

COMMONWEALTH OF PENNSYLVANIA  
HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE  
BUDGET HEARING

STATE CAPITOL  
HARRISBURG, PA

MAIN CAPITOL BUILDING  
HOUSE CHAMBER

MONDAY, FEBRUARY 22, 2021  
10:10 A.M.

PRESENTATION OF THE  
PA DEPARTMENT OF  
ENVIRONMENTAL PROTECTION

BEFORE:

HONORABLE STANLEY SAYLOR, MAJORITY CHAIRMAN  
HONORABLE ROSEMARY M. BROWN  
HONORABLE LYNDA SCHLEGEL CULVER  
HONORABLE TORREN C. ECKER  
HONORABLE JONATHAN FRITZ  
HONORABLE KEITH J. GREINER  
HONORABLE DOYLE HEFFLEY  
HONORABLE JOHNATHAN D. HERSHEY  
HONORABLE R. LEE JAMES  
HONORABLE JOHN A. LAWRENCE  
HONORABLE ZACHARY MAKO  
HONORABLE NATALIE MIHALEK  
HONORABLE TIMOTHY J. O'NEAL  
HONORABLE CLINT OWLETT  
HONORABLE CHRISTOPHER B. QUINN  
HONORABLE GREG ROTHMAN  
HONORABLE MEGHAN SCHROEDER  
HONORABLE JAMES B. STRUZZI II

\* \* \* \* \*

*Debra B. Miller*

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## BEFORE (continued):

HONORABLE JESSE TOPPER  
HONORABLE RYAN WARNER  
HONORABLE DAVID H. ZIMMERMAN  
HONORABLE MATTHEW D. BRADFORD, DEMOCRATIC CHAIRMAN  
HONORABLE AMEN BROWN  
HONORABLE DONNA BULLOCK  
HONORABLE MORGAN CEPHAS  
HONORABLE AUSTIN A. DAVIS  
HONORABLE ELIZABETH FIEDLER  
HONORABLE MARTY FLYNN  
HONORABLE ED GAINNEY  
HONORABLE PATTY KIM  
HONORABLE EMILY KINKEAD  
HONORABLE STEPHEN KINSEY  
HONORABLE LEANNE KRUEGER  
HONORABLE BENJAMIN V. SANCHEZ  
HONORABLE PETER SCHWEYER  
HONORABLE JOE WEBSTER

## ALSO IN ATTENDANCE:

HONORABLE JOSEPH C. HOHENSTEIN  
HONORABLE DARYL D. METCALFE  
HONORABLE BRIAN SIMS  
HONORABLE PERRY A. STAMBAUGH  
HONORABLE GREG VITALI

## COMMITTEE STAFF PRESENT:

DAVID DONLEY  
MAJORITY EXECUTIVE DIRECTOR  
RITCHIE LaFAVER  
MAJORITY DEPUTY EXECUTIVE DIRECTOR

ANNE BALOGA  
DEMOCRATIC EXECUTIVE DIRECTOR  
TARA TREES  
DEMOCRATIC CHIEF COUNSEL

I N D E X

TESTIFIER

\* \* \*

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SUBMITTED WRITTEN TESTIMONY

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See submitted written testimony and handouts online under "Show:" at:

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P R O C E E D I N G S

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MAJORITY CHAIRMAN SAYLOR: Good morning, everyone. We're going to get started here for the Appropriations hearings.

Again I remind everybody to wear their mask, and they're allowed to take their mask off when they're at the microphone to ask a question. That's up to you. But again, I ask you to speak very clearly for the stenographer and for those at home, and so that the Secretary can also hear you today as well since we're doing virtual.

Mr. Secretary, are you there?

SECRETARY McDONNELL: Yes, I am.

MAJORITY CHAIRMAN SAYLOR: Mr. Secretary, do you have anybody else other than yourself that will be testifying today?

SECRETARY McDONNELL: No, I do not.

MAJORITY CHAIRMAN SAYLOR: Okay. What we'll do, Secretary, is if you would raise your right hand, we'll swear you in, and we'll start right with questions to try and keep ourselves on schedule a little bit.

SECRETARY McDONNELL: Perfect.

MAJORITY CHAIRMAN SAYLOR: If you would raise your right hand:

Do you swear or affirm that the testimony you are

1 about to give is true to the best of your knowledge,  
2 information, and belief? If so, say "I do."

3 SECRETARY McDONNELL: I do.

4 MAJORITY CHAIRMAN SAYLOR: Thank you,  
5 Mr. Secretary.

6 SECRETARY McDONNELL: Thank you.

7 MAJORITY CHAIRMAN SAYLOR: And we'll get started  
8 with our first questioner, which is Representative  
9 Meghan Schroeder.

10 REPRESENTATIVE SCHROEDER: Thank you, Chairman.  
11 Secretary McDonnell, good morning.

12 SECRETARY McDONNELL: Good morning.

13 REPRESENTATIVE SCHROEDER: Thank you for being  
14 here.

15 SECRETARY McDONNELL: Of course.

16 REPRESENTATIVE SCHROEDER: I see in reading your  
17 testimony that you mention improving local water quality.  
18 So I would like to ask you a question about PFAS and PFOA  
19 contamination, which is an issue my district in the  
20 southeast has been dealing with for many years. And I  
21 guess I would like to first ask, has the Commonwealth hired  
22 a toxicologist?

23 SECRETARY McDONNELL: The Department of Health  
24 has hired a toxicologist, and in addition to that, the  
25 Department has brought on contracted toxicology services

1 through Drexel University. So we're working through both  
2 of those avenues on assessing the chemicals for,  
3 ultimately, a maximum contaminant limit.

4 REPRESENTATIVE SCHROEDER: Okay. So it was my  
5 understanding that one of the toxicologists who was going  
6 to be hired, that DEP and the Department of Health would be  
7 working with that individual to make plans and to work with  
8 local water authorities and local elected officials and  
9 municipalities to kind of look at what we're trying to do  
10 long term. So have discussions like that taken place yet?

11 SECRETARY McDONNELL: I know we are talking with  
12 the toxicologists about PFAS as well as some other  
13 chemicals on the cleanup side. I know we are working with  
14 Drexel to identify the specific limits that we would be  
15 looking at in terms of setting that maximum contaminant  
16 limit for drinking water. And once that is established,  
17 that leads to a bunch of other things just under our regs  
18 and statutes in terms of impacts on cleanup programs, water  
19 quality standards, those kinds of things. So finishing the  
20 MCL work is really step one of that.

21 REPRESENTATIVE SCHROEDER: Okay. So I guess an  
22 overall analysis of what's going to need to take place, do  
23 we have like a cost long term where we're going to try to  
24 pay for that with, that your Department has been working  
25 with the Department of Health to try to form so we know

1 where we're going and what we need to invest in?

2 SECRETARY McDONNELL: So I think, you know,  
3 there's a couple things going on simultaneously. One is  
4 the toxicology report, and then the other is the sampling  
5 effort we have been engaged in. We have a few samples left  
6 that had quality assurance/quality control issues. Other  
7 than that, we should be relatively shortly able to look at  
8 the prevalence of the chemical across the State.

9 And just to remind, we did or we will have done  
10 400 samples across the State, 90 percent of those in places  
11 where we would expect to find the chemical and that last  
12 10 percent in areas where we're trying to get an idea of  
13 background.

14 So that prevalence data will really give us an  
15 idea of what those costs might look like in terms of how  
16 many systems would be impacted. You know, it's fairly  
17 expensive to do both the sampling on an ongoing basis as  
18 well as install systems at \$500,000 per well for the  
19 activated carbon filtration.

20 REPRESENTATIVE SCHROEDER: So has your Department  
21 seen where the investment for, if it's the well  
22 replacements or the carbon, like what's our best effort so  
23 far with research and technologies that have developed in  
24 this field? Because I know it's affecting all of  
25 Pennsylvania. It's not just a southeast issue, it's a

1 statewide issue.

2 SECRETARY McDONNELL: Correct.

3 Yeah. So what we have looked at in particular,  
4 most of the systems have gone to the activated carbon, as I  
5 say. We have an innovative permit down in the southeast in  
6 your neck of the woods looking at an ion exchange  
7 filtration, which one of the challenges with carbon is you  
8 are using a carbon filter, so that carbon filter is  
9 capturing the perfluorinated compounds. Those filters then  
10 need to be dealt with.

11 REPRESENTATIVE SCHROEDER: And replaced. Mm-hmm.

12 SECRETARY McDONNELL: Well, not just replaced,  
13 but---

14 REPRESENTATIVE SCHROEDER: And somewhere to put  
15 them. Yep, to dispose of.

16 SECRETARY McDONNELL: Yeah. You need to deal  
17 with the PFAS in those filters, and this stuff is known for  
18 being relatively indestructible. So we're working with the  
19 EPA right now. Hopefully, we're going to do some pilot  
20 studies around what it actually takes to destroy the PFAS  
21 compounds in terms of---

22 REPRESENTATIVE SCHROEDER: And where the sludge  
23 --- yeah, where the sludge should go afterwards.

24 SECRETARY McDONNELL: Yeah.

25 REPRESENTATIVE SCHROEDER: So I---



1                   SECRETARY McDONNELL: This is a leachate,  
2 biosolids, you know---

3                   REPRESENTATIVE SCHROEDER: Oh yeah.

4                   SECRETARY McDONNELL: ---drinking water, water  
5 quality. It's hard to think of an area that is unaffected  
6 in terms of our program areas and in terms of this  
7 particular contaminant.

8                   REPRESENTATIVE SCHROEDER: Okay. So if those  
9 kinds of discussions kind of take place, I would like to  
10 maybe invite you to include some of the local officials in  
11 those areas that you are looking at doing that.

12                   SECRETARY McDONNELL: Sure.

13                   REPRESENTATIVE SCHROEDER: And I look forward to  
14 working with you more. Thank you so much.

15                   Thank you, Chairman.

16                   SECRETARY McDONNELL: Thank you, Representative.  
17 Yep.

18                   MAJORITY CHAIRMAN SAYLOR: Our next questioner is  
19 Representative Bullock.

20                   REPRESENTATIVE BULLOCK: Thank you, Mr. Chairman.  
21 Good morning, Mr. Secretary. How are you doing  
22 today?

23                   SECRETARY McDONNELL: Good. How are you?

24                   REPRESENTATIVE BULLOCK: I'm doing well.

25                   About a month ago, I testified during the public

1 comment period for RGGI, the Regional Greenhouse Gas  
2 Initiative, and one of my comments was to make sure that we  
3 used RGGI for an opportunity to address environmental  
4 justice, that this was an opportunity for us to get it  
5 right this time, and to invest in communities of color for  
6 jobs, clean jobs, clean air, and clean water. Can you  
7 share with me --well, also, one of the things I encouraged  
8 the Administration was to use this opportunity to invest in  
9 environmental justice communities.

10 I see that it's also reflected in the Governor's  
11 proposed budget in which he states that some of the  
12 resources or funds from RGGI will be used to address some  
13 of the environmental justice communities. In what ways do  
14 you see us using those funds in communities that have been  
15 impacted by pollution and other environmental hazards?

16 SECRETARY McDONNELL: Thank you so much for the  
17 question, Representative, and all your work and attention  
18 to the issue.

19 In terms of, first, the Governor's proposal, it's  
20 the Energy Communities Trust Fund, which would be funded by  
21 some of those RGGI proceeds. Those dollars would then go  
22 toward two things. One, we know there are impacts within  
23 coal communities in terms of what the market forces are  
24 doing and how coal has been displaced and continues to be  
25 displaced. So wanting to make sure that we have resources

1 in order to address those issues. And then some of that  
2 money going into, directly into environmental justice  
3 communities.

4 I will say at the top, I don't know that there's  
5 any great answer in terms of saying we need to go into  
6 those communities and see what the individual needs are. I  
7 know, for example, there are communities in Philadelphia  
8 where the temperature will be 20 degrees hotter on the  
9 hottest day of the year just because of lack of tree cover,  
10 lots of black roofs, those types of things. So I think  
11 it's going to be a community-by-community solution, and  
12 urban areas are going to be different than solutions in our  
13 rural environmental justice areas, but there's a lot of  
14 things we can potentially do.

15 One caveat on all of that is, of course, with  
16 RGGI, if we're doing it through just the regulation, that  
17 funding will have to go toward reduction of air pollution.  
18 Some of what we look at within environmental justice  
19 communities and the coal communities is adaptation or  
20 economic development, and that will be harder, if not  
21 impossible, to fund under the existing authorities of the  
22 Air Pollution Control Act.

23 REPRESENTATIVE BULLOCK: One of the things I  
24 believe you said was engaging those communities in that  
25 conversation to determine the best way to use those funds

1 in those communities and make sure we are addressing their  
2 concerns, and I appreciate that.

3 I wanted to dig a little deeper about how you  
4 engage communities and particularly through your diversity  
5 efforts at DEP. I know that we have talked in the past  
6 about increasing diversity, and I know you have made some  
7 attempts to do that. Can you share with me some of the  
8 accomplishments you have had around diversity inclusion  
9 efforts and equity in your Department and what has been the  
10 impact of those efforts?

11 SECRETARY McDONNELL: Sure. So a couple things  
12 there -- right? -- one with RGGI itself.

13 As you say, one of the things we have done is  
14 contract with the Delta Institute. That is an organization  
15 that has experience in dealing in both coal communities and  
16 environmental justice communities across the country.

17 So in terms of work that I and the Department  
18 have done, there's a lot. We have done a series of  
19 roundtables across the State that followed up on listening  
20 sessions that we did a couple years ago; really sitting  
21 down with leaders within environmental justice communities  
22 to identify what those things are that are most meaningful  
23 there.

24 One of the observations I always make there is  
25 it's never the thing we or our staff think it's going to be

1 necessarily. You'll go in thinking it's going to be  
2 air-quality concerns and they really want to see composting  
3 stood up, as just one example.

4           The other thing we have done is established an  
5 internal diversity committee at the Department, and that's  
6 looking at programmatic issues as well as our hiring,  
7 training, those types of things.

8           One early outgrowth of some of that discussion  
9 was actually related to RGGI where for the first time,  
10 we had at the hearings contracted services for  
11 Spanish-speaking commenters at those hearings and the  
12 ability to do that in real time. So looking to see how we  
13 can be better about outreach in those communities that may  
14 be English-as-a-second-language communities, for example.

15           REPRESENTATIVE BULLOCK: Thank you very much,  
16 Mr. Secretary.

17           Thank you, Mr. Chairman.

18           SECRETARY McDONNELL: You're welcome.

19           MAJORITY CHAIRMAN SAYLOR: Thank you.

20           Our next questioner is Representative  
21 Dave Zimmerman.

22           REPRESENTATIVE ZIMMERMAN: Thank you,  
23 Mr. Chairman, and thank you, Secretary, for joining us here  
24 this morning.

25           MAJORITY CHAIRMAN SAYLOR: Representative

1 Zimmerman, I'm going to ask you to start over. If you  
2 would move your name tint so the stenographer can see who  
3 you are.

4 REPRESENTATIVE ZIMMERMAN: Thank you, Chairman.  
5 Again, thanks, Mr. Chairman, and thank you,  
6 Secretary, for joining us this morning.

7 SECRETARY McDONNELL: A pleasure.

8 REPRESENTATIVE ZIMMERMAN: In your written  
9 testimony to us, you had spoke a bit about closing offices  
10 and staff working remotely, and it just raises the question  
11 of whether you have been able to maintain some of the  
12 regulatory and oversight duties that your agency is  
13 required to take care of.

14 The main question has to do with DEP permitting  
15 delays. I just want to share a real quick story.

16 In September of '19, 2019, there was a young  
17 dairyman in my district that wanted to build a 70-cow dairy  
18 cow barn, 70 cows, and that included a manure pit, which  
19 would be good for the environment and the right thing to  
20 do. Applied for the NPDES permit in September of 2019 and  
21 finally got that permit in June of 2020, so 9 months later.  
22 He was sitting on building permits from the beginning of  
23 2020, so had those for about 6 months, but could not start  
24 until he had the NPDES permit.

25 These things are really economic killers, and

1 even in my quest on asking for where things are at and what  
2 we can expect so there is some certainty with this  
3 producer, young producer, I was not even getting return  
4 calls from your staff or from the liaison that we work  
5 with. So if you could just speak into that a bit, I would  
6 appreciate it.

7 SECRETARY McDONNELL: Sure, and thank you for the  
8 question.

9 First on just that last point, I'll have to look  
10 into precisely what happened there. It's the first I'm  
11 hearing that, as far as I can remember, in terms of that  
12 outreach.

13 So in terms of the work that we have done, as  
14 most agencies did once the pandemic took hold last March,  
15 we moved to telework and pretty quickly adapted processes.  
16 And in fact, I would say we probably adapted some of our  
17 electronic processes faster just because of the nature of  
18 what we were facing, things like being able to submit  
19 permits through our OnBase tool, ramping up our electronic  
20 permitting, ramping up the use of OnBase for inspections  
21 and things like that. Since March, we have taken action on  
22 over 31,000 permit applications or authorizations, as well  
23 as conducted over 77,000 inspections across the State.

24 One of the things, and it remains a challenge, is  
25 just staffing at the agency. And in particular, by way of

1 example, in our south-central region in the waterways and  
2 wetlands program, there are eight staff to do, over eight  
3 staff positions to do that permitting work. Right now, we  
4 have three of those positions filled, and it seems like  
5 every time we fill one, we lose one or two. So one of the  
6 things we have been doing there is looking at ways we can  
7 shift work to other regions to make---

8 REPRESENTATIVE ZIMMERMAN: So if I could just  
9 interrupt.

10 SECRETARY McDONNELL: Sure; absolutely.

11 REPRESENTATIVE ZIMMERMAN: If I could interrupt a  
12 bit there.

13 So, you mentioned a number of permits that were  
14 processed since March. So is that an increase or a  
15 decrease during the pandemic?

