAINATO

19

20 ED NOLAN, MAJORITY EXECUTIVE DIRECTOR
MIRIAM FOX, MINORITY EXECUTIVE DIRECTOR
21 DAN CLARK, COMMITTEE CHIEF COUNSEL

22

BRENDA J. PARDUN, RPR
23 REPORTER - NOTARY PUBLIC

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1 P R O C E E D I N G S

2 CHAIRMAN ADOLPH: I'd like to call to
3 order the House Appropriations Committee budget
4 hearing on the Department of Environmental
5 Protection.

6 With us today is the secretary of DEP,
7 Mr. Michael Krancer.

8 Good afternoon, Secretary.

9 SECRETARY KRANCER: Good afternoon,
10 Representative Mr. Chairman.

11 CHAIRMAN ADOLPH: Glad to see you
12 here. You look well.

13 SECRETARY KRANCER: Thank you.

14 CHAIRMAN ADOLPH: Would you like to
15 make a brief opening comment and identify the folks
16 that are sitting at the table with you?

17 SECRETARY KRANCER: Sure. I have with
18 me my executive deputy secretary for
19 administration, Jeff Logan, and Haley Book, who
20 is -- works with Jeff.

21 And I would like to make a brief
22 opening statement, if you don't mind. That'd be
23 great.

24 I'm delighted to be here and I
25 appreciate your rescheduling very much so. And I'm

1 delighted to be here because I'm delighted about
2 the governor's budget. And that's why I'm here to
3 testify and I want to testify about it, based on
4 three principles: reform, restraint,
5 responsibility.

6 This is the second year in a row that
7 I've come before this committee, and this governor
8 has proposed a budget which closes a huge deficit
9 and has no DEP furloughs, and we're delighted about
10 that.

11 DEP has been at the forefront of
12 redefining how we do government in this state. We
13 do it with -- we're more efficient, we're more
14 customer service oriented, and we're getting DEP
15 back to basics.

16 With respect to reform, and I'm sure
17 I'll get into this in the questioning, we've done a
18 full reorganization of our department. We've done
19 an enforcement review and permitting process
20 review, first in history of the department, in
21 terms of bringing consistency and a more business-
22 like practice to how we do our business. We're
23 doing our ongoing review of regulations and
24 policies, as the governor requested, to remove
25 redundancy. And we're doing and have discovered

1 more accurate cost accounting efficiencies to bring
2 to our business, to our government.

3 A case in point is our laboratory.
4 Laboratory was reviewed. We asked for the review
5 because the budget cuts in the past had cut our lab
6 budget, and, obviously, our lab is critical to our
7 business. And we had an independent reviewer come
8 in and gave our lab an 8-plus review, said that we
9 are doing the job of doing more with less; we are
10 more well managed, efficient, and a highly
11 functional lab; and we're driven by a customer
12 service culture.

13 In terms of restraint, this budget has
14 no tax increase; we all know that. We have
15 never -- no government has ever taxed its way out
16 of a recession. That's never happened in history
17 and it never will happen. And this is very topical
18 now, in light of the tax foundation's report that
19 was issued last week. A nonpartisan group out of,
20 I think, D.C. found that PA was fiftieth in its
21 stifling tax burden on existing businesses, and
22 forty-ninth in its stifling tax burden on new
23 businesses. Either way, fiftieth, obviously last,
24 forty-ninth, next to dead last, either way, dead
25 because it deadens the economy. So this was not

1 the time to be increasing taxes, obviously.

2 In terms of responsibility, our job at
3 DEP is to protect the public safety, protect the
4 environment. That's what we do. That's what we've
5 been doing. We've been doing it with -- more with
6 less. Again, no furloughs, second year in a row.
7 We've doubled our inspections of Marcellus Shale
8 gas wells this year. Last year was -- it was
9 5,000 the year before, 10,000 this year. We've
10 increased enforcement. We've had the highest
11 penalty in the history of the oil and gas program.
12 We've had some other notable penalties in
13 enforcement. The governor's been very clear and
14 I've been very clear: If you can't do it right in
15 PA, you're not welcome to do it in PA.

16 So, with all that being said, I am
17 welcome to your questions.

18 CHAIRMAN ADOLPH: Thank you,
19 Mr. Secretary.

20 At this time, I'd like to acknowledge
21 the presence of the Republican chair of the
22 Environmental Resource Committee, Rep. Scott
23 Hutchinson.

24 Welcome, Scott.

25 And I also believe that Rep. Paul

1 Clymer has also joined us.

2 Mr. Secretary, you're a very, very busy
3 man. Your responsibilities are great. Obviously,
4 the environment is a major concern -- clean
5 environment is a major concern for the residents of
6 PA.

7 I want to personally thank you for the
8 time that you have taken any time there's been a
9 meeting called regarding the closing of the oil
10 refineries in the southeast. And many folks here
11 don't realize your expertise regarding this issue,
12 but I certainly learned an awful lot from your
13 input. And I appreciate what you are doing in the
14 background to try to solve that issue for us.

15 Would you like to comment on that?

16 SECRETARY KRANCER: First of all, I
17 appreciate your kudos and I return the kudos to you
18 and to others who were -- the key is to all work
19 together to enhance the possibility that we can
20 continue on in some form with refined oil in
21 that -- in that area.

22 It's very important -- I'm from there,
23 you know that, and I've said that almost every
24 meeting, probably every meeting. I grew up there.
25 It's part of my tradition, my fabric. And it is

1 important, I think, not only for our region but
2 for our state, for our country, and certainly for
3 the economy in our area.

4 So I thank you for your kudos and,
5 again, return them to you.

6 CHAIRMAN ADOLPH: Okay. Thank you.
7 Chairman Markosek.

8 REP. MARKOSEK: Thank you, Chairman
9 Adolph.

10 Secretary Krancer, welcome, as well as
11 your staff. Appreciate your being here.

12 For the information of the members,
13 Rep. Greg Vitali has joined us, as well as Rep.
14 Bill DeWeese. Mr. Chairman, I don't have any
15 opening questions, and I'll -- just the other
16 members can use my time to ask questions.

17 Thank you.

18 CHAIRMAN ADOLPH: Thank you.

19 Rep. Pyle.

20 REP. PYLE: Thank you, Chairman.

21 Thank you, Mr. Secretary. Pleasure to
22 see you again.

23 I have a few questions relating to the
24 recently passed Act thirteen, okay, which we, in
25 the House, I know as HB1950. Within the bill --

1 within the law, pardon me, the stipulation that
2 addresses the oversight training and emergency
3 coordination -- emergency response coordination as
4 it relates to the Marcellus Shale.

5 What is DEP's interpretation of how
6 that translates on a local focus? Are we going to
7 train up our volunteer firemen in the rural areas
8 to deal with these? I'd just like your take on
9 that.

10 SECRETARY KRANCER: I'm going to have
11 to take -- I've always been of the view that the
12 law says what it says. And I don't have it in
13 front of me, that particular provision, and to be
14 honest with you, I would have to study that
15 particular provision myself and chat with -- I know
16 we would have partners in that -- in that realm and
17 in that function. But if you would permit me, I
18 would like to get back to you on -- on both a
19 general overview, and if you have a specific, how
20 does that translate into that X community or Y
21 community, I'd be happy to do that.

22 REP. PYLE: That's quite fine.

23 The reason I ask, sir, is I've been
24 approached by a number of volunteer firemen, and my
25 area is rather rural, but we have a great, great

1 number of Marcellus wellheads. A lot -- we,
2 thankfully, have never had anything go wrong with
3 blowbacks or anything like that, but my firemen are
4 trying to be prepared ahead of the curve.

5 What do we do? Because odds are they
6 are going to be the first ones on site. Okay?

7 Let me switch gears here. Given your
8 staffing issues right now, would you consider the
9 development of a program that utilizes third-party
10 or outside private engineers, approved by DEP's
11 standards, to review permit applications for
12 expediting processes?

13 SECRETARY KRANCER: Yes. We would
14 consider that. We have to be always vigilant and
15 mindful that the decision-making process has to
16 always be in the control a hundred percent of DEP
17 and that cannot ever been delegated in any way,
18 shape, or form.

19 However, I think there is some
20 opportunity there, and we are exploring such
21 opportunity with folks, like, for example, the
22 turnpike commission and so on, to see -- other
23 states do this, by the way. It is done, and I've
24 spoken to, for example, my counterpart in
25 Mississippi. They do it, have done it for a long

1 time. And we have to make sure that it works
2 right, fits right, and works right here in PA. But
3 it certainly is something that is a possibility and
4 something for discussion.

5 We have to really be open for
6 discussion on a lot of things in order to follow
7 through on government being reformed and more
8 efficient and more operationally business-like.

9 REP. PYLE: Well, you answered my
10 question in about the first five words.

11 I -- like you, I agree, if we are going
12 to go this way and allow private permit reviewers,
13 they have to meet DEP standards. There's just --
14 that's not a point to negotiate. They have to meet
15 what you consider appropriate.

16 SECRETARY KRANCER: Right. I think,
17 again -- I'm sorry to interrupt.

18 REP. PYLE: Go ahead.

19 SECRETARY KRANCER: It wouldn't
20 necessarily be review by third parties of permit
21 applications, it would be review of parts of permit
22 applications.

23 REP. PYLE: Yes.

24 SECRETARY KRANCER: For example, we
25 almost do something of that nature now with air

1 permitting. We have air modeling done by
2 applicants. The air modeling is submitted. That's
3 reviewed. So it's certainly something that can be
4 done, and we should look into it. Yes.

5 REP. PYLE: Very good.

6 You just brought up air sampling.
7 We've recently had a bad experience with this in
8 Armstrong County.

9 What is DEP's interaction with the EPA
10 with Clean Air Act? I do host a few of those power
11 plants that just got shut down.

12 SECRETARY KRANCER: Well, do you have
13 about an hour?

14 REP. PYLE: I got all the time in the
15 world, sir. Reesedale's that important to me.

16 SECRETARY KRANCER: We have a very,
17 very copious and very well-journalled interaction
18 with EPA on air regulations and the Clean Air Act
19 program.

20 As you know, the Clean Air Act program
21 is set up as a federal statute but state
22 implementation. That's the key part. It's what
23 they call cooperative federalism. That's the way
24 many, many environmental statutes are established
25 by the federal government. They're federal

1 backdrops with state implementation.

2 We implement the water program. We
3 implement the air program as well as a host of
4 others. That's the way the federal government set
5 it up. And we certainly think that's the way it
6 works the best.

7 There are a lot of opinions out there
8 and views about the various air regs, whether it's
9 utility MACT or whether it's the -- what they now
10 call CSAP or used to be called Transport Rule. It
11 might have another name sometime in the future.
12 Who knows. And there's a very, very hot and
13 ongoing litigation about the CSAP rule, and briefs
14 are being filed right now, and -- to show you that,
15 I guess some people would say that I am the guy
16 with the L on my forehead. I do read all those
17 legal papers that are filed in that federal
18 litigation, primarily because that's what I used to
19 do when I was in private enterprise. And I find
20 that stuff very interesting.

21 But I've been following all that
22 litigation and all those briefings, and it's very
23 interesting. You've got unions, for example, on
24 both sides, for and against the rules. You've
25 power companies on both sides of the rules, for and

1 against the rules.

2 So it's an extremely interesting
3 dynamic from a political standpoint, small P, on
4 how that's panning out. I've been a critic, when
5 criticism is necessary, of the EPA with respect to
6 some of those air rules and what they have and
7 haven't considered and should have considered, and
8 what they considered wrongly or not adequately.
9 And I've certainly not been alone in throwing the
10 yellow flag when the yellow flag is necessary to be
11 thrown.

12 REP. PYLE: That's very much
13 appreciated right now by the guys in Armstrong
14 County. We've had a bad experience with EPA over
15 the last few years.

16 First, we're essentially allowed to do
17 nothing with the Allegheny River because of the
18 presence of these endangered muscles that nobody
19 can seem to identify. They know what they call
20 them; nobody knows what they look like. Nobody's
21 ever actually seen one. That shut down locks 5, 6,
22 7, 8, and 9, a hundred-mile stretch from Allegheny
23 County to the New York border. That didn't go real
24 well, but I'm getting way off.

25 Switching gears again. Thank you,

1 Secretary.

2 In the governor's latest budget
3 proposal, he eliminates \$6.5 million in alternative
4 fuels incentive grants.

5 Your interpretation, please.

6 SECRETARY KRANCER: Well, again, I'm
7 sort of the ex-judge. It says what it says.
8 Regardless of what I say it says, it still says
9 what it says.

10 On the AFIG, I would remind that HB
11 1950, which is now Act 13, provides for green
12 corridors. There's an important part of the bill
13 that does that. And with respect to other sources
14 of support or funding there, we've also got the
15 Department of Energy and PennDOT as well who can
16 and are -- or do, I should say, we're partners
17 with. And I mean the "we" in the collective "we,"
18 not just DEP.

19 So I hope that qualifies as an
20 interpretation.

21 REP. PYLE: Sure does. I much
22 appreciate it. I know everybody's excited about
23 CNG/LNG vehicles. I mean, with a gallon of
24 liquefied or compressed natural gas going for less
25 than a buck sixty, it's very, very attractive.

1 SECRETARY KRANCER: The economics, I
2 mean, you say you live in a rural community. I
3 live an urban community. And that's the
4 Philadelphia area. And the Pittsburgh area, same
5 thing, nonattainment. The air could be cleaner,
6 and one of the prime violators there is the
7 vehicles. And if we can clean that air and at the
8 same time swap out a foreign source of liquid
9 transportation fuel, boy, you're talking about the
10 proverbial -- I hate to use the cliché win/win,
11 because we're going to be more secure. We're going
12 to be independent. And we're going to have cleaner
13 air and healthier air in not just with the urban
14 areas, obviously the rural areas as well. And I'd
15 love to see that happen. And I'm actually happy to
16 be working toward that goal.

17 REP. PYLE: You let me know how I can
18 help you with that. I agree.

19 And, finally, I have one last
20 question. This is actually from Rep. Perry, who
21 asked me to ask because he had to leave. It
22 pertains to dams. Okay? And what Rep. Perry
23 wanted to know, 72 percent of the dams in the state
24 are owned by private owners. That approximately
25 650 privately owned dams are going to pay the fees

1 for rehab to all the other dams, which total about
2 1.13 million.

3 And Scott's question is, since all dam
4 owners benefit from this program, shouldn't all the
5 owners of private dams pay their fair share of
6 reasonable fee for services rendered?

7 SECRETARY KRANCER: Well, fair
8 question. I think, at the moment, we have a dam
9 safety water encroachment fee proposal out. And I
10 encourage the representative or whoever else shares
11 that viewpoint to make a comment, share that
12 viewpoint, and, obviously, all comments are
13 considered and read and paid attention to and
14 responded to.

15 REP. PYLE: I'll definitely pass your
16 answer along.

17 Thank you, Mr. Chairman.

18 Mr. Secretary, a pleasure. Thank you.

19 CHAIRMAN ADOLPH: Thank you,
20 Representative.

21 Rep. Greg Vitali.

22 REP. VITALI: Thank you, Mr. Chairman.

23 And thank you, Mr. Secretary, for
24 coming today.

25 None of the questions or comments I

1 have should be taken personally, because I
2 understand you do the best with the resources
3 you're given, so I wanted to get that out right
4 away.

5 SECRETARY KRANCER: As I know you do.

6 REP. VITALI: Absolutely. Absolutely.

7 I've been very discouraged by what I've
8 seen happen to do the Department of Environmental
9 Protection over the past five or six years. I'm
10 looking at the actual filled positions in the DEP,
11 not the complement but the actual filled
12 positions. In 2006, they were 2911. Back in 2010,
13 it was down 300 positions, 2,610.

14 I'm sorry. Can you hear me? Can you
15 hear me?

16 SECRETARY KRANCER: I can hear you.

17 REP. VITALI: Can you tell me -- so
18 that's a 300-person loss in actual filled
19 positions.

20 Could you tell me what the actual
21 filled positions in the DEP were, A, 2011; B, right
22 now; and, C, what you project them to be in the --
23 in the next fiscal year, 2012-2013?

24 SECRETARY KRANCER: I can. I'm going
25 to ask for some help on that from Mr. Logan.

1 I think we're talking about approximately 2600.
2 But let me say this, I hear what you're saying
3 about the 2006 to 2010. Obviously, different time,
4 different governor, different legislature, if I'm
5 not mistaken, in some respects.

6 As I said in my opening remarks, the
7 point that I want to stress and the point that I
8 hope you're not missing is that this governor,
9 number one, was left with a \$4.5-billion deficient
10 year one, had a budget that didn't have any
11 furloughs at DEP -- let me finish.

12 REP. VITALI: But I asked you questions
13 about numbers.

14 SECRETARY KRANCER: I'd like to finish
15 the answer to my question. I'd like to finish the
16 answer to my question and then you can ask yours
17 again.

18 As I said in my opening statement, and
19 this is in response to your question, this governor
20 came in, first year, \$4.5-billion budget deficit,
21 closed that budget deficit, not a single furlough
22 at DEP. Second year, same thing, closed a huge
23 budget deficit and not a single furlough at DEP.

24 So the furloughs you're talking about
25 are, at this point, 2006 through 2010. I mean,

1 perhaps you would like to bring Secretary Hanger
2 back here, and Secretary McGinty, and you can ask
3 them about that.

4 What I'm looking at is the present and
5 the future. Jeff can answer the question about how
6 many physical people are there now. And I'm not
7 sure we can project exactly how many people will be
8 there next year or the year after.

