

BEFORE THE  
HOUSE OF REPRESENTATIVES  
OF  
COMMONWEALTH OF PENNSYLVANIA

\* \* \* \* \*

IN RE: JOINT LEGISLATIVE AIR AND WATER  
POLLUTION CONTROL AND CONSERVATION  
COMMITTEE

\* \* \* \* \*

BEFORE: Parke Wentling,  
Representative/Chair  
David Agrall, Senator  
Jerry Knowles,  
Representative  
Dan Meuser, Representative  
Lisa Baker, Senator  
John Yudichak, Senator  
Tony Guerrieri, Executive  
Director  
Paul Cook, Representative  
John Gordner, Senator  
Kurt Masser, Representative  
Doyle Heffley,  
Representative  
Neal Goodman,

## Representative

HEARING: Friday, February 21, 2020

10:09 a.m.

LOCATION: Strand Theatre

110 West Blaine Street

McAdoo, PA 18237

TESTIFIERS: Vince Brisini

Henry Zielinski

Robert Hughes

William Reichert

John Bland

Jaret Gibbons

Matthew Cochran

John Rampolla

Reporter: Kayla Keating

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A P P E A R A N C E S

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NONE OFFERED

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

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CHAIR:

Good morning, everyone.  
We're going to go ahead and get  
started here. Thank you. Good  
morning. I am State  
Representative Parke Wentling,  
Chairman of the Joint  
Legislative Air and Water  
Pollution Control and  
Conservation Committee.

I'd like to welcome  
everyone to this public hearing  
in Schuylkill County to discuss  
Pennsylvania's waste coal  
generation industry. For  
generations, mountains of waste  
coal that leached acidic water  
into already polluted streams  
were a fact of life in poor  
mining towns. Many of which you  
are familiar with here in  
Schuylkill County.

For decades,

1 Pennsylvania's waste coal  
2 generation industry has put a  
3 dent into that environmental  
4 disaster by eliminating millions  
5 of tons of --- of mine waste  
6 that previously had been  
7 discarded. The industry has  
8 played a significant role in  
9 former mining areas like  
10 Schuylkill County and across  
11 Pennsylvania. And as such,  
12 generates much discussion on a  
13 wide variety of issues.

14 During today's hearing,  
15 we would like to focus primarily  
16 on two of those issues. The  
17 first is economics. We will  
18 hear testimony today regarding  
19 the economic impact of a carbon  
20 cap-and-trade program on waste  
21 coal generation. Those who  
22 oversee those plants now are  
23 wondering whether the 30 years  
24 of progress will come to an end  
25 if new air emission rules take

1           into effect. While regulators  
2           contend the standards are  
3           overdue, operators argue that  
4           new rules will close plants,  
5           siphon power from a stressed  
6           grid, and dissolve hundreds of  
7           local jobs that citizens rely  
8           on.

9                        A second focus today is  
10           the environmental impact of the  
11           industry. Again, this is a  
12           broad and diverse field. These  
13           plants that burn waste coal are  
14           taking care of an environmental  
15           hazard. Besides being  
16           unsightly, these coal waste  
17           piles contribute to acid mine  
18           drainage, which pollutes our  
19           waterway.

20                       The testimony offered  
21           here today is intended to  
22           provide an overview of topics  
23           that are already out there and  
24           that may arise in the future.  
25           We are joined by highly



1            knowledgeable panel of industry  
2            experts and stakeholders that  
3            are anxious to learn more from  
4            them --- we are anxious to learn  
5            more from them about this  
6            important topic.

7            Before we begin, I would  
8            like to take a quick moment to  
9            allow Senator Argall and  
10           Representative Knowles to host  
11           --- the host of this public  
12           hearing to provide a few  
13           remarks.

14           MR. ARGALL:

15           Just welcome everyone  
16           here, as the very part time  
17           public policy instructor,  
18           Senator Yudichak is one of my  
19           star students. One of the  
20           things that I --- I stress to my  
21           students when I meet with them  
22           about two hours every week is  
23           the --- the concept of time  
24           management. And I've learned  
25           that college students are

1           terrible at time management.

2                       The textbook stresses the  
3 fact that we all could have  
4 chosen to be somewhere else  
5 today, and I am especially  
6 cognizant of the fact that my  
7 colleagues from the House and  
8 the Senate and our United State  
9 Congressmen had many other  
10 directions in which they could  
11 have been pulled today, and so I  
12 really appreciate the fact that  
13 so many of our colleagues were  
14 able to join us here in McAdoo.

15                       It's fitting that we're  
16 here in McAdoo with the --- the  
17 closing of the national plant,  
18 the --- the loss of the jobs,  
19 the loss of the environmental  
20 benefits. It's more than just a  
21 little symbolic that we are here  
22 today. It's also symbolic  
23 because we are here in the midst  
24 of the anthracite coal region,  
25 and not only have we seen the

1 progress brought to us by so  
2 many of those plants over the  
3 years, but we're also reminded  
4 of the danger.

5 It wasn't too many years  
6 ago that a --- a child was  
7 killed who was exploring one of  
8 the open pit mines not far from  
9 this --- this town. Many of us  
10 who grew up in these communities  
11 spent much more time than we  
12 should have crawling around  
13 those --- those old pits. Many  
14 of those pits are now gone,  
15 because of this industry. Many  
16 of those mountains of black  
17 waste are gone because of this  
18 industry. But they're not all  
19 gone, which is why the  
20 threatened future of this  
21 industry is of concern to all of  
22 us.

23 The jobs are incredibly  
24 important, but equally important  
25 is the environmental benefit

1           that --- that this industry has  
2           brought us since the 1980s and  
3           the 1990s. That's why we're  
4           here today to learn more about  
5           what the state and the federal  
6           government can do. I know that  
7           our congressman has a very, very  
8           important bill, which is  
9           beginning to move through the  
10          United States Congress, which  
11          would be incredible in its  
12          benefits to communities like  
13          McAdoo.

14                    And so, again, from the  
15          bottom of my heart, to all of my  
16          colleagues who have traveled  
17          near and far, thank you very  
18          much and thank you for the staff  
19          and the --- the leadership of  
20          the committee for choosing to  
21          join us here today.

22                    MR. KNOWLES:

23                    Thank you. I'm  
24          Representative Jerry Knowles.  
25          I'm proud to be the legislator,

1           this is my district, the 124th  
2           legislative district, the most  
3           northern part. Let me start by  
4           congratulating Senator Yudichak  
5           for --- for his graduation from  
6           the Professor Dave Argall School  
7           of whatever. I'm sure that is  
8           continuing to make you who you  
9           are and what you are today,  
10          Senator.

11                        Congressman, it's always  
12          a pleasure to see you. I don't  
13          know when you are home, because  
14          everywhere I go I see you and  
15          --- but we thank you for your  
16          attention to the 124th and the  
17          Schuylkill County and the job  
18          that you are doing. Also I want  
19          to welcome all of my colleagues  
20          in the general assembly. I  
21          really appreciate you taking the  
22          time out of your busy schedules,  
23          the senators as well as the  
24          representatives, to be here.

25                        I grew up in Tamaqua.

1 I've lived in the Tamaqua area  
2 my whole life. And I can  
3 remember as a very young man ---  
4 a very young boy, I should say,  
5 I remember looking up at the  
6 mountains, and I saw this ugly  
7 black. It was --- it was silt,  
8 it was coal dust, but whatever  
9 you want to call it. And, you  
10 know, that --- there was very  
11 little formal regulation at that  
12 time.

13 But fortunately for ---  
14 for us, as well as the  
15 environment, the regulations  
16 have been put into place.  
17 Reasonable, but yet substantial  
18 regulations. As a result of  
19 that, all you have to do is look  
20 around as you're driving through  
21 the area and you now see pretty  
22 green trees, pretty green  
23 mountains, things that we all  
24 want to see here in  
25 Pennsylvania.

1                   I will tell you that the  
2                   coal generation --- or the Cogen  
3                   down the road, that's what we  
4                   call Cogen Plant, have been very  
5                   helpful in terms of using that  
6                   coal dust to generate  
7                   electricity and also to clean up  
8                   the mountainsides. So I am very  
9                   interested to --- to listen to  
10                  the testimony. I am a coal  
11                  cracker. I am astute.

12                  I am not one of those  
13                  people that think that fossil  
14                  fuels are bad. I --- I just sit  
15                  back and I wonder how these ---  
16                  I don't even know what they call  
17                  them, but people who believe  
18                  that --- that we can exist with  
19                  --- you know, with --- with wind  
20                  and solar and all that stuff.  
21                  So I think I said too much  
22                  already, so thank you very much.  
23                  Thank you very much, Mr.  
24                  Chairman.

25                  CHAIR:

1                   Thank you, Mr. Knowles.  
2                   And we would like Mr. Meuser,  
3                   the Congressman here, to speak  
4                   briefly, and --- and we're going  
5                   to go through and everyone is  
6                   going to have a chance to  
7                   introduce themselves, and if you  
8                   want to speak for a moment.

9                   MR. MEUSER:

10                  Yes, sir. Thank you.  
11                  Thank you, sir. So, yes, I  
12                  appreciate being here very much.  
13                  Thanks for the invitation, to  
14                  all. And we'll make this as  
15                  productive as possible, so I'll  
16                  be as brief as possible.