16 SECRETARY McDONNELL: Um, I would have to look  
17 specifically. I think it depends on the year, but we have  
18 averaged anywhere between 30,000 and 40,000. It really  
19 depends on the year, because, for example, our air quality  
20 or NPDES permits operate on 5-year renewal cycles, so there  
21 are certain years where we have a higher permit workload.

22 REPRESENTATIVE ZIMMERMAN: So how about backlogs  
23 at this point? Where is that at? With the additional  
24 paperwork that some of these permits are requiring, and if  
25 you have a decrease in staff, what is the backlog compared



1 to from a year ago?

2 SECRETARY McDONNELL: I don't have a specific  
3 number on a backlog number sitting in front of me, but I  
4 can get you that information.

5 REPRESENTATIVE ZIMMERMAN: Yeah. If you could  
6 get that---

7 SECRETARY McDONNELL: I do know -- yeah?

8 REPRESENTATIVE ZIMMERMAN: If you could get that,  
9 I would appreciate that, you know.

10 SECRETARY McDONNELL: Sure.

11 REPRESENTATIVE ZIMMERMAN: And on my specific  
12 question of 9 months for an NPDES permit for a small  
13 project, is that kind of normal, or if you could elaborate.

14 SECRETARY McDONNELL: I think it depends on the  
15 project and it depends on the quality of the application  
16 that we'll get at the beginning. In some cases, there's  
17 back and forth on technical deficiencies and things like  
18 that. So it really does depend on the specific  
19 circumstance.

20 I will say we are achieving, for those permits  
21 that fall under our Permit Decision Guarantee, 94 percent  
22 of those are issued within Permit Decision Guarantee  
23 timeframes.

24 REPRESENTATIVE ZIMMERMAN: Okay. Time is up, but  
25 thank you very much.

1           And if you could follow up with some of those, I  
2 would appreciate it. Thank you.

3           SECRETARY McDONNELL: Absolutely. Thank you.

4           MAJORITY CHAIRMAN SAYLOR: Mr. Secretary, just  
5 make sure that I get those, and we will distribute those to  
6 every Member.

7           SECRETARY McDONNELL: Absolutely.

8           MAJORITY CHAIRMAN SAYLOR: At the same time, our  
9 next questioner is Representative Davis.

10          REPRESENTATIVE DAVIS: Thank you, Mr. Chairman,  
11 and thank you, Mr. Secretary, for being with us today.

12          My question is currently around the Safe Drinking  
13 Water Act management. That has been flatlined in the  
14 Governor's current budget, and the safe drinking water  
15 administration line has slightly increased. Will any of  
16 those funds be used to help water authorities and agencies  
17 across the Commonwealth treat certain regulations of PFAS  
18 and manganese?

19          SECRETARY McDONNELL: Thank you for the question.

20          The funding there is really for us to oversee the  
21 program, so that will include everything from our  
22 permitting of the water systems to inspection of water  
23 systems.

24          A couple of years ago, we increased drinking  
25 water fees in order to comply with an EPA finding that we

1 did not have enough inspectors per facility. So with the  
2 number of sanitarians we have now, we are able to achieve  
3 that.

4 In terms of PFAS and manganese, I would say  
5 there's an indirect connection in terms of the funding for  
6 the program going toward the development of those  
7 regulations, development of those standards. But at the  
8 same time, you know, the kind of capital funding needed for  
9 PFAS and PFOA would need to come from some other larger  
10 source. I know some funding has come from PENNVEST, as an  
11 example, in the past.

12 REPRESENTATIVE DAVIS: Great.

13 Can you speak a little bit to also what your  
14 Department is doing to help limit the impact of lead in our  
15 communities, and particularly in drinking water?

16 SECRETARY McDONNELL: Sure.

17 So again, a couple of things there. One, there's  
18 a regulatory requirement for systems to test for lead.  
19 Lead is relatively unique as a substance. Most of what we  
20 regulate are things at a filter or treatment plant. In the  
21 case of lead, you are really controlling the leaching of  
22 lead out of pipes in the distribution system for the most  
23 part. So you are testing it at homes and businesses across  
24 the distribution territory.

25 If those exceed an action level, then a number of

1 things happen, you know: an advisory to the community with  
2 education and instructions, and a requirement that they  
3 replace 6 percent, that the system replace 6 percent of its  
4 lead service lines each year until they fall back below the  
5 action level, and there is increased monitoring.

6 Now, in addition to that, there's a new, and it's  
7 under review right now by the new Federal Administration,  
8 but there's a new lead and copper rule that is being worked  
9 through the Federal process which will have some additional  
10 protections and requirements on those systems as well, and  
11 we would be expected to take that on and regulate those as  
12 well.

13 REPRESENTATIVE DAVIS: Thank you, Mr. Secretary.

14 And just to switch gears very quickly to a topic  
15 that is of particular interest in my district, and that's  
16 around air quality.

17 SECRETARY McDONNELL: Mm-hmm.

18 REPRESENTATIVE DAVIS: The U.S. Steel's  
19 Clairton Coke Works is headquartered in the 35<sup>th</sup> Legislative  
20 District where I represent in the city of Clairton, and one  
21 of the things that I sought to do last question and I'm  
22 continuing to do this session is to increase the fines on  
23 air pollution violators. We haven't increased those fines  
24 and penalties in a number of years here in the  
25 Commonwealth.

1           Can you talk about what your office is doing to  
2 ensure we have access to clean air, particularly as it  
3 relates to major polluters, and would you support such  
4 legislation?

5           SECRETARY McDONNELL: Sure.

6           On the latter, I think, you know, we would want  
7 to look at the specifics, but we would definitely welcome  
8 that conversation.

9           We have a very robust, you know, in terms of the  
10 major pollution sources, Title V program under the  
11 Clean Air Act.

12          REPRESENTATIVE DAVIS: Mm-hmm.

13          SECRETARY McDONNELL: I will say for the specific  
14 site that you referenced, Allegheny County as well as  
15 Philadelphia County have direct delegation of air quality  
16 oversight, so Allegheny County is dealing with Clairton in  
17 particular. But we would be happy to have further  
18 discussion about both the impact and need to take another  
19 look at those penalties.

20          REPRESENTATIVE DAVIS: Thank you, Mr. Secretary,  
21 and I'll make sure that my office follows up with yours to  
22 get you a copy of the legislation I have been working on.

23          SECRETARY McDONNELL: Thank you.

24          REPRESENTATIVE DAVIS: But I would appreciate  
25 your support in that endeavor.

1           And with that, Mr. Chairman, I yield back my  
2 time.

3           MAJORITY VICE CHAIR TOPPER: The Chair thanks the  
4 gentleman and recognizes Representative Mihalek.

5           REPRESENTATIVE MIHALEK: Thank you, Mr. Chairman.  
6 Thank you, Mr. Secretary.

7           You have consistently raised the issue of  
8 addressing Pennsylvania's orphan and abandoned wells and  
9 the impact that they have on the environment. In fact, the  
10 Governor's budget proposal suggests that this is one of the  
11 top priorities, and that is the reduction of methane gas.  
12 Can you point to any specific actions taken by the EPA and  
13 by the Administration over the last 6 years aimed at  
14 reducing the backlog of these unplugged wells?

15           SECRETARY McDONNELL: Sure.

16           Well, first, I just want to echo exactly what you  
17 said, that this is a major issue both in terms of potential  
18 methane emissions as well as drinking water and other, and  
19 groundwater contamination. We like to say there's a clock  
20 on these wells. As the structure of the well fails over  
21 time, some of these being over a hundred years old, it  
22 becomes more expensive for us to deal with.

23           The reality on our end is, we do not have  
24 anywhere near an adequate funding source to deal with  
25 these. I will say last year, as one example, we ended up

1 doing 17 wells having been plugged. Three of those were  
2 emergency situations, and then 14 other wells in addition  
3 to that. It's one of the things that we would look at  
4 through the Regional Greenhouse Gas Initiative.

5 It's also something that we're looking at,  
6 frankly, in terms of our existing regulations -- bonding  
7 requirements, those kinds of things -- in terms of making  
8 sure we are not creating additional abandoned wells without  
9 some pathway to deal with them.

10 We have over 8,000 wells on our current list that  
11 we have identified, but the estimate is anywhere from  
12 200,000 to 350,000 abandoned wells throughout the  
13 Commonwealth.

14 REPRESENTATIVE MIHALEK: So let me get this  
15 straight. You did 17 wells last year, and 3 were on an  
16 emergency basis---

17 SECRETARY McDONNELL: Mm-hmm.

18 REPRESENTATIVE MIHALEK: ---and that's about,  
19 that's out of 8,000 wells.

20 SECRETARY McDONNELL: Correct.

21 REPRESENTATIVE MIHALEK: So my question was, what  
22 specific actions have you taken to actually address the  
23 issue?

24 SECRETARY McDONNELL: So again, we do not have  
25 funding in order to address this issue. Per well permit,

1 we receive \$100 to \$250 per well application in order to  
2 put into the plugging account. And to put some of that in  
3 some perspective, our average cost to plug a well is around  
4 \$17,000.

5 We have had situations---

6 REPRESENTATIVE MIHALEK: So---

7 SECRETARY McDONNELL: We have had situations,  
8 though, where, for example, one of those emergency  
9 situations a couple years ago would have been a well that  
10 was deviated on a hilltop that cost over \$100,000.

11 REPRESENTATIVE MIHALEK: So have you considered  
12 -- and I don't mean to interrupt. I'm limited on time  
13 here.

14 SECRETARY McDONNELL: Sure.

15 REPRESENTATIVE MIHALEK: Have you considered, you  
16 know, some incentives, potentially, with the industry to  
17 address this backlog, or have you collaborated in any way  
18 with the industry? It sounds like there was perhaps an  
19 opportunity with the conventional oil and gas industry last  
20 year with Senate Bill 790 that they came forward and showed  
21 a willingness to, you know, perhaps provide an alternative  
22 source of funding since it is so expensive. But what  
23 collaborative efforts have you made to actually address  
24 this issue?

25 SECRETARY McDONNELL: So we have engaged in a



1 number of collaborative efforts with the industry. They  
2 have actually, on their own, you know, working with us,  
3 plugged some wells that were impacting water quality in the  
4 Allegheny National Forest, as an example. We have also had  
5 some discussions and worked with them on some  
6 bioremediation around spills and things like that.

7 In terms of the bill you referenced, you know, I  
8 think looking at how we get wells plugged is something that  
9 we all support. There was other issues that we certainly  
10 had, though, with that in terms of spill reporting and some  
11 other issues.

12 REPRESENTATIVE MIHALEK: And I just want to shift  
13 gears, and it was, you know, something that the  
14 Representative before me had mentioned. I wanted to ask  
15 about the improved air quality in the Commonwealth, in  
16 large part thanks to the shift toward natural gas.

17 And in fact in my home county, Allegheny County,  
18 where the Clairton Works coke plant is situated, we  
19 actually met all Federal air quality standards for the  
20 first time ever just a few weeks ago. Are you able to  
21 share with us any positive news on that front or any  
22 up-to-date data that you would have regarding the air  
23 quality standards across the Commonwealth?

24 SECRETARY McDONNELL: Certainly.

25 I can, and probably the best thing to do would be

1 to share the specific data as follow-up. But it's  
2 absolutely true that we have seen increases over the past  
3 several decades in our air quality across the State. We  
4 still have some nonattainment issues that we're dealing  
5 with in certain areas. But on the whole, we have seen both  
6 an increase in our State's air quality, you know, an  
7 increase in the level of air quality within the State.

8 We have also seen better science, so you see more  
9 information and data around particulate matter and ozone  
10 and those kinds of things and what it really takes to get  
11 at that.

12 REPRESENTATIVE MIHALEK: I would be interested in  
13 seeing that data.

14 SECRETARY McDONNELL: Of course.

15 REPRESENTATIVE MIHALEK: Thank you so much,  
16 Mr. Secretary.

17 MAJORITY VICE CHAIR TOPPER: The Chair thanks the  
18 lady and recognizes the lady from Dauphin, Ms. Kim.

19 REPRESENTATIVE KIM: Thank you, Mr. Vice Chair.

20 Secretary McDonnell, thank you so much for being  
21 here today. A couple of my questions have already been  
22 answered, so I just have one right now.

23 I want to thank you and the Environmental Quality  
24 Board for holding 10 virtual public hearings on the draft  
25 regulation for PA to participate in RGGI. You said in your

1 written statement that you received hundreds of comments,  
2 but you're still going through them. What is the general  
3 consensus of the Commonwealth participating in RGGI, and  
4 were you able to receive feedback from a diverse group of  
5 people, for example, residents where English is their  
6 second language?

7 SECRETARY McDONNELL: Sure. Thank you very much  
8 for the question.

9 In terms of the high-level numbers, we received  
10 over 14,000 comments on the rulemaking, on the proposed  
11 rulemaking, and in those 10 hearings, we had over  
12 420 participants. That is the highest level of  
13 participation we have had in our public hearing process on  
14 any regulation.

15 So, you know, I think that in particular was  
16 effective. People could access those hearings either  
17 through a computer or through their telephone on the  
18 platform that we use for those hearings. So it definitely  
19 made it accessible.

20 And then as you referenced and as I had mentioned  
21 a few minutes ago, we were able to do real-time Spanish  
22 translation for certain of the participants where they had  
23 requested that as part of those hearings.

24 So on the whole, we have gotten great feedback,  
25 a diverse group of people able to participate. And, you

1 know, we're still going through the comments, but it looks,  
2 the nature of the review, it looks like overwhelmingly  
3 people are in favor of proceeding with the regulation in  
4 some form.

5 REPRESENTATIVE KIM: Then, and I'm sorry; this is  
6 my last question. Just, what is the timeline in terms of  
7 going through the comments, that comment period?

8 SECRETARY McDONNELL: We have staff going through  
9 those comments now, and we would anticipate later this year  
10 bringing the final rulemaking before our advisory  
11 committees as well as the Environmental Quality Board  
12 before completing the process and finishing, you know,  
13 finishing the reg by the close of the year.

14 REPRESENTATIVE KIM: Thank you, Mr. Secretary.

15 SECRETARY McDONNELL: Thank you.

16 MAJORITY VICE CHAIR TOPPER: The Chair thanks the  
17 lady and recognizes the gentleman from Lancaster,  
18 Mr. Greiner.

19 REPRESENTATIVE GREINER: Thank you, Mr. Chairman.

20 Thank you, Mr. Secretary, for being here.

21 I had some questions prepared, but I want to go  
22 back to Representative Zimmerman's inquiry to start.

23 You had talked about the number of permits that  
24 were approved last year, and I think in your testimony what  
25 you had mentioned was 31,000. What my question is, do we

1 know whether that was more permits approved or less permits  
2 approved than the prior year?

3 SECRETARY McDONNELL: I would have to go back and  
4 look. I don't know for a fact. The number 33,000 is  
5 standing out to me in terms of permits approved for the  
6 prior year. But as I said, that's sort of also based on  
7 the number of permit applications we are actually getting  
8 in.

9 I know we saw some reduction in the amount of  
10 applications as a result of COVID-19 as well.

11 REPRESENTATIVE GREINER: Well, my colleague from  
12 Lancaster County, he makes a good point. I know we have  
13 discussed this over, I mean, we have heard this at various  
14 hearings; we have heard it over the years. When he gave  
15 his example of waiting 8 or 9 months, I think that's too  
16 long.

17 I mean, we have groups of people, one who thinks  
18 -- there are people who think we're overregulated, and then  
19 there are people that they don't have a problem with the  
20 regulation but they want a timely turnaround. It's almost  
21 like when somebody drops off their tax information. They  
22 want it done by April 15<sup>th</sup>; they don't want it extended,  
23 people in particular if they're getting a refund. They  
24 want that, they want that permit in hand. They made  
25 arrangements to have work done. They have hired

1 contractors and people are waiting.

2           You had made a comment at the end of that  
3 conversation with Representative Zimmerman that either it  
4 was like, I'll use the term "parameters," that these  
5 permits are being approved within a certain timeline. I  
6 mean, do you have a timeline where you are requiring -- and  
7 I know, I think we have even talked about legislation where  
8 things need to get turned around in a timely manner so that  
9 people can move on. We need to be competitive in  
10 Pennsylvania. This becomes a competitive business issue,  
11 too. So maybe you can give me an idea whether you have  
12 timelines set up for certain permits to be approved.

13           SECRETARY McDONNELL: Sure.

14           And what I was referencing there was Permit  
15 Decision Guarantee policy, which does have timelines for  
16 particular permits that we have. There are factors there  
17 in terms of permit quality. You know, if the permit gets  
18 returned for technical deficiencies, like a couple of  
19 times, that affects whether it's within the Permit Decision  
20 Guarantee policy.

21           I would say the other thing we have really looked  
22 at is, one, as I mentioned, those electronic processes to  
23 try to take some friction out of the processes internally,  
24 you know, not needing to move paper around but instead  
25 being able to hit "Send" on an application and then

1 immediately get it through to the next step.

2           And then we have looked at and developed new  
3 permits. For example, our PAG-01, that's an erosion and  
4 sediment permit for smaller, easier to permit things that  
5 should both take, you know, take those and make them easier  
6 to do, but then also free up some capacity for us to be  
7 able to deal with those harder issues.