9 But, Jeff.

10 REP. VITALI: Just do the best with the
11 three numbers I asked. That would be wonderful.
12 Then we'll go on to the next question.

13 MR. LOGAN: Our current complement --

14 REP. VITALI: No, not complement.
15 Filled position. I don't want complement. I want
16 filled position.

17 MR. LOGAN: Okay. Well, it's -- I can
18 give you a percent. It's 96 percent filled of a
19 total of 2,770 positions.

20 REP. VITALI: So you're saying 90
21 percent of --

22 MR. LOGAN: Ninety-six percent filled.

23 REP. VITALI: Ninety-six percent of --

24 SECRETARY KRANCER: Two thousand seven
25 hundred seventy.

1 REP. VITALI: Anyone have a calculator?

2 And that is right now?

3 MR. LOGAN: Yes, sir.

4 REP. VITALI: Do you have a projection
5 for 2012, 2013? Will that figure go up or down?

6 MR. LOGAN: Well, our complement, our
7 complement will reduce by eleven positions, to
8 2,759, for the upcoming budget. So eleven
9 positions.

10 REP. VITALI: So you're proposing --

11 CHAIRMAN ADOLPH: Excuse me. You're
12 both very soft-spoken gentlemen, and you're going
13 to have to either get closer to that mic, because I
14 don't think we read lips around here, and I --
15 we're having a very hard time hearing both of you.

16 REP. VITALI: Okay. So, to be clear,
17 you're proposing a reduction of ten positions for
18 the next fiscal year?

19 MR. LOGAN: Eleven.

20 REP. VITALI: Eleven positions.

21 Let me ask my next question. And I am
22 very discouraged by what I hear from both your
23 current employees and your past employees, recent
24 past. I've spoken with a recent regional director
25 and others. And let me tell you some of the things

1 they've told me about your department.

2 They said there's been no salary
3 increases in the past four years for nonunion
4 employees. That's supervisory people, both in the
5 district and in the Harrisburg. No salary
6 increases for the past five years.

7 They tell me that the work load is
8 increasing. People are asked to do more.

9 They tell me that, in some cases, union
10 employees are making more than the people who
11 supervise -- supervise them.

12 They tell me that it is hard to attract
13 and keep quality people. They tell me that the
14 best and the brightest in your ranks will not move
15 up, because, by moving up, they would actually have
16 to take a salary decrease and work for less,
17 because the union sale is higher than the
18 supervisory scale.

19 They tell me that you are
20 hemorrhaging -- and this is a quote from your
21 people -- you are hemorrhaging jobs to the oil and
22 gas sector. Your people are hemorrhaging jobs to
23 the oil and gas sector.

24 And they are telling me morale is
25 poor.

1 Can you tell me what you propose to do
2 about this situation in your department?

3 SECRETARY KRANCER: First, I love your
4 constant use of unnamed, unattributed sources.
5 It's fascinating. Because the credibility of those
6 kinds of attributions are always questionable.

7 But in any event --

8 REP. VITALI: Your staff is afraid
9 to -- what will happen to them if they speak
10 publicly, frankly.

11 SECRETARY KRANCER: Again, a bold
12 assertion by you with no credibility or no
13 backing.

14 But let me deal with your questions.

15 REP. VITALI: You'll admit you'll not
16 let me speak with your staff in private. You will
17 admit publicly, won't you?

18 SECRETARY KRANCER: That's normal
19 business operations.

20 REP. VITALI: Thank you.

21 SECRETARY KRANCER: And you won't let
22 me speak to yours, either, privately.

23 CHAIRMAN ADOLPH: Gentlemen, let's try
24 to stay on the questions.

25 Thank you.

1 SECRETARY KRANCER: Well, I mean, we're
2 trying to do that, but this question is a
3 dissertation. It's not a question.

4 CHAIRMAN ADOLPH: I'm going to try to
5 keep both of you on the questions.

6 SECRETARY KRANCER: Okay. Fine.

7 CHAIRMAN ADOLPH: Thank you.

8 SECRETARY KRANCER: Well, anyway, that
9 question was akin to a speech.

10 CHAIRMAN ADOLPH: Secretary, answer the
11 question, please.

12 SECRETARY KRANCER: Fine.

13 The question is, our morale is fine.
14 It's good, from the people that I see and that I
15 work with every day. Okay?

16 The issue of the crunches of salary,
17 that is something that's happening in government,
18 and probably happening in other branches of
19 government or other agencies as well. I do
20 understand, this year -- am I right about the --

21 MR. LOGAN: One percent increase.
22 We're going to match what was negotiated with
23 organized labor.

24 SECRETARY KRANCER: Right. I mean,
25 organized labor's very good negotiating. No

1 question about that. And that should not be held
2 against them, obviously. But I do understand this
3 year there is a 1 percent availability for
4 management increases as well.

5 I'm not sure what else was in that
6 question.

7 REP. VITALI: That's okay. It was more
8 of a -- look for a comment more than anything else.

9 I'll move on to my next question, if
10 I may. My next question concerns the bureau of air
11 quality.

12 Could you tell me the number of filled
13 positions in your air program? And how does that
14 compare to 2011? And if you can say --

15 SECRETARY KRANCER: I'm going to see --
16 if I'm going to see if Mr. Logan has the exact
17 numbers in his notebook. And if not, we would
18 venture to get back to you on that.

19 To compare -- again, what's the -- it's
20 today versus what?

21 REP. VITALI: Last year and then the
22 year before, 2010, 2011, now.

23 SECRETARY KRANCER: I think -- do we
24 have that? Or do we need to get that?

25 MR. LOGAN: The answer to your

1 question, in our major emissions facilities line
2 item, we have an authorization of two hundred
3 fourteen positions.

4 REP. VITALI: Again, I'm trying to deal
5 with actual filled positions. It's difficult to
6 make assessments -- actual filled positions 2010,
7 2011, now. If you could just convert your answers
8 to that before you give them to me.

9 MR. LOGAN: We go from one ninety-six
10 to one ninety-eight.

11 REP. VITALI: One ninety-six for --

12 MR. LOGAN: 2010. For one ninety-eight
13 for '11.

14 REP. VITALI: And what about right now?

15 MR. LOGAN: I would have to get back to
16 you on what the current complement is right now.
17 That changes week to week to week, depending on
18 people retiring or our recruiting process.

19 REP. VITALI: Okay. I note a half -- a
20 \$516,000 reduction in the proposal for your air
21 program. The -- now, this will be a -- not an
22 unnamed person, because I spoke with the head of
23 your air program in the presence of your staffer
24 last year, and she said to me, We need more
25 people. She said there were a number of unfilled

1 positions, both in the region and in the Harrisburg
2 office with regard to the air program.

3 The way you increase positions, as you
4 know, is funding through air permitting fees,
5 because your program is funded by the fees from air
6 permits. Governor Rendell, in his administration,
7 started a regulatory package that would have
8 increased funding for the air program. That
9 package has not moved. That would have provided, I
10 believe, 8, 10, 11 million in this current year for
11 your air program.

12 What is the status -- what is the
13 status of that air fee package that would fund
14 personnel in your air program?

15 SECRETARY KRANCER: Well, let me first
16 address -- I'm not -- I think you might have -- I
17 think you did misinterpret what was said, and if we
18 need to take transcripts of when we talk together,
19 we can do that in the future. I think she said
20 what anybody else would say, and that is, if we
21 would get more people, if we could -- we would take
22 them if we could get them. So the way you
23 characterized it was wrong.

24 REP. VITALI: No. She said we -- I was
25 in that conversation.

1 SECRETARY KRANCER: Okay. So was she.
2 So was she, Representative.

3 REP. VITALI: But you were not. But
4 you were not. And she said, We need more people.
5 And this was confirmed by, also, a regional
6 director, who said, We are spread really thin.

7 So I've done my homework here. And to
8 suggest everyone's happy with the complement is
9 not --

10 SECRETARY KRANCER: Understood. That
11 proves my point. Next time we will have a
12 transcriber for when we get together with you.

13 But, in any event, we found that the
14 fee package that was on the table when we got here
15 was not well grounded in business case, so we went
16 back to the drawing board and we will do it again.

17 REP. VITALI: When do you expect the
18 fee package to be introduced -- the regulations to
19 be introduced? What's the time frame of your
20 proposed fee package?

21 SECRETARY KRANCER: We're working on
22 it, and I would get back to you on exactly when.

23 REP. VITALI: Have any steps been taken
24 in that regard? Has any drafting been done? Has
25 anything -- is there any drafts around?

1 SECRETARY KRANCER: I would say we are
2 working on it. I can't answer the question of
3 whether there are drafts around.

4 REP. VITALI: Okay.

5 CHAIRMAN ADOLPH: Excuse me. Rep.
6 Vitali, and I certainly understand your passion for
7 this department of state government, and we will
8 continue your questioning on the second round.

9 REP. VITALI: Mr. Chairman, I have more
10 subpart of the air program.

11 CHAIRMAN ADOLPH: Okay.

12 REP. VITALI: If I can get that one
13 done, and then I have a couple more for the second
14 round.

15 CHAIRMAN ADOLPH: Yeah. That's fine.
16 Let's see if we can keep the questions and the
17 answers straightforward.

18 REP. VITALI: This isn't quite as
19 pointed.

20 The -- you received emissions data on
21 March 1st from Marcellus drillers. When do you
22 expect to release that emissions data for Marcellus
23 air pollutants to the public?

24 SECRETARY KRANCER: That emissions
25 inventory, if you will, is in the process of being

1 done. And I'm not recalling the exact time frame,
2 but I know it's due by the end of year or before
3 the end of the year.

4 That's a very comprehensive inventory.
5 It's done for other sectors as well, but it will be
6 done for this sector this time.

7 REP. VITALI: Okay. Thank you.

8 CHAIRMAN ADOLPH: Thank you.

9 Rep. Millard.

10 REP. MILLARD: Thank you, Mr. Chairman.

11 Good afternoon, Mr. Secretary. Thank
12 you for being before the committee today.

13 SECRETARY KRANCER: Thank you.

14 REP. MILLARD: This past year,
15 obviously, in September, we saw an unprecedented
16 event in PA in that we had Tropical Storm Lee come
17 through that surpassed all previous floods of
18 record. The damage was just unbelievable. I know
19 that your department was extremely busy, all across
20 the state, with reviewing the damages that had
21 occurred at the time. And I know that your
22 department is also very busy, at the present time,
23 trying to evaluate what can be done to prevent
24 future occurrences or the mitigating effects from
25 these occurrences.

1 Now, we have seen funding for DEP's
2 flood control project eliminated from the budget
3 again. In Columbia County, we are embarking on,
4 again, a continual effort, to put flood protection
5 in. These programs have been on the shelf,
6 gathering dust, for a number of years. It always
7 takes a wake-up call, that, obviously, we had.

8 So I guess my first question to you is
9 with regards to that appropriation -- appropriation
10 being eliminated. Can you explain that?

11 SECRETARY KRANCER: I think I was here
12 last year, and that was the same question and it
13 might be the same line item.

14 DEP still has a very active and healthy
15 dam safety, dam control, so on and so forth. And
16 what was line itemed were the smaller, more
17 localized projects, sometimes of very short
18 duration. And let me say that whatever flood
19 control projects would or wouldn't have happened,
20 that flooding that took place this past year would
21 have happened anyway.

22 REP. MILLARD: Understand.

23 SECRETARY KRANCER: That was
24 unprecedented in history, and whatever had been
25 done to attempt to -- nothing physically could have

1 been done, is the bottom line.

2 And the good news is -- and I think you
3 voted for HB 1950; I'm almost sure you did.

4 REP. MILLARD: I did.

5 SECRETARY KRANCER: And that was a good
6 vote, especially for your constituents, and that's
7 because Act 13, as you know, as I'm sure you must
8 know, contains provisions such that the impact fee
9 can be used for floodplain management. Counties,
10 municipalities can receive that money directly and
11 use it for floodplain management and also flood
12 control projects, as about -- I think up to 25
13 percent of the money goes to -- or some amount goes
14 to CFA, and that's specifically authorized for
15 flood control projects. So that's the good news.

16 REP. MILLARD: We have, in Columbia
17 County, another issue of certain magnitude,
18 depending upon where it's located, and that's
19 gravel barring and debris that has collected on
20 these gravel bars throughout the county.

21 Fishing Creek is one location of it.
22 Huntington Creek is another. But I want to focus
23 on Fishing Creek. And as you're quite aware of, I
24 was able to obtain a million dollars from Governor
25 Rendell, before he vacated the office, to address

1 these issues in Columbia county as a result of the
2 2006 flood event. And your department is currently
3 working on a couple of projects related to that.

4 One of things that was told to me was
5 fact that, in addition to engineers saying removing
6 gravel bars is really not all that effective, or
7 doing limited dredging isn't all that effective,
8 that if, in the course of agreeing to remove a
9 gravel bar, that if they exceed 200 feet, then we
10 get into Army Corps of Engineer permits.

11 Now, what I've requested that they do
12 is, in addition to the other scope of work
13 contained within the project, is to remove a
14 hundred and ninety-nine feet of the gravel bar, so
15 that we, obviously, do not have to get in the Army
16 Corps permit.

17 In conversation with your department, I
18 have found out that, even though there is
19 substantial dollars left in that \$1 million that I
20 was able to obtain, that it will not address
21 removal of the gravel bar. And I guess that I make
22 an appeal for you today, on behalf of the residents
23 in the lower end of Bloomsburg, that we expand that
24 contract and do, indeed, remove some of the gravel
25 barring.

1 Now, I also understand that these
2 things can come back. But, Mr. Secretary, you have
3 an open invite, of course, to come and view this
4 yourself. I'd love to show it to you. We've got
5 so many gravel bars in Fishing Creek that have
6 heavy vegetation -- and we're not talking berry
7 bushes or anything, we're talking trees of a
8 substantial circumference -- that there is an
9 extreme amount of gradual buildup after this last
10 event and continues to build up and the debris is
11 still there.

12 Community groups have gotten together
13 to do some cleanup of these areas, but we need your
14 help. We need your department's help.

15 I know that you've issued many
16 permits. People have expended their own dollars to
17 go in and do some of this work. And now, they're
18 being reinspected, saying that, in the effort to
19 protect their own property, that they have gone too
20 far and they've got to expend additional dollars to
21 go back and operate within the parameters of the
22 permits that were issued.

23 So my other concern here is that when
24 these permits are issued, and we're thankful to you
25 for that, the G-4 permits, but we need an on-site

1 presence, so that when they spend their dollars,
2 that they spend them once, that they do it
3 according to what your standards are, and that we
4 have every cooperation available to us.

5 And I just finish this with asking you
6 to comment on the gravel barring. But before you I
7 do that, I want to indicate my willingness to work
8 with you.

9 Several years ago, in Columbia County,
10 we had one of the largest tire piles in the state
11 of PA, probably in the eastern seaboard. And I
12 worked with the previous secretary of DEP and your
13 department very comfortably, very effectively to do
14 this removal. And I feel that working together
15 now, with you, with your department, we can have
16 the same results with the flood effort here to
17 remove gravel barring and prevent a disaster in the
18 future.

19 SECRETARY KRANCER: Well, I appreciate
20 your comments. And what I commit to you is, two
21 things. Number one, at my Senate hearing, I
22 invited a senator to come visit us and I would show
23 him certain things. Can I invite myself up to your
24 area and you show me the particular gravel bar or
25 gravel bar at issue?

1 REP. MILLARD: Indeed I will.

2 SECRETARY KRANCER: I will put that on
3 my calendar or get, as they say proverbially, my
4 people will call your people.

5 REP. MILLARD: Sure.

6 SECRETARY KRANCER: I have your cell
7 phone. I'll call you directly. We'll make it more
8 personal. I would like to get up there and see
9 that for myself.

10 Second thing is, I will look into this
11 specific issue of a million dollars and the gravel
12 bar myself and report back to you on it personally.

13 REP. MILLARD: Okay. Well, I look
14 forward to working with you. And Tom Santana has
15 been wonderful, from your staff, to work with.

16 SECRETARY KRANCER: He is wonderful for
17 me to work with too. So I'm glad the feeling is
18 mutual in that.

19 REP. MILLARD: Thank you.

20 Thank you, Mr. Chairman.

21 CHAIRMAN ADOLPH: Thank you.

22 Rep. Steve Samuelson.

23 REP. SAMUELSON: Thank you,
24 Mr. Chairman.

25 Thank you, Mr. Secretary.

1 Follow-up question to what Rep. Millard
2 was just asking about the flood control projects,
3 because I was going to ask about that exact same
4 line item. I do notice the line item for flood
5 control projects was 3.4 million two years ago,
6 then it was zero last year, and then zero proposed
7 in this budget. And certainly everybody in PA
8 knows we've had some significant flood events.

9 I know you said that there's money in
10 the Act 13, the Marcellus drilling fee. Is that
11 money available state-wide, to all sixty-seven
12 counties, or only the counties that have drilling?

13 SECRETARY KRANCER: Good question. And
14 I will look into that.

15 I know that certain dollars are
16 available to all counties, that's for sure, and
17 that's what Senator McIlhinney wrote a very pointed
18 piece about last week with respect to Act 13, that
19 his perception was that, in his area, which is
20 Bucks County, Act 13 means an influx of dollars for
21 environmental programs in an area where there's
22 absolutely no drilling at all. So -- and you're
23 from -- am I right, you're from the Lehigh Valley?

24 REP. SAMUELSON: Lehigh Valley.

25 SECRETARY KRANCER: Yeah. Can I get

1 back to you on that?