17                  We in Pennsylvania have a  
18                  great treasure. We have great  
19                  reserves of natural gas, coal,  
20                  oil. We have to maximize it.  
21                  You know, we can't squander it.  
22                  We've got the second largest  
23                  reserves second to Texas. It  
24                  gives us great competitive  
25                  advantages to bringing in



1 companies to keep in our --- our  
2 homes, our residents' homes,  
3 costs of heating low. We --- we  
4 need to take advantage of these  
5 competitive advantages or for  
6 manufacturing companies or for  
7 all businesses.

8 We --- natural gas is  
9 lowering our carbon footprint,  
10 the carbon emissions  
11 significantly. In fact, the  
12 United States is the only  
13 industrialized nation in the  
14 world that has reduced its  
15 carbon emissions over the last  
16 two years. We are not part of  
17 the Paris Agreement. Those that  
18 are part of the Paris Agreement,  
19 their carbon emissions have gone  
20 up, ours are going down.

21 I --- I do not believe  
22 that being part of RGGI is  
23 something that is in the  
24 interest of Pennsylvania at all,  
25 because we are in fact already

1           doing it. We are already  
2           lowering our carbon footprint.  
3           So I do support the bill that  
4           --- that is being proposed. And  
5           you know what? The private  
6           sector is embracing all this.

7                         Right?

8                         So why does the heavy  
9           handed government have to come  
10          in when the private sector is  
11          --- is doing its thing to --- to  
12          go green, if you will, to --- to  
13          bring in solar. It's becoming a  
14          --- somewhat of a PR initiative  
15          for so many companies that I  
16          visit throughout the ninth,  
17          throughout Pennsylvania. And  
18          we're finding out that also  
19          delivers a return on investment.

20                         It's good to have a --- a  
21          mix. And it's a move over to  
22          natural gas and to use the clean  
23          coal that we --- that we are  
24          developing. So there's ---  
25          there's a lot of good things

1           happening. And the last thing  
2           we need is --- is the heavy  
3           handed government.

4                       Now, I have a bill that  
5           --- that Senator Argall and  
6           Senator Yudichak had initiated  
7           on the state side for cleaning  
8           up the --- the coal banks. The  
9           waste coal. And to be utilized  
10          effectively, the best way of  
11          cleaning up these monstrous coal  
12          banks --- coal banks, we've got  
13          over 220 million tons that still  
14          exist throughout the  
15          Commonwealth alone is for the  
16          Cogen Plants to continue to use  
17          them.

18                      And I think we all know  
19          in this room that since much of  
20          the coal bank within the  
21          vicinity of the cogen plants is  
22          not longer cost effective to  
23          gather and utilize and burn, we  
24          --- we need to create some sort  
25          of --- some sort of funding or

1           some sort of advantage, and  
2           that's the federal bill that I  
3           have, and the bill that Senator  
4           Argall and Senator Yudichak has,  
5           provides a --- a tax credit, a  
6           performance based tax credit,  
7           that will give a --- a refund  
8           for cleaning up these coal  
9           banks.

10                         And, you know, we've all  
11           seen them. You go through  
12           Shenandoah. You go through  
13           Luzerne County. You go through  
14           Swoyersville. You go through  
15           where Senator Yudichak lives.  
16           And it's just mountains. I ---  
17           I express to the people in  
18           Washington as high --- as high  
19           as the capital goes. And the  
20           only way that they're going to  
21           be removed is through this bill.  
22           Because outside of this it would  
23           cost somewhere in the  
24           neighborhood of \$8 billion or \$9  
25           billion.

1                   The federal bill that  
2                   we're proposing would have, if  
3                   everything was maximized out, if  
4                   all the cogen plants came back,  
5                   would be in the neighborhood of  
6                   \$1.3 billion over a --- but,  
7                   again, in tax credit form. Not  
8                   removing from any other funds,  
9                   like the tax credit form, over a  
10                  10 year period. So it makes all  
11                  the sense in the world. It's a  
12                  --- it's very --- it's a jobs  
13                  bill. It's an energy bill.  
14                  It's an environmental bill.

15                   Right?

16                  I mean, we've seen the  
17                  --- we've seen the acid mine  
18                  runoff that comes from the coal  
19                  beds that --- that contributes  
20                  massively to the Chesapeake Bay  
21                  issues and the Susquehanna River  
22                  Basin runoff problems, and ---  
23                  which is leading to our --- our  
24                  stormwater issues and stormwater  
25                  fees and such.

1                   So these bills are  
2                   important. And we're going to  
3                   push for them. I think we got a  
4                   real opportunity in the --- in  
5                   the house this year to get this  
6                   bill through 2375 and, again, we  
7                   just have to get serious about  
8                   --- about making Pennsylvania,  
9                   utilizing all of our resources,  
10                  and making Pennsylvania as  
11                  competitive as possible for  
12                  business, for growth, for  
13                  increasing wages, and for ---  
14                  for energy. So I'm glad to be  
15                  part of this. Thank you.

16                   CHAIR:

17                  Thank you very much. And  
18                  Senator Baker, if you want to  
19                  introduce yourself and we'll  
20                  work right down the line here.

21                   MS. BAKER:

22                  Good morning, everyone.  
23                  I'm State Senator Lisa Baker and  
24                  I represent parts of Luzerne and  
25                  Susquehanna County and all of

1 Wyoming, Wayne, and Pike  
2 Counties.

3 MR. YUDICHAK:

4 Good morning. I'm  
5 Senator Yudichak. I represent  
6 the 14th Senatorial District,  
7 which includes Luzerne and  
8 Carbon Counties. As noted, a  
9 prized student of Professor  
10 Argall. For the record, that  
11 was a modern interpretative  
12 dance class that I took years in  
13 the McAdoo Theater. So it's  
14 great to be back in Argall  
15 School Professor.

16 MR. GUERRIERI:

17 Yes. My name is Tony  
18 Guerrieri. I'm the Executive  
19 Director of the Joint  
20 Legislative Conversation  
21 Committee and we're very pleased  
22 to be here today.

23 MR. COOK:

24 From the 49th District,  
25 parts of Fayette and Washington

1 County, the Mon Valley State  
2 Representative, Bud Cook. Our  
3 claim to fame in the 49th is we  
4 have a community called  
5 Marianna, Pennsylvania. At the  
6 turn of the century, 1900s, it  
7 was the model community in the  
8 world. The problem is there's a  
9 500 acre coal pile there right  
10 now. It needs to be taken care  
11 of. So we're very interested in  
12 what we are hear here today.  
13 Thank you so much.

14 MR. GORDNER:

15 Senator --- Senator John  
16 Gordner. Serve as the Senate  
17 Majority Whip. I represent  
18 Columbia County, Montour County,  
19 Northumberland County, Snyder  
20 County, and part of Luzerne  
21 County.

22 MR. MASSER:

23 Representative Kurt  
24 Masser. Northumberland County,  
25 Columbia County, Montour County.



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MR. HEFFLEY:

State Representative  
Doyle Heffley. I represent  
Carbon County 122nd District.

CHAIR:

I would like to remind  
our testifiers today that ---  
and members, that we do have a  
hearing stenographer present to  
report today's proceedings.  
Please introduce yourself before  
you speak, and please speak  
loudly and clearly.

We are --- we are ready  
to begin the hearing. Our first  
testifier --- and I'm going to  
bring you up as a group here,  
our first testifier is Mr. Vince  
Brisini, Director of  
Environmental Affairs at the  
Olympus Power. So if Mr.  
Brisini can come forward and his  
whole group here related to the  
environmental benefits, if you  
can all take a seat there, and

1           --- I do have one quick  
2           announcement while you're coming  
3           up. Right there.

4                     Okay.

5                     So as you're coming up  
6           here, I do have an announcement.  
7           Following the hearing, will  
8           members please go to the  
9           northeastern power plant for a  
10          quick photo? If you'd like to  
11          write this down, it's 137 Plant  
12          Road. So 137 Plant Road,  
13          McAdoo, PA, of course, and zip  
14          code for your GPS if you need it  
15          is 18237. So 137 Plant Road,  
16          McAdoo, PA, 18237.

17                    So we will begin. Mr.  
18          Brisini, please. Thank you.

19                    MR. BRISINI:

20                    Good morning. I'm Vince  
21          Brisini. The Director of  
22          Environmental Affairs for  
23          Olympus Power. And I'd like to  
24          thank Chairman Wentling and the  
25          Committee for providing me the

1 opportunity to testify today.  
2 I'm a lifelong  
3 Pennsylvania and have spent all  
4 but three years of my life  
5 living in the Western  
6 Pennsylvania bituminous coal  
7 region. I come from the land of  
8 orange rocks and stinking coal  
9 refuse fires. But you know  
10 something pretty amazing started  
11 to happen in the late 1980s and  
12 the early 1990s. Plants were  
13 being built that removed coal  
14 refuse from the environment to  
15 use as fuel and then the areas  
16 where the coal refuse had been  
17 located were remediated and  
18 reclaimed.

19 Remarkably, in my  
20 lifetime, streams that have once  
21 been devoid of life were  
22 recovering, and yellowish  
23 greenish clouds that I drove  
24 through near South Fork and  
25 Revloc had disappeared. The

1 West Branch of the Susquehanna  
2 River is now a Class A brown  
3 trout fishery with improved  
4 water quality along the entire  
5 length providing especially  
6 improvement to the Curwensville  
7 Dam.

8 In my lifetime, I have  
9 seen fishermen below the river  
10 walls in Johnstown and at the  
11 Conemaugh Power Plant, fishing  
12 in the Conemaugh River. When I  
13 worked for Penelec, I personally  
14 measured the pH at 3.5 and less  
15 in the Conemaugh River  
16 throughout the entire summer of  
17 1980. It was an impaired river  
18 without an upper discharge limit  
19 for pH, because it was so  
20 acidic. And now there are fish.