8           Under our Chapter 105, one of the things I know I  
9 encountered early on that we are looking to fix through a  
10 regulation is, you know, a farmer wanting to do a  
11 streambank restoration and it falls into the same category  
12 as some other things. So we're pulling practices like that  
13 out where we know we are getting a real environmental  
14 benefit and trying to incentivize that through a separate  
15 process under our waterway and wetland regulation.

16           REPRESENTATIVE GREINER: I know outside of my own  
17 job here as a State Representative, I work on streambank  
18 restoration in Lancaster County, and I know how important  
19 that is, and it's important to the Chesapeake Bay  
20 Initiative. But I do think, I guess I know most people  
21 want to follow the regulations, but there needs to be a  
22 timely turnaround. And I know even as a Lancaster County  
23 delegation, we have talked and we have spoken about this.

24           But I just wanted to just kind of bring that to  
25 light, because we had the COVID this year; we have permits

1 approved. Hopefully, you can get that official number to  
2 us, because that is very important.

3 SECRETARY McDONNELL: Sure.

4 REPRESENTATIVE GREINER: Now, switching gears.

5 Now I want to follow up on Representative  
6 Mihalek's question about the oil and gas now, though, too,  
7 the abandoned wells. I was wondering, I mean, we have in  
8 the ONG program, you know, it's the shale tax and what have  
9 you that funds that, and what I was wondering is, are there  
10 any programs the size and scope of the oil and gas within  
11 DEP? They rely on the permit fees and those taxes. What  
12 happens if there is a decrease in permit applications and  
13 resulting revenues? Where are these revenues going to come  
14 from to help with that program that Representative Mihalek  
15 was talking about?

16 SECRETARY McDONNELL: That's a really good  
17 question, and I would even go back beyond the well plugging  
18 itself.

19 We recently updated our fees through regulation.  
20 When we did the analysis of that -- and that goes back, you  
21 know, because of the regulatory process, it goes back a few  
22 years -- we were looking at around 2,000 permits in terms  
23 of that analysis. Today, it's less than 900 that we are  
24 seeing, and that's permit application fees that go to fund  
25 our regulatory program -- the oversight, the permitting,



1 the inspections, the management of the program. So relying  
2 on those permit application fees is not something, I think,  
3 that we think is sustainable in the long term.

4 And then beyond that, the amount of dollars that  
5 we get and the amount of money paid for the abandoned and  
6 orphan well plugging programs in particular, you know,  
7 bring in hundreds of thousands of dollars a year. And when  
8 we talk about 8,000 wells just that we have identified and  
9 almost \$20,000 per well to deal with the average one, there  
10 just isn't the revenue there to deal with it all.

11 REPRESENTATIVE GREINER: So you're going to have  
12 to look at alternatives. We don't have the alternatives  
13 identified yet for that revenue.

14 SECRETARY McDONNELL: No.

15 REPRESENTATIVE GREINER: All right. Thank you.

16 I see I'm done with my time. Thank you,  
17 Mr. Secretary.

18 Thank you, Mr. Chairman.

19 SECRETARY McDONNELL: Thank you.

20 MAJORITY VICE CHAIR TOPPER: The Chair thanks the  
21 gentleman and recognizes the lady from Philadelphia,  
22 Ms. Fiedler.

23 REPRESENTATIVE FIEDLER: Thank you. Thank you  
24 for joining us today.

25 SECRETARY McDONNELL: Mm-hmm.

1           REPRESENTATIVE FIEDLER: The Governor's budget  
2 proposal does not anticipate reductions in the DEP's  
3 complement, which I'm glad to see.

4           SECRETARY McDONNELL: Mm-hmm.

5           REPRESENTATIVE FIEDLER: But I do have some  
6 questions about more long-term concerns related to DEP  
7 staffing.

8           Could you tell me -- am I right? -- from what I  
9 understand, in 2002, the DEP was considered fully staffed  
10 at 3200, and right now, DEP is considered fully staged at  
11 about 2500. Is that correct?

12           SECRETARY McDONNELL: Correct. Correct. Yeah.  
13 We have an authorized complement of just over 2500. We  
14 have a filled complement right now of just under 2300, with  
15 an 8.8-percent vacancy rate.

16           REPRESENTATIVE FIEDLER: Okay. So that's 3200  
17 down to about 2500. Do you feel that with about 700 fewer  
18 employees you are confident that the DEP is still able to  
19 fulfill its mission to protect Pennsylvania's clean air,  
20 clean water, and our natural resources and land?

21           SECRETARY McDONNELL: So, the impact of both the  
22 funding and the complement reductions is really dependent  
23 on the program. In a number of our programs, they are  
24 either fully funded by or close to fully funded by Federal  
25 dollars or special funds or restricted accounts.

1 Under the General Fund, where we see the biggest  
2 impact is within our water programs. So, you know, one, as  
3 I mentioned a few minutes ago, when we lose a staff person,  
4 the bench is pretty small to pick up that work these days.

5 There are other specific areas that we look at,  
6 and a couple just off the top. One, in water quality, one  
7 of the obligations we have is water quality assessment  
8 work. We aim to do that about, I think it's every 10 years  
9 to assess every mile of stream in the Commonwealth. We are  
10 on a path right now, with the number of biologists we have,  
11 to do that in 35 years.

12 In oil and gas, we have enough inspectors that we  
13 are getting a lot of the basic work done, but we're not  
14 getting, you know, in terms of what we want to do under  
15 policy in terms of the number of times we're out at a well  
16 as it's being fracked or times out to a storage field, we  
17 are not achieving those kinds of numbers.

18 REPRESENTATIVE FIEDLER: So to fulfill the work  
19 that you would like to be able to do when it comes to water  
20 quality, oil and gas, do you have a sense as to how many  
21 additional staff people you would need? Would you feel  
22 like you would want to get back up to the 3200 number? Is  
23 there a dollar figure? I know you mentioned Federal  
24 dollars and special funds filling in some of the gaps.

25 SECRETARY McDONNELL: Yeah.

1                   REPRESENTATIVE FIEDLER: But, you know, it's  
2 obviously pretty concerning if you don't have everyone you  
3 need to ensure those things.

4                   SECRETARY McDONNELL: Sure.

5                   I think some of what we have been able to do  
6 through, I don't have a specific number answer that I can  
7 give there, but I think some of what we have seen is  
8 improvements on, for example, the technology side.

9                   REPRESENTATIVE FIEDLER: Mm-hmm.

10                  SECRETARY McDONNELL: You know, what we were able  
11 to do in the past with two or three people, in a lot of  
12 cases we can do with one. That is something that would, I  
13 think, take, you know, kind of a program by program  
14 workload analysis to figure out exactly what those numbers  
15 might look like. But there are certainly areas where, you  
16 know, we are prioritizing those things that have the most  
17 acute impacts on human health and the environment.

18                  REPRESENTATIVE FIEDLER: I would love to follow  
19 up with you on that and how we can support you to get the  
20 full complement to ensure those things happen.

21                  Switching gears, could you talk about the health  
22 impact and natural habitat impact that fracking has had in  
23 Pennsylvania? And also, I know that there is a  
24 \$1.3 million item for an ongoing fracking study related to  
25 the Department of Health. Could you talk about any

1 collaboration or communication occurring between DEP and  
2 the Department of Health related to that fracking study and  
3 its findings?

4 SECRETARY McDONNELL: Sure.

5 On the latter, we talk regularly with the  
6 Department of Health. I forget the exact timeframe, but I  
7 believe it's a couple of years away in terms of them being  
8 able to complete that study. I think it's a 3-year study  
9 that the Department of Health is engaged in.

10 I will say on the regulatory end, particularly  
11 early on, you know, when this all first started in 2008 and  
12 2010, we saw a number of cases where, because of poorly  
13 cased wells or other issues, we would see water impacts,  
14 drinking water impacts, groundwater migration, out of those  
15 wells. Today, we see very, very little of that. It's not  
16 zero, but it's definitely far, far better than it was back  
17 at the start, and in large part that's because of the  
18 updated regulations and requirements that we have within  
19 the Commonwealth.

20 REPRESENTATIVE FIEDLER: Thank you for your work.  
21 Thank you for joining us.

22 SECRETARY McDONNELL: Thank you.

23 MAJORITY VICE CHAIR TOPPER: The Chair thanks the  
24 lady and recognizes the gentleman from Indiana,  
25 Mr. Struzzi.

1                   REPRESENTATIVE STRUZZI: Thank you,  
2 Mr. Vice Chairman, and good morning, Mr. Secretary.

3                   SECRETARY McDONNELL: Good morning.

4                   REPRESENTATIVE STRUZZI: I would like to continue  
5 the discussion related to the Regional Greenhouse Gas  
6 Initiative, also known as the carbon tax or RGGI.

7                   I know that it is not part of your budget or this  
8 year's budget overall, but it will impact future budgets,  
9 including the latter half of the 2021-2022 budget when it  
10 is enacted in 2022 if you continue along that path. We  
11 know that it's going to cost thousands of jobs, millions if  
12 not billions in taxpayer dollars, and we know that every  
13 consumer, every manufacturer, and every business will see  
14 their electric rates increase due to RGGI.

15                   So my question is, as we have worked through this  
16 process since October of 2019 when the Governor  
17 unilaterally made the decision to go down the path to  
18 implement the RGGI regulations, you have had several  
19 advisory committees -- the Citizens Advisory Committee, the  
20 Air Quality Technical Advisory Committee, the Small  
21 Business Compliance Advisory Committee -- all vote to not  
22 move forward with RGGI, and yet, the process continued,  
23 even through the time of a pandemic when people couldn't  
24 get out and adequately express their concerns or their  
25 opinions over RGGI.

1                   And then just last week, the Independent  
2 Regulatory Review Commission, and I'll read from this,  
3 questioned the Governor's authority to impose this rule,  
4 enter into RGGI, and called for a "one-year moratorium" on  
5 the implementation and regulation of Pennsylvania joining  
6 RGGI. Do you intend to follow these recommendations?

7                   SECRETARY McDONNELL: Thank you for the question,  
8 Representative.

9                   First, you know, as you say, we received that  
10 letter from the Independent Regulatory Review Commission  
11 last week. We are, as we do with all comments, we are  
12 evaluating those comments for a response. There are  
13 certainly other comments that we received that reach the  
14 opposite conclusion.

15                   The other thing I would say is, you know, a  
16 couple of things in terms of the framing. One, if you look  
17 at the modeling that we have seen, it's a net positive on  
18 jobs. Rates stay relatively the same in terms of the  
19 electricity rates, in large part because of the investment  
20 back into the grid, investment back into things like energy  
21 efficiency that help mediate the effects of the carbon  
22 emissions fee. That is something that we have seen in the  
23 surrounding States in terms of the impact on that.

24                   It's no secret, you know, that we see, the other  
25 thing the modeling shows is a continuing decrease in the

1 amount of jobs within coal communities in particular, and  
2 that's one of the reasons that the Governor has proposed an  
3 Energy Communities Trust Fund, in order to help support  
4 those communities as we continue to go through this energy  
5 transition.

6 REPRESENTATIVE STRUZZI: Well, I appreciate that  
7 response, and I do have to disagree, though. I think that  
8 you can structure your modeling to create any result that  
9 you want. And this Communities Energy Trust Fund, quite  
10 frankly, for the community that I represent, it might as  
11 well be a slap in the face.

12 We know that we are going to lose jobs. Our  
13 power plants have already said if RGGI is implemented,  
14 we're closing down; we're moving to Ohio and West Virginia.  
15 And we have asked numerous times for yourself, for the  
16 Governor, to come to Indiana County, to come to these  
17 communities that are truly going to be affected by RGGI and  
18 look these people in the eye and tell them, we're going to  
19 take your jobs; we're going to take your livelihoods; we're  
20 going to take the work that you have been doing for  
21 generations, that you build your communities around, that  
22 you pay your school taxes, that, you know, you allow people  
23 to patronize small businesses in these communities.

24 Can I ask you, if you had the opportunity to look  
25 them in the eye, what would you say?



1                   SECRETARY McDONNELL: Again, I think in speaking  
2 with, you know, members of labor and others, I know the  
3 Governor's Office has definitely heard all of the concerns.  
4 I think one thing is, this is not a question of "if" but  
5 "when" we are going to see closure of these plants.

6                   So the Governor's proposal is, how do we work  
7 with those communities to manage that so we don't end up in  
8 situations like we see with Mitchell Power Station, for  
9 example, which just one day, you know, the producer there  
10 announced, we're shutting down, that this is all going away  
11 in 6 months, and that has sat idle. We have the ability to  
12 look forward here and try to figure out how we work with  
13 those communities to help diversify.

14                   REPRESENTATIVE STRUZZI: We're just about out of  
15 time.

16                   I want to emphasize that if the power plants shut  
17 down, there will be no tax dollars. There will be no money  
18 in this fund to help these communities.

19                   And just one more thing I would like you to  
20 provide to me.

21                   MAJORITY VICE CHAIR TOPPER: Well,  
22 Representative, if we get a chance, we'll pop back for a  
23 question.

24                   REPRESENTATIVE STRUZZI: Okay. All right.

25                   MAJORITY VICE CHAIR TOPPER: But you can finish

1 up a statement, if you'd like.

2 REPRESENTATIVE STRUZZI: I'll follow up later.

3 Thank you, Mr. Chair.

4 MAJORITY VICE CHAIR TOPPER: All right.

5 The Chair thanks the gentleman and recognizes the  
6 lady from Philadelphia, Ms. Cephas.

7 REPRESENTATIVE CEPHAS: Thank you, Vice Chairman,  
8 and good morning, Secretary.

9 SECRETARY McDONNELL: Good morning.

10 REPRESENTATIVE CEPHAS: I have specific questions  
11 about your Office of Environmental Justice. I recognize  
12 that the Department established this office back in 2015  
13 with a series of goals in mind, one being minimizing  
14 adverse environmental impacts, empowering communities, and  
15 fostering economic opportunities.

16 Since the establishment of the office, can you  
17 speak to how the Department and the office has reached  
18 those goals? Naturally, coming from the city of  
19 Philadelphia---

20 SECRETARY McDONNELL: Mm-hmm.

21 REPRESENTATIVE CEPHAS: ---we have a significant  
22 amount of environmental challenges. So I want to get a  
23 better sense on what role this office has played in  
24 addressing those issues through the goals that you outlined  
25 for the office.

1                   SECRETARY McDONNELL: Sure. Thank you for the  
2 question. And Allison Acevedo, who is the Director of the  
3 office, does a phenomenal job, as does her staff.

4                   There's a few things we have done. You know,  
5 one, early on, one of the things I think we recognized was  
6 environmental justice had really become a discussion about  
7 simply public participation processes around permits and  
8 ensuring access there, and one of the things we wanted to  
9 do is figure out what it means for other programs within  
10 the agency.

11                   So, you know, with her guidance and leadership,  
12 one of the things we have done is, for example, include  
13 additional requirements in some of our grants, not  
14 requirements but scoring in the grants around environmental  
15 justice communities and impacting those. So things like  
16 our Environmental Education Grants and Growing Greener  
17 Grants now include an environmental justice component to  
18 them.

19                   One of the things that I referenced earlier was  
20 those roundtables. And again, to put that into some  
21 perspective, we go in for a roundtable with community  
22 leaders in a particular area for, you know, usually 2 or  
23 3 hours, but I always say that's the start of a  
24 conversation, not the end of one. So in one community,  
25 they identified blight and abandoned industrial properties

1 as an issue, so we were able to bring in some EPA Federal  
2 dollars and work with the community and the Federal  
3 Government to start assessing those properties and figure  
4 out how we turn things around there.

5 It really is a community-by-community discussion  
6 that we engage in, but trying to figure out how we address  
7 those things that members of the community are most acutely  
8 experiencing and feeling.

9 REPRESENTATIVE CEPHAS: I appreciate that,  
10 especially you mentioning the role that this office plays  
11 when it comes to the development of your grants. And that  
12 leads to my next question, because I do feel like that same  
13 role should be played as we are pushing out economic  
14 development dollars, so through DCED or PHFA. Is there a  
15 sense that that office plays a role in identifying economic  
16 development projects that, again, looks at environmental  
17 justice and its impact?

18 SECRETARY McDONNELL: So within the  
19 environmental justice context, at this point we have really  
20 three different coordinating things going on. One is our  
21 longstanding Environmental Justice Advisory Board. Within  
22 DEP now, we have an internal committee. But the other  
23 thing that the staff is doing is working, there's now an  
24 interagency environmental justice group that meets and has  
25 discussions around how we improve things related to

1 environmental justice issues across different agencies.

2           So, you know, that's relatively new work, but  
3 ongoing work. It was one of the things, again, in the  
4 listening sessions, you know, we would be hearing from  
5 community members around issues around food deserts, as an  
6 example. Not an issue directly within my Department's  
7 wheelhouse, but something that we felt like becomes  
8 important for us to collectively address, so engaging with  
9 the Department of Ag and DCED on those kinds of issues.

10           REPRESENTATIVE CEPHAS: I appreciate hearing that  
11 you are doing that cross-department collaboration.

12           SECRETARY McDONNELL: Mm-hmm.

13           REPRESENTATIVE CEPHAS: Because as you can  
14 imagine, it's important, as we get development in different  
15 areas throughout the Commonwealth, we want to ensure that  
16 we have a good understanding of the environmental impact so  
17 it doesn't decimate communities.