2 REP. SAMUELSON: Sure.

3 SECRETARY KRANCER: That's a good
4 question.

5 REP. SAMUELSON: Because, specifically,
6 I guess, my questions on the flood control, would
7 people -- would counties apply to DEP for these
8 flood control grants that you're talking about?

9 SECRETARY KRANCER: No, I don't think
10 I'm talking about actual flood control grants. I
11 think I'm talking about counties, and maybe this is
12 the answer to your question, but let me do it more
13 officially.

14 REP. SAMUELSON: Okay. Because if a
15 county that doesn't have an impact fee wants to
16 apply for funding from a county that has an impact
17 fee, is that funding coming through your
18 department, or does one County apply to the other
19 county for funding?

20 SECRETARY KRANCER: No. Well, I'm
21 going to have to look into it. But the way I get
22 it is, that a county can use the fee dollars, the
23 dollars that they raise, for flood control
24 projects, floodplain management in their counties.
25 And that the CFA, though -- CFA is state-wide, as

1 last --

2 REP. SAMUELSON: Yep, yep.

3 SECRETARY KRANCER: -- as I understand
4 it, is state-wide. Although, shame on me, I've
5 been there for a year and I still don't know the
6 ins and outs of the CFA and Penn Fest and all that.
7 It's very arcane.

8 But my understanding is anybody in the
9 state is available -- or eligible, I should say --
10 I'm sorry -- for CFA funding.

11 REP. SAMUELSON: Okay.

12 Last question on this topic. Do you
13 know -- have an estimate of how much would be
14 available for flood control? Two years ago, it was
15 3.4 million. How much would available through this
16 Act 13?

17 SECRETARY KRANCER: Don't know. Have
18 to run some numbers, to the extent we have those
19 projections, and get back to you on that.

20 REP. SAMUELSON: Okay.

21 And second question out of three, West
22 Nile virus.

23 SECRETARY KRANCER: Um-hum.

24 REP. SAMUELSON: I'm looking at two-
25 year budget, down 11 percent. Are you seeing less

1 of a problem with West Nile virus in PA? Is the
2 state spraying less? Or how do you have an 11
3 percent funding cut over two years?

4 SECRETARY KRANCER: Good question.
5 This is an example of delivering same or more
6 service with less taxpayer dollars. First of all,
7 we have more appropriate cost accounting that we
8 figured in terms of charging the right accounts for
9 the right labor charges and other charges. And
10 we've used some outside contractors for that
11 service, and that's resulted in some increased
12 competition, which is always a good thing. And
13 we've decreased some personnel costs.

14 So, again, it is -- the answer is
15 reform in the way we do government and the way we
16 operate our business, business being government, in
17 terms of efficiency in delivering more services for
18 less cost.

19 REP. SAMUELSON: Are you saying that
20 we're doing the same amount of spraying for West
21 Nile virus and paying the contractors less, or are
22 we doing less spraying?

23 SECRETARY KRANCER: No. I don't
24 know -- what I can tell you is, the effectiveness
25 of the program will remain the way it's been. It

1 will take care of black fly and West Nile. Whether
2 it's the same amount of sprayings, I don't know.
3 I'm not a scientist, so I don't know how many
4 sprayings are necessary. Always depends upon
5 weather and rain and all that sort of thing.

6 But what you will find is the same West
7 Nile and black fly service being delivered for last
8 cost.

9 REP. SAMUELSON: And final topic I
10 wanted to cover was the inspections. You talked
11 about how there's -- in the Marcellus Shale area,
12 there's 5,000 inspections last year, 10,000
13 inspections this year.

14 How many inspectors do we have? Has
15 the number of inspectors increased, decreased,
16 stayed the same? And what does an inspection
17 entail when DEP inspects a site?

18 SECRETARY KRANCER: Well, it depends on
19 the program. We have oil and gas inspections. We
20 have erosion and sedimentation inspections. We
21 have water inspections.

22 What I'm speaking with the 5,000/10,000
23 is, specifically, unconventional or Marcellus
24 inspections -- actually, the number of inspections
25 oil and gas total are more like 16,000 for 2010 and

1 24,000 for 2011. And we have eighty-three
2 inspectors. And recall that our oil and gas
3 program has increased in personnel from a couple of
4 years ago, more than doubled. It's at about the
5 200 level, I believe.

6 Hold on. Let me make sure I get this
7 right. Two hundred four -- 202 complement, and 194
8 filled. So -- and that's well up, of course, from
9 what it was two or three years ago and that's
10 primarily because that program is funded separately
11 by the oil and gas fees that are generated through
12 permit applications.

13 REP. SAMUELSON: Is it still the same
14 eighty-three inspectors or have you increased? If
15 the number of oil and gas inspections has gone up
16 by 50 percent, from 16,000 one year to 24,000 the
17 next year, are the same eighty-three people doing
18 50 percent more inspections? Are you paying
19 overtime? Are you contracting out the
20 inspections? I mean, how do the same number of
21 people do 50 percent more inspections?

22 SECRETARY KRANCER: Well, we're not
23 contracting out. And I think that number of
24 inspections also includes -- I quoted oil and gas
25 personnel at eighty-three. And we also have other

1 personnel, as I said, erosion and sedimentation
2 control personnel and other program personnel, and
3 also there are multiple wells that are on the same
4 pad, so that creates efficiencies in terms of -- in
5 terms of inspections.

6 REP. SAMUELSON: Okay. I guess I'll
7 just finish up with my original question, how many
8 inspectors are there? And has that number been
9 increasing or is it exactly the same as the year
10 before?

11 SECRETARY KRANCER: Well, let me get
12 back to you on that. I know it's eighty-three
13 now. I would have to give you a figure -- I can
14 give you a figure six months ago. I can give you a
15 figure a year ago -- unless you have it right now.
16 We'll get back to you on that.

17 REP. SAMUELSON: That would be helpful
18 if that could be provided to the committee.

19 SECRETARY KRANCER: Absolutely.

20 REP. SAMUELSON: Thank you, Mr. Chair.

21 SECRETARY KRANCER: And another issue
22 or another -- I alluded to in my opening remarks,
23 we did do an enforcement process review this year,
24 and it started in oil and gas. And one of the
25 things we found is that inspections were done in a

1 somewhat disjointed manner between regions. And we
2 actually had different inspection forms between
3 regions.

4 We have standardized or are in the
5 process of standardizing into one inspection form
6 so that everybody's working off, literally, the
7 same page, which creates, also, again, more works,
8 more efficiency, for the same amount of people or
9 same cost, however way you want to look at it.
10 It's really the flip side of the same coin.

11 CHAIRMAN ADOLPH: Thank you.

12 Rep. Mario Scavello.

13 REP. SCAVELLO: Thank you,
14 Mr. Chairman.

15 And good afternoon, Secretary.

16 SECRETARY KRANCER: Good afternoon.

17 REP. SCAVELLO: You know, I find it
18 ironic. You're here, fourteen months,
19 approximately, and your predecessors -- you know,
20 I've been on appropriations for about seven years.
21 I never hear about air quality, refracking, or the
22 compressors or any of this stuff. You never heard
23 about it until you took office.

24 Did 1950 make any changes that improved
25 the situation or not? Because I would assume it

1 has.

2 SECRETARY KRANCER: Well,
3 Representative, that's a loaded question, because
4 half of the recommendations out of the Marcellus
5 Shale advisory commission came out of my
6 department. And they dealt with environmental
7 protections, and they became part of House Bill
8 1950. So I'm very happy about that.

9 I think there were some tweaks that
10 needed to be made. Enforcement was one of them.
11 And I talk about that a lot. We need and want more
12 flexibility in enforcement. We need to be able to
13 put into practice what the governor has said and
14 what I have repeated, and that is, we have high
15 standards here in PA, and you don't do them right,
16 you're not welcome here. So that was helpful.

17 And the other part about the bill that
18 was, I think, landmark was the disclosure part of
19 it. We took the model from Colorado, which was
20 lauded by folks as diverse as the NRDC, and
21 basically, enacted here in PA into probably, along
22 with Colorado, maybe Texas, probably the most
23 progressive disclosure of chemicals that are used
24 in the process, law of any state of the union.

25 So, again, I think HB 1950 and Act 13

1 were -- or are a big step forward, and I laud the
2 legislature for having passed it. Before it was
3 passed, I was exhorting folks to call you all and
4 have you pass it, and I was exhorting you to pass
5 it. Now, I congratulate you for doing so.

6 REP. SCAVELLO: I get pressured, in my
7 area, they keep talking about Dimock and the EPA.

8 Could you talk briefly about that?

9 You know, drilling has been going on in
10 Dimock prior. And is it correct that there were
11 some issues with water prior to the drilling, with
12 methane --

13 SECRETARY KRANCER: No.

14 REP. SCAVELLO: -- and Dimock?

15 SECRETARY KRANCER: I'm sorry. I
16 didn't mean to interrupt.

17 There's been issues with water in PA in
18 all areas for a hundred years plus. The Center for
19 Rural Pennsylvania, has documented that. We have
20 most folks -- I think it's 3 million -- on public
21 water -- I'm sorry, on nonpublic water, on wells,
22 than any other state in the union except Michigan.
23 And of those 3 million, the Center for Rural
24 Pennsylvania, which is a nonpartisan, bipartisan
25 creature of you all, I think, the legislature, has

1 documented 40 percent. That a million-point-two
2 people have some exceedance of some MCL, some iron
3 clad or black and white, I should say, maximum,
4 contaminate levels set by the federal government.
5 So, I guess, one of the questions I ask of my
6 friends at EPA is, I see that you're up there
7 supplying four people, four houses with water, what
8 about the other 1,999,996 who are going to ask you
9 and ask us about that?

10 This has been an issue in PA for a long
11 time. And, again, I will always say that my
12 predecessor did a good job with Dimock. We have a
13 consent order and agree that we took over that
14 we were happy and satisfied with, that it protected
15 the people up there, gave them options for
16 treatment. A judge of the Environmental Hearing
17 Board also found the same thing.

18 And let's not forget that everything in
19 Dimock or a lot of things in Dimock are -- there's
20 a lawsuit up there. Lawsuits result in strange
21 things sometimes.

22 REP. SCAVELLO: I want to talk about
23 the black fly and the West Nile spray. You have
24 about -- approximately 7 million. And I asked a
25 question -- and I know you're not going to probably

1 expect this question. I asked it of the Department
2 of Health the other day.

3 With this tick population in PA,
4 especially in eastern part of the state and the
5 Philly, the Delaware County, and in that area, is
6 there anything out there that can spray for or can
7 that we can spend to look at this Lyme disease and
8 what these ticks -- is it possible to put some type
9 of investment into that program, to look and see
10 what's creating it? They say there's over 30,000
11 people with Lyme. I think that number is higher.
12 A lot of folks out there that haven't been
13 diagnosed that are walking around, don't even know
14 it.

15 SECRETARY KRANCER: That is a
16 fascinating question, because it has many aspects
17 to it. And some of the places you mentioned are
18 places I live.

19 But did you ask Secretary Avila that
20 question?

21 REP. SCAVELLO: I did, and his talks
22 were more into actually warning folks to be
23 careful, look -- wear white sweaters, white socks.

24 I'm really concerned that I don't think
25 this -- I don't think we're doing enough. Not just

1 us, but the whole country. The whole country is
2 not looking at this, because I think this is going
3 to become an epidemic unless we really try to
4 prevent it in some way, what's creating these
5 ticks, you know, that carry this virus or whatever,
6 this disease.

7 And if we can look at that, if we can
8 look at something, I think it's money well spent.

9 Two other items, and I know one of
10 the -- both of them are federal. You know, I'm in
11 a rural area, and I have a lot of businesses that
12 are on their own wells. And now with this new EPA
13 law, this testing, I'm actually closing, you know,
14 the nurseries because they're not near a public
15 water supply, because the cost of this -- these
16 testing is just unbelievable.

17 I have resorts in rural areas; there's
18 no public water supply. The one resort told me
19 it's going to cost them 36,000 a year to comply
20 with this new law.

21 Do they -- when they do these things,
22 do they actually think about what the mandate is on
23 the businesses?

24 SECRETARY KRANCER: Again, that's a
25 broad question. I think you're talking about the

1 groundwater rule. I'm not a hundred percent sure.

2 REP. SCAVELLO: If you're on a private
3 water system, and you have more than a certain
4 amount of people that use it, like, for example, a
5 school. We had a religious school that had to
6 close. We had a nursery that had to close. And I
7 have these resorts that their own wells, and --
8 because they can't get public water, otherwise,
9 they'd love to have it. There's none in that area.
10 They're rural areas. And now this mandate's on them
11 now that they need to test.

12 SECRETARY KRANCER: Well, let me say
13 this, it is paramount to protect water supplies and
14 what people are drinking. That being said, the
15 EPA, and especially this one, has been notorious in
16 not factoring at all, or properly, a cost benefit
17 analysis of what they are doing, and almost any
18 facet of what they're doing.

19 This -- I, frankly, know a little -- a
20 lot more about the air side of things than the
21 particular rule you're talking about, so I don't
22 want make to any blanket statements about what they
23 did or didn't do with respect to this rule. But
24 suffice it to say that it is a pattern I've seen
25 since -- since this EPA took control.

1 REP. SCAVELLO: Before I leave, I'll
2 get you the information from one the resorts that
3 sent me their information.

4 And one last question, is this Army
5 Corps of Engineer now looking at other areas that
6 are considered in the floodplain that were not
7 before? Because it looks like they're in my
8 county, and they're claiming that we now have new
9 floodplain areas that we didn't have before, pretty
10 much stopping folks from building in those areas
11 or -- you know, we have the hundred-fifty-foot
12 setback and now we're going to have this on top of
13 that.

14 SECRETARY KRANCER: I'm not aware of
15 that. And I don't mean to say that -- sometimes
16 when you say, "I'm not aware of that" means "no."
17 I literally am not aware of that being the case.

18 I did recall, from my ancient days in
19 private practice, that every so many years they
20 update the floodplain maps and certain things that
21 were or were not are now in, and maybe that's part
22 of what's going on there, but that would be pure
23 speculation on my part.

24 REP. SCAVELLO: Thank you very much,
25 Mr. Secretary.

1 Thank you, Mr. Chairman.

2 CHAIRMAN ADOLPH: Thank you,
3 Representative.

4 Rep. Scott Conklin.

5 REP. CONKLIN: Thank you, Mr. Chairman.
6 Thank you, Mr. Secretary.

7 I want to start by saying, on behalf of
8 Rep. Vitali, any time you want to talk to my staff
9 by yourself, you're fine, but I get to talk to your
10 staff alone as well. Any time you want to do that
11 swap, I'm ready for it. I don't know what I'll ask
12 them, but at least we can get there.

13 I'm one of those bad people that voted
14 against 1950. When it took away my local zoning
15 ordinances, when two of my municipalities didn't
16 want fracking and this overrode that, as good as it
17 may be, it -- you know, it was something that I
18 didn't agree with, but I'm glad you agree with the
19 policy of it, so we can move forward.

20 You know, where I'm going -- one of the
21 things I'm concerned about is that -- I sit on ag,
22 and I was a builder for years and I was involved,
23 as a commissioner, as Mary likes me to tell folks.
24 We were involved in lot of the sewer cleanup, water
25 cleanups, because of the Chesapeake Bay initiative

1 that was brought in by federal government. And as
2 I'm sure you're well aware of, that we've had a
3 difficult time complying in many areas.

4 So when I look at the budget, there are
5 a few lines that maybe you can explain to me that
6 gives me -- that give me some concerns, because we
7 have a lot small municipalities that have sewer
8 authorities that are outdated or they need to put
9 them in and they are planning these facilities, and
10 they're looking at different ways to be in
11 compliance.

12 Can you tell me how -- how it's going
13 to affect them that we -- when we look at the sewer
14 facility planning grants as being zeroed out, or we
15 look at the Chesapeake Bay Commission as being cut
16 by 5.8 percent? Can you tell me how -- is there
17 money some place else for these small communities,
18 or how are we going to keep going to get in
19 compliance with what the federal government asks us
20 to do?

21 SECRETARY KRANCER: Well, first, let
22 me address what you -- and I don't want to
23 reinitiate the debate that you all had about HB
24 1950 and what is now Act 13, because it's all over.
25 But Senator Chuck McIlhinney did write a piece last

1 week in which he said what you just said. He
2 classified that as a criticism of that measure
3 which is misguided. It simply does not do what you
4 say it does, and that's what Chuck McIlhinney
5 said. He said, In reality, the new law will not
6 force a single community in the state to permit
7 drilling, and there is nothing in the bill that
8 will force changes to local zoning laws for Bucks
9 County communities. I think that's the same
10 statement with respect to other counties as well.

11 But in any event, now, to get to your
12 question, the fact of the matter is --

13 REP. CONKLIN: I'm sorry. Are we going
14 to have a debate on 1950 or are we going to go to
15 the question, Mr. Secretary? I appreciate your
16 looking at policy constantly, but I -- yeah, if we
17 can get to the question it would be a great --

18 SECRETARY KRANCER: I'm trying to
19 answer your first part of your statement first,
20 because it was inaccurate. And now --

21 REP. CONKLIN: You meant the part that
22 says "shall," Mr. Secretary? We "shall" give a
23 variance, or the part that says, We "shall," for
24 500 feet, give a variance. That was inaccurate,
25 Mr. Secretary? It's right in the law, read pages

1 72 to 74, sir.