21 I have seen a local  
22 sportsmen group stock trout in  
23 the South Branch of the  
24 Blacklick Creek. A stream that  
25 for most of my life was an

1 orange sulfur creek, or at least  
2 that's what we called them. And  
3 all of these remarkable outcomes  
4 have been aided by or are  
5 entirely attributable to the  
6 coal refuse to energy industry.

7 As I stated in previous  
8 testimony, the biggest problem  
9 in gaining support for the coal  
10 refuse to energy industry is  
11 that most people in Pennsylvania  
12 have not and do not live in coal  
13 regions and have not experienced  
14 the effects of coal refuse in  
15 the environment and the  
16 incredible benefits these plants  
17 provide for the communities  
18 where they are located and to  
19 the areas where the coal refuse  
20 has been removed.

21 The Pennsylvania Coal  
22 Refuse to Energy electric  
23 generating units use the coal  
24 refuse to generate electricity.  
25 These facilities remove the coal

1 refuse from the environment,  
2 burn it in a circulating  
3 fluidized bed boiler with highly  
4 effective pollution controls,  
5 and then use the resulting  
6 beneficially used circulating  
7 fluidized bed ash through  
8 remediated and reclaim coal  
9 refuse sites, as well as other  
10 mining affected land.

11 While the coal refuse has  
12 lower heating value and higher  
13 concentrations of some  
14 pollutants in coal, including  
15 sulfur and heavy metals, the  
16 emissions for the Pennsylvania  
17 coal refuse energy electric  
18 generating units are consistent  
19 with the emissions of  
20 Pennsylvania coal fire electric  
21 generating units that are  
22 equipped with the latest and  
23 best pollution control  
24 equipment.

25 There is a slide in the

1           --- slide two in the written  
2           testimony that would be worth  
3           looking at. On that slide, you  
4           --- you'll be able to see that  
5           the coal refuse the energy  
6           industry plants emits sulfur  
7           dioxide and nitrogen oxides is  
8           raised. They are consistent  
9           with those coal fire plants.  
10          And the coal refuse to energy  
11          plants have been emitting at  
12          these low rates since they began  
13          operations.

14                         And the same pollution  
15          control devices for filterable  
16          particulate matter, sulfur  
17          dioxide, and nitrogen oxide,  
18          also control hazardous air  
19          pollutants, and achieve  
20          compliance with the mercury in  
21          Air Toxics standards for the  
22          national limits. While coal  
23          refuse does contain higher  
24          concentrations of heavy metals,  
25          including mercury, all

1 Pennsylvania coal refuse to  
2 energy units qualify as mercury  
3 low emitting units under the  
4 MATS rule.

5 In fact, a number of the  
6 Pennsylvania coal refuse to  
7 energy units were used to  
8 establish the mercury limits  
9 that apply to all coal fire  
10 units, because their mercury  
11 emissions are so low. Achieving  
12 the filterable particulate  
13 matter limit in the MATS rule  
14 demonstrates compliance with  
15 total non-mercury metals,  
16 including Antimony, Arsenic,  
17 Beryllium, Cadmium, Chromium,  
18 Cobalt, Lead, Maganese, Nickel,  
19 and Selenium.

20 Not only are all of the  
21 coal refuse to energy units in  
22 Pennsylvania demonstrating  
23 compliance with the particulate  
24 matter limit, all but one also  
25 qualify as filterable



1           particulate matter low emitting  
2           electric generating units.  
3           Circulating fluidized bed ash is  
4           unique and a very valuable ---  
5           is very valuable in remediation  
6           of mining effective lands.

7                         Pennsylvania DEP does  
8           quantitatively and qualitatively  
9           studied the beneficial use of  
10          circulating fluidized bed ash in  
11          the Blacklick Creek watershed,  
12          which is where --- near where I  
13          live.    Their studies show  
14          dramatic improvement in the  
15          discharges from the areas that  
16          have been remediated and  
17          reclaimed using circulated  
18          fluidized bed ash.

19                        The reclamation and  
20          remediation of the Revloc one  
21          and two refuse piles using  
22          circulated fluidized bed ash has  
23          allowed the top branch of the  
24          Blacklick Creek to be stocked  
25          with trout by the South Branch

1 Fishing Club. And these same  
2 types of benefits are  
3 experienced at any location  
4 where the coal refuse is  
5 reclaimed for use as fuel,  
6 because those areas must be  
7 reclaimed and remediated in  
8 accordance with all surface  
9 mining regulations.

10 The next slide, slide  
11 three. As part of my assessment  
12 of the impacts of the draft  
13 preliminary Pennsylvania Carbon  
14 Dioxide Cap and trade for  
15 electric generating units, I  
16 have compiled the historic  
17 carbon dioxide emissions in the  
18 coal refuse used as fuel for the  
19 remaining coal refuse to energy  
20 plants to determine the adequacy  
21 of the 7.9 million allowances  
22 that have been set aside.

23 Based upon these data,  
24 the 7.9 million allowances set  
25 aside are inadequate to allow

1           some plants which are currently  
2           restricted operationally to  
3           operate at historic levels which  
4           would facilitate the removal of  
5           as much coal refuse as possible  
6           from the environment.

7                           And the next slide.

8           Based upon the historic fuel  
9           usage and the corresponding  
10          carbon dioxide emissions, if  
11          Colver is deactivated as  
12          scheduled, the allowance set  
13          aside should be 8.9 million  
14          allowances annually. If Colver  
15          were to continue to operate,  
16          then the allowance set aside  
17          should be \$9.9 million  
18          allowances.

19                          Importantly, the  
20          allowance set aside will become  
21          the annual operational  
22          restriction to these plants.  
23          That's because the price per  
24          Pennsylvania carbon dioxide  
25          allowance will increase the bid

1 price for these coal refuse to  
2 energy units by \$8 to \$12 per  
3 megawatt hour. That  
4 artificially inflated bid price  
5 would result in these units not  
6 being called into service by  
7 PJM.

8 Thank you for the  
9 opportunity to provide this  
10 testimony, and thank you to the  
11 Department of Environmental  
12 Protection for providing an  
13 allowance set aside for the coal  
14 refuse to energy units in the  
15 draft preliminary rule.  
16 Although, more allowances are  
17 needed. Thank you.

18 MR. ZIELINSKI:

19 Good morning. My name is  
20 Henry Zielinski. Thank you for  
21 allowing me to testify today.  
22 I'm a professional mining  
23 engineer. I have a license in  
24 the state of Pennsylvania, West  
25 Virginia. I have over 30 years

1 of energy experience. I  
2 specialize in abandoned mine  
3 land. I've been working with  
4 Northampton Generating for 20  
5 years now. I live in the Back  
6 Mountain, so ---.

7 I'm a native of the  
8 region. My grandparents grew up  
9 in Plains and Hudson. So I used  
10 to play on these sites as a  
11 child. They were my playgrounds  
12 and I had got a job with  
13 Northampton Generating. I went  
14 to the prospect site and started  
15 working there as a manager,  
16 reclaimed the site, and really  
17 found out what was in my  
18 playground. One was a 900 foot  
19 open shaft. So, and, you know,  
20 one of the workers was pushing  
21 something down and I got to  
22 physically see and hear and  
23 watch and like scare the hell  
24 out of me and say that's an open  
25 shaft, you know, so ---.

1                   You know, these --- these  
2                   features are all over our  
3                   region. Whether it's open  
4                   shafts, mine subsidence,  
5                   polluted drainage from abandoned  
6                   mine sites, uncontrollable,  
7                   airborne particulate matter,  
8                   it's a real problem. Airborne  
9                   odors. Go down to the Wilkes-  
10                  Barre hole (sic) by the  
11                  Schuylkill --- or is it  
12                  Soloman's Creek, and it just  
13                  knocks you out.

14                  When I was a little kid,  
15                  I always blamed air gas for that  
16                  odor. I always thought it was  
17                  the factory, the warehouse, that  
18                  was making it, while it was the  
19                  --- this pollution coming out of  
20                  this hole. You know, over the  
21                  past few decades I've personally  
22                  witnesses a transformation that  
23                  is remarkable, unbelievable, all  
24                  the way from Carbondale to Tower  
25                  City.

1                   And when I say 2,000  
2                   acres, that's 2,000 acres that  
3                   Hank Zielinski knows about.  
4                   There's a lot more out there  
5                   going on. There's a lot of  
6                   acreage that I didn't see that  
7                   others are working on. But this  
8                   is just my personal experience,  
9                   and I can safely like 300 of  
10                  those acres I managed to full  
11                  reclamation.

12                  Beyond building mine  
13                  reclamation projects initiated  
14                  by the coal refuse energy  
15                  business represents the unique  
16                  synergy between cleanup of the  
17                  environment and the generation  
18                  of electricity. The process of  
19                  utilizing anthracite coal refuse  
20                  for the generation of  
21                  electricity as provided for the  
22                  preservation of other natural  
23                  resources.

24                  And, you know, I talk  
25                  about that open shaft, the

1 natural resources that's being  
2 preserved is money for funding  
3 to use to fix a problem like  
4 that, that's serious, they need  
5 that money to address those  
6 specific issues. They need not  
7 be doing what we do.

8 Today, however, we are  
9 faced with an energy market that  
10 does not provide enough revenue  
11 from the generation of  
12 electricity to sustain the  
13 ongoing coal refuse,  
14 reclamation, and remediation  
15 work that is performed by our  
16 industry.