18           So thank you, Secretary, and thank you, Chairman.

19           SECRETARY McDONNELL: Thank you.

20           MAJORITY CHAIRMAN SAYLOR: Representative Warner.

21           REPRESENTATIVE WARNER: Thank you, Mr. Chairman.  
22 Thank you, Mr. Secretary.

23           SECRETARY McDONNELL: Thank you.

24           REPRESENTATIVE WARNER: I want to hop back to  
25 RGGI here for a second.

1           And first of all, I just want to say it was a  
2 little alarming to hear that it's not "if" but "when" we  
3 are going to shut down power plants. But I want to go back  
4 to that question that my colleague from Indiana County had  
5 brought up about the IRRC ruling and stating, calling,  
6 questioning the Governor's authority to enter RGGI and  
7 calling for a 1-year moratorium on the implementation and  
8 regulation.

9           Given that, my question is, what is the legal  
10 authority for the Governor to enter RGGI and commit  
11 Pennsylvania industries to this emissions trading program  
12 that operates like a carbon tax while the Legislature is  
13 the body with the power to levy taxes?

14           SECRETARY McDONNELL: Sure. So a couple of  
15 things there.

16           One, just as a starting point, on your first  
17 point that not "if" but "when" is really related to things  
18 happening within the market right now, like pre-RGGI. We  
19 are seeing displacement of these coal plants in particular  
20 by natural gas and, increasingly, renewable energy.

21           In terms of the IRRC comments, I will say they  
22 are comments from IRRC. It isn't necessarily a ruling; it  
23 is asking us to respond to what our authorities are. I  
24 have said in the past in other hearings related to RGGI,  
25 the authority really comes from two things. One, carbon

1 and greenhouse gases are a regulated pollutant under the  
2 Clean Air Act, and as such, we have a requirement. We have  
3 actually received comments in the past from certain members  
4 of the Air Quality Technical Advisory Committee looking for  
5 us to levy a per-ton Title V fee, for example, on carbon  
6 emissions, because it is now a regulated pollutant.

7           You couple that with, you know, one of the  
8 regulatory structures that we have are trading programs.  
9 We have a trading program for acid rain under the Clean Air  
10 Act.

11           REPRESENTATIVE WARNER: So, Mr. Secretary---

12           SECRETARY McDONNELL: Yeah?

13           REPRESENTATIVE WARNER: Just to interrupt to get  
14 to another point.

15           So I think there are roughly 11 other States that  
16 are currently members of RGGI.

17           SECRETARY McDONNELL: Mm-hmm.

18           REPRESENTATIVE WARNER: How many of those were  
19 entered through legislation rather than Executive Order  
20 like the Governor is proposing?

21           SECRETARY McDONNELL: I think only one other  
22 State entered through regulation.

23           REPRESENTATIVE WARNER: Okay. So the majority,  
24 if not all the States -- and I believe New Jersey might be  
25 the one you are speaking of that didn't. So basically all

1 the States except one have entered this through legislation  
2 and not through Executive Order. Is that correct?

3 SECRETARY McDONNELL: Correct.

4 REPRESENTATIVE WARNER: Okay.

5 SECRETARY McDONNELL: But again, but again, it's  
6 an authority that we have under the Air Pollution Control  
7 Act.

8 REPRESENTATIVE WARNER: Okay. Does the Governor  
9 expect this to be challenged or delayed with lawsuits from  
10 Pennsylvania industry or ratepayers?

11 SECRETARY McDONNELL: I wouldn't, I wouldn't  
12 assume anything on the Governor's behalf. I think, you  
13 know, we would anticipate there will probably be challenges  
14 to this down the road.

15 REPRESENTATIVE WARNER: So, you know, back to the  
16 authority to do that, you know, I think that's where we'll  
17 have a disagreement here. I mean, there are two ways to  
18 look at entering RGGI, right? So you have -- I mean, you  
19 can argue about what it does and what it doesn't do, but I  
20 think that there's a really big argument here about the  
21 authority to enter.

22 And I know that you had mentioned before that  
23 there were a few thousand comments that were made in favor,  
24 that you had good feedback, but, you know, I have to  
25 mention, you know, the 203 people in this room and the



1 50 down the hallway represent the nearly 13 million people  
2 in Pennsylvania. You know, the founding principles and  
3 laws of this Commonwealth dictate that the budget of this  
4 Commonwealth and that the laws of this Commonwealth are  
5 created by the people in this room and down the hall.

6 We can go back to one of our earliest documents.  
7 You can look at the Declaration of Independence. In that  
8 document, our Founding Fathers, they give grievances to the  
9 King, right? So here is two of the grievances that they  
10 had an issue with: for imposing taxes on us without our  
11 consent, and that he has combined with others to subject us  
12 to a jurisdiction foreign to our Constitution and  
13 unacknowledged by our laws, giving his assent to their acts  
14 of portended legislation. That's basically what RGGI is.  
15 I mean, it is legislation and a tax without the consent of  
16 the people of Pennsylvania.

17 So my question is, why not work with the General  
18 Assembly to ensure all these issues are resolved since  
19 Pennsylvania would not enter RGGI until 2022?

20 SECRETARY McDONNELL: So, again, a couple of  
21 things there.

22 One, just pointing out, again, it's an authority  
23 that we have, and overwhelmingly what we see, not just  
24 within the comments that we receive on RGGI but in polling  
25 and people letting their voice be heard in other ways, that

1 climate change is an issue we absolutely have to address.  
2 We are seeing impacts right now within the Commonwealth  
3 from climate change, and RGGI is one of those things that  
4 we are looking at in order to avoid the worst impacts of  
5 climate change across the Commonwealth.

6 One of the other things is, I absolutely think,  
7 you know, we continue to be very open to working with the  
8 Legislature, as I mentioned earlier. We are limited under  
9 the Air Pollution Control Act to those things that will  
10 have a positive impact on air pollution across the State.  
11 That becomes a limiting factor in terms of things we can do  
12 within coal communities or environmental justice  
13 communities or for climate adaptation. So looking for how  
14 we make use of those dollars in some of those other areas,  
15 to the extent the Legislature wants to see that, is a  
16 conversation we continue to be very open to.

17 REPRESENTATIVE WARNER: Mr. Secretary, my time  
18 has expired. I do want to thank you. I know it's not easy  
19 being in the hot seat, so I do thank you for your time and  
20 for answering the questions.

21 SECRETARY McDONNELL: Thank you.

22 MAJORITY CHAIRMAN SAYLOR: Representative  
23 Krueger.

24 REPRESENTATIVE KRUEGER: Thank you, Mr. Chair,  
25 and thank you, Mr. Secretary, for joining us here today for

1 this budget hearing.

2 SECRETARY McDONNELL: Thank you.

3 REPRESENTATIVE KRUEGER: First of all, I'm glad  
4 to see that this budget does not include transfers from  
5 restricted environmental funds.

6 SECRETARY McDONNELL: Mm-hmm.

7 REPRESENTATIVE KRUEGER: That's a slippery slope  
8 that we have played with over the last couple of years, and  
9 I'm glad that it's not in the Governor's proposal.

10 Like many of my colleagues today, I want to ask a  
11 question about RGGI. I am particularly excited about RGGI  
12 as an opportunity to reduce carbon dioxide emissions from  
13 power plants here in Pennsylvania and to gain both economic  
14 resources as well as help protect public health. And we  
15 are pretty far down the line here. Back in September of  
16 2020, the Environmental Quality Board voted to adopt a  
17 draft regulation, and the final regulation is expected to  
18 be promulgated by the end of this year.

19 Now, my question for you today, Mr. Secretary, is  
20 specifically about the Energy Communities Trust Fund.  
21 Governor Wolf has proposed to use some of the proceeds of  
22 the \$300 million estimated to come from RGGI to support a  
23 Just Transition for workers and communities where power  
24 plants may close and also to support environmental justice  
25 communities.

1           So I haven't read much about this fund. I  
2 haven't been able to find a ton of information,  
3 Mr. Secretary. How will this fund work, and how will you  
4 be seeking input from impacted communities about what they  
5 most need?

6           SECRETARY McDONNELL: Sure. Thank you so much  
7 for the question.

8           I would say, one, as a starting point, as  
9 mentioned a bit ago, we have contracted with the Delta  
10 Institute. They are actually receiving funding from the  
11 Just Transition Fund in order to do work in some of these  
12 communities and really identify what are those things that  
13 are going to be most impactful and meaningful. So I won't  
14 say there is a ton of detail yet there because we want it  
15 to be driven by some of that process.

16           The other thing is that Trust Fund is something  
17 that is proposed. It is something that will likely require  
18 legislative approval. Without having that approval, there  
19 are things we can do within these communities, but it will  
20 need to be things directly tied back to improving air  
21 quality in communities and throughout the State. So it  
22 definitely continues to be a work in progress on exactly  
23 what that looks like in working with those communities.

24           REPRESENTATIVE KRUEGER: And what kind of  
25 timeline are we on, Mr. Secretary, and at what point do you

1 think you would likely be coming to the Legislature to get  
2 approval?

3           SECRETARY McDONNELL: Well, I would anticipate  
4 the Trust Fund piece would probably be something talked  
5 through as part of the budget process. We are starting to  
6 have, you know, we have been in discussions with Delta and  
7 others, environmental justice advocates and other folks  
8 here, over the last couple of months. So I would  
9 anticipate we'll start seeing some recommendations coming  
10 out of that relatively shortly.

11           REPRESENTATIVE KRUEGER: Okay. And then I have  
12 noted the Governor has also proposed using some of the RGGI  
13 proceeds to invest in energy efficiency, greenhouse gas  
14 abatement, and renewable energy. So what kind of mechanism  
15 will you be using from local business owners who work in  
16 these industries to get their feedback?

17           I have noted that I have talked to a lot of  
18 entrepreneurs who have got a lot of ideas about what  
19 Pennsylvania needs to do to make a market, and we certainly  
20 need market-driven solutions to make sure that these funds  
21 are well spent.

22           SECRETARY McDONNELL: Sure. So a couple of  
23 things going on within that space.

24           One is, you know, some of the things we have  
25 talked about and want to continue to talk through with

1 folks is how we use the PUC Act 129 program, as an example.  
2 You know, there is already some scale there. One of the  
3 limitations on those dollars is it has to be for  
4 electricity, because that's the ratepayers it comes from,  
5 so looking at how we utilize these dollars to really start  
6 looking at whole building, whole house kinds of impacts at  
7 a larger scale.

8           And some other States have established Green  
9 Banks. These are revolving loan programs that support  
10 clean energy, energy efficiency projects. So, you know,  
11 we're actively looking at how we establish something like  
12 that within the Commonwealth. Those are just two of the  
13 examples off the top.

14           And then, we have been engaged with a number of  
15 the municipalities and others around the C-PACE program,  
16 the commercial building energy efficiency improvement  
17 processes.

18           REPRESENTATIVE KRUEGER: Right. Yeah. I was  
19 proud to vote for that bill not that long ago.

20           Thank you, Mr. Secretary. I will just note, we  
21 have got many wonderful entrepreneurs here in Pennsylvania  
22 whose companies are headquartered here, who have been  
23 working in energy efficiency and renewables, and I hope  
24 that they would get a role to play in helping to guide how  
25 this would roll out so that it would truly work for them.

1           Thanks so much.

2           SECRETARY McDONNELL: Yeah. I---

3           MAJORITY CHAIRMAN SAYLOR: Representative James.

4           REPRESENTATIVE JAMES: Thank you, Mr. Chairman.

5           Secretary McDonnell, good morning.

6           SECRETARY McDONNELL: Hello. Good morning.

7           REPRESENTATIVE JAMES: Two years ago when we were  
8 here doing the Q-and-A business, I asked you at that time  
9 what your estimated number of fines and penalties were for  
10 the last fiscal year. I wonder if I could ask that  
11 question again.

12           SECRETARY McDONNELL: Sure. And it's something I  
13 would have to follow back up on. So we can get you those  
14 numbers, though.

15           REPRESENTATIVE JAMES: Well, your response  
16 2 years ago was 125 million. Do you think it's higher than  
17 that or lower?

18           SECRETARY McDONNELL: I honestly couldn't say off  
19 the top of my head. Some of it gets very much driven by,  
20 and this goes back to my admin deputy days, some of this  
21 will be driven by one or two fines or penalties in a  
22 particular program.

23           REPRESENTATIVE JAMES: Okay. Well, let's move on  
24 then.

25           SECRETARY McDONNELL: Mm-hmm.

1                   REPRESENTATIVE JAMES: Back to the Regional  
2 Greenhouse Gas Initiative for a few questions, if I may,  
3 please.

4                   SECRETARY McDONNELL: Mm-hmm.

5                   REPRESENTATIVE JAMES: I think we have  
6 established now that you are in favor of it, and the  
7 authority under which the Governor is moving forward is the  
8 Air Pollution Control Act. But if I may get down into the  
9 weeds just a little bit with regard to the Energy  
10 Communities Trust Fund.

11                   What authority do you conceive the Governor has  
12 to establish a fund like this made up entirely of a new tax  
13 on the Commonwealth citizens?

14                   SECRETARY McDONNELL: Well, as I said in the  
15 previous response, the Trust Fund into which the fees would  
16 be deposited is something that would require legislative  
17 authority. Short of that, we would be using the  
18 Air Pollution Control Act and the authorities under the  
19 Clean Air Fund.

20                   REPRESENTATIVE JAMES: Okay. Well, I think it's  
21 the job of the General Assembly, and the House is certainly  
22 part of that, to determine how tax funds, tax revenues are  
23 spent, and I think it's incumbent upon the Administration  
24 and yourself as well as a source of reference to advise the  
25 Governor to do more business with us on those areas.



1                   Now, I also wonder what authorization the  
2 Governor has to establish a board which will clearly exist  
3 for the purpose of picking winners and losers in the event  
4 that we actually join RGGI and create this fund. What  
5 authority does he have to do that?

6                   SECRETARY McDONNELL: So, I'm not sure what  
7 specifically you are referencing in terms of the board. As  
8 I mentioned a moment ago, one of the things we would be  
9 looking to do is use the revenues coming in to support  
10 energy efficiency and other clean energy technologies  
11 across the Commonwealth. We would obviously have to either  
12 set up grant programs to do that internally or leverage  
13 existing programs, as I said, like the Act 129 program.

14                  REPRESENTATIVE JAMES: Well, to clarify what I  
15 was talking about, and actually, this is a quote, "who  
16 determine that immediate and targeted investments in  
17 environmental justice communities is the best and  
18 appropriate use of these revenues." To me, that is clearly  
19 a menu for picking winners and losers.

20                  SECRETARY McDONNELL: Well, again, it has been a  
21 priority of the Department and the Administration to  
22 address impacts in environmental justice communities. As I  
23 referenced in answering some prior questions, it's one of  
24 those areas where we have looked at in other grant programs  
25 placing additional emphasis on environmental justice

1 communities.

2           And to remind that the definitions that we're  
3 dealing with at this point, environmental justice  
4 communities cover over a third of the State. It's both in  
5 urban and rural areas that we see both poor and minority  
6 populations, so.

7           REPRESENTATIVE JAMES: Okay. A final question  
8 dealing with orphan and abandoned wells.

9           Could you explain to us what measures you have  
10 taken or your staff has taken to talk with the drillers in  
11 the field, gas and oil both, to work with you to help  
12 identify where these wells are and get them plugged?

13           SECRETARY McDONNELL: Sure.

14           As I said before, I know we have worked with the  
15 drillers themselves in order to get particular wells  
16 drilled, sometimes on their own dime. I know I have met  
17 with drillers on a number of occasions, and one of the  
18 things I will say is if they go into a field, you know, and  
19 it's a learning experience for me -- right? -- when I first  
20 started. When they go into a field and see several  
21 abandoned wells, their reaction to that is to think, oh,  
22 somebody thought they could make some money here. So  
23 they'll go in, plug those wells, and try to drop a couple  
24 of their own wells in that area to see if they can make a  
25 go of it within that field.

1           We have definitely worked with, we have been very  
2 encouraging of trying to get more projects approved through  
3 the Commonwealth Finance Agency and tried to advocate for  
4 that as well. They have some well-drilling dollars that, I  
5 won't say that has been completely successful getting  
6 access to those dollars. It has been pretty limited. But  
7 anywhere where we think there is potential is something we  
8 have been pursuing.

9           REPRESENTATIVE JAMES: Thank you, Secretary.

10          Thank you, Mr. Chair.

11          SECRETARY McDONNELL: Thank you.

12          MAJORITY CHAIRMAN SAYLOR: Representative Owlett.

13          REPRESENTATIVE OWLETT: Thank you, Mr. Chairman,  
14 and thank you, Secretary, for being here.

15          I have quite a few questions. Hopefully, we can  
16 get through these.

17          SECRETARY McDONNELL: Okay.

18          REPRESENTATIVE OWLETT: First off, we talked a  
19 little bit about conventional wells versus horizontal  
20 wells. Would you agree that there's definitely a  
21 difference -- and this is a simple question, yes or no --  
22 between the two?

23          SECRETARY McDONNELL: Sure. Yes. Between  
24 conventional and unconventional?

25          REPRESENTATIVE OWLETT: Yeah.

1 SECRETARY McDONNELL: Yes.

2 REPRESENTATIVE OWLETT: Great. I hope that we  
3 can work to create regulations that are very much designed  
4 for each one of those industries.

5 SECRETARY McDONNELL: Mm-hmm.

6 REPRESENTATIVE OWLETT: It's something that we  
7 have prioritized here. We would love your help in making  
8 sure that's a priority for the Administration.

9 SECRETARY McDONNELL: Sure.

10 REPRESENTATIVE OWLETT: I'll talk a little bit  
11 about plugging wells, these orphan wells. This is more of  
12 just an observation. Around 8,000 total to do, 17 a year.  
13 We got 470 years to get that done.