2 SECRETARY KRANCER: Thank you for
3 that.

4 Do you want a question -- do you want
5 your question answered now or not, because
6 I needed --

7 REP. CONKLIN: That's what I --

8 SECRETARY KRANCER: -- to answer yours
9 first --

10 REP. MARKOSEK: Mr. Secretary,
11 Mr. Secretary, you've -- just answer the questions.
12 We don't need speeches about other members, about
13 the governor's budget, all those kinds of things.
14 We've had plenty of secretaries that have come in
15 here. We've respected them all and we respect
16 you. But please, answer the questions. You've
17 been combative. It's almost like you don't want to
18 be here. You're defensive.

19 Just answer the questions, please.
20 Thank you.

21 SECRETARY KRANCER: Yes.

22 On the sewage facilities enforcement,
23 Representative, the fact of the matter is, those
24 items, sewage enforcement and sewage facilities,
25 have been declining since around 2008, 2009

1 anyway. So the municipalities have been able to
2 plan and to budget for that and, of course, many of
3 them have.

4 With respect to sewage planning grants,
5 they're different from sewage facilities grants
6 because they don't have a sunset period. They
7 have -- they go on year to year. So there's
8 already a backlog of those in the system anyway, so
9 that a request received today wouldn't be paid
10 until -- I think my record shows 2015, 2016.

11 So the bottom line on that is, the
12 zeroing out of those items now really will have no
13 impact whatsoever from a on-the-ground type of
14 perspective.

15 REP. CONKLIN: I will give you a chance
16 to go out on a high note on this. We have talked a
17 lot about policy. Tell me, on the protection end,
18 what do you view what you want to look at for the
19 environmental protection part of DEP?

20 SECRETARY KRANCER: I'm sorry. Could
21 you repeat?

22 REP. CONKLIN: What do you view as your
23 number one concerns for the environmental
24 protection part, what you and your staff want to
25 look at the most that your long-term goals would be

1 on protection end?

2 SECRETARY KRANCER: Our job is the job
3 that it's always been at DEP, and that's to protect
4 the public health and safety and protect the
5 environment. That includes air. That includes
6 water. That includes all the other media. It
7 includes overseeing the oil and gas industry. It
8 includes regulating all the businesses that require
9 permits, whether it be an air permit, a waste
10 management permit, what have you. It would be to
11 attempt to continue the waste coal electricity
12 generation facilities in PA, because they provide a
13 tremendous service, environmental service, cleaning
14 up waste coal piles. It's all of those things,
15 from A to B, from alpha to omega.

16 REP. CONKLIN: I was just curious if
17 there were any long-term challenges you saw in the
18 future, but basically it will just be status quo.

19 SECRETARY KRANCER: I don't think
20 that's what I said. But the job of the DEP is
21 to -- as it always has been, whether it's been
22 Secretary McGinty, Secretary Hanger, Secretary
23 Krancer, or whoever the next one's going to be.
24 And that is to marshal all the environmental
25 protection resources and do our job to protect the

1 environment, air, water, waste, coal, do the
2 permitting jobs that we do, because, quite
3 honestly, any economic recovery is going to require
4 environmental permits to be granted.

5 So all of that is what we do all the
6 time and every day and what we're going to continue
7 to do.

8 REP. CONKLIN: All right. Thank you,
9 Mr. Secretary. Trust me, it was a softball to let
10 you go out on a soft note. If you had challenges
11 that we could help you with, that's the only
12 concern I had, not to get into another
13 confrontation.

14 Thank you, sir.

15 CHAIRMAN ADOLPH: Rep. Mauree Gingrich.

16 REP. GINGRICH: Thank you,
17 Mr. Chairman.

18 Thank you so much, Secretary and staff,
19 for being here. I don't do softballs but I'm
20 pretty nice about asking my questions.

21 Your budget, like other departments,
22 has been cut, decreased at least slightly again
23 this year and has experienced some cuts over years
24 prior to.

25 I want to talk about one specific area,

1 and that's our conservation district, if you don't
2 mind.

3 SECRETARY KRANCER: Um-hum.

4 REP. GINGRICH: I would like you to
5 tell me -- actually, update us about the
6 responsibilities, the role, of the conservation
7 district. Some time ago, a few years back, some
8 changes were made in responsibilities with regard
9 to some of the erosion and sedimentation process
10 work.

11 So how would you describe their role
12 currently?

13 SECRETARY KRANCER: As very important
14 partners.

15 REP. GINGRICH: Absolutely.

16 SECRETARY KRANCER: As they've always
17 been. They are the folks on the ground, and there
18 are many of them, and -- there are sixty-six of
19 them in the Commonwealth. So at least I,
20 personally, regard them as very important partners,
21 eyes, ears, and boots on the ground.

22 REP. GINGRICH: Do you see any changes,
23 especially with respect to some of the processes
24 that involve erosion and sedimentation, with some
25 of the new work being done with the Marcellus Shale

1 drilling and the conversations we've had here
2 today? Do you see the possibility of bringing them
3 back into that role to any degree?

4 SECRETARY KRANCER: I think --

5 REP. GINGRICH: Can you utilize them
6 that way, their expertise and their staffing?

7 SECRETARY KRANCER: We can -- I'm
8 sorry. We can certainly have that discussion with
9 them and with others. There are changes ongoing
10 right now with the way permitting oversight is done
11 with respect to erosion, sedimentation control and
12 so forth. And that's the result of, amongst other
13 things, some litigations that were filed before we
14 got here that are now being settled. I'm sure
15 you've read about them and know about them.

16 And, as I said, I'm always looking for
17 ways to partner with all our partners, whether it
18 be conservation districts, counties, townships,
19 municipalities, what-have-you.

20 REP. GINGRICH: Well, you know, in Act
21 13 some additional funds, some about 2 and a half
22 million for county conservation districts. That
23 amount of money, do you see that on top of your
24 regular budgeting, or is it something that we have
25 to be concerned about disappearing over time? Or

1 are you incorporating all of that additional
2 funding into your regular budgeting for
3 conservation district? Or is it additional?

4 SECRETARY KRANCER: I'm sorry. I think
5 it's -- if I understand your question right, Act 13
6 impact fee funding, that would be supplemental.
7 That's not backfilling. That is --

8 REP. GINGRICH: That's what I want to
9 know.

10 SECRETARY KRANCER: Yeah. That's the
11 way I view it.

12 REP. GINGRICH: And when we talked to
13 the secretary of ag, we had the same type of
14 discussions. So, I'm happy -- I'm happy to hear
15 that. So I don't want to look forward to it being
16 eliminated over time and having them challenge.

17 Did a lot of work with our conservation
18 district locally over time when I was local
19 government. The level of expertise was very
20 impressive. And I know that they can be an asset
21 to you as we address any additional work that goes
22 on and when we look at staffing challenges and so
23 on, so I appreciate hearing that.

24 SECRETARY KRANCER: Yeah. I've met
25 with conservation district people, both at the top,

1 their leadership. I've been to address their
2 training. We do mutual training together at Fort
3 Indiantown Gap, actually, and they're great people
4 and they do great work. You're right.

5 REP. GINGRICH: I think they're -- what
6 I've heard, they're pleased with their interaction
7 so far with you, and we're hoping that we can
8 maximize them as an asset for you.

9 Thank you very much.

10 Thanks, Mr. Chairman.

11 CHAIRMAN ADOLPH: Thank you,
12 Representative.

13 Rep. Ron Waters.

14 REP. WATERS: Thank you, Mr. Chairman.

15 Thank you, Mr. Secretary.

16 I have a brief question -- I hope it
17 will be brief -- with the report that came out, I
18 believe it was early this week, maybe yesterday, a
19 report that the radon, it's out of the public
20 schools in PA. And I'd like to know if you were
21 aware of it, that there was an alarming radon count
22 that they discovered inside schools and the long-
23 term effects that this could have on people.

24 SECRETARY KRANCER: I'm going to have
25 to confess that I need to go do some homework and

1 read that report. Radon is, obviously, a concern.
2 I did my own public service announcement about
3 radon. Don't know if you saw it.

4 Radon, as I recall from my public
5 service announcement, is the second leading cause
6 of lung cancer -- lung cancer in the United States,
7 et cetera, et cetera. So it is something that
8 folks need to take seriously, and I'm almost kind
9 of rehashing into my script for that. "Test for
10 radon now. It's inexpensive. It's easy." Et
11 cetera.

12 But what you raise is a little bit
13 different, and that's radon in schools. I was
14 addressing radon in homes.

15 So if you don't mind, I would like to
16 be able to do some more boning up on that and get
17 back to you. I've been out of commission for a few
18 days, which may be why I didn't read that paper or
19 that article or that study.

20 REP. WATERS: It was just released
21 yesterday -- I believe it was yesterday morning on
22 the news. Sorry. It was just released yesterday.
23 And I found -- it really got my attention to hear
24 about it and to -- about it, especially if it's in
25 the schools, where vulnerable, young unexpected

1 children would be exposed to it. And I believe
2 it's something that we, as government, would have
3 to be on top of to see what could be done to
4 provide the schools with equipment necessary to
5 make sure that the environment is safe for safe
6 learning.

7 SECRETARY KRANCER: I have some more
8 information for you. You might be referring to the
9 Bensalem School District, because I do understand
10 that was a topic on the Today show. And my
11 understanding is that we are working with the
12 Bensalem School District to test and to try to get
13 a handle on what, if anything, is an issue out
14 there.

15 REP. WATERS: Okay. So it's just one
16 school district. It didn't come across as one,
17 when -- the way that I read it. Maybe I misread
18 it. But if it's only one, not that's -- it still a
19 serious issue.

20 And thank you. That's all there was.

21 SECRETARY KRANCER: Well, I -- you
22 know, again, let me do some more homework, because
23 even if it is just one today on the Today show, we
24 can't really put the blinders on and say, It's just
25 one and it's nobody else. We need to take a

1 broader view. You're correct.

2 REP. WATERS: Right. They might be on
3 top of it and discovered it, but how many other
4 schools might unexpectedly or unknowingly be
5 exposed to it.

6 So I thank you, Secretary.

7 SECRETARY KRANCER: Thank you.

8 CHAIRMAN ADOLPH: Thank you.

9 Rep. Mark Mustio.

10 REP. MUSTIO: Thank you, Mr. Chairman.

11 Thank you, Secretary, for being here.

12 SECRETARY KRANCER: Thank you.

13 REP. MUSTIO: I'd like to follow up on
14 some of Mario Scavello's questions as it relates to
15 water, but take it in a different direction and
16 talk about emerging technologies and the
17 opportunities that Marcellus will bring to us. I
18 know there's certain issues that we have or don't
19 have with it, that we can deal with those later.
20 But from a job creation, new technology
21 standpoint -- I know I've written to your office,
22 and to you specifically, on Calgon Carbon company,
23 and written to the governor on Heckmann
24 Corporation, both dealing in water.

25 And I just wanted to kind of get your

1 feedback from the Department's standpoint on
2 interest in looking at new technologies as it
3 relates to treating water on site as opposed to
4 shipping it off site and those type of things.

5 SECRETARY KRANCER: Very interested in
6 looking at that sort of thing. As a matter of
7 fact, I would say it's probably what hallmarked
8 our entry here, or mine, at DEP. You might recall
9 that last year the New York Times had written all
10 the articles and everybody was abuzz about that,
11 and it was a good topic to discuss. But treatment
12 of water on all levels is something that is --
13 needs to be part of the discussion and definitely
14 emerging in new technologies are a huge part of
15 that. And I've seen that myself with respect to --
16 and all of us have, not just me -- with respect to
17 the treatment opportunities and capital that has
18 rushed to the market with respect to the Marcellus
19 Shale.

20 So, the answer to your question is,
21 wholeheartedly, yes. Of course, the devil's in the
22 details and how. How do we do that?

23 I think -- I've always been a believer
24 in the private sector and the free enterprise
25 system, which determines where capital goes based

1 on returns and promised returns and risk, that the
2 private sector would be a good place to determine
3 how that gets done and how that gets sorted. And
4 that's what we're seeing in the treatment
5 technology field with respect to, for example, the
6 Marcellus Shale opportunity.

7 REP. MUSTIO: What's the process to get
8 or to get a hearing, so to speak, with your
9 department to introduce -- introduce some of these
10 technologies as perhaps new protocols?

11 SECRETARY KRANCER: Well, I've had
12 numerous discussions with folks about that topic.
13 And it's great, because every one of them says,
14 Mine is the best. I've invented the best
15 mousetrap.

16 REP. MUSTIO: Right.

17 SECRETARY KRANCER: And I'm fascinated
18 to listen to that and would be happy to have many,
19 many more meetings like that. At the end of the
20 day, who they need to attract is potential
21 investors and buyers and customers.

22 REP. MUSTIO: Right. And they're
23 catching mice in other states, in other countries.
24 I just want them to be able to catch mice in PA.

25 SECRETARY KRANCER: Agreed.

1 REP. MUSTIO: And if they can do that
2 by eliminating the use of chemicals that are
3 going -- being used on the sites, I think that's
4 something that we should be pursuing. And I just
5 wanted to make sure there was open ears at the
6 department, and it sounds like there are.

7 SECRETARY KRANCER: Oh, absolutely.
8 Totally open ears. And one of the things I point
9 out -- it's a little bit apples and oranges -- is
10 the acid mine drainage for frack -- use as frack
11 fluid initiative that was launched, really, out of
12 the Marcellus Shale advisory commission, but we at
13 DEP launched our initiative into that not so long
14 ago, and it was received very, very well. I mean,
15 it had received press far and wide from sources
16 well outside of PA. So it was gratifying to see
17 that. And I hope that that and others like it can
18 really see the light of day.

19 REP. MUSTIO: Thank you.

20 CHAIRMAN ADOLPH: Thank you,
21 Representative.

22 Rep. Matt Smith.

23 REP. SMITH: Thank you, Mr. Chairman.

24 Thank you, Mr. Secretary -- over here--
25 for your testimony. Appreciate it.

1 Just want to follow up on something
2 that Rep. Samuelson asked about flood control and
3 the elimination of that program over two years, the
4 sewage facilities enforcement grants elimination,
5 and the sewage facilities planning grants
6 elimination.

7 I think you indicated to Rep. Samuelson
8 that perhaps the flood project funding would be
9 available to the local counties, municipalities,
10 township, and boroughs under Act 13. Is that
11 correct?

12 SECRETARY KRANCER: That's my
13 understanding.

14 REP. SMITH: And you weren't sure, I
15 think -- and I don't know if staff has been able to
16 provide any amplification of this, but whether that
17 would be applicable to all sixty-seven counties or
18 only those counties that currently have drilling
19 operations in their area. Is that correct?

20 SECRETARY KRANCER: I think we talked
21 about that, yes. And, again, I probably need to do
22 more homework. Not probably. I do need to do more
23 homework. I admit that.

24 The CFA, as I understand it -- I'll say
25 it again -- as I understand it, all folks are

1 eligible for CFA funding, not just certain
2 locations or counties, certainly where Marcellus
3 Shale drilling is taking place. Because my
4 understanding is the CFA's been around longer than
5 unconventional Marcellus Shale drilling is -- has
6 been in PA.

7 REP. SMITH: And I think the CFA
8 funding, under Act 13, would be about an 8 percent
9 total -- or exactly an 8 percent total of the
10 overall fee revenue. Is that correct?

11 SECRETARY KRANCER: I can't answer
12 that. I don't know. You might know more about --
13 actually, you probably do know more about that than
14 I do, the exact number.

15 REP. SMITH: Okay. And that part of it
16 wasn't part of -- I think you had mentioned that
17 half of the Act 13 contained about half of the --
18 half of it was recommendations from your
19 department. That was -- the revenue distribution
20 was outside of your purview in your
21 recommendations? Or was that something that you
22 guys recommended as well?

23 SECRETARY KRANCER: No. I think I can
24 comfortably say that that was outside of the
25 purview. I wrote a letter to lieutenant governor

1 March -- almost a year ago, and I don't recall
2 saying anything about where funding should go. As
3 a matter of fact, I'm not sure -- I'd have to go
4 back and get the letter -- that I said anything
5 about funding in that letter.

6 REP. SMITH: Sure. Okay.

7 And I guess the question I have is,
8 doesn't that, in and of itself, sort of directing
9 our local municipalities and townships and counties
10 to look to the Act 13 instead of general funding
11 from the state? Isn't that, really, exactly what
12 you had said you're not doing in backfilling
13 operations? I mean, that really isn't a supplement
14 to DEP operations. That's, in fact, a substitution
15 of 3 and a half million dollars that was flood
16 control, 2.5 million sewage facilities enforcement
17 grants, and then about 779,000 for sewage
18 facilities planning grants. We're eliminating it
19 from the general fund, and you seem to be directing
20 our local officials to look to Act 13.

21 So how is that not backfilling with the
22 Marcellus Shale fee revenue?

23 SECRETARY KRANCER: Well, I don't want
24 to characterize it. You can characterize it in
25 your way. And I'm trying to not characterize it.

1 I think I was answering a question, and I mentioned
2 that this Act 13 part was there, in response to a
3 question about floodplain or flood -- the line
4 item.

5 So, however -- I mean, if you want to
6 characterize it your way, that's certainly your
7 prerogative.

8 REP. SMITH: I think, actually, what
9 you said, in response to Rep. Samuelson, was that
10 that funding would be available to the counties
11 under Act 13.

12 SECRETARY KRANCER: Yes. I think
13 that's what I said. Act 13 has those provisions is
14 really all I was trying to say.

15 REP. SMITH: Right. But it seems to me
16 that we're saying, on one hand, you know, we're
17 eliminating your funding over here, and, on the
18 other hand, we're saying, Look over here, we have a
19 new revenue source. To me, that's not a
20 supplement. That's actually a substitution or a
21 backfill.