17 Working budgets are  
18 shrinking below the critical  
19 level. Plant closures are  
20 occurring and more have been  
21 announced. I am witnessing the  
22 disassembly of this industry in  
23 front of me. I'm dealing with a  
24 budget now that is under  
25 \$100,000 and, you know, eight



1           years ago we had \$20 million to  
2           fix properties. That was my  
3           budget to fix many properties.  
4           Now this year there really isn't  
5           the --- the money to continue to  
6           do this.

7                     Our companies, along with  
8           others in the industry, have  
9           made numerous commitments in the  
10          past. I'll say that this  
11          commitment is a --- a serious  
12          commitment. It's an obligation  
13          to reclaim, remediate abandoned  
14          mine land properties.

15                    The reason why we took  
16          those commitments is that there  
17          was a federal regulation under  
18          SMCRA. We signed up for surface  
19          mining permits. We went in as  
20          coal miners and reclaimed these  
21          properties. So we followed all  
22          rules, regulations that were  
23          required to engage in re-mining.

24                    The continued funding of  
25          this is now challenged with the

1           loss of operating funds. I have  
2           a list of efforts that are  
3           threatened to stop. The fuel  
4           processing companies that have  
5           supplied the fuel for these  
6           plants, you know, they require  
7           extensive professional support.  
8           Either through environmental due  
9           diligence or engineering  
10          permitting. There's a vast  
11          group of professionals that are  
12          employed by this industry.

13                    When the coal refuse  
14          sites are addressed by state or  
15          federal agencies, they tap into  
16          that funding that I was talking  
17          about before. And, again, they  
18          go back to that shaft. That's  
19          where the funding that they have  
20          needs to be spent. They do not  
21          need to go out into the field,  
22          roll it over, and put grass on  
23          it. You know, there are bigger  
24          hazards out there.

25                    A significant investment

1 in control of the property's  
2 water runoff is completed prior  
3 to any mine remediation work.  
4 So before we go into these  
5 sites, we go in and we restore  
6 --- we actually don't restore,  
7 but we improve, we add ENS  
8 control. So these abandoned  
9 sites that are sitting out there  
10 today and are in your backyards,  
11 that don't have anything for  
12 protection, are --- this is the  
13 first thing we do, put in some  
14 separate control systems. So we  
15 want to take control of that  
16 water.

17 There's also a  
18 significant investment that goes  
19 into the access of that  
20 property, HOPs. We also have  
21 the Mine Safety Health  
22 Administration that oversees us.  
23 So working for Northampton  
24 Generating for the last 20 years  
25 has been a great --- it's been a

1 safe job. They care about the  
2 safety of the employees. We  
3 have a lot of pride. Took a  
4 picture of awards that we  
5 received, but we have many  
6 awards, and there's a lot of  
7 pride that is taken at these  
8 facilities amongst the  
9 employees.

10 Northampton Generating  
11 alone holds over \$1.5 million in  
12 bonding. That means that  
13 Northampton has gone out and  
14 this is the skin that they put  
15 into the game. They actually  
16 put cash, collateral, in a CD in  
17 a bank, in case this plan does  
18 fail, and we go out of business,  
19 and we have to leave this mine  
20 property, guess what, there's a  
21 fund there to fix it that we put  
22 there. \$1.5 million for the  
23 sites that we're actively  
24 working on.

25 Again, this goes away.

1           Who is going to put the skin in  
2           the game if there's no  
3           cogeneration plants? If there's  
4           no place for this material to  
5           go, who is going to get a bond  
6           on property, who is going to,  
7           you know, take that initiative?

8                       Hazards in the community  
9           will not be removed without it.  
10          Those --- those --- the horror  
11          stories of the schools being  
12          buried in Aberfan in 1966 and  
13          --- well over in Europe. It  
14          still happens today except not  
15          as massive. You have people  
16          dying.

17                      And there is a --- an  
18          updated like 2017 up in Pittston  
19          in the Avoca area on one of  
20          these abandoned mine sites a guy  
21          was decapitated or he lost his  
22          life. So, you know, these  
23          things are still occurring.  
24          People are --- are still being  
25          killed by these sites.

1                   Air pollution plans are  
2                   developed by our company.  
3                   Before we go into them, we  
4                   developed our pollution plans.  
5                   You know, we --- we talked down  
6                   in Swoyersville recently. There  
7                   was residents there that were  
8                   worried about the dust emissions  
9                   once we started. I couldn't  
10                  even --- this lady had young  
11                  kids. She lived right up  
12                  adjacent to one of these sites.  
13                  And there's nothing going on on  
14                  this site. This material that  
15                  lays on the surface is dry as a  
16                  bone. It picks up in the wind  
17                  and there have been numerous  
18                  sightings of like black like  
19                  tornados leaving these sites.  
20                  And, you know, when you see  
21                  this, it's horrible, that you  
22                  live under --- underneath of  
23                  this.

24                               The identification of the  
25                               protection of an endangered

1 species and their habitats. You  
2 know, that's another thing that  
3 we bring to the table. 100 to  
4 200 acre mining permit. You're  
5 still going to look for bats.  
6 You're going to look for the  
7 spotted moth. You're going to  
8 look for that woodland rat and  
9 identify whether these creatures  
10 are living on your property. If  
11 they are, you're going to deal  
12 with it.

13 So, you know, we bring up  
14 --- up here in Highland Road and  
15 near Freeland, we have a massive  
16 bat habitat project going on  
17 with one of the remediation  
18 projects. We're the first ones  
19 in the state to take on this  
20 task and challenge of going out  
21 and doing a bat mitigation plan.  
22 I'm a mine engineer. I can tell  
23 you all about the species, the  
24 habits and the social habits of  
25 bats. It's amazing, you know,

1           how I could sit here today and  
2           know so much about environmental  
3           issues is remarkable.

4                   Land use approvals. You  
5           know, these --- these properties  
6           are set as approved for mining  
7           use, and if you want to reclaim  
8           a property, you may need to  
9           figure out what the end game for  
10          that property is, so that you do  
11          the right remediation work. If  
12          it's for farmland you're going  
13          to make sure you put the proper  
14          soil. The soil is going to be  
15          back. If you're making forest  
16          land it's going to take  
17          something a little different.

18                   I already mentioned the  
19          fact that employee pride at  
20          Northampton Generating was two  
21          OSMRE national award. That's a  
22          national award that's awarded  
23          for a company that does  
24          outstanding work in reclamation,  
25          goes above and beyond the



1 performance standard set by  
2 SMCRA, that regulation I talked  
3 about from 1977. We have two  
4 counter crates (sic), the other  
5 plant that I'm affiliated with  
6 also has one of these awards.

7 Several of these awards I  
8 know are in Southwestern PA as  
9 well with some of the companies  
10 out there, and they certainly  
11 --- it's --- it takes a lot of  
12 pride when you go out and get to  
13 receive these awards.

14 When I was a young man, I  
15 came out of school, and 1991  
16 there was an engineer, he was  
17 mad at the hydroseeders because  
18 they sprayed all the rock with  
19 hydroseed. And I asked him why  
20 and he explained this whole  
21 process of taking pride in your  
22 work. You know, there was  
23 actually awards for this thing.  
24 I didn't know that, but --- so  
25 that kind of inspired me to

1 bring that here to Northeastern  
2 Pennsylvania when we rebuild  
3 these sites, I'm always trying  
4 to get an award for it, so to  
5 speak. We want to do the best  
6 we can.

7 So coal refuse and  
8 abandoned mine sites that are  
9 left unreclaimed represent  
10 watershed impacts, uncontrolled  
11 fires, uncontrolled fugitive  
12 dust, particulate, residential  
13 hazards that we face, et cetera.

14 Now, our legacy, we  
15 removed 200 million tons of coal  
16 refuse to date, again, we  
17 probably can handle more than  
18 300 tons though. Because for  
19 every ton that we burn there's a  
20 ton that's left at the mine site  
21 to go into the shape to create  
22 that topography or to lock this  
23 in that goes into the habitat,  
24 that bat habitat.

25 So, you know, we handle a

1 lot more than what we just burn  
2 to remediate these sites. The  
3 topsoil. We don't burn the  
4 topsoil, but we got to handle  
5 all that soil. We restore more  
6 than 1,200 miles of streams  
7 there's a picture in the  
8 presentation, unfortunately I  
9 would have this in the  
10 background, but the --- the last  
11 picture is a flood control  
12 project that we're working on.

13 And that picture shows  
14 the complexity on the work, the  
15 labor effort that goes into  
16 these sites to reclaim them.  
17 There's a couple guys working  
18 there. It's slow work. And  
19 basically with the --- we  
20 restored more than 1,200 miles  
21 at that group of plants,  
22 however, Northampton we did like  
23 600 feet of stream site last  
24 year and that's it. And there's  
25 another 600 feet to finish off.

1           The picture on the opposite  
2           side.

3                       So we would love to  
4           continue doing this work. I  
5           appreciate you taking the moment  
6           to hear our story. And if any  
7           of you want to get up close and  
8           personal to any of these issues  
9           and come down and see that, I'd  
10          drop what I'm doing and give you  
11          the --- the horror show when you  
12          want to see them, what --- what  
13          our problems are really all  
14          about.

15                       CHAIR:

16                       Before we continue with  
17          the panel, I want to just take a  
18          moment to allow Mr. Goodman to  
19          introduce himself.

20                       MR. GOODMAN:

21                       Thank you very much.  
22          Representative Neal Goodman.  
23          123rd, right down the road here.  
24          In the city of Frackville, I  
25          have three coal fire plants in

1 my legislative district, and  
2 this is an issue that's very  
3 important. Thank you very much.