14 SECRETARY McDONNELL: Correct.

15 REPRESENTATIVE OWLETT: It doesn't seem like a  
16 ton of a priority. I mean, this is water and air pollution  
17 we're talking about. I mean, we have those special funds.  
18 We have Growing Greener; Act 13's. You mentioned CFA;  
19 current restricted accounts. I think that we can do  
20 better. I hope that we can transition into making that a  
21 priority and maybe cut it down so it's less than 470 years.

22 I want to talk quickly about RGGI as well. So  
23 the Governor proposed quite a progressive tax increase with  
24 the personal income tax, 46 percent; raising wages, which  
25 we talked a little bit last week, and we actually found out

1 and it was admitted that this is going to increase the  
2 cost of goods and services in the Commonwealth; tax for  
3 State Police coverage, definitely going to increase costs.  
4 So let's talk about the RGGI tax.

5           Very simple: Will this raise the cost to produce  
6 electricity here in Pennsylvania?

7           SECRETARY McDONNELL: Thank you for the question.

8           The emissions fee as we have modeled it over  
9 time, it actually has no real impact on rates of  
10 electricity. And again, that's because while you're  
11 putting the fee on the carbon sources, you are also using  
12 those revenues in order to drive down the amount of usage.

13           The electricity that we are paying for is really  
14 the electricity produced on the hottest days of the year  
15 where air-conditioners are going full out and you are  
16 buying the most expensive electricity on those days. When  
17 you shave those peaks off, that's where you get that rate  
18 reduction benefit.

19           REPRESENTATIVE OWLETT: So that's contrary to  
20 what most people are saying. I have got a report here in  
21 front of me that says it's going to increase consumers'  
22 rates 7.8 percent.

23           Now, you're saying we're going to increase -- so  
24 it's going to increase the rate for our consumers, so  
25 they're going to pay more, and then we're going to hope

1 they go buy more efficient light bulbs? Is that the goal?

2 SECRETARY McDONNELL: No, no, no. It's, again,  
3 it's two things, right? One is, for those who directly  
4 engage in energy efficiency, obviously they will see a  
5 reduction in the amount that they are paying for  
6 electricity rates. But when consumers, businesses, engage  
7 in energy efficiency, it actually has a depressing effect  
8 on rates across the board, because you don't need to call  
9 that more expensive plant to come online in order to supply  
10 electricity within the grid. So---

11 REPRESENTATIVE OWLETT: Just so we're clear, so  
12 if we enter into this RGGI tax, it will not increase the  
13 consumers' electric bill. Is that yes or no?

14 SECRETARY McDONNELL: It's a -- I think over  
15 time, there's a slight increase, and then it goes down.

16 REPRESENTATIVE OWLETT: So it will increase  
17 somebody on a fixed income's electric bill. Correct?

18 SECRETARY McDONNELL: Yes. And again, one of the  
19 things that---

20 REPRESENTATIVE OWLETT: What about their gas  
21 bill?

22 SECRETARY McDONNELL: One of the---

23 REPRESENTATIVE OWLETT: Will it increase their  
24 gas bill?

25 SECRETARY McDONNELL: No.

1                   REPRESENTATIVE OWLETT: So a senior citizen on a  
2 fixed income will not see an increase in their gas bill if  
3 we enter into RGGI? Yes or no?

4                   SECRETARY McDONNELL: Not to my knowledge, no.

5                   REPRESENTATIVE OWLETT: What about manufacturing.  
6 Will manufacturing see an increase in their rate, yes or  
7 no?

8                   SECRETARY McDONNELL: Most of the manufacturing  
9 rates are directly negotiated with the utilities, so that  
10 would be dependent on that. Some of what we're looking at  
11 in particular, some of the biggest energy efficiency gains  
12 to be had are within large industrial space. So that's one  
13 of the areas most of interest, particularly combined heat  
14 and power projects.

15                   REPRESENTATIVE OWLETT: So it's just going to  
16 depend -- you are kind of walking both sides of that issue  
17 as far as manufacturing. Some will, some won't. We'll  
18 probably see.

19                   So I'm almost out of time. I just wanted to  
20 finalize a couple of things here.

21                   So in this go-it-alone mindset that we have on  
22 this instead of working with the Legislature, a simple  
23 question: Is stability and predictability important in the  
24 business community?

25                   SECRETARY McDONNELL: Of course it is.

1           REPRESENTATIVE OWLETT: So if we enter into this  
2 and the next Governor or whoever else is in charge wants to  
3 exit it, does that create predictability and stability in  
4 our business community here in the Commonwealth?

5           And, I mean, I'm out of time now, so I'm guessing  
6 that it doesn't, because if we went through the legislative  
7 process, with all the other States but one have done, it  
8 would make a whole lot more sense to create a stable and  
9 predictable market for our businesses, and that's what I'm  
10 hoping to see.

11           And I'm also hoping that we don't raise the cost  
12 of living for our seniors that are on a fixed income here  
13 in the Commonwealth.

14           SECRETARY McDONNELL: Right.

15           REPRESENTATIVE OWLETT: We need to value them.  
16 We need to value their involvement in our communities. And  
17 making sure that they can stay in their homes is very, very  
18 important to me and those in my community.

19           Thank you, Mr. Chairman.

20           SECRETARY McDONNELL: Yeah. Right now, we have a  
21 market that, frankly, doesn't have that predictability and  
22 stability, in large part because investors and others are  
23 looking at potential regulatory risk related to both the  
24 impacts of climate change itself and regulations, whether  
25 it be State or Federal.



1           So, you know, I would agree with you in terms of  
2 the overall observation, but I would also say the reality  
3 is, investment dollars are hard to come by, harder and  
4 harder to come by for carbon sources.

5           MAJORITY CHAIRMAN SAYLOR: I'm going to let the  
6 Representative respond to that since you went that  
7 direction.

8           SECRETARY McDONNELL: Sure.

9           REPRESENTATIVE OWLETT: Yeah. I don't think, I  
10 mean, adding in more programs and more taxes that are not  
11 done through legislation creates an atmosphere, you know,  
12 here in the Commonwealth that is not predictable and  
13 stable.

14           So you are saying that there's already things in  
15 the market that are not stable and predictable, so let's  
16 just add another one. Why not? You know, what could go  
17 wrong here in the Commonwealth if we add another one. I  
18 think that's ridiculous, and I think we can -- I think we  
19 can do better.

20           You know, we have to want to attract businesses  
21 to the Commonwealth, and I haven't seen that, and this  
22 budget does not do that. It doesn't take care of our  
23 businesses, attracting businesses, and it surely hurts  
24 senior citizens, you know, this budget proposal.

25           The one thing that I would like to mention,

1 Mr. Chairman, if I may, really quick, the taxes and the  
2 State Police stuff that I covered early on, that was a  
3 proposal. What you're talking about is not a proposal.  
4 This is something you are going alone without the  
5 involvement of the Legislature, and that is wrong. It's an  
6 inappropriate use of power, and I think we can do better  
7 and I think the people of the Commonwealth deserve better.

8 Thank you, Mr. Chairman.

9 MAJORITY CHAIRMAN SAYLOR: Thank you.

10 Next is Representative Fritz.

11 REPRESENTATIVE FRITZ: Thank you, Mr. Chairman,  
12 and good morning, Secretary McDonnell.

13 SECRETARY McDONNELL: Good morning. Good to see  
14 you, sir.

15 REPRESENTATIVE FRITZ: Good to see you.

16 Mr. Secretary, I would like to take the  
17 opportunity to discuss energy, and if we could kind of keep  
18 your replies as concise as possible, that would be  
19 appreciated. We got some ground to cover.

20 Mr. Secretary, do you believe that a State can  
21 have a healthy natural gas development industry while at  
22 the same time be responsible stewards of the environment?

23 SECRETARY McDONNELL: Yes.

24 REPRESENTATIVE FRITZ: Okay. Wonderful. Thank  
25 you.

1           Mr. Secretary, I am proud to represent  
2           Susquehanna County where we have some of the highest  
3           producing natural gas wells in the world. Mr. Secretary,  
4           your agency has been monitoring water quality in the  
5           Susquehanna River Basin for 10-plus years, certainly a  
6           large sized data sample. And the agency, the Susquehanna  
7           River Basin Commission, has reported, and this is written  
8           record, that there has been no discernible impact on water  
9           quality in the Susquehanna River Basin. Mr. Secretary, can  
10          you kindly speak to the reality of that report.

11           SECRETARY McDONNELL: I believe that that's  
12          accurate, yes.

13           REPRESENTATIVE FRITZ: Okay. Again, thank you  
14          very much.

15           So, Mr. Secretary, please help one square up in  
16          their mind how or why we can develop, safely develop, and  
17          extract gas in two-thirds of Pennsylvania but somehow deem  
18          it too unsafe when being done upstream from Philadelphia?

19           Now, there is drilling upstream from Harrisburg  
20          and Pittsburgh. Should residents of those cities be  
21          concerned, Mr. Secretary?

22           SECRETARY McDONNELL: Again, no. And I know you  
23          and I have discussed in the past, the authorities around  
24          the Delaware River Basin Commission are different. SRBC  
25          primarily looks at water quantity. The DRBC has some

1 specific water-quality obligations. And as I mentioned  
2 earlier, we do in fact still see drinking water impacts  
3 from some wells.

4 REPRESENTATIVE FRITZ: Okay. So say that again.  
5 We have seen an impact on drinking water from wells?

6 SECRETARY McDONNELL: Yes. Yeah. We continue to  
7 issue determination letters to some of the producers where  
8 we see a gas migration case into someone's drinking water  
9 supply.

10 REPRESENTATIVE FRITZ: Okay. So you mentioned  
11 that that's methane migration that is impacting the  
12 drinking water?

13 SECRETARY McDONNELL: Yes.

14 REPRESENTATIVE FRITZ: And that can be mitigated  
15 by going deeper with the well casing. Is that correct?

16 SECRETARY McDONNELL: Um---

17 REPRESENTATIVE FRITZ: I guess where I'm getting  
18 at, is that methane migration going to be prevented?

19 SECRETARY McDONNELL: It depends on, it depends  
20 on what the source of the migration is.

21 REPRESENTATIVE FRITZ: Okay.

22 And methane is naturally occurring. I come from  
23 a family of water-well drillers, and we have been cognizant  
24 of the fact that methane is naturally occurring in  
25 Pennsylvania long, long before natural gas development.

1 Will you kindly concur?

2 SECRETARY McDONNELL: Yes.

3 REPRESENTATIVE FRITZ: Okay. Thank you.

4 Secretary McDonnell, will you be attending the  
5 Delaware River Basin Commission's voting meeting on  
6 February 25<sup>th</sup>?

7 SECRETARY McDONNELL: Yes.

8 REPRESENTATIVE FRITZ: Will you be voting or will  
9 Governor Wolf be voting?

10 SECRETARY McDONNELL: I will be attending on  
11 Governor Wolf's behalf.

12 REPRESENTATIVE FRITZ: Okay.

13 Mr. Secretary, do you intend to vote to ban  
14 natural gas development in the Delaware River Basin?

15 SECRETARY McDONNELL: As the Governor has said  
16 before, he is supportive of the high volume, the high  
17 volume regulation. So barring some change, I would  
18 anticipate so.

19 REPRESENTATIVE FRITZ: Okay. So you will be an  
20 instrument of the Governor in his desire to ban natural gas  
21 development in the Delaware River Basin?

22 SECRETARY McDONNELL: Correct.

23 REPRESENTATIVE FRITZ: Okay.

24 So, Mr. Secretary, if we can ban an industry for  
25 possible problems, problems that, by the way, are not

1 manifesting elsewhere after 10 years of evaluation, would  
2 it be a stretch for one to fathom that farming -- yes,  
3 farming -- could be banned in the Susquehanna River Basin  
4 because that basin drains into the Chesapeake, which is a  
5 body of water experiencing problems due to high levels of  
6 nitrogen and phosphorus? Should farmers upstream of the  
7 Chesapeake Basin be concerned, Mr. Secretary?

8           SECRETARY McDONNELL: Well, there's two things  
9 there.

10           One, as I mentioned before, the SRBC has  
11 different requirements; but two, part of what we're trying  
12 to address within the Chesapeake Bay Basin is in fact, I  
13 won't say banning, but certainly other impacts that we may  
14 see to farmers and others in terms of additional permit  
15 requirements and things like that, which are on the list of  
16 things EPA has as backstop provisions within the Chesapeake  
17 Bay should Pennsylvania not be achieving its goals.

18           REPRESENTATIVE FRITZ: Okay. And you just  
19 mentioned the EPA. So along that same vein, in 2015, the  
20 EPA voted the Ohio River as one of the country's most  
21 polluted rivers, and that report points to industrial  
22 contaminants along with business and residential wastewater  
23 pollutants as the culprits. Should we ban construction and  
24 industry in the one-third portion of Pennsylvania that lies  
25 in the Ohio River Basin, Mr. Secretary?

1           SECRETARY McDONNELL: Again, that's not something  
2 that's within the purview of ORSANCO, the Ohio River, or a  
3 similar organization. That said, you know, there's a  
4 number of things we have been working through in order to  
5 address pollution sources within the Ohio River Valley.

6           REPRESENTATIVE FRITZ: Okay. So my time is up.  
7 The last question.

8           Do you believe, Mr. Secretary, that natural gas  
9 development has been beneficial for Pennsylvania in the  
10 form of cleaner air, additional jobs, broad economic  
11 stimulation, and a renaissance of manufacturing? Just a  
12 yes or no would be perfect, please.

13          SECRETARY McDONNELL: I think natural gas, you  
14 know, responsibly developed certainly has benefits.

15          REPRESENTATIVE FRITZ: Okay. That's terrific.  
16 Thank you, Mr. Secretary, and thank you,  
17 Mr. Chairman.

18          MAJORITY CHAIRMAN SAYLOR: Representative O'Neal.

19          REPRESENTATIVE O'NEAL: Thank you, Mr. Chairman.  
20 Mr. Secretary, do you support the banning of the  
21 sale of gasoline and diesel-powered cars in the  
22 Commonwealth?

23          SECRETARY McDONNELL: No.

24          REPRESENTATIVE O'NEAL: Well, that's exactly what  
25 DEP proposes to do. On February 11<sup>th</sup>, DEP proposed a rule

1 to follow California's Zero-Emission Vehicle Program, which  
2 Governor Newsom has promised will indeed prohibit the sale  
3 of new gasoline-powered vehicles altogether. And as a  
4 matter of fact, within 15 years, all new passenger vehicles  
5 in California must be electric vehicles or zero-emission  
6 vehicles. Do you think California policy for all-electric  
7 vehicles is the right policy for Pennsylvania?

8 SECRETARY McDONNELL: The zero-emission vehicle  
9 reg that you reference would require manufacturers to offer  
10 for sale electric vehicles within the Commonwealth at  
11 certain percentages, and that has not been determined what  
12 that is.

13 I'll just share on a personal note related to  
14 that. I myself went to a dealer to try to buy an electric  
15 vehicle of a particular model, and they didn't even believe  
16 that that model existed until they looked it up on their  
17 own website. I mean, this is about improving consumer  
18 choice and meeting consumer demand within the Commonwealth  
19 of Pennsylvania for electric vehicles.

20 REPRESENTATIVE O'NEAL: But DEP has proposed  
21 the exact language of the California rule. Is that not  
22 right?

23 SECRETARY McDONNELL: We have not, we have not  
24 proposed any reg as yet. We are working on that proposal  
25 as we speak, which is what was reported last week.



1           REPRESENTATIVE O'NEAL: Okay. All right. So  
2 let's switch gears a little bit.

3           Now, we talked about permitting earlier, and I  
4 would like to come back to it.

5           SECRETARY McDONNELL: Mm-hmm.

6           REPRESENTATIVE O'NEAL: Specifically, the DEP  
7 website currently says the "...DEP is suspending the  
8 timeframes for providing permit decisions established in  
9 the Policy for Implementing the Department of Environmental  
10 Protection Permit Review Process and Permit Decision  
11 Guarantee due to the office closures related to COVID-19."  
12 So how has this affected the permitting process in the past  
13 year?

14          SECRETARY McDONNELL: So two things. One, I  
15 would need to double-check, because I think that that was  
16 something that we revoked. So if that's still appearing on  
17 the website, that's incorrect.

18          REPRESENTATIVE O'NEAL: It is still there.

19          SECRETARY McDONNELL: Yeah. So I'll follow up  
20 with staff on that.

21          On the other, you know, the direction to staff  
22 was to continue to try to meet those requirements. And as  
23 I said earlier, we have achieved 94 percent of permits  
24 being achieved within Permit Decision Guarantee timeframes.

25          REPRESENTATIVE O'NEAL: Yes, I did note that you

1 had made that comment. It's also in your testimony.

2 You also mentioned 31,000 permits that you have  
3 taken action on. The Permit Decision Guarantee, the  
4 94 percent stat that you cite as well as the 31,000 permit,  
5 what percentage of permits that have been applied for to  
6 DEP does that make up?

7 SECRETARY McDONNELL: I would have to get you the  
8 specific. A lot of what we are doing within that 31,000  
9 are, for example, like storage tank registrations where  
10 there will be thousands of those each year. So the 31,000  
11 is all of our activity. It's not just water quality or  
12 something like that.

13 REPRESENTATIVE O'NEAL: Okay. So how about with  
14 the Permit Guarantee, the Decision Guarantee?

15 SECRETARY McDONNELL: That's what I need to  
16 double-check, is exactly---

17 REPRESENTATIVE O'NEAL: Well, with all due  
18 respect, Mr. Secretary, that stat means nothing unless it's  
19 in context.