22 SECRETARY KRANCER: Well, whatever the
23 case might be, I addressed the floodplain or
24 floodplain line item last year, talked about it at
25 length, and I can do that again. Basically, as I

1 said, what was happening, DEP certainly has very
2 robust dam safety, dam control, big project kind of
3 flood management and a flood and waterways
4 purview. What the line item did, same thing as --
5 the same as last year, basically, was to say that
6 the state taxpayers can't do that now. Maybe they
7 can do it again sometime, but they can't do it
8 now. And we really were talking about very small,
9 very localized projects, sometimes several hundred
10 feet of riprap or stream bank or what-have-you, and
11 that the -- the municipality or the locality, to
12 the extent that was a priority to them, would be
13 able or would be asked to prioritize what they
14 needed to or wanted to get done.

15 The Act 13 thing now brings in whatever
16 it brings in, the floodplain management opportunity
17 and the flood control projects opportunity.

18 REP. SMITH: Exactly. I mean, that's
19 what I'm saying. I mean, it substitutes the
20 funding that the state provided and put --
21 backfills it with Marcellus Shale fee revenue.

22 SECRETARY KRANCER: Well,
23 Representative, if you want to look at it that way,
24 you're free to look at it that way. It does what
25 it does.

1 CHAIRMAN ADOLPH: Why don't we move on.
2 I understand what you're saying, Rep. Smith. And I
3 think there's funding that is being driven from
4 Marcellus Shale all throughout -- all throughout
5 the budget that's backfilling and releasing some
6 funds that used to be out of the general fund.

7 REP. SMITH: Thank you, Mr. Chairman.

8 Just one other question. You had
9 mentioned that the -- I think both with respect to
10 the sewage facilities enforcement grants and with
11 respect to the planning grants, that because there
12 were projects in the -- in the pipeline, so to
13 speak, that the local officials and municipalities
14 really wouldn't be affected because they wouldn't
15 be eligible for those funds until 2015. Correct?

16 SECRETARY KRANCER: Well, there's a
17 little bit of a difference. Sewage facilities
18 enforcement is a year-by-year thing. And 2009-
19 2010, the applicants in, whatever you want to call
20 it, received only about 42 percent of pro rata
21 funding, and that was for back, the year before,
22 2008.

23 In 2010-'11, the government's received
24 41 percent prorated that was for 2009. So, because
25 that reimburse happens after the fact, and it's

1 zeroing something out that has been, really, moving
2 in that direction since 2008. I think the impact
3 would be minimal on sewage facilities enforcement
4 in particular. And don't forget, SEOs, sewage
5 enforcement officers, which is really probably what
6 we're talking about in the -- in the main here,
7 they do have a fee-generating capability
8 themselves.

9 For sewage facilities planning,
10 slightly different. Those are -- they don't sunset
11 at the end of the year, so they're allowed to stack
12 up, like we see at some airports lately, especially
13 over the weekend, when there was an eight-hour
14 delay in Philadelphia. And that results in the
15 backlog that -- it would create what I explained,
16 and that is, an application today, if it were paid,
17 wouldn't even be paid until '15 or '16.

18 REP. SMITH: Right. But correct me if
19 I'm wrong, because that's a reimbursement program,
20 the local municipalities could apply for a project,
21 put the project in place, pay for it, and then
22 receive that 50 percent reimbursement from the
23 state in 2015, so, in fact, they would actually be
24 losing something. Correct?

25 SECRETARY KRANCER: Well, I query they

1 would actually do that, given the circumstances
2 that there be a queue in which they -- I'm not sure
3 that would be -- I'm not sure what they do in
4 that -- and I shouldn't speak for them -- what they
5 would do in that case.

6 REP. SMITH: But they could do it.
7 Whether it made sense to the state or not, a local
8 official could go through that process, if they
9 knew the funding was available.

10 SECRETARY KRANCER: Oh, well, if they
11 knew the funding was available, I suppose what
12 you're describing is an ideal, which does not match
13 with reality. That's the problem.

14 REP. SMITH: Well, it's the reality of
15 the governor's proposal. I would submit that an
16 alternative reality would be funding flood control
17 and the enforcement grants and the planning grants.

18 SECRETARY KRANCER: Well, the budget is
19 a proposal. Obviously, it's something that the
20 legislature will be a partner with. And I'm sure
21 the discussions on that will, if you're involved,
22 and I trust you would be, it would be lively and
23 interesting.

24 REP. SMITH: Just one final question on
25 the flood control projects. And I know we had this

1 discussion last year, where, basically, I think the
2 message from the state to our local officials is:
3 You're on your own. The state's not going to
4 provide funding. If you want to make it a
5 priority, as you said, you can do that and shift
6 around funding mechanisms.

7 Is that sort of the long-term vision of
8 DEP? Or is this something that is more driven by
9 budget constraints, and we're going to look in the
10 future to actually fund our local flood control
11 projects from the state end?

12 SECRETARY KRANCER: Well, with all due
13 respect, on the first part of it, it was more like
14 a, hey, with this \$4.5 billion budget deficit that
15 we just walked into, there are these certain
16 projects that are very localized in their purview,
17 sometimes several hundred feet of area, and the
18 question is, can all the taxpayers of PA bear that
19 burden at this time? And the answer was no.

20 So, going forward, I can't really --
21 I'd love to be able to be prescient and tell you
22 what it will be two years, three years, four years,
23 five years from now, but, you know what they say,
24 predictions are very iffy things, especially those
25 about the future.

1 REP. SMITH: Thank you. Thank you,
2 Mr. Secretary.

3 Thank you, Mr. Chairman.

4 CHAIRMAN ADOLPH: Thank you.
5 Rep. Martin Causer.

6 REP. CAUSER: Thank you,
7 Mr. Secretary.

8 Thank you, Mr. Chairman.

9 My first question/comment deals with
10 drilling in the Commonwealth. And the thing that I
11 wanted to point out is the distinct difference
12 between the large Marcellus Shale operations and
13 the small producer in the Commonwealth. And, you
14 know, I think a lot of people, even in this
15 building, don't realize that we've been drilling in
16 this Commonwealth for many, many, many years. And
17 I come from the northern tier. In McKean County,
18 we've been drilling oil wells for a hundred years.
19 And I think that gets lost on some people and they
20 don't realize that when we're formulating policy,
21 formulating legislation and regulations, that,
22 oftentimes, and what I've seen in this building, is
23 the fact that the large operations, the
24 regulations, the legislation is being patterned
25 toward those large operations and has an effect on

1 the small producer at the same time.

2 So I guess, in the form of a comment, I
3 would -- I would caution and urge everyone to take
4 a look at that, because I'm concerned about the
5 effects that it will have on the small -- the small
6 producer. And I know that there are people inside
7 your department, I know that you're aware of it,
8 but sometimes it gets lost in the whole discussion,
9 and, you know, we've -- there's been a lot of
10 comment in this building about the closing of the
11 oil refineries in Philadelphia. Well, I've got an
12 oil refinery in Bradford that's very important to
13 our region that uses PA-grade crude oil, and,
14 actually, this refinery is struggling to get crude
15 right now. They can't find enough crude to
16 adequately supply that refinery.

17 And I'm just concerned about the
18 effects that policies we put in place here have on
19 the small producer that's actually out there
20 producing this crude oil and the trickle-down
21 effect it really has. There are nearly 400
22 employees at that oil refinery in Bradford.

23 And so I wanted to raise this issue, so
24 that as we're considering policy, as we're
25 considering legislation, we need to think about

1 those small producers and the effect that those
2 policies have on those small producers. And I'd
3 certainly welcome any of your comments in that
4 regard.

5 SECRETARY KRANCER: Well, it's a good
6 point. It's an interesting point. We do need to
7 be, and I need to be, mindful of that and pay
8 attention to it. And I don't know the specifics of
9 the Bradford oil refinery and how it compares with
10 what's going at the southeastern oil refineries and
11 so forth.

12 And I would caution against going the
13 other way. We don't want to create a plan A of
14 environmental protection for small people that
15 isn't up to par because they're small people, and
16 plan B for environmental protection for the big
17 people because they're big people. Now, that being
18 said, we have to be wary of -- of -- make sure that
19 what we're doing makes sense across the board. And
20 I think that's really what you're driving at.

21 REP. CAUSER: And I support adequate
22 environmental protection. Absolutely. But what
23 I'm saying is, there -- they're completely
24 different circumstances. And we want to make sure
25 that there are environmental protections in place,

1 but when we pass legislation, sometimes we lump the
2 small guy in with the big guy, and it's not a level
3 playing field. I mean, there were some things in
4 1950 that we were trying to differentiate very
5 clearly that only apply to unconventional wells,
6 and it was a struggle, to be honest with you,
7 because some of these stipulations, you know, could
8 be construed to be applied to conventional wells.
9 And we've got to be careful that we don't run the
10 conventional well operators, the small operators,
11 out of business, and then that trickles down to
12 hurt a refinery like is in my area. That's the
13 point I'm trying to make.

14 SECRETARY KRANCER: Understood.

15 REP. CAUSER: And I'm not standing here
16 today saying that the oil refinery in my area is
17 going to go out of business, but I'm saying that,
18 you know, the trickle-down effect and the effect
19 that it can have could be very detrimental down the
20 road. So I would urge you to think about that as
21 we move forward.

22 The other issue is flood control issue.
23 And Rep. Millard brought it up earlier in talking
24 about the gravel bars. And I want to bring that
25 issue up also, because I've been working on a

1 number of issues dealing with gravel bars in my
2 district, and particularly one in Cameron County,
3 in the borough of Emporium. That borough has been
4 trying to clean out gravel bars for the past five
5 or six years. And, to be honest with you, they've
6 gotten very little cooperation from your
7 department.

8 We've tried every avenue to be able to
9 clean out these gravel bars, and every step of the
10 way we've been told that we can't do it.

11 The first explanation was that it was
12 vegetative gravel bar. So we went and cut all the
13 vegetation off from it.

14 Then the next step was that we had to
15 have some costly engineering study to prove that
16 taking out the gravel bars is the answer. Well,
17 anybody that lives in that community knows that
18 taking out the gravel bar is not going to hurt the
19 environment, and it's going to help us if we do
20 have a flood.

21 Well, the answer that the DEP and the
22 conservation district came up with was to put log
23 vein deflectors in. Okay? So we spent Growing
24 Greener money to put log vein deflectors in.
25 Hasn't done one thing. And the gravel has only

1 built up since then. So we wasted money putting
2 those in when we could have just gone ahead and
3 taken out the gravel bar.

4 So, now we are left with figuring how
5 to move forward. We know the gravel bar needs to
6 come out. We can't get your department to issue a
7 permit to take it out. You know, there's got to be
8 a better process.

9 I mean, I've got circumstances in
10 Potter County where your department is giving
11 PennDOT hell because they've gone in and taken out
12 gravel bars and maybe went a few feet past what
13 they were authorized in their permit to do.

14 You know, there's got to be a better
15 way. There's got to be a better way to do it.
16 We've got to come up with a process whereby we can
17 clean out these gravel bars and prevent future
18 flooding.

19 SECRETARY KRANCER: I hear what you're
20 saying. First, let me say -- this may surprise
21 you -- I've actually been to Emporium and enjoyed
22 it very much. So I know the community.

23 This gravel bar issue is a thorny one,
24 no pun intended. And it's one that I need to get a
25 better handle of -- on and get back to you. I

1 think somebody -- one of the representatives, in
2 their question, did say that the engineers had
3 found that taking away the gravel bars, even though
4 it might seem like that is going to cure the
5 problem, does not cure the problem. And it turns
6 into another problem somewhere else or a waste of
7 effort.

8 I'm don't know the answer to that. But
9 what I will do, and what I'd like to do is, I think
10 I promised Rep. Millard that I'd get a handle on
11 his gravel bar. I'd like to do the same with
12 yours, and be able to get back to you and have a
13 enhanced discussion about it.

14 I mean, part of me is saying, if you
15 can't get a permit issued, that must be because the
16 law doesn't allow the permit to be issued. But let
17 me dig down into that -- again, no pun intended --
18 and I'll get back to you on that.

19 REP. CAUSER: I would appreciate it. I
20 mean, I'm using that as an example, but I could
21 cite numerous examples of issues. And so it's a
22 broader issue that needs to addressed. In the
23 Emporium issue, the former director of the
24 Williamsport office came to Emporium, sat down with
25 us to talk about it, and then told me that, yes, he

1 could issue a permit to do it, but it would have to
2 be down within six inches of the -- of the water
3 level, but he didn't trust us enough to issue the
4 permit.

5 Now, thankfully, that person's gone,
6 and I'm glad, but, still, it points to the -- it
7 points to the issue that this is a significant
8 issue, and there needs to be a process by where
9 these municipalities who -- they don't want to
10 damage the environment. They want to go in and
11 clean out these gravel bars because they know
12 they're a problem.

13 And I would welcome sitting down with
14 you. And, you know, whether we talk about this one
15 issue or the broader issue -- I'd like to talk
16 about the broader issue -- and figure out a process
17 to address it.

18 SECRETARY KRANCER: Well, I would like
19 to do that as well. And, again, I'm no
20 meteorologist or geologist, but my thought is
21 telling me -- and I sat in PEMA command center for
22 a couple of days during that flooding, as all the
23 secretaries did and the governor -- that that
24 flooding was going to happen gravel bar or no
25 gravel bar.

1 REP. CAUSER: I don't dispute that, but
2 I know that there is flooding that will come at
3 some point and these gravel bars will have an
4 affect.

5 Thank you, Mr. Secretary.

6 Thank you, Mr. Chairman.

7 CHAIRMAN ADOLPH: Thank you,
8 Representative.

9 Rep. Matt Bradford.

10 REP. BRADFORD: Thank you, Chairman.

11 And thank you, Secretary. Over here,
12 sir.

13 I know a lot of these issues have been
14 covered, and I guess I want to try kind of a
15 30,000-foot run over it and see if you can
16 enlighten me a little bit about how this plays out.

17 One of things, and being from
18 southeastern PA, being from Montgomery County,
19 actually, we've all seen what a boom that the
20 Marcellus Shale industry is, but one of the things
21 that -- and I know a couple members have tried,
22 pointedly, to ask some staffing questions, but kind
23 of from a perspective of a lot of us, there seems
24 to be incongruity between, you know, this boom in
25 this industry, and, you know, we look at these maps

1 that show tremendous amounts of new wells drilled
2 just in the last two, three years in PA, and
3 staffing cuts that, in fairness to the current
4 governor, predate him, but staffing cuts where you
5 see the regulatory oversight budgets being cut
6 pretty dramatic. Some of the numbers would say
7 state support to DEP down 40 percent in that time
8 period, at a time period in which the number of
9 wells as increased dramatically, and, again, that
10 inconsistency, that unease that it creates.

11 Can you try to give us some idea -- and
12 I know you've tried a little bit of this, and I'm
13 not asking for specific staffing levels, I know
14 that's something you don't have today, but can you
15 give me some feel for why Pennsylvanians,
16 especially those of us in the southeast who don't
17 necessarily see all the -- some of the promised
18 positives. We only hear the concerns that we read
19 in the newspapers. We only see some of the
20 environmental concerns and share those concerns
21 deeply.

22 Why should they have confidence in
23 DEP's ability to monitor this effectively at a time
24 where budgets are shrinking and the amount of wells
25 that are coming into the Delaware River basin -- or

1 coming into our neighborhood is getting more and
2 more?

3 SECRETARY KRANCER: Let me go towards
4 your question two ways. First, I think you're
5 short-changing, to some extent, the impact of the
6 opportunity on our region. Our region being the
7 southeast; I'm from Montgomery County myself.

8 There was an article that Andy Maykuth
9 wrote in the Inquirer, Shale gas is shaving gas
10 bills. And he surveyed UGI, PECO, South Jersey
11 Gas, PSE and G, PGW, gas rates down 37 percent, 38
12 percent, 39 percent, 49 percent, 52 percent. PPL
13 just announced that on March 1 their kilowatt hour
14 price -- because the price of gas, as you all
15 probably know, pivots the price of electricity.
16 PPL's kilowatt hour price is going from 7.79 cents
17 to 6.9 cents, starting March 1. And the head of
18 that company said it's because of the abundance of
19 Marcellus Shale gas. Same thing with PGW. Same
20 thing with the utility up here. So we are seeing,
21 amongst other things, lower gas rates, lower
22 utility rates, so forth and so on.

23 And we're also seeing the opportunity
24 for some downstream industry in our area to be in
25 the supply chain. They're already there. They can

1 already get that to at least have that opportunity
2 to get there. And I've always believed that what's
3 good for part of PA is good for all of PA. This
4 happens to be, if we do it right, good for not only
5 all of PA but all the United States. It will bring
6 clean air to our area. It will bring clean air to
7 Pittsburgh, if we do it right.

8 But let me get to the other part of
9 your question, and that is, I think what you've
10 painted is a little bit of a dire portrait, but not
11 totally accurate, because the oil and gas program,
12 as I said before, remember, separately funded. So
13 when you look at the personnel complement,
14 personnel, whichever it is, either one, in oil and
15 gas, it has gone up by more than double, since --
16 you know, prior to our getting here, for sure,
17 2009, 2010. And I think it's -- we say it was at
18 the 200-plus level, with a hundred and ninety -- I
19 forget the exact statistic now -- of complement in
20 it. And it is funded, the actual regulatory
21 program for oil and gas, by the oil and gas permit
22 program. It's not a lick of general fund or
23 taxpayer dollars.

24 So I think the answer is that the
25 program has grown in its personnel. It's been a

1 function of the permit fees. And it is not a part
2 of general fund.