4 CHAIR:

5 Oh, you're welcome.  
6 Thank you. And I also want to  
7 mention that even though that a  
8 representative is here from her  
9 staff. She is one of our local  
10 representatives here too. So,  
11 Mr. Hughes, if you'd like to  
12 introduce yourself and your ---.

13 MR. HUGHES:

14 We are also joined by  
15 Nick Troutman representing  
16 Senator Yaw's office.

17 CHAIR:

18 Oh, excellent. Hi, Nick,  
19 I saw you on the way in. So  
20 thank you.

21 MR. HUGHES:

22 Good morning Chairman  
23 Wentling, and the members of the  
24 Joint Legislative Committee  
25 here, my name is Bobby Hughes,

1           and I'm the Executive Director  
2           of the Eastern Pennsylvania  
3           Coalition for abandoned mine  
4           reclamation, EPCAMR for short.  
5           I represent the interest of  
6           community groups, conversation  
7           districts, and coalfield  
8           communities throughout  
9           Northeastern and Northcentral  
10          Pennsylvania's anthracite  
11          Bituminous Coal Region. I've  
12          covered 16 county coverage area  
13          throughout Northern Appalachia.

14                 On behalf of the  
15          coalition I'd like to thank you  
16          for giving me some time to speak  
17          before the committee on how this  
18          cap and trade program could  
19          impact the economic and  
20          environmental benefits of the  
21          coal refuse cogeneration in  
22          Pennsylvania, which has been a  
23          partner with EPCAMR since our  
24          inception back in 1995. So for  
25          over 25 years we've had a

1 partner with the cogen industry  
2 and its partner plants  
3 throughout northeastern  
4 Pennsylvania.

5 It's kind of an honor and  
6 privilege to be here as  
7 grassroots representative,  
8 because I was born and raised in  
9 Wyoming Valley in Wilkes-Barre,  
10 PA, since I was a child, and  
11 kind of put myself into becoming  
12 a founding member and the  
13 Executive Director of this  
14 coalition when I was 22 years  
15 old. So for 25 years, it's been  
16 the last time since I've been  
17 before the committee with  
18 Senator Argall back a very long  
19 time ago here talking about the  
20 AML trust fund and the need for  
21 funding for abandoned mine  
22 reclamation and remediation  
23 efforts throughout Pennsylvania.

24 We are a nonprofit group  
25 that does a lot of encouraging

1           other reclamation and  
2           redevelopment of these lands and  
3           remediation of the mine  
4           including waters across  
5           Pennsylvania. We don't own any  
6           land, but we support the type of  
7           projects that have been going on  
8           and the partnership that the  
9           cogen industries and the  
10          community groups, conversation  
11          districts, and municipalities  
12          and industries and from the  
13          private sector, along with the  
14          anthracite coal industry, to  
15          make these projects happen.

16                        We actually have about  
17          114 underserved communities, at  
18          our school districts that are in  
19          the region as well that are  
20          faced with the opportunities and  
21          not having to be able to go out  
22          in these locations to --- to go  
23          fish, to go swim, to go along  
24          the streams that are --- are  
25          cleaned up, so we're working



1 with those communities to try  
2 and educate them on ways that  
3 they can become a part of  
4 partnerships and efforts to  
5 clean up these lands and restore  
6 them along the way. Throughout  
7 Appalachia an estimated 5.5  
8 million people and 2.5 million  
9 people in Pennsylvania alone  
10 live within one mile of an  
11 abandoned mine land.

12 Our communities are  
13 really in need of some more  
14 diversified economical, social,  
15 environmental, and recreational  
16 opportunities. The mine fires  
17 we're talking about the, mine  
18 subsidence, the hazardous  
19 vertical shafts, the slope  
20 openings, the flood mine pools,  
21 the contaminated water supplies,  
22 water-filled stripping pits, the  
23 soils, the ash piles, the culm  
24 banks, and refuse mountains, are  
25 --- are problems that we have to

1 deal with. Not only do they  
2 emit coal nary grounds but their  
3 foundations --- these are just  
4 all examples of some of the  
5 legacies in the past mining that  
6 have hindered economic  
7 development and job  
8 opportunities in the region.

9 Cogen plants are  
10 partnering with our efforts to  
11 reclaim those piles and take  
12 care of lands that could become  
13 future economic development  
14 opportunities for new jobs and  
15 for other alternative uses for  
16 --- for reclamation. The  
17 projected cost of reclamation,  
18 abatement, and remediation of  
19 these sites are substantial, and  
20 many of our smaller municipal  
21 communities that we live in lack  
22 the capital financial resources,  
23 the ability to leverage multiple  
24 sources of funding, and  
25 infrastructure investment

1 opportunities.

2 So since we --- we're  
3 looking for better  
4 opportunities, jobs, workforce  
5 development, and reclamation  
6 funding to significantly improve  
7 our quality of life and our  
8 surrounding environment. I've  
9 lived in the center of the  
10 Northern coalfields my entire  
11 life in the shadows of all these  
12 abandoned mine features, mine  
13 fires, and polluted streams, and  
14 grew up alongside of it as well.

15 And it's about time we  
16 continue to do our work to  
17 fasten --- speed up the --- the  
18 pace at which we are reclaiming  
19 these lands. Because 25 years  
20 later, although we're seeing a  
21 lot of work done, there's still  
22 a lot more work that needs to be  
23 done. And these type of  
24 incentives and programs to  
25 support reclamation are going to

1           be needed.

2                       The benefits of the  
3           ARIPPA Plant from the continued  
4           operations of cogen plants  
5           throughout the region are ---  
6           are vital. They provide letters  
7           of support to EPCAMR for our  
8           National Campaign to reauthorize  
9           the Abandoned Mine Land Trust  
10          Fund in the past year, and they  
11          are a direct benefit to the  
12          environment and the surrounding  
13          communities. They're beneficial  
14          to the region because they not  
15          only create jobs, economic  
16          investment, and help to reclaim  
17          mine-scarred landscapes, but  
18          they reduce the amount of  
19          surface water that would  
20          normally end up in the  
21          underground mine pools that  
22          create abandoned mine drainage,  
23          includes groundwater systems, as  
24          well as our local rivers and  
25          streams.

1                   Reclamation of these  
2                   areas offered protection of home  
3                   ownership and businesses from  
4                   future mine subsidence and  
5                   protection of home ownership and  
6                   businesses from public health  
7                   and safety, the reclamation of  
8                   the lands has also lead to  
9                   economic development  
10                  opportunities and increased the  
11                  number of jobs throughout the  
12                  region.

13                  There are ancillary  
14                  benefits of abandoned mine land  
15                  reclamation by the industry as  
16                  well, which include the increase  
17                  of property values, the increase  
18                  in sense of community pride,  
19                  provided buildable sites that  
20                  are for commercial, industrial,  
21                  warehouse distribution,  
22                  recreational, or residential  
23                  development, increasing public  
24                  health and safety by removing  
25                  these hazards, and providing

1 stream-based recreational  
2 opportunities that in the long  
3 run might decrease stress-  
4 related health concerns for the  
5 community members that live  
6 within.

7 Historic problems from  
8 underground mines account for  
9 more damage than what has been  
10 done on the surface. The scope  
11 is very exhausted and the amount  
12 of resources available through  
13 the Abandoned Mine Land Trust  
14 Fund that we have put forward  
15 are going to help us to reclaim  
16 coal mine lands across  
17 Pennsylvania.

18 ARIPPA has done a great  
19 job of showcasing just how the  
20 ancillary --- these ancillary  
21 jobs and other local and  
22 regional businesses have  
23 positively impacted the  
24 reclamation and remediation  
25 projects throughout

1            Pennsylvania. They have  
2            quantified the economic benefits  
3            that are both local, regional,  
4            and downstream, and communities  
5            that benefit from cleanup and  
6            remediation projects indirectly.  
7            I'm sure Rick will be talking  
8            more about that later.

9                       We have a project that's  
10            a \$4 million grant that was  
11            received from Pennsylvania's  
12            Abandoned Mine Land pilot  
13            program in Sowersville EPCAMR's  
14            partnered with us and Keystone  
15            Reclamation Fuels management.  
16            They were putting \$8 million on  
17            the table. That's a \$12 million  
18            project that if they had --- the  
19            state had to do it alone it's  
20            going to cost the state, you  
21            know, almost more than half of  
22            what they did anyway for their  
23            Abandoned Mine Land Trust Fund  
24            budget on one project.

25                       So leveraging these type

1 of dollars and not only taking  
2 care of --- that's going to be  
3 one phase of the project.  
4 That's 16 to 20 acres out of a  
5 55 acre site. However, we're  
6 able to elude the waste coal  
7 pile and give back to the  
8 community a recreational  
9 community field with seven out  
10 of those 50 acres being donated  
11 back to the borough by the coal  
12 company that's partial on the  
13 project as well. We need more  
14 projects like this.

15 That project was  
16 recommended by the Coldwater  
17 Conservation Plan for the  
18 Abraham Creek watershed that our  
19 organization had put together  
20 and made that recommendation  
21 that that work be done, because  
22 we had some shrinking area come  
23 up onto the valley and they get  
24 down to the culm piles, and the  
25 culm pile totals into the slope



1           that are preventing the fish  
2           from being able to migrate,  
3           those species, further  
4           downstream. So this type of  
5           work is really vital to the  
6           environment, and also to  
7           remediate our streams and rivers  
8           in the Wyoming Valley.