20 SECRETARY McDONNELL: Well, I---

21 REPRESENTATIVE O'NEAL: Without knowing how many  
22 applications have been made, what does it matter if we know  
23 that 94 percent of the Permit Decision Guarantees have been  
24 implemented. It's an irrelevant stat out of context.

25 So let me just, let's put it into perspective

1 this way. So oil and gas earthmoving permits and water  
2 obstruction permits in many cases have taken more than a  
3 year to be approved by your agency, and this has been  
4 occurring under the entire duration of your leadership. So  
5 I have to assume that you are just okay with this  
6 timeframe, or at least tolerant of it.

7 So let me ask you directly, what exactly do you  
8 deem as an unacceptable timeframe for review and approval  
9 of a permit application?

10 SECRETARY McDONNELL: It depends on the permit  
11 application. It depends on the specifics of it.

12 REPRESENTATIVE O'NEAL: So you're okay with it  
13 taking more than a year?

14 SECRETARY McDONNELL: That's not what I said.

15 REPRESENTATIVE O'NEAL: That's what you are  
16 tolerating.

17 SECRETARY McDONNELL: No.

18 REPRESENTATIVE O'NEAL: That's what your  
19 Department consistently does.

20 SECRETARY McDONNELL: As I say, it depends on the  
21 specific program and it depends on the quality of the  
22 application that we are receiving.

23 I will say, I will say---

24 REPRESENTATIVE O'NEAL: Why exactly---

25 SECRETARY McDONNELL: I will say---

1           REPRESENTATIVE O'NEAL: Why exactly are we  
2 experiencing permit delays of over a year in the southwest  
3 regional office---

4           SECRETARY McDONNELL: Correct.

5           REPRESENTATIVE O'NEAL: ---and that same permit  
6 gets sent to another office and the process takes much less  
7 time?

8           You know, quite frankly---

9           MAJORITY CHAIRMAN SAYLOR: Representative, I have  
10 got to---

11           REPRESENTATIVE O'NEAL: I'm out of time,  
12 Mr. Secretary. I think you have let this permit situation  
13 get out of control for the duration of your tenure. Year  
14 after year, you come back here and say that we're improving  
15 on it. You quote a statistic of 94 percent that is  
16 completely out of context and means nothing.

17           Mr. Secretary, my last question, and it is  
18 rhetorical, when are you going to fix the problems within  
19 your Department?

20           Thank you, Mr. Chairman.

21           MAJORITY CHAIRMAN SAYLOR: I recognize  
22 Representative Hershey.

23           REPRESENTATIVE HERSHEY: Thank you, Mr. Chairman.

24           Thank you, Secretary.

25           SECRETARY McDONNELL: Thank you.

1           REPRESENTATIVE HERSHEY:   Quite the act to follow  
2 here.

3           So my question is also related to some of the  
4 permitting issues, and I'm curious about the new OnBase  
5 Electronics Form.

6           As the gentleman from Lancaster suggested, a lot  
7 of our constituents are trying to make business decisions  
8 here and are negatively affected, obviously, by permit  
9 delays. And to date, some of my constituents don't feel  
10 like they have seen any differences in terms of costs or  
11 time efficiency after, you know, applying via the OnBase  
12 Electronics Form.

13          So I'm just curious, has that tool improved  
14 review and approval time, and I'm not just asking whether  
15 it prospectively will but whether it has so far.

16          SECRETARY McDONNELL:   I would point out, I think  
17 it's a different way of us getting relatively similar  
18 information. That said, you know, I think we have  
19 certainly seen improvement because we are getting all of  
20 the information upfront, so we are seeing more complete  
21 applications. That's not to say they are necessarily  
22 technically accurate.

23          REPRESENTATIVE HERSHEY:   Okay. Thank you.

24          And I'm curious as you roll out this new form,  
25 the use of these electronic forms, are they consistent and

1 are they available for every program and region, or are  
2 certain programs treated differently?

3 SECRETARY McDONNELL: So on OnBase, I believe all  
4 of the forms are, if not on there, we're close to having  
5 that worked on.

6 We are also, as I said, implementing an  
7 electronic permitting program in some of those instances.  
8 So it has a little more, I will say, you know, IT knowledge  
9 behind it where you can't hit "Submit" if certain forms  
10 have, you know, if certain lines on the form have a number  
11 and they're expecting narrative or something, or vice  
12 versa, as an example.

13 So as we move more aggressively into the  
14 ePermitting pieces of this, which we have already  
15 implemented in some programs, I think we'll see  
16 improvements on the completeness pieces.

17 REPRESENTATIVE HERSHEY: Okay.

18 So you also mention on your website that the  
19 Electronics Form tool will lower costs for DEP and  
20 applicants. So I'm just curious, what savings have been  
21 realized from using this form, and has that been passed on  
22 either to applicants or have you reflected that in your  
23 budget?

24 SECRETARY McDONNELL: So it is, again, mainly in  
25 terms of the time it takes to move the paper around. It's

1 related to the amount of time that something would  
2 otherwise sit in a paper in-box and move. So where we're  
3 looking to get those efficiencies is in the quicker  
4 turnaround time as opposed to a whole dollar number.

5 REPRESENTATIVE HERSHEY: Okay. And you also  
6 mentioned that this allows DEP staff to continue to process  
7 applications without going into the office.

8 SECRETARY McDONNELL: Yeah.

9 REPRESENTATIVE HERSHEY: Have you seen long-term  
10 savings with staff working remotely, or have you seen the  
11 need to reduce staff at all?

12 SECRETARY McDONNELL: Well, as I mentioned  
13 earlier, we have an 8.8-percent vacancy rate right now,  
14 which in part is due to some things that we are looking at  
15 related to hiring during COVID out of the Governor's  
16 Office. I don't have exact data on the amount of dollar  
17 savings, for example, of, you know, reduced utilities and  
18 those kinds of things at the offices, but I know those are  
19 things being worked on through DGS.

20 REPRESENTATIVE HERSHEY: Okay. Thank you.

21 SECRETARY McDONNELL: Mm-hmm.

22 REPRESENTATIVE HERSHEY: Well, I appreciate your  
23 time, and I'm going to wrap up here. But I just want to  
24 continue to encourage you to work on those delays, you  
25 know, and to continue to work on the electronic forms and

1 rolling those out and making it consistent across the  
2 State.

3 As the gentleman from Lancaster mentioned, a lot  
4 of our constituents are trying to make business decisions  
5 here, and they need that certainty in the permitting  
6 process. It's difficult to make an investment if you don't  
7 know how long that process is going to take.

8 SECRETARY McDONNELL: Sure.

9 REPRESENTATIVE HERSHEY: So I appreciate your  
10 time, and thank you, Mr. Chairman.

11 SECRETARY McDONNELL: Yeah. I would just  
12 encourage you and any other Members, if, you know, you are  
13 having particular cases, certainly reach out to the  
14 regional office, and if you're not getting answers there,  
15 reach out to my office.

16 MAJORITY CHAIRMAN SAYLOR: Very good. Thank you.

17 SECRETARY McDONNELL: Yep.

18 MAJORITY CHAIRMAN SAYLOR: Representative  
19 Rothman.

20 REPRESENTATIVE ROTHMAN: Secretary, thank you.  
21 Mr. Chairman, thank you.

22 Secretary, thank you for being here.

23 SECRETARY McDONNELL: Of course.

24 REPRESENTATIVE ROTHMAN: I have got a couple of  
25 different topics to discuss with you.



1           One is, your budget proposal for 2021-22, has  
2 about an 11-percent increase in general operations, a  
3 6.6-percent increase in environmental management funding.  
4 Last year, there were 51 new conventional oil wells and gas  
5 wells drilled in Pennsylvania -- 51. This is down from  
6 7,000 new wells in 2010, but at the same time, the  
7 Department continues to request more money.

8           Now, do you think that it is possible that you  
9 could either reduce this department or eliminate the Office  
10 of Oil and Gas Management? Is this sustainable to continue  
11 to fund these operations out of permitting fees, or how  
12 does your Department intend on handling this since there  
13 are only 51 wells being drilled? And have you spoken with  
14 anybody in the industry in ameliorating this?

15           SECRETARY McDONNELL: Sure. And on that last  
16 point, yes, we certainly had discussions with the industry  
17 on the topic of fees.

18           The reality is, we, on the one hand, are  
19 dependent on permit application fees for funding the  
20 program, but every time a well is drilled, that is  
21 additional responsibilities that we take on in terms of  
22 ongoing inspection and oversight.

23           On the conventional side, we have over 100,000  
24 wells, and we try to get to those wells for an inspection  
25 at least once every 10 years. On the unconventional side,

1 we try to get out for an inspection once every 2 years. We  
2 aren't necessarily hitting those now with the 190 staff  
3 that we have within those programs.

4 So, you know, having it tied to the permit  
5 application fee, when the permit applications go down, it  
6 does nothing to reduce the amount of oversight needed for  
7 all of the existing wells and gas storage fields.

8 REPRESENTATIVE ROTHMAN: Thank you. And that  
9 sort of leads into the question that my colleague from  
10 Allegheny County was asking about permitting and permit  
11 delays. I mean, have you considered the use of third-party  
12 professionals to do some of the, maybe even some of the  
13 oversight, let alone permit review?

14 SECRETARY McDONNELL: So, you know, it's a topic  
15 that has come up repeatedly. I think there are issues, you  
16 know, frankly, that we have evaluated related to. We can't  
17 delegate certain responsibilities, and a lot of the permits  
18 that we hear most about have a Federal component, like  
19 NPDES permits under the Clean Water Act.

20 In addition to that, if there's an issue with the  
21 permit, if it is appealed, how we manage the defense of a  
22 permit that we didn't conduct the review for creates its  
23 own challenges, just as a couple of issues.

24 REPRESENTATIVE ROTHMAN: That makes sense.

25 And I do want to correct you, though. You can

1 delegate that. Other Departments throughout the  
2 Commonwealth delegate their responsibility to third  
3 parties. I think DEP even does in some cases, too.

4 SECRETARY McDONNELL: We delegate, we delegate to  
5 the conservation districts---

6 REPRESENTATIVE ROTHMAN: Sure.

7 SECRETARY McDONNELL: ---some of our  
8 responsibilities. But under our Federal requirements, in  
9 particular, there are limitations on our ability to do  
10 that.

11 REPRESENTATIVE ROTHMAN: And if I could jump over  
12 to RGGI quickly.

13 SECRETARY McDONNELL: Sure.

14 REPRESENTATIVE ROTHMAN: In RGGI, you did say,  
15 and we heard it said a couple of times, that consumers will  
16 not see the price of their electricity go up. I understand  
17 the reason for that isn't because the rates won't go up,  
18 because all the Northeastern States in RGGI have seen their  
19 rates go up, I think even as much as 64 percent.

20 The point you are trying to make is that we will  
21 use less electricity; therefore, even though we are paying  
22 a higher rate, the ultimate consumer will pay less in  
23 electricity. So that's sort of saying if you buy less  
24 food, even if it's at a higher price, you will spend less  
25 on food, but you're talking about the quality of life of

1 the people of Pennsylvania.

2 I think you used the term or your Department used  
3 the term "demand reduction."

4 SECRETARY McDONNELL: Mm-hmm.

5 REPRESENTATIVE ROTHMAN: But isn't that just  
6 another word for rationing?

7 SECRETARY McDONNELL: No; no. It's, again,  
8 funding energy efficiency projects that reduce the amount  
9 of electricity and, therefore, the demands on the grid.

10 The way power pricing works is, as demand goes  
11 up, you are bringing on a more expensive plant and a more  
12 expensive plant and a more expensive plant. So by reducing  
13 the amount of electricity we need to use through energy  
14 efficiency programs, you are mitigating the fee issue.

15 REPRESENTATIVE ROTHMAN: In 10 years, the plan is  
16 to eliminate 188 million tons of carbon emissions.  
17 Meanwhile, the world at the exact same time is predicted to  
18 generate 550 billion tons, which works out to 0.034  
19 percent. It's so insignificant. If we are driving  
20 manufacturing out of Pennsylvania and into places like  
21 Mexico and China and India where they do not have the same  
22 restrictions or same protections on the environment, I  
23 don't see, Mr. Secretary, how we affect the climate at all  
24 or improve our environment.

25 So I want to thank you for your time today and

1 thank you for answering my questions.

2 Thank you, Mr. Chairman.

3 SECRETARY McDONNELL: Thank you.

4 MAJORITY CHAIRMAN SAYLOR: Representative

5 Heffley.

6 REPRESENTATIVE HEFFLEY: Thank you, Mr. Chairman,  
7 and thank you, Mr. Secretary, for being here.

8 SECRETARY McDONNELL: Sure.

9 REPRESENTATIVE HEFFLEY: So just real quick.

10 Just, I have a couple of questions to ask on two topics.

11 But the first one is, so it's my understanding  
12 that RGGI, this is going to be a \$300 million revenue  
13 generator or tax on the consumers in Pennsylvania. Is that  
14 correct?

15 SECRETARY McDONNELL: Yeah. It's a 300---

16 REPRESENTATIVE HEFFLEY: That we're looking at  
17 the first year?

18 SECRETARY McDONNELL: It's a \$300 million  
19 emission fees on emitters of carbon pollution---

20 REPRESENTATIVE HEFFLEY: Fees, tax, it's the same  
21 thing. So \$300 million. So everybody, just to be clear,  
22 everybody is going to pay more for their electric. And now  
23 pushing more people to drive electric cars is going to say  
24 you're going to use more electric, because we are all using  
25 more electric on a regular basis -- charging our cell

1 phones; charging our laptops -- and so it is going to cost  
2 every Pennsylvanian more.

3 Now, is this money, any of this revenue in these  
4 fees that are collected, is this going to go to subsidize  
5 wind projects?

6 SECRETARY McDONNELL: Um, that's certainly a  
7 potential, I would say. In most of the other States, the  
8 primary use of the dollars has been energy efficiency.

9 REPRESENTATIVE HEFFLEY: So we have had a couple  
10 of wind projects proposed in the 122<sup>nd</sup> District which would  
11 just destroy pristine forestland and really just devastate  
12 the local viewshed, of course in the Pocono area, but just  
13 really cut down just large areas of trees and generate very  
14 little electricity for the footprint.

15 And I think the point to be made, if we're going  
16 to tax people on their electric and then use that money to  
17 subsidize a more expensive form of electric -- which wind  
18 and solar is; it's unreliable. And I'm all for  
19 alternative, but we still need the baseload, right? So  
20 we're still going to have to have that baseload. You're  
21 going to pay taxes on it. This is going to be like two- or  
22 threefold taxes -- right? -- the initial tax, and then  
23 we're going to subsidize a more expensive form.

24 So it's just very concerning, and why -- we're  
25 looking at a law that's over 25 years old to kind of

1 rationalize this. Heck, when that law was written that  
2 you're referring back to, smartphones weren't even invented  
3 yet. So I think it's touchy.

4 But I want to get on and ask you a couple of  
5 questions about a subject that really affects the Delaware  
6 River Basin, and that's the New York City Water Authority  
7 using their leverage to influence the flow levels in the  
8 Delaware River, in the bottom portion of the Delaware  
9 River.

10 We know that New York City Water Authority pulls  
11 a lot of water out of their reservoirs in the upper part of  
12 the Delaware River Basin. They use that water for New York  
13 City. They also sell that water to the suburbs in northern  
14 New Jersey and Connecticut, I believe, as well. So they  
15 are actually looking at a study, a Federal study, to look  
16 at the Francis E. Walter Dam, which is located right at  
17 Luzerne and Carbon County, where they want to use that  
18 water to control the levels in the bottom half of the  
19 Delaware River.

20 And I think this is really, really important to  
21 all the residents in Pennsylvania, because the water that  
22 is coming out of those reservoirs, and New York's water is  
23 very pristine, clean water, and some of the water that is  
24 maybe coming out of the other areas in the basin is not as  
25 clean. So I think when we're looking at Philadelphia

1 pulling their water out of the Delaware River, I think we  
2 should be concerned at giving any control over the  
3 reservoirs or the dams in Pennsylvania to the Delaware  
4 River Basin Commission, which, quite honestly, is pretty  
5 much controlled by New York and New Jersey. It seems like  
6 Pennsylvania, whether due to the fracking ban or whatever,  
7 doesn't want to stand up for the landowners' rights or the  
8 residents here in Pennsylvania.

9           What concern do you have over the study that is  
10 currently being conducted to control the water rights in  
11 the Lehigh River and on the Delaware River?

12           SECRETARY McDONNELL: Sure. And it's concerning,  
13 and I just want to thank you and a lot of your constituents  
14 who have very much made their voices heard.

15           Right now, F. E. Walter is flood control as well  
16 as recreational, which is so important to the northeast  
17 residents. New York City came in wanting to be a project  
18 sponsor on that study for F. E. Walter. And I will point  
19 out, there's a difference between the DRBC and what is  
20 called the decree parties. New York City is one of the  
21 decree parties. They are not a member of DRBC. So we are  
22 working through DRBC to make sure that that Pennsylvania  
23 voice is heard.

24           The Corps is evaluating things right now. I  
25 think they are supposed to -- they were already supposed to



1 have a draft plan out here within the last couple of weeks.  
2 It hasn't come out yet. I imagine it's still being  
3 reviewed. But I'm anxious to see that draft plan so that  
4 we can comment upon it.

5 REPRESENTATIVE HEFFLEY: Thank you. And just to  
6 point out that it is so important, because this is the  
7 voice of all Pennsylvanians in the southeast and in the  
8 northeast over their water rights. And we're seeing today  
9 in the newspaper an issue between Georgia and Florida  
10 fighting over water rights.