3 REP. BRADFORD: Right. And I
4 appreciate that.

5 And one of the things -- I actually had
6 the opportunity to visit one of the well sites and
7 seen some of the positives: job development,
8 economic development. Even in the southeast the
9 oil companies feel fit to pillar our commercials
10 with the great story of -- I think I saw one, I was
11 telling Rep. Mirabito about his hometown the other
12 day. And despite this huge public relations
13 effort, and despite your lobbying on behalf of
14 1950, the view is so negative among the average
15 person and, again, I know you mentioned the price
16 of natural gas as a beneficial, you know, offshoot
17 of it, but one of the concerns that we see, and
18 again it's this mixed message, there was a
19 correspondence that you had with the director of
20 the federal EPA, Director Jackson, Lisa Jackson, in
21 which you questioned her science. And you really
22 are saying, basically, it's rudimentary. I believe
23 that's an exact quote.

24 Do you understand, we're having huge
25 problems reconciling your cheerleading for 1950 and

1 the industry with what we're seeing as some real
2 drawbacks, and, you know, on the budget side, you
3 mention, okay, it will be okay. It's going to be
4 funded off line, but, obviously, 1950 and whether
5 it was Rep. Smith talking about flood repair, we're
6 not going to see any of those direct results, but
7 whether it's the DRBC, which has yet to rule on
8 drilling in our potential groundwater area, we
9 don't see the positives. And it's hard to kind of
10 reconcile it.

11 What can be done to create some kind of
12 agreement between two regulatory bodies?

13 Literally, the letter between you and administrator
14 Jackson is pretty harsh. What do you say to people
15 who are just honestly confused about the science
16 and don't know, at this point, is it a good thing,
17 is it a bad thing? How do you address that?

18 SECRETARY KRANCER: Well, let me
19 address that by taking a couple of the premises of
20 your question and challenging them a little bit and
21 then I'll answer your question.

22 First of all, I'm not cheerleading for
23 anybody or anything. Yeah, I suggested and
24 exhorted for 1950. I don't, as you say, cheerlead
25 for the industry. What I do is make sure that the

1 industry is properly overseen and does things
2 properly, and we do that through our regulatory
3 oversight and our regulatory program.

4 It is a great opportunity for PA and
5 for Americans, and we can choose to take it, choose
6 not to take it. There's no cheerleading about
7 that. What -- the only cheerleading I do is
8 cheerleading for the facts, cheerleading for the
9 truth, standing up to falsehoods, standing up to
10 fiction.

11 And what I said to administrator
12 Jackson about Dimock was that the EPA's
13 understanding of what was going on on the ground at
14 Dimock at that time was rudimentary. And, by the
15 way, EPA admitted that. That's why they're doing
16 what they're doing now. They're trying to move
17 from rudimentary to getting some information on
18 their own. That's why -- and what they're doing.

19 If they -- if -- I don't know where
20 it's going to go or whatever. The DEP has been
21 involved in Dimock for many years. And I know it's
22 very emotional, and some people think DEP's not
23 doing its job well up there. Some people think DEP
24 is not only doing its job very well, but it's
25 overkill by the other side. It's very emotional,

1 and it's very neighbor versus neighbor, which is
2 what I told the Chambersburg paper. It's what I
3 told the EPA. And they're finding that out, that
4 there is a neighbor-versus-neighbor aspect to it.

5 But, again, the facts are going to go
6 where the facts go, and the science is going to go
7 where the science goes.

8 REP. BRADFORD: So -- and I guess, and
9 I don't mean to cut you off, but when the Wyoming
10 story came out and when the federal government took
11 its position on that science, what is DEP saying
12 about that?

13 SECRETARY KRANCER: Well --

14 REP. BRADFORD: I know you can say
15 there's -- you know, there's litigation, obviously,
16 and I don't even necessarily want to get into
17 Dimock, but for those of us in the southeast who
18 just read the news stories, and you've got the feds
19 and the state going back and forth on each other,
20 it creates a lack of confidence, to be honest.

21 SECRETARY KRANCER: Well, let me -- I'm
22 well familiar with the Wyoming situation. And,
23 actually, Lisa Jackson, herself, has said that we
24 haven't determined that there's a connection there
25 between fracking and any groundwater contamination.

1 She said that in her letter to the governor of
2 Wyoming. So I did see headlines that said, "EPA
3 links" this to that, and Lisa Jackson, herself, had
4 to come out and say, No, we didn't.

5 Secretary of the Interior Salazar came
6 out and said, You know what, the jury's still out
7 on what EPA's doing up in Wyoming. So just like in
8 Dimock for EPA, I guess EPA is in a process in
9 which they're going to be gathering facts and
10 determining where it goes.

11 But you are right. You're completely
12 right. There is a cognitive dissidence of view,
13 especially from our region in the southeast, and
14 that is something that the lieutenant governor has
15 talked about. That's something that I've talked
16 about. And we have to have a conversation about
17 that.

18 REP. BRADFORD: Right.

19 SECRETARY KRANCER: And the
20 conversation has to start from the premise that no
21 matter how good an opportunity this is, no matter
22 how great it could be, if it can't be done in a
23 protective manner, it's off the table.

24 REP. BRADFORD: And that leads me to
25 the two issues in the southeast, is DRBC, which,

1 you know, I'm reading from the Inquirer article of
2 March 6, where it talks about the financial noose
3 is tightening on the Delaware River Basin
4 Commission, the arbiter of whether natural gas
5 drilling will occur in the watershed. PA, which is
6 upset that the commission has yet to authorize
7 drilling, has withheld two quarterly payments to
8 it. A state budget document shows PA froze its
9 allocation in January, reducing payments to DRBC by
10 40.7 percent this year.

11 It goes on to talk about, the governor
12 cut the Susquehanna River Basin Commission far
13 less, and they've been far more willing to issue
14 permits.

15 This is the kind of thing, when I talk
16 about kind of the lack of clarity, and it seems
17 almost like a financial coercion that might be
18 going on here.

19 Can you address that and assure us that
20 that's not the case? And if it's not, why is the
21 DRBC being cut 40 percent?

22 SECRETARY KRANCER: A very good
23 question. I read that article. That article is
24 very, very off base, and I'll tell you why.

25 First of all, there was a \$400,000

1 freeze to last year's budget. Next year, DRBC is
2 being funded to the full commitment of PA, less
3 than 4.9 percent, whatever it is, that the governor
4 asked, because of the times we're in, asked to have
5 cut.

6 Now, compare that to the other members
7 of the DRBC, and that's not in this article -- it
8 is a little bit in this article, but it's not as
9 clear as it should be in this article. Delaware,
10 you'd be shocked to hear what Delaware is doing
11 with respect to the funding of the Delaware River
12 Basin Commission. Delaware, who is posing all
13 these questions and holding up what we think are
14 very sound regulations, they're cutting their
15 commitment by 70 percent; New York, by 20-plus
16 percent. Frankly, PA is toeing the line and paying
17 its bills in a lot better fashion than those two
18 states.

19 And look at the federal government,
20 Representative. The true story behind the federal
21 government is they've been scofflaws almost since
22 you and I were in high school.

23 REP. BRADFORD: Not quite that long. I
24 think I was a freshman in college. But I will tell
25 you this, the federal government doesn't pay

1 because the states don't pay, and they're,
2 obviously, the last one in.

3 And nobody is at a 40 percent cut this
4 year. And I'm looking at the numbers right here.
5 So everyone can play the finger-pointing game,
6 where each state blames the others in the compact,
7 but the compact predates before any of us were
8 born, and it seems like it's falling apart, and
9 it's one of the real last lines of defense,
10 protecting our watershed here in the southeast.
11 And there's a lot of us who have a lot of concern.
12 And, again, this goes to this general concern about
13 who is -- who's looking out for this and who is
14 really being the fair referee.

15 The last thing I would touch on and
16 then I'll conclude very quickly, is you mentioned
17 Lieutenant Governor Cawley and his efforts, and,
18 obviously, we all appreciate and laud his efforts,
19 but one of the things now with the Nockamixon
20 drilling and what that means, real quick, from the
21 local paper there, February 23rd: Under new state
22 law, the township's authority to determine whether
23 gas companies are allowed to drill has been
24 eliminated. In addition, a new tax -- I guess
25 that's the local impact fee -- drillers designed to

1 pour extra money in impacted communities does not
2 appear to apply to Nockamixon.

3 What is the position of DEP at this
4 point on whether or not it does? And the other
5 thing I would point out, and, obviously, you
6 mentioned Senator McIlhinney, I know is a fierce
7 fighter for the environment --

8 SECRETARY KRANCER: Yes, he is.

9 REP. BRADFORD: But it talks, on March
10 2nd, that the 9 PUC attorneys have already weighed
11 in and said that, while -- and I know you don't
12 necessarily agree with this, but it looks like the
13 PUC attorneys, among others, including the
14 attorneys for the senate, I guess, Republican
15 caucus, but they're all saying that the preclusion,
16 the preemption language does apply in House Bill
17 1950, but the tax will not help Bucks County.

18 Can you bring some clarity as to
19 whether or not there is one -- is there preclusion
20 language in 1950? And to the extent there are,
21 will those revenues come back locally?

22 Because, again, one of the concerns is
23 on 1950 and why so many of us viewed it was a bad
24 vote of us is it does nothing for southeastern PA
25 but kind of create a fear and concern that we're

1 not protecting our environment. And it doesn't
2 really drive any resources back to the
3 environmental concerns and the water resources that
4 we hold dear.

5 SECRETARY KRANCER: I think the
6 Nockamixon situation might have been actually what
7 it was Senator McIlhinney was writing about. And
8 I'm not going to requote or reread that -- his
9 article, but suffice it to say that he, at least,
10 for one -- and you're right, he's a fierce fighter
11 for the environment -- sees that completely
12 different.

13 On the last line of defense comment,
14 that's interesting on DRBC. I would say they're
15 really -- historically, they're the first line of
16 defense, because when the DRBC came on board, none
17 of the states had the environmental protection
18 programs that they have today. Now we do.

19 So -- and there was probably another
20 part of your -- oh, the newspaper, what it reports
21 about the other states funding, you know, I -- one
22 of my favorite cliches is that newspapers are like
23 the rough draft of history. And what I'd like to
24 do is be able to have a conversation with you
25 further about the funding of the DRBC, state by

1 state, and try to get to you the information that I
2 have and that we have about that. I think,
3 frankly, PA is doing a fine job, better than all
4 the others with respect to that particular issue,
5 even though the Inquie, the Inquirer, may not have
6 portrayed it that way.

7 REP. BRADFORD: Just to my question,
8 though, real quick. Does the preemption apply in
9 Bucks County? And to the extent, does the tax?
10 Because I think that's one of the concerns that a
11 lot of us have in the southeast, that, again, the
12 House Bill 1950, all the numerous bad parts will
13 apply and that absolutely no revenue will be driven
14 back.

15 Can you give an answer on that?

16 SECRETARY KRANCER: Well, let me -- I
17 tried to get out of the business of giving legal
18 opinions when I came here and I stopped being a
19 lawyer and I started being a client. Let me point
20 out, though, that Nockamixon -- and I'm reminded of
21 this and I should know this -- actually, I think I
22 was the Environmental Hearing Board judge that had
23 this case, about this Noxamixon -- Nockamixon well
24 many moons ago. And I've been to Nockamixon too.
25 It's not just that I've been to only Emporium.

1 I've been to Nockamixon, so I know the neighborhood
2 very well. That well is a vertical well,
3 conventional well, and there is no preemption,
4 except for environmental standards. I guess I'm
5 rendering that legal opinion; I just promised I
6 wouldn't.

7 REP. BRADFORD: You're only preempting
8 environmental standards? Isn't that the only issue
9 that you want to have not preempted?

10 SECRETARY KRANCER: No. I mean, the
11 environmental standard should be set by the DEP.
12 And that's the way it works with Solid Waste
13 Management Act. That's the way works with other
14 acts as well. And I probably -- like I said, I
15 gave too much legal opinion here, but --

16 Okay. I'm being told local governments
17 were just not in this business. Now, I don't know
18 how it relates to Nockamixon in particular. And I
19 think that's a particular issue on a particular
20 well, that is not a Marcellus well, by the way.
21 It's a conventional well.

22 REP. BRADFORD: No, it is not. But
23 1950, obviously, the way it was drafted affects
24 Nockamixon. I mean, there's quite a few articles
25 about this. It's -- I don't think it's news as to

1 what the impact 1950's going to have on even
2 southeastern communities as a result of the
3 preemption language that we do believe is in
4 there. Correct?

5 SECRETARY KRANCER: You know what, I
6 will just -- I don't want to quote Senator
7 McIlhinney again, but McIlhinney seems to believe
8 it has no impacts at all. And he's writing about
9 Nockamixon.

10 REP. BRADFORD: Right. And I'll
11 conclude with just saying, as much as I wish that
12 DEP would rely on my local state senator, Senator
13 Rafferty, or myself to be the final arbiter,
14 typically, in a legislative versus executive form
15 of government, we don't get that power. And if the
16 preemption language is in the legislation, the
17 executive gets to be that arbiter.

18 SECRETARY KRANCER: Well, maybe this is
19 -- the environmental standards -- and this is where
20 I am -- maybe I'm getting old -- the environmental
21 standards in the Oil and Gas Act have always been a
22 state preemption matter, since 1984, when the Oil
23 and Gas Act was passed. So that's always been the
24 case.

25 REP. BRADFORD: Thank you, Chairman.

1 CHAIRMAN ADOLPH: Thank you.

2 Rep. Pickett.

3 REP. PICKETT: Thank you, Mr. Chairman.

4 Up here, Mr. Secretary.

5 SECRETARY KRANCER: Oh, thank you.

6 REP. PICKETT: Well, as it turns out, I
7 represent Dimock Township, Mr. Secretary.

8 SECRETARY KRANCER: I know you do.

9 REP. PICKETT: A little bit of a
10 different question. I'd just like to ask about
11 where we are there on the status of the nine-square
12 miles that are not allowed any further drilling or
13 completion of wells at this point. I have a stack
14 of 300 petition names on my desk that are asking me
15 if I could find out or help when that might be
16 lifted. Some of them have partially drilled
17 wells. Some of them have leases that haven't been
18 completed. Some of them -- and it's a very
19 productive area. We know that. In spite of all
20 the other discussions that may go down on that,
21 it's a very productive area.

22 Is there anything you're able to say
23 about the lifting of that nine-square mile?

24 SECRETARY KRANCER: Well, I've seen the
25 same petitions, hundreds of people, dozens of

1 pages. And what I would say to that question is
2 the same response I give to any question, and that
3 is, that matter will be decided based on the facts
4 and the law at the time and under the consent order
5 and agreement that was -- that still is the
6 governing document.

7 REP. PICKETT: Does the EPA presence
8 have an affect on the timing of that?

9 SECRETARY KRANCER: I haven't made that
10 connection. No. I haven't made -- I haven't
11 really thought about that, but it shouldn't,
12 frankly. It's a matter that will be governed by
13 the law and the facts and the consent order and
14 agreement, which is a state consent order and
15 agreement, one that we inherited, but one that we
16 think is doing the job, quite honestly. And so the
17 judge of the Environmental Hearing Board said the
18 same thing.

19 So other than the fact that the EPA is
20 developing facts, and I've said from day one, I pay
21 attention to facts wherever or whoever generates
22 them, and so -- but there's no direct, I don't
23 believe, connection there.

24 REP. PICKETT: Okay.

25 One of the good parts of 1950, in my

1 mind, is the fact that we increased the presumptive
2 area of responsibility for the companies, should
3 there be any damage to private water.

4 Can you just give a little, brief
5 picture of that, how that works, and what the
6 department's reaction is when it's -- when a
7 problem develops within a presumptive area?

8 SECRETARY KRANCER: Well -- I'm sorry.
9 Did you say my reaction to it?

10 REP. PICKETT: The department's
11 reaction to it. You know --

12 SECRETARY KRANCER: I think our
13 reaction was positive since I think we recommended
14 it.

15 REP. PICKETT: But you -- at that
16 point, you can take action against the company,
17 regardless of further proof. True?

18 SECRETARY KRANCER: The way -- and this
19 is a legal thing. I don't know if you're a lawyer.

20 REP. PICKETT: No.

21 SECRETARY KRANCER: I used to be. I
22 still am, I have to admit.

23 The way the rebuttable presumption
24 works is it switches the normal burdens of proof in
25 the law and it makes the company prove by

1 preponderance of the evidence or prove that they're
2 not guilty. It's sort of the opposite of what
3 we're used to and what we've grown up with as
4 Americans, but not uncommon in environmental law,
5 by the way. It has been done in environmental law
6 before.

7 And so it operates purely on a legal
8 basis. If it's in the presumptive area, then the
9 presumption is it was caused by the company, and
10 there's a timing factor, too, as well. And they
11 have to demonstrate that they're not guilty, is
12 basically the way it works.

13 REP. PICKETT: And 1950 increases that
14 from 1,000 feet to 2500 feet from the well head.
15 True?

16 SECRETARY KRANCER: Yes.

17 REP. PICKETT: Yes.

18 Another little touch on as we walk
19 forward with 1950, one of the things that a lot of
20 people are asking for is some sort of estimate on
21 the dollars that might be available, if they are to
22 implement the impact fee. There seems to be a
23 little data problem within the agency, trying to
24 get everything pinned down. And there was a little
25 bit of news, oh, four, five, or so months ago about

1 inconsistencies in well data within the
2 department.