9                         In Pennsylvania, the  
10           waste coal piles maintained by  
11           the Bureau of Abandoned Mine  
12           Reclamation is over 820 piles  
13           covering 9,500 acres that still  
14           remain unreclaimed. Fifty (50)  
15           of them are actively burning.  
16           The estimated coal in these  
17           banks is over 224 million cubic  
18           yards of material, suitable for  
19           burning in a co-gen plant, like  
20           those ARIPPA association. Over  
21           5,000 acres of mine-scarred  
22           lands were reclaimed by the  
23           ARIPPA plants across PA, at no  
24           cost to the taxpayers. So their  
25           reclamation efforts recover,

1 property values increase, and  
2 the reclaimed land is available  
3 for higher uses and often  
4 becomes taxable parcels,  
5 bringing in much needed revenue  
6 to municipalities with stagnant  
7 tax bases.

8 EPCAMR supports the  
9 Regional Greenhouse Gas  
10 Initiative Model Rule to carve  
11 out the CO2 Regulation to fit  
12 the specific energy landscape  
13 surrounding the co-gen plants,  
14 because of their vital benefits  
15 to our communities, that might  
16 otherwise have another industry  
17 come in that would have to put a  
18 whole lot more money in to  
19 reclaim the land and cost that  
20 investment for those companies  
21 to do so. This is being done at  
22 no cost to the taxpayers.

23 From our understanding,  
24 the co-gen plants, of which  
25 there are nine, I believe, are

1 remaining, they qualify for the  
2 addition to the Model Rule as an  
3 otherwise qualifying co-gen EGU  
4 unit that supplies less than 50  
5 percent of its annual total  
6 useful energy to any entity, not  
7 including energy sent to the  
8 interconnected manufacturing  
9 facility. It's vital that the  
10 co-gen plants are included in  
11 the Pennsylvania Set-Aside  
12 Program if they meet the  
13 eligibility criteria for  
14 qualifying facilities.

15 These cogen plants remove  
16 significant health and safety  
17 and environmental hazards, they  
18 improve water quality, both the  
19 ground and surface waters, they  
20 improve air quality, and  
21 eliminate airborne silt and  
22 burning coal piles, they reclaim  
23 land suitable of supporting  
24 natural habitats and fishery  
25 improvements, and they're

1           creating new parcels for  
2           suitable development.

3                       Lastly, my hometown, like  
4           many others in the coalfields,  
5           deserve the attention and the  
6           clean water and greener  
7           landscapes, living wage jobs,  
8           and the workforce development  
9           opportunities that go along with  
10          these jobs to create a better  
11          quality of life that can be  
12          gained through continued  
13          reclamation of abandoned mine  
14          lands by the Co-Gen industry.

15                      Thank you for the  
16          opportunity to give you the  
17          reasons why the reclamation of  
18          abandoned mine lands and the  
19          restoration of our watersheds by  
20          the Co-Gen industry is important  
21          to EPCAMR, our coalfield  
22          communities, Pennsylvania, and  
23          our Pennsylvania Abandoned Mine  
24          Land Campaign. Thank you.

25                      MR. REICHERT:

1                   Good morning. My name is  
2                   William Reichert. I'm from  
3                   Schuylkill County Conservation,  
4                   just outside the --- the  
5                   southern anthracite. I'm going  
6                   to talk on a little bit  
7                   different scope than these folks  
8                   here. I am the President of the  
9                   Schuylkill Headwaters Watershed  
10                  Association, and we're all  
11                  volunteers. That saying,  
12                  there's about 12 active people.  
13                  We've been in business since  
14                  1997. We brought in about \$7  
15                  million in grant from government  
16                  private sources to do AMD  
17                  drainage treatment systems and  
18                  clean up the water in the  
19                  Schuylkill River.

20                  We've been very active,  
21                  as active as we can be, on a  
22                  volunteer basis. I would like  
23                  to point our name, Schuylkill  
24                  Headwaters. We didn't take that  
25                  name lightly. For you folks

1           that don't know the geology of  
2           Schuylkill County, all of the  
3           water flows out of Schuylkill  
4           County. We have no water  
5           flowing into the county. We  
6           have to take care of what's  
7           here. And --- and that's all we  
8           get. You know, what's here,  
9           and ---.

10                         With that being said, all  
11           the water flows out of the  
12           county. That means every drop  
13           of water that goes out of here  
14           is going downstream someplace  
15           pretty far away. Half of our  
16           county feeds to Chesapeake Bay.  
17           The other half feeds to  
18           Delaware. And so we have to be  
19           recognizing that everything that  
20           we do is going to affect people  
21           downstream.

22                         Senator Argall has heard  
23           this speech before. And I think  
24           some others. I'm kind of old.  
25           I've been around for a while.

1 One of the --- the first major  
2 environmental projects in the  
3 nation was called the Schuylkill  
4 River Project. That project was  
5 developed to try to take all the  
6 coal silt out of Schuylkill  
7 River and clean up the river so  
8 that folks down in Philadelphia  
9 and down that way could drink  
10 the water.

11 It was at a point where  
12 the water was so bad back in the  
13 1940s that they didn't want to  
14 drink the water in Philadelphia  
15 and for many years after that, I  
16 think it was back. And a lot of  
17 the reason for that was the coal  
18 silt sedimentation coming down.  
19 There's efforts now to remove  
20 some of those bans and --- and  
21 stop that activity from  
22 occurring.

23 There's still a lot of  
24 sediment going downstream. A  
25 lot of that is coming from these

1 coal banks that we're talking  
2 about here that could be taken  
3 care of with the coal generation  
4 plants. And I hate to see that  
5 happen.

6 I'd like to take a moment  
7 to say to Mr. Meuser that I'm  
8 very happy working with the  
9 pilot projects. I'm not sure if  
10 you're aware of those. But the  
11 federal government has money out  
12 there in grant funding and pilot  
13 projects where we can get some  
14 big dollars to do some big grant  
15 money projects. I'm just --- I  
16 am completing one now down near  
17 Auburn. We're on 17 acres of  
18 floodplain, we removed the coal  
19 silt from down there and --- and  
20 restored that floodplain. So  
21 not only are we keeping the coal  
22 silt out of the river, we're  
23 restoring the floodplain that  
24 reduce flooding.

25 We have two other



1 projects that are going on in  
2 the county. One in Duncott ---  
3 or, I'm sorry, Duncannon, and  
4 one near Pottsville. Both of  
5 them were in the --- in the  
6 neighborhood of 900,000 cubic  
7 yards of sediment on these coal  
8 beds, they're sitting right next  
9 to the stream channel that  
10 continues to go down into the  
11 streams and, you know, adds to a  
12 lot of flooding in Tremont and  
13 Pine Grove. We've had some  
14 unbelievable bad events happen  
15 in the last couple of years.

16 And those --- those  
17 communities, and there ---  
18 there's no --- there's no  
19 incentives for the private  
20 industry to get out there and do  
21 this because of these Co-Gen  
22 plants going down. Every time  
23 we --- we try to make  
24 arrangements with Olyphant and  
25 Panther Creek and those folks

1           who do this are all saying the  
2           same thing. You know, we're  
3           kind of --- you know, the  
4           economics are not helping us  
5           any, you know, to help you out  
6           doing these kind of jobs and  
7           stuff like that.

8                         And we all know the banks  
9           get away from these plants the  
10          more difficult it is, the more  
11          costly it is to --- to get the  
12          material to them. So what we do  
13          in the watershed group is we try  
14          to get out there and get grants  
15          to assist moving this material  
16          to get it close enough for these  
17          guys to operate with, but you  
18          know, it's --- it's a challenge.  
19          It's like a challenge for them,  
20          and they're all willing. That's  
21          the part that I love, like  
22          Northampton and those folks, are  
23          all willing to help, but they're  
24          hands are pretty much by tied  
25          economically.

1                   And I --- like I said,  
2                   I'm not in the neighborhood of  
3                   these guys, very educated and  
4                   all that other stuff. I'm  
5                   speaking from the heart. One of  
6                   the things that --- that has  
7                   always bugged my brains is we  
8                   can spend billions and billions  
9                   and billions of dollars to go  
10                  over to Arabia and them other  
11                  places in the Middle East and  
12                  take their oil. And we've got  
13                  this great industry right here  
14                  in our nation, our own USA coal,  
15                  that we could take care of with  
16                  some help on our own soils.  
17                  That --- that's all I ask.

18                  There's one percent that  
19                  like to spend overseas on --- on  
20                  oil and all that other stuff.  
21                  Bring it here to our people and  
22                  help them out. Thank you.

23                  CHAIR:

24                  Thank you very much.

25                  Mr. Meuser, if you'd like

1 to ask the first question?

2 MR. MEUSER:

3 Thanks Chairman. I  
4 appreciate that. So I do have  
5 to part in about 10 minutes, I  
6 found this greatly educational.  
7 Thank you. Thank you for all  
8 your work. Vince, Hank, All of  
9 you. Bobby for all you've done  
10 over the years. I mean, it's  
11 been some significant progress  
12 that sometimes I guess we --- we  
13 forget.

14 Let me ask you, over the  
15 last 20 years that the  
16 reclamation has been taking  
17 place, and Bob, you mentioned  
18 that there would be as much as  
19 300 million tons was --- was  
20 actually reclaimed. How much of  
21 that came from because of the  
22 Co-Gen plants? And how much  
23 just from other reclamation  
24 measures?