11 SECRETARY McDONNELL: Sure.

12 REPRESENTATIVE HEFFLEY: So I know my time is up,  
13 but I want to, you know, Democrat or Republican, these are  
14 our water rights, and we need to make sure that we are, you  
15 know, doing everything to protect them.

16 Thank you.

17 SECRETARY McDONNELL: Yeah. For Philly, it's how  
18 we keep the salt line from intruding on those intakes for  
19 their drinking water. That's an absolutely critical issue  
20 that we're working with them on.

21 Thanks.

22 MAJORITY CHAIRMAN SAYLOR: Representative  
23 Torren Ecker.

24 REPRESENTATIVE ECKER: Thank you, Mr. Chairman.

25 Thank you, Mr. Secretary.

1           I want to talk today just about agriculture.  
2           It's our number-one industry in Pennsylvania, and it's my  
3           understanding that your agency and Ag are setting up a  
4           meeting this week to discuss already how you are going to  
5           spend this RGGI tax. Is that something that's going to  
6           happen?

7           SECRETARY McDONNELL: I know we are having like  
8           worker meetings just so we can understand issues. I  
9           believe there is one related to some things on Ag.

10           We have also been engaged through our Energy  
11           Programs Office with the ag community on looking  
12           specifically at energy efficiency and how we can support  
13           that. And that's not a RGGI thing, that's just how we are  
14           working through energy efficiency issues within that sector  
15           to try to be helpful.

16           REPRESENTATIVE ECKER: So there's not going to be  
17           any discussion on how this RGGI tax revenue is going to be  
18           spent for agricultural programs at that meeting?

19           SECRETARY McDONNELL: It's not a meeting I'm  
20           involved in. I would have to double-check with staff  
21           whether there's something going on---

22           REPRESENTATIVE ECKER: Okay.

23           SECRETARY McDONNELL: ---in terms of a specific  
24           work group meeting or something like that.

25           REPRESENTATIVE ECKER: Well, Mr. Secretary, I

1 guess maybe this is the question I really need to ask.

2 You know, if there is in fact a meeting to  
3 discuss how tax revenue is going to be spent, I guess my  
4 ask to you would be whether or not you would be agreeable  
5 to allow Members of the General Assembly from the House and  
6 Senate, in a bipartisan way, be part of that meeting if we  
7 are going to talk about how revenues are being spent?

8 SECRETARY McDONNELL: Yeah. I would have to  
9 check and see if there is a meeting and what it's about.  
10 But, you know, we can certainly have that discussion.

11 REPRESENTATIVE ECKER: Okay.

12 And in that regard, since DEP and Ag are meeting  
13 this week, I just want to bring another issue to your  
14 attention as it pertains to the ag industry.

15 So as I'm sure you're aware, DEP has changed  
16 course in its policy in dealing with the meat industry,  
17 specifically with Nicholas Meats in Loganton dealing with  
18 food processing or food processing waste. And because of  
19 that, this business, this business which employs over  
20 350 people, is going to have to shut its doors because of a  
21 change in policy at DEP. Are you familiar with this---

22 SECRETARY McDONNELL: I am.

23 REPRESENTATIVE ECKER: ---this matter?

24 SECRETARY McDONNELL: I am.

25 REPRESENTATIVE ECKER: And, you know, that's a

1 lot of jobs, and this will send shockwaves through the  
2 meat-processing industry, which has already been, really  
3 been ravaged this year by the pandemic.

4 Is your Department or are you looking at a way,  
5 finding a solution, to keep this business open?

6 SECRETARY McDONNELL: So we have had discussions.  
7 I mean, some of it's in litigation right now, so I need to  
8 be somewhat circumspect about what I say.

9 The basics are, they are operating under their  
10 permit. They use the Food Processing Residual Waste  
11 Manual. That manual prohibits the spreading of  
12 food-process residuals on snow-covered fields. You know,  
13 they did some of that spreading, which was the nature of  
14 some of the NOV's that we issued.

15 There are---

16 REPRESENTATIVE ECKER: Mr. Secretary, wasn't that  
17 permitted? Weren't they allowed to do that? I mean,  
18 wasn't that -- DEP was allowing that to happen. Correct?

19 SECRETARY McDONNELL: That, not as far as I know.  
20 The reality is, there are other alternatives to doing that  
21 in terms of either bringing in more storage or sending it  
22 off for additional processing.

23 So we are continuing the discussions with the  
24 program and counsel. I think there are ways through this,  
25 but right now, it is subject to litigation.

1           REPRESENTATIVE ECKER: Okay.

2           And, Mr. Secretary, I think maybe on Friday there  
3 was maybe a landmark decision in that case.

4           SECRETARY McDONNELL: Yep.

5           REPRESENTATIVE ECKER: But in any event, you  
6 know, I guess what my ask for you today is to continue to  
7 work with farmers and agriculture here and make them a  
8 partner in this.

9           And if there's a solution, especially as it  
10 applies to the Nicholas Meats folks, I would really ask  
11 that you make this an opportunity to reach out a hand to  
12 make a solution here instead of just penalizing and fining  
13 and those kinds of things. Because quite honestly, I think  
14 that's what happens, and then everyone is -- then the horns  
15 come out, and then we can't come to a solution.

16           So I guess my ask here is to be committed to work  
17 with PA agriculture and our farmers and make sure that they  
18 are a partner here and not an enemy.

19           I have nothing else.

20           SECRETARY McDONNELL: Yeah. They have been an  
21 absolutely amazing partner for us, particularly in the Bay  
22 work, the ag community. And the work that someone  
23 referenced earlier going on in Lancaster County has been  
24 just phenomenal and really, really driven by that local  
25 level and the farm community, so. No, absolutely.

1           REPRESENTATIVE ECKER: Great.

2           And Mr. Secretary, again I just renew my request  
3 that if, you know, we are having meetings with the  
4 Department of Ag about tax revenues and how to spend them  
5 as it pertains to RGGI, I would ask that you invite the  
6 General Assembly to be a part of those discussions.

7           Thank you.

8           SECRETARY McDONNELL: Mm-hmm.

9           MAJORITY CHAIRMAN SAYLOR: Representative Topper.

10          MAJORITY VICE CHAIR TOPPER: Thank you,  
11 Mr. Chairman.

12          Just very quickly to kind of wrap up. I know the  
13 ERE Chairmen will have some questions as well. But the  
14 question I think that a lot of us are wondering, the  
15 11 percent increase as requested in the budget, could you  
16 give us a little synopsis of what that is for and why the  
17 request?

18          SECRETARY McDONNELL: Again, that is money that  
19 is essentially cost-to-carry in terms of contracts,  
20 contract issues and health benefit kind of pieces. If you  
21 look through the Budget Book, there is a detail, I think,  
22 for all three of them. That's basically the explanation.

23          MAJORITY VICE CHAIR TOPPER: So no real expansion  
24 in the Department?

25          SECRETARY McDONNELL: No.

1 MAJORITY VICE CHAIR TOPPER: Just rising costs.

2 SECRETARY McDONNELL: Correct.

3 MAJORITY VICE CHAIR TOPPER: All right. Thank  
4 you, Mr. Secretary.

5 Thank you, Mr. Chairman.

6 SECRETARY McDONNELL: Thank you.

7 MAJORITY CHAIRMAN SAYLOR: Representative Vitali,  
8 I believe you are virtual. If you want to unmute.

9 Oh, you are here. Okay. Representative Vitali,  
10 you are being recognized.

11 REPRESENTATIVE VITALI: Thank you, Mr. Chairman,  
12 and thank you, Secretary McDonnell.

13 You do a great job with limited resources, so you  
14 and your staff, I commend you, and nothing I will say now  
15 should detract from that.

16 Let me make some observations about the budget  
17 and the state of the DEP, and perhaps you can comment on  
18 that.

19 This budget as proposed by the Governor and the  
20 one we are currently operating under does not address the  
21 chronic underfunding of the Department of Environmental  
22 Protection. It was made note earlier that we are down  
23 900 positions since about 2002. And if Members are  
24 wondering why turnaround times for permits are so slow and  
25 why wells aren't being plugged and why there is air

1 pollution in environmental justice areas, don't starve the  
2 DEP of resources. That's a first solution.

3 With regard to some of the, with regard to the  
4 complement of the DEP now, there are 61 less filled  
5 positions right now than there were just last year. This  
6 budget does not address that. This budget maintains the  
7 existing complement.

8 The Oil and Gas Program, the head of that program  
9 in a recent advisory committee meeting called that program  
10 a program in very bad shape. You had requested 239 people  
11 in the Oil and Gas Program. You only have 190 now. That's  
12 49 positions less. So if you are talking turnaround time,  
13 know that you are grossly underfunding this program.

14 With regard to the Clean Water Program, it is  
15 my understanding that back in 2018, you said you needed  
16 63 more positions. It's my understanding that other than  
17 perhaps 1 or 2, those 63 positions have not been filled.

18 With regard to the Bureau of Air Quality,  
19 99 positions have been eliminated since 2000.

20 So if people concerned with environmental justice  
21 want to know why their constituents are having to breathe  
22 impure air, it's because of the lack of resources for  
23 things like inspections and monitoring.

24 With regard to the Hazardous Funds Cleanup  
25 Program, since 2013, we are down about 57 -- 52; I'm sorry



1 -- staff positions.

2           With regard to well plugging, you know, there are  
3 line items to deal with that. We mentioned we only plugged  
4 17 wells last year. Fund that line item. Fund that line  
5 item for well plugging. That will help the problem.

6           We are not funding adequately the Chesapeake Bay  
7 Program. We are failing to meet our efforts, and that is  
8 quantified by the fact that Virginia, Maryland, and the  
9 District of Columbia have actually filed suit with the EPA  
10 against Pennsylvania for not meeting our obligations.

11           Mr. Chairman, the Recycling Fund, we took  
12 \$50 million from that recently, and just -- and I would  
13 like you to address this specifically, Secretary. The  
14 902 grant program, it was announced by the DEP, would not  
15 be funded this year. We were told this was surplus, but  
16 clearly it's not, because this program is not being funded  
17 this year. So I would like you to address that and whether  
18 there is any way we can reinstate that program.

19           But again, underfunding the DEP. And I have been  
20 here 29 years now and I have seen this Legislature  
21 consistently and intentionally starve this program of  
22 resources. And there are consequences, and they are some  
23 of the consequences you mentioned today.

24           So I would ask for your response to that and ask  
25 that you specifically address the Recycling Fund and

1 whether those grants, 902 grants, will be reinstated at any  
2 point in the near future.

3 SECRETARY McDONNELL: Sure.

4 And first off, Chairman, thank you for your  
5 support and advocacy for our agency. It is very much  
6 appreciated.

7 I will say at the top, and not that it's unique  
8 to this year, but this year in particular, obviously, we  
9 see a very tough budget year in terms of the amount of  
10 dollars available in revenue just from the pandemic and  
11 everything else. So I'm very appreciative of essentially  
12 staying level in that regard.

13 On the recycling fee in particular, or the  
14 Recycling Fund in particular, you know, when we initially  
15 saw the \$50 million, it did create some cash flow holes  
16 that I think we have been working through the Office of the  
17 Budget on. I think the place we're at now is some ability  
18 to get those 902 grants back out later this fiscal year.  
19 And then in future fiscal years -- you know, at a  
20 relatively level funding. In future fiscal years, there  
21 will likely be reductions in the dollars available for that  
22 particular program.

23 So the 902s, the good news there is I think we  
24 will be seeing those grants back out soon.

25 REPRESENTATIVE VITALI: Thank you.

1 SECRETARY McDONNELL: Mm-hmm.

2 MAJORITY CHAIRMAN SAYLOR: With that, we'll  
3 recognize Chairman Daryl Metcalfe, Chairman of the House  
4 Environmental Committee.

5 REPRESENTATIVE METCALFE: Thank you. Thank you,  
6 Mr. Chairman.

7 Secretary McDonnell, good morning. Good  
8 afternoon, I guess, at this point.

9 SECRETARY McDONNELL: Good afternoon. Yeah.

10 REPRESENTATIVE METCALFE: So we have covered a  
11 lot of ground, especially a lot of our Members on the  
12 Republican side, on the RGGI issue, so I'm not going to  
13 rehash some of what has been said. But I would like to  
14 make a few points, and I have got something that I would  
15 like you to -- I'll have a few questions for you at the  
16 end, but I do want to mention a few things related to RGGI,  
17 because there was some back and forth with some of the  
18 Members on that.

19 SECRETARY McDONNELL: Mm-hmm.

20 REPRESENTATIVE METCALFE: The process of  
21 developing and promulgating this regulation has completely  
22 lacked transparency. You know that under the law you are  
23 required to have public hearings. Those were not held.  
24 The three advisory committees voted to reject RGGI, as you  
25 know, in an unprecedented fashion. The House actually

1 voted on legislation that would have set up a legal process  
2 for this to be considered, and the Governor vetoed it.

3           You were pointing back, as one of the Members  
4 mentioned, that cell phones didn't even exist during the  
5 time that the law was passed back in the late fifties and  
6 signed into law, I believe in 1960, for which you are  
7 pointing to, claiming you have authority.

8           We have had hearings that have specifically laid  
9 out the very credible, very legitimate arguments on why  
10 this is a tax and not a fee, which the Executive branch by  
11 no means has the authority to tax. Just the way that the  
12 moneys have been suggested to be divvied out, and now with  
13 the recent rejection by IRRC -- I mean, I got the document  
14 on my desk here. There's multi, I mean, there's many pages  
15 of comments from IRRC that you said you all are still  
16 reviewing.

17           But this regulation, as was mentioned, is going  
18 to send business out of Pennsylvania. It's going to hurt  
19 Pennsylvanians in the form of destroying jobs. It's going  
20 to increase costs for Pennsylvanians for electrical costs.  
21 This policy is not a policy that would be adopted by  
22 anybody that has concerns about what we can do to  
23 kick-start the economy and turn things around in  
24 Pennsylvania after all the unconstitutional actions of the  
25 Governor regarding stay-at-home orders and business

1 shutdowns.

2 Now, I understand you are still going to be  
3 reviewing IRRC's comments, and I look forward to  
4 communications from you, which I would request after you  
5 have had time to review those, back to the General  
6 Assembly, because I have asked the EQB to delay for at  
7 least a year related to some of the concerns that they  
8 brought up. But I think the delay must be much longer than  
9 a year.

10 I mean, one of the Members asked you if any other  
11 State had entered RGGI through an Executive Order, and I  
12 think the answer got kind of convoluted. No other State  
13 has entered RGGI without legislative approval to enter this  
14 kind of a scheme. They have not done so based on Executive  
15 fiat. Even New York State had already allowed for it in  
16 their law, I believe. So Pennsylvania would be the only  
17 State entering into this through an Executive Order and not  
18 through legislative approval, which is required.

19 So as we have been trying to work through this, I  
20 sent my staff over to the Rachel Carson Building, and they  
21 were told by security that there was no use in them going  
22 into the building because there were very few people there  
23 working from the DEP, and this has been ongoing for going  
24 on a year now, where the Governor is just recently signing  
25 the fourth emergency declaration extension now for COVID.

1           So a question that I do have is, what percentage  
2 of your workforce is actually coming to work and utilizing  
3 the facilities that are being budgeted for, that are being  
4 paid for by the Pennsylvania taxpayers, both here in  
5 Harrisburg and in the regional offices? Can you give me a  
6 percentage?

7           SECRETARY McDONNELL: I think we have 95 percent  
8 of our employees with the ability to telework. So I  
9 think now, now---

10          REPRESENTATIVE METCALFE: So only 5 percent or  
11 less are working in the offices then?

12          SECRETARY McDONNELL: To be clear, 95 percent can  
13 telework. There are some staff that on a day-to-day basis  
14 may need to go into the office in order to do work -- to  
15 deal with mail; to deal with particular things that can  
16 only be done within the office. But for the most part, in  
17 order to make sure we are being helpful in managing the  
18 spread of the pandemic, we are not having employees in the  
19 offices.

20          REPRESENTATIVE METCALFE: Well, we have a lot of  
21 people that are out in the marketplace, the people that are  
22 actually applying for some of these permits that you have  
23 heard much criticism today from many of my colleagues  
24 related to permit and time delays and extensions and the  
25 problems that are ongoing with permits not being approved

1 in a timely manner that actually facilitates investment in  
2 our State, future investment in our State, and the ability  
3 of job creators to actually create jobs, because your  
4 people, who we have deemed are essential to DEP's  
5 operation, who Representative Vitali continues to argue you  
6 don't have enough of those people, but 95 percent of them  
7 are working from home, which anybody can tell you that the  
8 majority of people are not going to be as productive  
9 working from home as they will be in a setting where they  
10 actually have managers they are reporting to and people  
11 like yourself that should be overseeing the work that they  
12 are doing, or in this case with all these permit delays,  
13 not doing.

14 MAJORITY CHAIRMAN SAYLOR: Representative, your  
15 time has -- I know you can't see the clock, but your time  
16 has run out, so we'll move on.

17 REPRESENTATIVE METCALFE: Representative,  
18 Chairman, if I could just wrap up here.

19 We have, as I requested -- can you still hear me?

20 MAJORITY CHAIRMAN SAYLOR: Yeah, I can hear you.

21 SECRETARY McDONNELL: Mm-hmm.

22 REPRESENTATIVE METCALFE: As I requested, if we  
23 could have some follow-up communications from the Secretary  
24 related to his review of the IRRC feedback that they gave  
25 recently. It would be appreciated by myself and many

1 others that have significant concerns with the violations  
2 of the law and the Constitution that are occurring because  
3 of this regulation that they are trying to push through, as  
4 was said earlier, on their own, going alone, ignoring all  
5 direction from the General Assembly.