3 Can you comment on that and how we're
4 doing with being able to supply -- I know those
5 numbers are a snapshot in time when they're
6 discussed, but, nonetheless, we need the snapshot.

7 SECRETARY KRANCER: Yeah. I'm happy to
8 answer that question.

9 Pursuant to the law, we -- pursuant to
10 Act HB 1950, Act 13? -- it is getting late -- we
11 did present to the PUC several days ago the skinny,
12 and it's not real skinny, is it, on the information
13 that is required of us to provide. And in any data
14 management, there's lags between reports and
15 recording, and we just got our production reports
16 in on February 15th and all that good stuff.

17 Senator Hughes brought up a similar
18 question in front of the Senate, and we've
19 responded to him. And this is what we gave him.
20 It's certainly too lengthy to go over piece by
21 piece right here.

22 Right, Mr. Chairman?

23 CHAIRMAN ADOLPH: I would agree with
24 that.

25 SECRETARY KRANCER: But I'd be happy to

1 give it to you.

2 REP. PICKETT: I'm sure I only want a
3 little piece of it also. I want --

4 SECRETARY KRANCER: We can also do a
5 summary, I'm sure. And we probably even have a
6 summary and can provide it to you and to every
7 member of the committee -- frankly, to every member
8 of the legislature, if you all want it. And we can
9 try to give you realtime information the same way
10 we have realtime information.

11 REP. PICKETT: It's important
12 information for the local municipalities and
13 counties that are going forth with decisions, so
14 it's a question that everybody is interested in.

15 SECRETARY KRANCER: You are completely
16 right on all counts.

17 REP. PICKETT: Absolutely.

18 I have to weigh in just for one second
19 on the -- on the creek and flooding and gravel bar
20 issue. I would be remiss if I didn't. It's been
21 well covered, but on the discussion of whether --
22 how much -- how much the flood would have happened
23 might be something that we could discuss, because,
24 yes, the flood would have happened, but, certainly,
25 there are areas where it happened more so because

1 of the gravel situations in the creeks and debris
2 in the creeks. No question about that.

3 I think a lot of our local landowners
4 and municipalities understand that if they're able
5 to do work within that creek and remove some of
6 that debris and that gravel at this point, they
7 understand they have to do it again. They
8 understand it's ongoing maintenance. They're not
9 arguing with that part.

10 And I've been told that the department
11 has an ongoing maintenance permit, but that it's
12 rather lengthy and difficult for the average
13 citizen to be able to put together, and then that
14 just throws them into another cost factor when
15 they're already pinching some money on their own to
16 repair the land situation. So I guess I'm asking
17 you to look at that situation.

18 We've allowed a lot of cleaning out. A
19 lot of it's happening in my area by people spending
20 their own money or municipalities spending money,
21 but they need to be able to do an ongoing
22 maintenance of those areas, and they need to be
23 able to do it on a basis that doesn't cause them
24 excess money that really isn't necessary.

25 So if you could look at that part, too,

1 I would appreciate it.

2 And I also would be remiss if I didn't
3 also thank Tom Santana for being very, very prompt
4 when we bring him constituent questions. It can be
5 off-hours, it can be weekends, it can be whenever.
6 Tom responds.

7 Thank you.

8 SECRETARY KRANCER: Well, I appreciate
9 that. I certainly think I have got one of best, if
10 not the best, in the state on that.

11 And let me give you a supplement to the
12 answer to the Act 13 information question. To tell
13 you and to tell all the citizens of PA that we have
14 now an Act 13 button the DEP website with all the
15 data provided to the PUC. Now, you all may have to
16 go out and get several reams of paper in order to
17 print it, if you want it, but it is there for
18 everybody, very transparent.

19 CHAIRMAN ADOLPH: Thank you.

20 Rep. Scott Petri.

21 REP. PETRI: Thank you, Mr. Chairman.

22 And I'll try to get to direct questions
23 because I know you've been at this for a number of
24 hours, Mr. Secretary.

25 But let me first say thank you on

1 behalf of the Northampton Township residents of
2 Buck Counties. Once again, your staff went well
3 beyond call of duty, and the water quality section
4 did a fantastic job of logically approaching and
5 dealing in a public forum with the -- which
6 would -- a very serious situation for a number of
7 people who had high levels of contaminants in their
8 water. And thank goodness for the hazardous sites
9 cleanup fund and the ability to continue that with
10 Act 13 funding.

11 Now, having said that, I want to ask
12 you a couple questions about the other river basins
13 so that I can get to my real questions about the
14 Delaware River Basin Commission. We have, in the
15 budget, an Ohio River Basin Commission, which
16 apparently the state funding is normally around 13
17 million.

18 Are there other funding sources for the
19 Ohio River Basin Commission that you know of?

20 SECRETARY KRANCER: I have to do
21 homework, but, yes, I think there are, because that
22 is a commission with other members, other states.
23 So the answer is -- I'm looking at Jeff. The
24 answer must be yes. We cannot be the only member
25 of the Ohio River Basin Commission.

1 REP. PETRI: You would think that maybe
2 something like Ohio would be, but that's just a
3 wild guess.

4 And what I'm interested in --

5 SECRETARY KRANCER: Oh, wait a minute.
6 I just stepped on my own foot here. The Ohio river
7 Basin Commission no longer exists.

8 REP. PETRI: Oh, okay. But it had
9 existed, and I assume that Ohio funded part or all
10 of it?

11 MR. LOGAN: I'm not sure about Ohio's
12 role, but the commission no longer exists. And I
13 believe they've been moved into -- with another
14 group. So there was --

15 REP. PETRI: What I am really
16 interested in is just an overall sense of how much
17 money that commission needed to do its work.
18 Because we were only funding it at 13 million,
19 but -- and maybe you don't have that answer today,
20 and that is okay.

21 There's also the Susquehanna River
22 Basin Commission, and it looks like state funding
23 is proposed to be a \$573,000, which is a
24 reduction. But I assume we're the only state that
25 is in that commission?

1 SECRETARY KRANCER: Susquehanna? Oh,
2 no. No. No. Maryland, New York, federal
3 government.

4 REP. PETRI: Okay.

5 SECRETARY KRANCER: I don't think I'm
6 missing anybody, but I think I have them all.

7 REP. PETRI: And is that similar to the
8 Delaware River Basin Commission, where each is
9 supposed to put in the same amount?

10 SECRETARY KRANCER: I don't think it's
11 the same amount. There was a funding protocol. I
12 don't know if it's a contract or MOA or whatever it
13 would be, but yes. These are compact
14 organizations. Quite unique, actually. There are
15 only a few of them in the entire country, and their
16 basis is the Constitution. Can't remember which
17 section, might have been Section 2, which says
18 states can compact with each other. You know, part
19 of the deal with the Constitution is that states
20 weren't supposed to make treaties with each and
21 attack each other anymore. Well, this is the kind
22 of exception to that, although it's not about
23 attacking each other. It's about states making
24 compacts with each other. And it has to be a
25 approved by congress, which it was.

1 REP. PETRI: Does the federal
2 government provide their fair share of funding to
3 the Susquehanna River Basin Commission? Or are
4 they likewise, with regard to the Delaware Valley
5 River Basin Commission, not contributing.

6 SECRETARY KRANCER: Great question. I
7 should know that, and I don't know.

8 REP. PETRI: Okay. If we can find that
9 out. And, again, I'm interested in the total size
10 of that commission, their total expenditures, our
11 percentage, what everyone else is contributing.

12 How about the Chesapeake Bay
13 Commission?

14 SECRETARY KRANCER: I'm going to have
15 to get you specifics on who's a member and who
16 funds. That's -- Virginia is in on that. Maryland
17 is in on that. Delaware is in on that. Federal
18 government is in on that. Who must I be
19 forgetting? I don't know about New Jersey. I need
20 to get you some specifics on that.

21 REP. PETRI: And, again, likewise, I'm
22 looking at the total amount of funding. Because
23 what it seems like, at least when you just take a
24 glance at the state portions, the amount that is
25 being contributed to the Delaware River Basin

1 Commission is far in excess of any of these other
2 commissions. And I'm wondering, is their role so
3 much more expansive that their budget would be
4 larger, or are we just contributing more to them
5 because the rest of our partners are not doing
6 their part? Or what's going on?

7 SECRETARY KRANCER: That's a very good
8 and fair question. Can I get back to you on that?

9 REP. PETRI: And if the scopes are
10 similar, but the -- and I'm making an assumption
11 now -- if the scopes are similar but the total
12 funding requirements are higher with one than
13 another, why is that? Are the consultants more
14 expensive? Is the staff larger?

15 So I'm looking to see scopes of duty
16 and cost, and then fairness in participation.

17 The other area that I wanted to
18 explore, that I often hear in Bucks County and when
19 I travel to the Poconos I've heard loud and clear,
20 is this frustration of the river residents at the
21 level of the reservoirs. And I know the Delaware
22 River Basin Commission reduced, to a very -- what I
23 would consider a small degree, the reserve. And
24 then we have these floods. And we've had -- I
25 can't even count. Are there four? I think there

1 are four major floods.

2 And each time the residents report
3 measuring the various reservoirs and that they're
4 being at somewhere around the 97 percentile as far
5 as capacity.

6 And, originally, I had thought that it
7 required unanimous consent, and I have been since
8 told that it really is a majority-rules situation.
9 And so the question that I want to ask you is -- I
10 know you sit on that commission -- has there been
11 discussion with down river states, particularly New
12 Jersey, Delaware, and PA, about these reservoirs
13 and whether they -- whether the scientists who live
14 in the Pocono and Bucks County regions are correct
15 that keeping the reservoirs at as high a level is
16 adding to the flooding or is that, in the opinion
17 of the down river states, poppycock?

18 SECRETARY KRANCER: No. It's an
19 excellent question. And last March, we hit a
20 interim agreement with that group about New York --
21 it really is about New York and their reservoirs --
22 to, I think for the first time in history, to agree
23 to keep a certain amount of freeboard, meaning
24 space, in their reservoirs. Quite historic. And
25 goes back to the '50s, maybe before. There was a

1 supreme court decision, forced all these states to
2 get together and play nice in the same sandbox.

3 And we're revisiting that right now,
4 that agreement. It's up again, and we're looking
5 for a more permanent solution that will answer
6 these concerns. Sometimes it gets a little bit out
7 of whack. Because I remember during the flooding,
8 I was called desperately, Gee, I hear New York is
9 releasing stuff from the reservoir. This is
10 terrible. This will cause flooding.

11 Well, actually, the opposite was true.
12 It would have prevented -- and there was going to
13 be flooding during that event anyway. And it's all
14 a matter of fluid dynamics and how long it takes to
15 get down and all. So it's a very scientific,
16 mathematical calculation of how and when to
17 empty -- or I should say, release water from the
18 reservoirs and when not to, et cetera.

19 Suffice it to say, and I'll be happy to
20 have a more detailed conversation with you from my
21 substantive experts on the issue, because we do
22 have them. We have great ones on it, and they
23 drove the bargain last time. We want to do better
24 this time. And it -- we'd love to have that
25 conversation with both you and our partners.

1 Jersey is very interested in this
2 issue, too. I know that Delaware River --
3 residents along the Delaware, especially up in
4 Bucks County, in New Hope, believe me, I know.
5 I've sat in the house and been explained to by that
6 woman -- I'm not going to name her -- who -- when I
7 was actually running for supreme court, she invited
8 me. She wanted to talk about the Delaware
9 flooding. And I had -- it was fascinating and she
10 was very kind. I had to break the news to her that
11 the supreme court of PA had nothing to do with it,
12 but she wanted to talk to me anyway, and I learned
13 a lot from her.

14 REP. PETRI: Well, and if you could
15 look into one other matter -- and we should
16 probably have a public meeting, whether it be one
17 in the Poconos and one in Bucks County, on this
18 issue and what's really happening, and bring your
19 scientists.

20 But if you could look into one other
21 matter. I heard reported that a -- that at least
22 the last meeting, where they were going to give an
23 update report to interested parties and hear the
24 DVRBC, supposedly -- the Delaware River Basin
25 Commission, I should say, changed the meeting date

1 and location and didn't notify people. So there's
2 been a real question among some of those same
3 residents about whether there really is openness
4 and transparency.

5 So while I heard my colleague from
6 Montgomery county and his great comments about the
7 Delaware River Basin Commission with respect to
8 withholding its authority on drilling and would
9 echo some of those thoughts, I think there's
10 another side to this organization, at least, that
11 has the public questioning and whether they're
12 correct or not. I think it becomes our duty to try
13 to be responsive. So I'd appreciate if you could
14 help on that.

15 The last issue I wanted to talk to you
16 about was going back to the environmental
17 protections with regard to gas drilling. And I'll
18 tell you what I've heard, but I have not been able
19 to verify, so I want to see if you have any
20 independent verification.

21 What I've been told is that
22 PA now has the most stringent drilling regulations
23 in the country. And I haven't been able to find a
24 source to tell me whether that's true or not, so I
25 was hoping you could provide some edification on

1 that.

2 SECRETARY KRANCER: Well, I would
3 certainly agree with that. And I think people vote
4 with their feet on that. We've been visited by
5 other countries who come and visit us to see how
6 wells cementing in casing standards should be set.
7 And I'm talking about the Chapter 78, which were
8 passed in 2010. I think they came on board in
9 2011, but they were a creature of 2009 and 2010.

10 It's certainly no mistake that the
11 Department of Energy, Secretary Chu, when he
12 convened his panel that was -- that issued its
13 report, I think, last August, it had current the
14 secretary of the DEP was a member, a past secretary
15 of the DEP, the immediate past secretary of the
16 DEP, and the predecessor of him, all three
17 Pennsylvanians, were on that commission. And it
18 was John Deutch who chaired that commission, former
19 head of the CIA. And it's no mistake that that
20 report and the DOE looked to and relied on what
21 PA's doing.

22 So I would wholeheartedly agree with
23 what you just said. And I have always said that I
24 think our regulations are role models for the
25 country and the world. And I continue to believe

1 that, both on the well casing and cementing fronts
2 and on the -- what we do with respect to water
3 protection as well.

4 REP. PETRI: Thank you.

5 CHAIRMAN ADOLPH: Thank you.

6 Rep. Gordon Denlinger.

7 REP. DENLINGER: Thank you,

8 Mr. Chairman.

9 Good evening, Secretary.

10 SECRETARY KRANCER: Good evening,

11 Representative.

12 REP. DENLINGER: Rep. Petri covered a
13 lot of the ground that I wanted to get into on the
14 funding in around the Susquehanna River Commission,
15 Delaware Valley Commission, so forth. But I did
16 want to go after the -- particularly the concern of
17 many of us here in the center of the state on the
18 Chesapeake Bay Commission and progress that's being
19 made there.

20 Prior to your being in office, there
21 was a deterioration in the relationship between EPA
22 and DEP, and it, in its fullest measure, ended up
23 with a situation where EPA was showing up on farms
24 in southern Lancaster County. The determination on
25 their part was that our state's DEP organization

1 was inadequate, by their estimation, and so they
2 would take matters into their own hand.

3 I'm wondering if you can bring us up to
4 speed on the nature of that relationship.
5 Hopefully there's been some repair in that along
6 the way. But can you share with us, with regard to
7 the Chesapeake Bay situation, where we stand?

8 SECRETARY KRANCER: Yeah. I'd love to
9 comment on that.

10 I testified in front of Rep. G.T.
11 Thompson's subcommittee ag, and he raised the
12 question specifically in a more direct way and
13 you're very diplomatic. Rep. Thompson talked about
14 heavy-handed EPA tactics on PA farms. And it was
15 denied by the EPA representative.

16 I happen to have, though, the press
17 release -- I don't have it with me today, I wish I
18 had -- the press release that EPA issued after they
19 inspected a farm, during our tenure, in which they
20 said, this is -- and I just want to paraphrase, it
21 said something to the effect of, This is
22 symptomatic of widespread violations by PA --
23 central PA farms with respect to water safety. And
24 I brought that up to the representative to say,
25 Well, this is exactly what you were talking about,

1 Representative, which the EPA person tried to
2 minimize.

3 Well, I don't think it's a small deal.
4 I think it's a big deal. And I think you will see
5 some of that, I hope not more of that. But I think
6 you will see some of that as our Chesapeake Bay
7 efforts continue.

8 We've done a very good job making sure
9 that the efforts directed toward the Chesapeake
10 Bay -- and we're all interested in a clean and
11 cleaner Chesapeake Bay, certainly nobody more than
12 PA farmers, nobody more than PA municipalities,
13 wastewater treatment plants, Pennsylvanians. We're
14 all interested in that.

15 But we need to also be focused on
16 regulations that are grounded in sound science,
17 that make sense scientifically, that a model that
18 EPA was going to use for enforcement purposes and
19 for setting targets that was completely wrong --
20 and that's the opinion of the technical people at
21 my department, my technical experts that predated
22 any election. They were there before I got there.
23 And a battle I fought, in public, with EPA.

24 And the timing was amazing,
25 Representative. I was in Altoona. I was attending

1 the brownfields conference for PA, interviewed by
2 the Altoona Mirror, a great reporter, actually a
3 southeastern PA guy -- I guess some folks would say
4 he got smart and moved to Altoona -- but in any
5 event he spent an hour with me about Chesapeake
6 Bay, and I was totally unprepared. I didn't know
7 he wanted to do that.

8 But the headline the next day was:
9 Krancer says EPA science all wrong. And, amazingly
10 enough, not long thereafter, I got a note from the
11 EPA saying, Well, you know this model you've been
12 talking about, we're going to back off a little bit
13 on this and not going to use it as much.