25 MR. Hughes:

1 Well I think the --- over  
2 the long term, I'm not sure if  
3 the numbers I have are broken  
4 down by the actual Co-Gen plants  
5 versus what the state puts in,  
6 and what the coal industry  
7 actually reclaims when they  
8 remine these sites after SMCRA.  
9 So there's --- that number was  
10 the total number for --- for  
11 Pennsylvania.

12 The amount of waste  
13 material that's sitting out  
14 there was 224 million cubic  
15 yards of material. A river  
16 supplies over 5,000, if I'm  
17 correct, in terms of the plants  
18 across Pennsylvania, the ---  
19 they intend to be able to do  
20 that a lot --- I'm not going to  
21 say a lot quicker, but they can  
22 leverage additional dollars for  
23 the reclamation, it goes a lot  
24 further than just a --- a  
25 federal contract or loan that

1           might come true through the  
2           Abandoned Mine Reclamation,  
3           where they're not being able to  
4           leverage and industry dollars  
5           come in from the private sector.

6                     The federal money would  
7           come in through the AML fund,  
8           you'll get put out to a bidding  
9           process. And those will also  
10          create jobs hopefully too, but  
11          it doesn't bring any additional  
12          investment to the table for that  
13          site to be further used for  
14          another use.

15                    It's typical land  
16          reclamation job under SMCRA that  
17          says we're going to both  
18          hazardous and reclaim the  
19          landscape, but you just got to  
20          --- you just got to seed it,  
21          grass it, and then if you want  
22          to add private sector  
23          investment, we do it like the  
24          Earth Conservancy has done down  
25          in Luzerne County, you know, get

1           that work done on the front end,  
2           have the private sector come in,  
3           they do that air compaction,  
4           they'll throw down whatever they  
5           need to put down the footprint  
6           of the building plans or job  
7           creation and, you know, whether  
8           it's warehouse distribution or  
9           the other uses that they used  
10          for those industries, that comes  
11          in later, but they're able to  
12          provide additional dollars to do  
13          that.    So ---.

14                   MR. MEUSER:

15                   Would it be fair to say  
16                   if the Co-Gen plants did in fact  
17                   collect business and that is no  
18                   longer functioning, that there  
19                   would be an additional 110  
20                   million tons of coal banks in  
21                   Pennsylvania over the next 10  
22                   years?

23                   MR. HUGHES:

24                   It's going to sit there.  
25                   It's going to sit there for

1 decades. It'll be here forever.

2 MR. MEUSER:

3 And from an electrical  
4 supply standpoint, without the  
5 Co-Gen plants, how much would  
6 that affect our electrical grid?

7 MR. HUGHES:

8 The installed capacity of  
9 the remaining plants is they're  
10 all very small with the  
11 exception of super (sic) which  
12 is in the bituminous region.  
13 The total remaining installed  
14 capacity if you would include  
15 coal is probably only about  
16 1,200 megawatts. That's  
17 slightly larger than one plant,  
18 say Conemaugh or Keystone.  
19 Their units each are 936  
20 megawatts installed capacity.

21 So it's not so much that  
22 they produce a large amount of  
23 electricity and less now than  
24 later, but it's just that you  
25 have the ability to some degree



1           pay for --- you monetize --- you  
2           monetize the coal refuse.  
3           Because otherwise the  
4           environment stays. You monetize  
5           it. It greatly reduces it phase  
6           for a portion of the cleanup.  
7           You're not reaching out to a  
8           government agency to fund all of  
9           the removal and remediation  
10          associated with the pile.

11                           MR. MEUSER:

12                           Well, again, thank you  
13                           all for your work. Thanks for  
14                           dealing with and reducing the  
15                           carbon emissions through the  
16                           various pollutant controls and  
17                           keeping coal plants' heads above  
18                           water. Just thanks for the  
19                           great impact you've made on the  
20                           Commonwealth over the years. I  
21                           appreciate it.

22                           Mr. Reichert, I look  
23                           forward to speaking with you  
24                           directly about the sort of plans  
25                           we can come up with.

1                   MR. WEICHERT:

2                   Thank you. It's the  
3                   first I've heard that, so thank  
4                   you.

5                   CHAIR:

6                   We are focusing on the  
7                   environmental benefits. We have  
8                   a panel here. Wondering if  
9                   anyone - Mr. - go ahead.

10                  MR. MASSER:

11                  I look at this strictly  
12                  as environmental benefit. This  
13                  is --- this is cleaning ---  
14                  cleaning our environment,  
15                  helping our environment. What  
16                  --- what's the other option for  
17                  reclaiming this? I mean, you  
18                  can't really bury it without  
19                  being --- I mean without metals  
20                  going into the ground again.

21                  Right?

22                  I mean is there other  
23                  options that ---?

24                  I mean take the economics  
25                  out of it.

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MR. BRISINI:

Well to have a process that's comparable to the process performed by the coal refuse energy, you would essentially pick it up, do the best you can on the site, and take the material to an approved disposal site. Some people have identified, well, we'll just plant beach grass on it, and that was actually turned out to be a failed project in, I don't know if it was West Virginia, Maryland, Virginia. But that ended up having a completely different reclamation process occur after that beach grass people counted that as just a build.

The point you're making is correct. If you don't remove it from the site you will have surface and groundwater pollution even if you try and

1 bury it.

2 MR. ZIELINSKI:

3 Can I add to that? So  
4 yesterday we were talking about  
5 an old attempt called Operation  
6 Scarlet to remediate abandoned  
7 mine sites. I think this was in  
8 the late sixties that they did  
9 this, but there was significant  
10 amounts of money that were  
11 spent. Basically they went on  
12 these sites, they brought a  
13 bulldozer in, and they tried to  
14 reshape the --- the site, put  
15 grass seed on it, hope for the  
16 best.

17 Years later, we actually  
18 went on one of these sites and  
19 remined material out of it.  
20 It's right alongside the  
21 Lackawanna River in Old Forge.  
22 And there was --- I couldn't  
23 believe that the adjacent site  
24 was --- it was reclaimed. And  
25 the folks told me, they said,

1           you don't even need to go over  
2           there because it's all  
3           reclaimed. It was like a waste  
4           coal site or something. There  
5           was nothing on it, it was  
6           reclaimed.

7                        I went over, I saw the  
8           old sign falling down. It was  
9           actually one of these Operation  
10          Scarlet sites. So there's  
11          nothing on it today. It's back  
12          to what it used to look like.  
13          It's back to what our sites look  
14          like today, the ones we're  
15          working on, that don't have any  
16          vegetation on it. And they look  
17          like a giant coffee filter  
18          sitting there, percolating water  
19          through it with the Lackawanna  
20          River sitting right next to it.

21                        MR. MASSER:

22                        So the metals will still  
23                        get into the waterway?

24                        MR. ZIELINSKI:

25                        Exactly.

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MR. HUGHES:

Yeah. Most --- most people don't understand that the underground mine work is throughout this entire, you know, 484 square miles of the coal region here in northeastern PA. The amount of undermined rock and material of coal that has been removed is --- is fractured pretty much to the surface with a few places in between.

So any time you think it's going to rain and you got a coal pile out there, that water is going to percolate down into that coal pile, and that recreated material. And that formation of mine drainage is going to happen. If it's fractured bed below that surface where the coal pile is, it's going to go basically down into the underground mine workings

1 and then it comes out at the  
2 discharge.

3 Over the last 10 or 15  
4 years, I believe it was what  
5 we've been able to do it start  
6 mapping out those underground  
7 mines and we call them mine  
8 pools. And there is vast  
9 volumes of water that has the  
10 potential to be reused but mine  
11 discharges that are coming out  
12 every day. Like South Wilkes-  
13 Barre.

14 That's been flowing since  
15 1974. It's 15,000 gallons of  
16 it's polluted the lower three  
17 miles of the Susquehanna, or  
18 it's going into the river with  
19 metals coming out of it like  
20 iron. It hasn't been tapped.  
21 It hasn't been used as a  
22 resource. It hasn't been seen  
23 as a resource and can be used  
24 for alternative energy or  
25 electrical generation.

1                   So that's contributing to  
2                   a lot of the problems. When the  
3                   banks --- the banks are still  
4                   left there unreclaimed, in  
5                   addition to all the stormwater  
6                   we get that infiltrates our  
7                   streams and rivers that in most  
8                   cases, and I think Bill will  
9                   tell you, stream is overflowing  
10                  a lot, until there's nothing.  
11                  And that's just because the  
12                  water goes down underneath and  
13                  it's a lost stream that goes  
14                  into the underground mine drain  
15                  --- become mine drainage.

16                   MR. MASSER:

17                  If I might, you know, I  
18                  look at it with the way Mr.  
19                  Reichert has to look at it. We  
20                  can take care of all of these  
21                  discharges that are coming out  
22                  of the mine pool. You know, I  
23                  said 35 billion gallons of water  
24                  in the mine pool down in the  
25                  Mount Carmel area, but if you



1           could address the --- if you can  
2           address it rapidly, you won't  
3           have the discharge, but then  
4           they're going to flow into the  
5           world's largest coal pile built  
6           man-made mountain, and they're  
7           still going to get metals into  
8           there.

9                         So this is certainly an  
10           environmental standard for us.  
11           I mean, get rid of these piles.  
12           And I want to thank you for  
13           your work.

14                         MR. REICHERT:

15                         Well, just before you get  
16           off of that, we are trying our  
17           best to --- to look at just what  
18           you're saying about once we  
19           clean up the water, is it going  
20           to go back down to the stream  
21           and get polluted. So thank God  
22           DEP and all of OSAEPA are  
23           working with us. We do try to  
24           put together what they call a  
25           watershed implementation plan.