6 Thank you, Mr. Chairman.

7 MAJORITY CHAIRMAN SAYLOR: Thank you.

8 Representative Bradford, closing comments?

9 MINORITY CHAIRMAN BRADFORD: Thank you, Chairman,  
10 and thank you, Secretary.

11 SECRETARY McDONNELL: Hello?

12 MINORITY CHAIRMAN BRADFORD: Can you hear me,  
13 Secretary?

14 SECRETARY McDONNELL: Yes, I can.

15 MINORITY CHAIRMAN BRADFORD: Thank you, sir.

16 Hey, I just wanted to follow up, if I could,  
17 regarding RGGI.

18 We have heard much about RGGI, but we haven't  
19 heard much about climate change and the impacts of that on  
20 our economy. Can you give me an idea on, so those who -- I  
21 think the point has been made that climate change is some  
22 esoteric threat and is not real and it's impossible to  
23 quantify the costs and there is no offset against what RGGI  
24 proposes to do. And if you could, just give us an idea of  
25 what in your budget, what in local budgets, climate change



1 continues to cost Pennsylvania.

2 SECRETARY McDONNELL: Sure. No, thank you very  
3 much for the question.

4 And we have seen costs related to climate change  
5 within our State. We have seen costs, for example, on the  
6 transportation side in terms of the need for them to  
7 address roads and bridges that are affected by flooding.  
8 We have seen impacts in terms of just over the last couple  
9 of years the Department of Health, and us in cooperation  
10 with them, getting money for Lyme disease, which is just  
11 exploding in areas of this State.

12 Some of the things that as we do the climate  
13 assessment work under the Climate Change Act that we look  
14 at are increases of 24 percent in the large storm events  
15 and 42 percent in extremely large storm events; increases  
16 of 4 to 8 degrees by 2050 in the average temperatures  
17 across the State. And that's not just it's hotter, that's  
18 heat stress on cows in agriculture and lower quality forage  
19 available to those animals, and as was mentioned,  
20 agriculture being such an important factor for us all.

21 And then on top of all of that, you know, and  
22 that's just, you know, the tip of the iceberg kind of  
23 pieces, those communities, those environmental justice  
24 communities that can least afford to avoid the impacts of  
25 the increased heat, the increased rain events, the

1 increased flooding, are the ones that are in many ways  
2 going to be most affected by it. So a real issue in terms  
3 of this.

4 I would say on the positive side of all of this,  
5 and it goes to something that Chairman Metcalfe had  
6 referenced, some of what we have the ability to do here is  
7 invest in some strengths that both help our economy and  
8 help advance climate change.

9 If you look at just clean energy jobs, there has  
10 been almost a 9-percent increase in the amount of clean  
11 energy jobs over the last couple of years. That's compared  
12 to 1.9 -- and that's pre-pandemic. That's compared to the  
13 State average being 1.9 percent. So we are seeing, this is  
14 an area where we are seeing more and more job creation that  
15 by some more investment in it, we can both help our economy  
16 and reduce the impacts, worst impacts, of climate change.

17 MINORITY CHAIRMAN BRADFORD: Thank you,  
18 Secretary, and thank you for going through both the  
19 challenges and now the opportunities that a green economy  
20 is producing.

21 SECRETARY McDONNELL: Yeah.

22 MINORITY CHAIRMAN BRADFORD: I will tell you by  
23 commentary and my decade-plus in the Legislature, the  
24 history of this discussion has gone through some  
25 iterations. I believe your predecessor twice removed, I

1 remember at one of these hearings not that long ago,  
2 actually denied the existence of climate change. I realize  
3 in subsequent iterations, it was the questioning of the  
4 science behind it. For a while, we went through a phase  
5 where we just ignored the challenge. And now I think RGGI  
6 has become the new bogeyman for those who want to ignore  
7 the challenge of climate change and actually deal with it  
8 in a forthright way.

9           So let me ask you this: Have any of those who  
10 are opposed to RGGI as a market-based credit-trading  
11 program, have they proposed an alternative to deal with  
12 climate change? Because one of the things I find  
13 frustrating in this discussion is, you never hear what the  
14 alternative is. If you believe climate change is real and  
15 you believe there's a cost to our economy, and clearly the  
16 science is settled in that regard, what are the deniers  
17 telling you? What do the critics of RGGI tell you that  
18 they would like to see proposed at this point?

19           SECRETARY McDONNELL: Yeah. I'll admit I haven't  
20 seen a specific proposal. I think, you know, some of it,  
21 and we certainly see this in even the discussion here  
22 today, there is some sense that, for example, the increase  
23 in natural gas has driven down greenhouse gas emissions  
24 across the State in terms of the power sector. I think,  
25 you know, where some of the disagreement really comes into

1 play is the speed and the urgency at which we need to  
2 address these issues.

3 RGGI is an important component for us in  
4 addressing greenhouse gas emissions and climate change, but  
5 it's not the only. We talked about transportation. There  
6 are things on the industrial side as well that we're  
7 working on. So, you know, it really is a matter of how you  
8 really impact the curve at which the amount of emissions  
9 goes down.

10 MINORITY CHAIRMAN BRADFORD: Thank you,  
11 Secretary.

12 You had mentioned transportation specifically,  
13 and some of the Members previously have mentioned the need  
14 for the business community to have certainty in terms of  
15 how they project forward. And one of the things, as a  
16 matter of commentary, I have seen is sometimes I think this  
17 body fails to see that the world around them is changing  
18 much quicker than their own ideology allows them to.

19 California, which if it was its own economy, in  
20 2035 has pegged out its own plan for an all-electronic  
21 vehicle fleet being available; if you look at Germany, if  
22 you look at the UK, if you look at France, 2030, 2035,  
23 2040, the largest economies in the world. If Pennsylvania  
24 really is to compete in these sectors, it would seem to me,  
25 if you want to be pro job and if you want to look at the

1 horizon in terms of the ability to compete in a global  
2 economy, it would seem to just be putting our head in the  
3 sand in order to act as though events in the world aren't  
4 taking place faster than this legislative body or this  
5 debate today may reflect.

6 SECRETARY McDONNELL: Yeah. We are definitely  
7 seeing increased demand by consumers. That's one of the  
8 reasons, as I mentioned earlier, for the zero-emission  
9 vehicle rulemaking that we're starting to pursue.

10 And again, in conversations that we've had, when  
11 electric vehicles get produced, they are sent to Maryland,  
12 they are sent to Oregon, they are sent to California  
13 because of the zero-emission vehicle mandate.

14 So consumers here are getting locked out,  
15 businesses here are getting locked out of the opportunity  
16 to even purchase those vehicles within the State. And we  
17 are seeing more and more attention and demand for electric  
18 vehicles, you know, GM announcing that they are moving to  
19 100 percent electric vehicles by 2025 as the most recent  
20 example.

21 So this is something that we continue to see and  
22 will continue to see, and, you know, we need to be very  
23 thoughtful about how we make sure Pennsylvania can take  
24 best advantage of it economically and environmentally.

25 MINORITY CHAIRMAN BRADFORD: Yeah. I would just

1 add, in that article that you referenced, I just noticed  
2 China, of all countries, which obviously their pollution  
3 issues are not just a threat for those who want to deal  
4 globally with this challenge, but China, by 2030, has a  
5 40-percent mandate for all-electric vehicles. So clearly  
6 this debate is moving faster than those in this body would.

7           If I could, one last thing, too, on RGGI, the  
8 idea of it being a tax versus a fee, and obviously for  
9 those of us who were here for the Corbett Administration,  
10 we all know the difference. But can you tell me how you  
11 defend RGGI as a fee-based scheme and what the positives  
12 are for Pennsylvania in terms of our economy and our global  
13 position in the world?

14           SECRETARY McDONNELL: Sure. No, thank you very  
15 much for the question.

16           It is an emissions fee. It is a fee that is  
17 paid. You know, you are setting -- it's not even a fee  
18 that we set, right? It's done through an auction process.  
19 So there's an emissions requirement on the greenhouse gas  
20 emitters, those above 25 megawatts in the power sector.  
21 They pay, in order to have enough allowances, in order to  
22 be able to operate under that. So it is very, very market  
23 based.

24           As I said, when we look at, for example, just  
25 energy efficiency, that has been a huge growth area for us

1 as a State, and that's both on the actual energy efficiency  
2 getting done at buildings as well as the manufacturing  
3 sector within the State, the manufacturing of components  
4 within the State.

5 So this is a program that builds on strengths  
6 that we already have as a Commonwealth in order to drive  
7 down those climate change emissions.

8 MINORITY CHAIRMAN BRADFORD: Great. Thank you so  
9 much, Secretary.

10 Thank you, Chairman.

11 SECRETARY McDONNELL: Thank you, Mr. Chair.

12 MAJORITY CHAIRMAN SAYLOR: Mr. Secretary, I want  
13 to start off first with, I'm very disappointed that you are  
14 still way behind in getting permits out. Most companies in  
15 this country, for a short period of time, converted to  
16 making PPE and then went back to doing their job, and they  
17 were doing it remotely as well, and have found more  
18 efficiencies in the way they have been working through even  
19 this pandemic, but yet we in State Government can't seem to  
20 find a way to keep up to date on issuing permits.

21 This is destroying jobs in Pennsylvania, it's  
22 destroying our economy, because you can't get your  
23 Department to operate efficiently. Now, I'm tired of  
24 hearing excuses. You heard that earlier. We have heard a  
25 lot of excuses.

1           Just one -- you know, I heard the Democratic  
2 Chairman of the Environmental Committee mention that, oh,  
3 we need more money. Well, let me tell you something. I  
4 looked at your budget. You still haven't spent \$633,000  
5 for your 2018 general operations budget. You still have  
6 5 million left from your 2019 budget that you haven't  
7 spent. You have 1.1 million from your Environmental  
8 Program Management Fund that you haven't spent from 2018 as  
9 well. So it isn't a lack of money, Mr. Secretary; it's a  
10 lack of your Department not getting its act together,  
11 whether it's intentional to delay these companies and  
12 individuals.

13           We have heard from individuals who the Department  
14 has said, hey, you have got to get a new sewer system; your  
15 system isn't working at your house. They submit the plan,  
16 and it's 18 months to 20-some months until they finally get  
17 the approval. It isn't a rejection, they just didn't  
18 answer to these engineers who had a plan, and they  
19 eventually approved the plan that was submitted originally.  
20 So when it comes down to it, I think the General Assembly  
21 is really tired of hearing excuses.

22           You know, we just seen on the national news, and  
23 I find it amazing that the gentleman brought up California.  
24 God help us if we go that direction. But Texas, Texas just  
25 went green, you know, and look what we have got. They got



1 25 percent of their power coming from green energy, and  
2 they don't have water, they don't have electricity,  
3 shortages of food. What assurance can you give to the  
4 people of Pennsylvania that that won't happen here? By  
5 your moving to shut down coal plants and other plants in  
6 this Commonwealth and shifting totally to green, what  
7 assurance do you have that people aren't going to die like  
8 they did in Texas? Mr. Secretary?

9 SECRETARY McDONNELL: Sure.

10 Well, one, I think in terms of specifically what  
11 happened in Texas, the two primary sources that went  
12 offline were natural gas and coal. You combine that with  
13 the fact that ERCOT operates its own grid, so it doesn't  
14 have to comply with---

15 MAJORITY CHAIRMAN SAYLOR: Mr. Secretary, that's  
16 not true.

17 SECRETARY McDONNELL: Yes, it is.

18 MAJORITY CHAIRMAN SAYLOR: You know that the news  
19 reported, the news media, which usually is biased, reported  
20 that the windmills froze up and so did the solar panels  
21 freeze and couldn't produce. Now, this is a sunny State.  
22 We're sitting in a cloudy State here in Pennsylvania that  
23 we have very few sunny days. To sit there and say it was  
24 solely only about coal---

25 SECRETARY McDONNELL: I didn't say that.

1 MAJORITY CHAIRMAN SAYLOR: ---that's not what the  
2 news reported.

3 SECRETARY McDONNELL: I definitely did not say  
4 that. What I did say was that the highest amount of  
5 failures amongst the power plants in terms of the reporting  
6 was first the natural gas plants and the coal plants.

7 I will say, I had flashbacks to my time at PUC  
8 when the polar vortex came through, and what we saw there  
9 was a number of plants unable to, you know, who hadn't  
10 really exercised their plans in those kinds of weather  
11 conditions.

12 MAJORITY CHAIRMAN SAYLOR: Let me move on.

13 SECRETARY McDONNELL: Valves froze up, et cetera.

14 MAJORITY CHAIRMAN SAYLOR: Are you aware that  
15 China and India have announced that they plan to build  
16 15 to 20 percent more coal plants in the next 2 to 3 years?  
17 Fifteen to twenty percent in new coal plants in those  
18 countries? And how is that going to affect climate change  
19 when those countries are building new coal plants as we're  
20 shutting ours down and losing jobs?

21 You know, the Governor talks about  
22 bipartisanship, yet you continue to go on this edict that  
23 you can do whatever you want by Executive Order. It  
24 doesn't sound to me like bipartisanship, nor does it sound  
25 like a democracy. But you think that you can take every

1 piece of legislation that this General Assembly passes and  
2 turn it and twist it to make it fit you rather than the  
3 intent of the General Assembly.

4           You know, the other thing you said today was,  
5 well, we're going to use less energy. I don't know who  
6 you are kidding, but we have been doing, since I was in  
7 high school, energy efficiency in our schools and our  
8 businesses and everything else, and guess what? Demand has  
9 continued to grow for electricity across this Commonwealth,  
10 and yet, we are still not one of the leading States when it  
11 comes to producing jobs.

12           What you are saying is, oh, we're going to kill  
13 the jobs in Pennsylvania so we can improve our environment,  
14 and we're going to let all those jobs, which we have  
15 already lost to South Carolina, North Carolina, Florida,  
16 Texas, Iowa, and everywhere else, we're going to continue  
17 that path. So the only thing left in Pennsylvania as our  
18 young people are already rushing out of this State is our  
19 senior citizens, and yet, I still don't know how we're  
20 going to pay for all our senior programs when there is  
21 nobody left but senior citizens.

22           You know, as we go through all this process,  
23 we're going to see new housing if we're going to be  
24 successful as a State economically. We're going to see new  
25 businesses pop up, which means more demand. Electric cars

1 in itself will just demand more electricity use. You don't  
2 think people are getting rid of their new gadgets in their  
3 house, do you? I mean, seriously. These are the kinds of  
4 statements that when you say that electricity demand is  
5 going to go down, of course there is more efficiency  
6 coming, better light bulbs and all kinds of things. But  
7 the demand is not going to go down, it's going to increase,  
8 and when you say those kinds of things, that's where you  
9 create the doubt among people in the Commonwealth and  
10 across this country, because you continue to deny what is  
11 factual and data proves to be true.

12           You know, I am not in any way arguing that we  
13 don't need a better environment. I actually got started in  
14 politics by being involved in the York County Environmental  
15 Council. So I fully believe in cleaning up our environment  
16 and reducing air pollution, and Pennsylvania has done a  
17 great job doing that, not just with our recycling programs  
18 that we have done but in cleaning up our streams and our  
19 water. But it seems to me that there is a continual push  
20 to close businesses in Pennsylvania and raise taxes on the  
21 people of Pennsylvania.

22           So all I can say again is, here we go again.  
23 Sadly, it's more mismanagement on issues and agency  
24 resources that we have here in the Commonwealth when we  
25 should be a shining star. We were called the Keystone

1 State at one time, Mr. Secretary. No longer. And if we're  
2 ever going to get back to being called the Keystone State,  
3 our government has got to start working for the taxpayers  
4 of Pennsylvania.

5 This Governor has got to understand, when he  
6 calls for bipartisanship, and your agency and other  
7 agencies in this Commonwealth got to understand, that means  
8 working with the General Assembly, not just going out and  
9 doing whatever you damn well please to do.

10 So, Mr. Secretary, the Members are frustrated.  
11 And I get that even those who support these environmental  
12 programs get frustrated, because it's not a team effort.  
13 It's not a team effort working with the General Assembly,  
14 Democrats and Republicans alike. It's an Executive  
15 do-it-alone situation.

16 We need to work bipartisanly on a lot of these  
17 issues to improve our environment, but we cannot do it when  
18 you have a General Assembly that is not included in those  
19 plans to fix up this economy and to grow jobs economically.  
20 Pennsylvania deserves better from its Executive branch. It  
21 deserves better for its people of Pennsylvania so that we  
22 can grow our economy, so we can clean up our environment.  
23 But we can't do it when there is constantly battling going  
24 on and no working together.

25 So I suggest that you rethink the whole RGGI

1 issue and so many other issues that you do it alone and  
2 start working to make sure that your agency is efficient in  
3 getting these permits issued and, at the same time, start  
4 working with the people who are elected by the Commonwealth  
5 of Pennsylvania, and that's the General Assembly, the House  
6 and the Senate, Democrats and Republicans alike,  
7 Mr. Secretary.

8                   So with that, thank you.

9                   SECRETARY McDONNELL: Thank you.

10                   MAJORITY CHAIRMAN SAYLOR: We will reconvene at  
11 1:45 for the hearing with the DCED Secretary, and thank  
12 you. This hearing is adjourned until then.

13                   SECRETARY McDONNELL: Thank you.

14

15                   (At 12:41 p.m., the budget hearing adjourned.)

1           I hereby certify that the foregoing proceedings  
2 are a true and accurate transcription produced from audio  
3 on the said proceedings and that this is a correct  
4 transcript of the same.

5  
6  
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