14 Virginia had been talking about the
15 model. PA had been talking about the model. EPA,
16 not listening a lick. But two weeks after the
17 Altoona Mirror article, they started to listen.

18 So if you work hard enough and,
19 frankly, sometimes public attention does things
20 that public inattention or public transparency
21 doesn't get. We got, I think, into a better place
22 with respect to Chesapeake and how we're going to
23 do it.

24 EPA, as you probably know, did not like
25 every piece of our phase two WIP. They did like a

1 lot of pieces of it, though. And we're going to
2 continue to fight the good fight to make sure that
3 the bay gets cleaned up, but it gets done in a
4 scientifically justified manner, and that some
5 focus on, again, cost benefit.

6 I think the number that was mentioned
7 at the G. T. Thompson hearing was 10.6 billion for
8 Pennsylvanians for this project. We got to make
9 sure that 10.6 billion, if it's going to be spent,
10 is spent on something that's scientifically sound.
11 We don't want to spend 10.6 billion on a lemon,
12 because then you're just going to have to spend
13 money again.

14 So I'm sorry for the longwinded answer
15 to your question, but the bottom line is, you
16 probably can expect some more pain, some more
17 inspections from EPA that are going to be
18 unpleasant.

19 REP. DENLINGER: I appreciate that
20 elaboration, then, that there's been some positive
21 movement but we expect some continued challenge
22 there.

23 I did want to -- part of the issue here
24 in the center of the state is the tension between
25 the ag community and the municipal sewage waste

1 treatment facilities and point-source pollution and
2 so forth. And, obviously, we see the lines for the
3 planning grants and the enforcement grant for
4 sewage facilities being eliminated.

5 I'm wondering if you could share the
6 perspective of the administration with regard to
7 the elimination of those lines at a point where we
8 know there's going to be a heavier reliance on
9 plant modernization, replacement within the center
10 part of the state. What's the thinking behind
11 that?

12 SECRETARY KRANCER: Well, that's a
13 great question. Let me share my thinking. And
14 part of that is, you've identified very accurately
15 and very perceptively. There are various
16 stakeholders in this Chesapeake Bay effort, and
17 sometimes their interests, they view it as a zero-
18 sum game amongst each other. And that's not a good
19 place to be.

20 We need to be allies, ag with minimal
21 sewer, with the developer, with municipalities.
22 And not, as they say, a cannibal is just somebody
23 who pays -- or you don't want to be the person to
24 pay the cannibal to eat you last, is the old
25 saying. So we all need to stay together on this.

1 And that's sometimes hard, but we, at DEP, try to
2 do that.

3 In terms of the response, just the knee
4 jerk build a new plant, I'm not sure we need to go
5 there every time, or upgrade a plant with
6 hardware. I'm not sure we need to do that every
7 single time. One of the things that I really like
8 to see, as I was -- when I was in the private
9 sector, I was at an energy company, utility
10 company, generation company, we did air trading.
11 Trading is something that has a great history in
12 environmental regulation and environmental
13 benefit. Goes all the way back to acid rain.

14 The nutrient trading system is
15 something that I would like to see really developed
16 more than it is now. It's very -- we're doing a
17 great job in PA. We're leading the nation on it.
18 EPA is behind the curve. We're trying to teach
19 them that it works, that it's a good thing. It's
20 not as easy as air trading. Don't get me wrong, it
21 isn't. But it's something that we are doing and
22 can do.

23 We need to get it recognized for
24 interstate trading, so that Marylanders can trade
25 with Pennsylvanians, can trade with Jerseys, can

1 trade with New Yorkers. So that the first reaction
2 doesn't always have to be, we've got to go to the
3 rate payers and spend millions and millions of
4 dollars to do this to our plant. Not -- sometimes
5 that will have to be done, but it doesn't have to
6 be the only option on the table, and it sometimes
7 doesn't have to be the first option on the table.

8 REP. DENLINGER: Very good.

9 And then last question, quickly,
10 obviously, the Chesapeake Bay plan involved the
11 implementation of TMDL standards and TDS
12 standards.

13 Where do we stand with regard to
14 enforcement on that? And how is that moving
15 along?

16 SECRETARY KRANCER: Good question. As
17 you know, we phased into the phase two WIP. Phase
18 two WIP was submitted December, comments are back.
19 I think the next round is due March, April, about
20 this time. It's very quick time turnaround.

21 And we are on -- I'll be honest with
22 you, we are moving and we've been in an education
23 process for a long time, since even before we got
24 here. Lots of stakeholder meetings with all the
25 stakeholders, have been a ton of them in central

1 PA, York, Lancaster County to name just two. And
2 my observation is that folks want to do the right
3 thing, and a lot of them are. I mean, the farmers
4 are doing no-till. They're doing cover crops.
5 They're doing buffer, the whole thing. The problem
6 is getting adequate credit for that in our plan so
7 that PA doesn't have to do it twice, which is,
8 obviously, a waste.

9 And we do need compliance. You know,
10 not every inspection turns into a negative story of
11 some innocent guy who didn't do anything and EPA's
12 just picking on him. Sometimes there are bad
13 apples that need to be dealt with. We do that at
14 DEP, too.

15 So we need to move, and we are moving
16 from an education mode into a compliance mode into
17 a -- these-are-the-expectations-and-if-you-don't-
18 meet-them-there-are-going-to-be-consequences mode.
19 But I don't have any doubt that our community, the
20 vast majority of our communities, are going to be
21 fine, as long as they understand that it's
22 education first, trying it on the ground, these are
23 our expectations. Then folks -- it's like, you know
24 how they put up light at a new intersection. First
25 they put up the light and a bag, then they put the

1 bag off, then they start flashing it. Then they
2 start red, yellow, green. I guess Barry Shope
3 would know more about that than I do. That's just
4 my observation. So it's a process whereby folks
5 get used to the fact that sooner or later at that
6 intersection there's going to be an enforceable
7 light, that if you go through, you're going to get
8 a ticket.

9 REP. DENLINGER: I appreciate that.
10 And I heartily agree, where we see -- and I
11 represent a lot of plain sect, older Amish
12 communities and so forth, but, you know, it's a
13 very poor farmer that desires to flush all of his
14 topsoil down into the Chesapeake Bay. You know,
15 when we educate people about modern standards,
16 they're very quick to adopt them. And I think we
17 do need to make sure that we get credit for a lot
18 of very good practices that have been put in
19 place. I --

20 SECRETARY KRANCER: I've been with
21 those farmers. I've been to Lancaster County.
22 I've sat and talked to those farmers. I've seen
23 the farms. And the picture that you have to press
24 with some folks who don't get it, is that these are
25 the last people in the world who are wanting to

1 wash the soil of which they make their living
2 somewhere else, into a river or into a bay or
3 something of that nature. These people live on
4 stewardship of the soil and of the ground. And I
5 have seen that and I know it and I know you know
6 it.

7 REP. DENLINGER: Very good.

8 Thank you. Appreciate those comments.

9 Thank you, Mr. Chairman.

10 CHAIRMAN ADOLPH: Thank you,
11 Representative.

12 Well, that's the end of the first
13 round.

14 I'm allowing the court stenographer to
15 stretch her fingers a little bit. She's been at it
16 for two and a half hours.

17 We appreciate you taking your time
18 here. Okay.

19 We have two members that have some
20 questions on the second round. Okay. I'm going to
21 please ask both the members and the secretary,
22 questions concise, to the point. Answers concise
23 and to the point.

24 SECRETARY KRANCER: Haven't been so
25 far, Chairman?

1 CHAIRMAN ADOLPH: There you go.

2 Rep. Vitali.

3 REP. VITALI: Thank you, Mr. Chairman.

4 As I was thinking about this 300-person
5 shrinkage in the DEP over -- since 2006 and the
6 rhetoric that's gone back and forth about whether
7 it's, you know, fat or muscle or bone or whatever,
8 it struck me as it would be helpful for each year
9 since then to have a breakdown of the number of DEP
10 personnel by, A, department, and then, within the
11 department, by job classification. So I'm
12 wondering if you would be willing to provide to
13 this committee a breakdown of DEP personnel since
14 2006 broken down by each of your bureaus and then
15 subdivide that into the job classification in each
16 bureau.

17 SECRETARY KRANCER: Yes.

18 REP. VITALI: Thank you.

19 The next question is, can you tell me
20 the number of full-time staffers in your office of
21 pollution prevention and energy assistance right
22 now?

23 SECRETARY KRANCER: No. I can get it
24 to you.

25 REP. VITALI: Okay. Thank you.

1 SECRETARY KRANCER: I can't tell you
2 right now, is what I mean.

3 REP. VITALI: But you plan to get it.

4 SECRETARY KRANCER: Of course.

5 REP. VITALI: Okay. Thank you.

6 The next question is, there's been some
7 disappointment about the governor's proposal to
8 eliminate the transfer of .25 mills to the gross
9 receipts tax to the AFIG program, because that
10 promotes things like electric vehicles, diesel
11 vehicles, hydrogen vehicles.

12 Was that -- is that proposal just
13 being done for budgetary reasons?

14 SECRETARY KRANCER: Well, I hate to
15 speculate. I assume it's being done for budgetary
16 reasons, but I don't want to speculate. I think
17 you could ask Mr. Zogby or somebody else. But I
18 guess my answer is I don't really have a good
19 answer for that, other than my intuition is saying,
20 yes, that was for budgetary reasons.

21 REP. VITALI: Okay. That concludes my
22 questions.

23 Thank you.

24 SECRETARY KRANCER: Thank you.

25 CHAIRMAN ADOLPH: Thank you.

1 And I commend Rep. Vitali for hanging
2 around two and a half hours for the second round.

3 Thank you, Representative.

4 Rep. Samuelson.

5 REP. SAMUELSON: Thank you,
6 Mr. Chairman.

7 And some follow-up questions on the
8 Delaware River Basin Commission and that article in
9 today's Inquirer.

10 SECRETARY KRANCER: Yes, sir.

11 REP. SAMUELSON: The freeze -- and, of
12 course, the topic is last year in the budget the
13 legislature appropriated 983,000, and in the
14 governor's budget freezes 400,000 was frozen. So I
15 believe that's just under 41 percent. I think
16 that's the correct figure, the 400,000 that was
17 frozen?

18 SECRETARY KRANCER: I think that is,
19 Representative. Yes.

20 REP. SAMUELSON: Who made the decision
21 to freeze the funding? Is that the governor? The
22 budget secretary? The DEP secretary? Who makes
23 the decision that this 400,000 should be frozen?

24 SECRETARY KRANCER: I believe that was
25 the budget secretary or the budget office that

1 froze that. And I think that was -- that came
2 out -- time is running together, but I do remember
3 the mid-course budget adjustments that needed to be
4 made based on revenues that were not as expected
5 and so forth. In other words, it wasn't DEP that
6 said, Hey, let's do this.

7 REP. SAMUELSON: The article has a
8 sentence that: PA is upset that the DRBC has yet
9 to authorize drilling.

10 Is that correct? Is PA upset?

11 SECRETARY KRANCER: The governor has
12 gone on record expressing his displeasure and
13 saying that that decision is politically driven and
14 not driven by the science. And I agree with that a
15 hundred percent, by the way.

16 REP. SAMUELSON: Okay. Let me ask you,
17 on the record, was the decision to withhold 41
18 percent of funding for the Delaware River Basin
19 Commission connected to the fact that they have not
20 approved drilling?

21 SECRETARY KRANCER: To my knowledge,
22 absolutely not.

23 REP. SAMUELSON: You talked about the
24 freezes being based on budgetary revenues coming in
25 more slowly than expected.

1 SECRETARY KRANCER: You know, again, I
2 probably stepped on my foot. Whatever that January
3 pronouncement was or letter from the budget office
4 is what it was.

5 And I'm told that it was 3 percent
6 directed across the board.

7 REP. SAMUELSON: Let me ask this,
8 then.

9 SECRETARY KRANCER: Yes, sir.

10 REP. SAMUELSON: If it's 3 percent
11 across the board for budgetary freezes, why is it
12 10 percent for the Susquehanna River Basin
13 Commission and why is it 41 percent for the
14 Delaware River Basin Commission? If the policy
15 goal is a 3 percent across the board freeze, why 41
16 percent?

17 SECRETARY KRANCER: I have to get back
18 to you on that, Representative. I don't know the
19 answer to that question.

20 REP. SAMUELSON: And why the difference
21 between the two rivers? Ten percent freeze for
22 Susquehanna River commission, 41 percent freeze for
23 Delaware River commission.

24 SECRETARY KRANCER: Can I get back to
25 you on that question? I do not know the answer to

1 that question.

2 REP. SAMUELSON: Okay. You gave a
3 historical -- when Rep. Bradford was asking, you
4 talked about how, when this commission was formed
5 fifty years ago, none of the states had their own
6 environmental protection departments, so it kind of
7 predates the environmental protection agencies and
8 the four states that are part of this?

9 SECRETARY KRANCER: Well, I think it
10 predated the degree of state -- and federal, the
11 federal-state overlay, the cooperative federalism
12 overlay between how a lot of these acts are
13 arranged, Clean Air Act, Clean Water Act, whatever.
14 What we have today in place is much different than
15 what was there, which was not what was there today,
16 back then.

17 REP. SAMUELSON: And the question would
18 be, what is the Corbett administration's position
19 about the future of the DRBC? Does the Corbett
20 administration believe that PA should continue to
21 fund the DRBC?

22 SECRETARY KRANCER: Well, I have not
23 heard any discussion, and raised the question of
24 DRBC then and now. And I think some of the other
25 partners might raise the same question. But there

1 is certainly no -- I don't know how you
2 characterized it -- plan or anything of that nature
3 long -- going into the future about -- about that
4 right this minute.

5 REP. SAMUELSON: And finally --

6 SECRETARY KRANCER: And let me also be
7 clear that there is a compact that requires
8 membership. And I think the last time I checked
9 it, you need a fifty-year notice to do something,
10 to get out of it, remove yourself, whatever. I've
11 never seen anybody do that. Even if -- I don't --
12 if I live another fifty years, I guess I would
13 thank God, but I don't think I am.

14 REP. SAMUELSON: Fifty-year notice to
15 get out of the compact, but only seven months to
16 reduce funding by 41 percent, which I think you
17 answered was Secretary Zogby has the authority to
18 do that, so I guess --

19 SECRETARY KRANCER: Actually, I'm not
20 sure I said he had the authority. I said it might
21 be a question to direct to him.

22 REP. SAMUELSON: Oh, okay..

23 SECRETARY KRANCER: I didn't mean to --

24 REP. SAMUELSON: Okay.

25 SECRETARY KRANCER: -- talk about -- I

1 still maintain that what PA's done compared to the
2 other states is -- has actually been quite
3 favorable to the Delaware River Basin Commission,
4 especially when you compare it to a state like
5 Delaware. Delaware is the one state that refuses
6 to acknowledge that the regulatory regime
7 established by the Delaware River Basin Commission
8 is good enough, probably has the least to do with
9 the Delaware River than any of the other states in
10 terms of its drinking water sources or anything
11 else, but it has cut its funding by, I say 70
12 percent. If I'm not wrong, I'll correct it and
13 we'll talk about it.

14 REP. SAMUELSON: Okay.

15 SECRETARY KRANCER: But that's not
16 highlighted in the article.

17 REP. SAMUELSON: And if it's not
18 Secretary Zogby who made the decision, then who was
19 it who made the decision to freeze 41 percent of
20 the Delaware River Basin Commission's funding?

21 SECRETARY KRANCER: I think that's a
22 question that really needs to be directed to
23 somebody else. I'm not going to be able to talk to
24 you informatively about that.

25 REP. SAMUELSON: And that somebody else

1 would be the governor? The budget secretary?

2 SECRETARY KRANCER: I think you're
3 going to have to determine that on your own.

4 CHAIRMAN ADOLPH:

5 Representative --

6 REP. SAMUELSON: Okay.

7 CHAIRMAN ADOLPH: -- the secretary
8 has answered that question three times. He
9 said address it to Secretary Zogby. He will
10 be in on Thursday.

11 REP. SAMUELSON: And we will --

12 CHAIRMAN ADOLPH: And we'll -- and
13 he'll answer that.

14 REP. SAMUELSON: Thank you very
15 much.

16 Thank you for your answers.

17 SECRETARY KRANCER: Thank you.

18 CHAIRMAN ADOLPH: Thank you.

19 I want to thank the secretary and
20 his staff for testifying today. I appreciate
21 your endurance, and I'm glad the second round,
22 the questions were to the point and the
23 answers were concise.

24 You have a big job. You have a
25 big job running a very important department.

1 And we appreciate the opportunity to discuss
2 these important issues that are facing the
3 environment. And during the next several
4 months, as we go through this budget process,
5 I certainly will be in touch with you to get
6 this budget balanced on time. And, obviously,
7 we certainly want your department to be funded
8 to its fullest to protect the environment.

9 Thank you very much.

10 SECRETARY KRANCER: Thank you,
11 Mr. Chairman.

12 CHAIRMAN ADOLPH: Announcement,
13 tomorrow morning, going to be the Department of
14 Military and Veterans Affairs at 9:30 a.m.

15 Have a good night, everyone.

16 (Whereupon, the hearing concluded
17 at 5:46 p.m.)

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1 REPORTER'S CERTIFICATE

2 I HEREBY CERTIFY that I was
3 present upon the hearing of the above-entitled
4 matter and there reported stenographically the
5 proceedings had and the testimony produced;
6 and I further certify that the foregoing is a
7 true and correct transcript of my said
8 stenographic notes.

9
10 _____
11 BRENDA J. PARDUN, RPR
12 Court Reporter
13 Notary Public
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