1           But we haven't actually put  
2           together plans for how to  
3           address these discharges, so we  
4           are sending the clean water  
5           downstream, and that could  
6           become polluted again.

7                         But, you know, one of the  
8           things we are shifting from is,  
9           especially in my organization,  
10          is water treatment. We've done  
11          a great job on that. But now  
12          we're --- we're looking at the  
13          sediment issues coming from  
14          these coal banks and stuff that  
15          are not only the metals and  
16          pollutants they put in, but the  
17          sediment itself really messes up  
18          the whole environment.

19                         MR. MASSER:

20                         Sure. Thank you.

21                         MR. REICHERT:

22                         You're welcome.

23                         MR. WENTLING:

24                         Thank you very much,  
25           gentlemen. It's been a pleasure

1 not only to hear your testimony  
2 today, but to work with you over  
3 the last few decades of my  
4 public career, representing a  
5 large portion of the anthracite  
6 region and Carbon and Luzerne  
7 County, having plants and their  
8 creek and Carbon County as a Co-  
9 Gen plant and having thousands  
10 of acres of abandoned mine land  
11 in Luzerne County.

12 When the Commonwealth  
13 looks at environmental  
14 disasters, it looks at creating  
15 economic opportunities for our  
16 communities, we generally  
17 approach these difficult issues  
18 through public and private  
19 partnerships. I don't believe  
20 there is any better example of a  
21 public private partnership that  
22 has benefitted Pennsylvania  
23 more, certainly has not  
24 benefitted my district, more  
25 than the partnership between the

1 public sector, the Commonwealth  
2 of Pennsylvania, organizations  
3 like EPCAMR, Earth Conservancy,  
4 and the Coal Refuse.

5 I want to touch on some  
6 of the testimony from Mr.  
7 Zielinski. Senator Argall has  
8 stepped out. But Senator Argall  
9 and I championed the coal refuse  
10 tax credit in Pennsylvania. We  
11 were successful in the funding  
12 of that tax credit from \$10  
13 million to \$20 million.

14 But it was very  
15 instructive to me as we went  
16 through the legislative process  
17 and met people in the finance  
18 committee. And to hear some of  
19 my colleagues in the legislature  
20 who don't understand the coal  
21 regions. When we were making  
22 the argument that it was  
23 important to increase the coal  
24 refuse tax credit, to look at  
25 other ways through the

1           alternative aging portfolio  
2           standards act, to give an  
3           advantage to the coal refuse  
4           industry, we heard about  
5           industry markets.

6                        As you noted in your  
7           testimony, Mr. Zielinski, that  
8           the energy market as it exists  
9           today cannot sustain coal refuse  
10          industry. And one of my  
11         colleagues asked, well why  
12         should we subsidize an industry  
13         that cannot sustain itself in  
14         the free market? This colleague  
15         also happens to support the  
16         Commonwealth going to 100  
17         percent solar by 2030. We  
18         subsidize the solar industry.  
19         We subsidize the wind industry.

20                       That was the whole  
21         purpose of the alternative  
22         portfolio energy act that we  
23         were going to subsidize those  
24         industries that have a  
25         overwhelmingly positive

1 environmental benefit, as the  
2 coal refuse industry does. So  
3 we have those two incentives,  
4 the EPS and the coal refuse  
5 industry.

6 How are they working? To  
7 help sustain the last 14, we  
8 lost 4 plants, we're down to 10  
9 plants. How are they helping  
10 you sustain? What can we do to  
11 improve those two incentives?  
12 And what is the impact of the  
13 proposal on regents that was  
14 released just a few weeks ago by  
15 DEP?

16 What is going to be the  
17 impact on regent on those two  
18 incentives that we've had in  
19 place to help sustain the 10  
20 plants that are currently  
21 working and, by the way,  
22 producing, and to the benefit of  
23 my colleagues, Northampton  
24 Generation and Earth Conservancy  
25 over the last 10 years,

1           reclaiming about 2,000 acres of  
2           land, not only has sustained  
3           3,000 jobs in the coal refuse  
4           industry, good energy jobs, they  
5           help create 4,600 new jobs in  
6           the private sector in the 81  
7           corridor on former abandoned  
8           mine sites.

9                        I can't thank you enough  
10           for --- for sticking with us for  
11           the last 20 years, reclaiming  
12           that land, and giving us a shot  
13           at economic prosperity. That  
14           would not have happened without  
15           the coal refuse industry.

16                       So I'd like to  
17           understand. I understand market  
18           pressures. We put two  
19           incentives in place. How are  
20           they helping? How are they not  
21           enough? And --- what will  
22           regent do to those two  
23           incentives?

24                       MR. BRISINI:

25                       Yeah. The --- the

1           circumstance you have around the  
2           market, PJM, is that it's in  
3           fact not a competitive market.  
4           It's a manipulative market. For  
5           --- in their own opinion  
6           identified the PJM as  
7           artificially suppressed prices.  
8           By virtue of the ability to ---  
9           for resources to bid in at their  
10          subsidized price, it has  
11          resulted in the capacity market  
12          --- there's two markets ---  
13          there's actually three markets.  
14          There's the capacity market,  
15          there's the PJM market, the real  
16          time market, that you bid into.

17                        So the advantage of the  
18          \$4 per ton of coal refuse used  
19          is helpful. But this particular  
20          industry, because of the fuel  
21          that's actually used, the  
22          process that you have to go  
23          through in using it, and the  
24          greatly deflated price in the  
25          capacity market, is what's



1           jeopardizing these plants.  
2           These plants now, in many cases,  
3           are struggling to get to June of  
4           2021, when the capacity price  
5           will actually increase  
6           significantly. In fact, nearly  
7           double the capacity market  
8           price. The capacity market is  
9           basically a payment for maybe  
10          one day so that somebody will be  
11          there to operate when you're  
12          called into service.

13                    But in the day ahead  
14          market, the bid price is higher  
15          than there are in the case of  
16          other resources. Now, the ---  
17          probably the more difficult, the  
18          solution for is an over rule,  
19          that essentially says you can't  
20          bid your subsidy pricing. That  
21          would negate the benefit of the  
22          coal refuse tax pay in  
23          Pennsylvania as a state program.

24                    Federal programs, for  
25          example, the federal tax credit,

1           would not be affected by that.  
2           That would be considerably more.  
3           And that also would --- would be  
4           a tax credit three times the ---  
5           the level. One of the things  
6           that I think has happened in the  
7           tax credit is that the value  
8           that's received for that tax  
9           credit has been grossly  
10          underestimated.

11                        When you look at a  
12          project like Airfield (sic) in  
13          Cambria County, that particular  
14          project, because of a special  
15          circumstance, because the pile  
16          was all but completely burned  
17          out, because a mining company  
18          that was a property adjacent to  
19          that property needed to be  
20          filled and because the  
21          Department of Environmental  
22          Protection Bureau of Abandoned  
23          Mine Reclamation was very smart  
24          and astute. They were able to  
25          do the project to remove 3.25

1 million tons of --- of coal  
2 refuse from their fields and  
3 reclaimed the area. They got  
4 the transport distance of two  
5 miles to take the material. And  
6 it's a project, they didn't have  
7 the lowest price reclamation  
8 project ever.

9 But the other prices to  
10 deal with that were somewhere in  
11 the vicinity of I believe 60  
12 million and over, probably in  
13 the vicinity of \$100 million, if  
14 you were to have a project --  
15 the reason I bring up Airfield  
16 (sic), that's the only project  
17 that I know of that actually  
18 replicates the process that is  
19 undergone by coal refuse  
20 facilities.

21 So by virtue of that, you  
22 look at it, and you say \$4 per  
23 ton used as fuel, you're  
24 actually --- for every ton of  
25 fuel, you're probably --- I'll

1 say it this way. For every 100  
2 tons of fuel you use, you're  
3 probably reclaiming 125 tons of  
4 coal refuse. Hank mentioned  
5 material that's left behind.  
6 Handled differently in the  
7 bituminous region versus the  
8 anthracite region, by bituminous  
9 material is so much more acidic  
10 and damaging. It's actually  
11 left on a site and encapsulated  
12 and circulated fluidized bed  
13 ash.

14 So is \$4 enough? Well,  
15 it's helpful, but it's --- it's  
16 has --- it works great for some  
17 facilities and not so great for  
18 others. But I don't think that  
19 that adequately is a --- a  
20 recognition financially of the  
21 benefit of the coal refuse  
22 facility and the particular  
23 projects they perform.

24 MR. ZIELINSKI:

25 How about the AAPS?

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MR. BRISINI:

Well, the APS, we're tier two. I mean, if you were tier one, it would be great. But the Pennsylvania waste coal was pushed to tier two and instead of \$6 or \$7 a megawatt hour, I think we get something like 17 or 18 cents. I'm sure Jaret Gibbons in his testimony will talk to the specific pricing associated with tier two credits.

MR. ZIELINSKI:

Those credits are helpful. We tried alternatives in the past and found out what - what was, you know, you can tell what you're actually getting, significant credit. So if we were able to earn, what we can with this thesis, and if we can take stocks from projects out there then we'd be able to get the significant credit, but our

1 facilities aren't designed to  
2 deal with that. They're ---  
3 they're designed for restored  
4 remediation.

5 MR. WENTLING:

6 Well, we are going to go  
7 ahead, we are running quite  
8 over, and we're going to get to  
9 Senator Baker, please.

10 MS. BAKER:

11 Sure. And I'll try to  
12 keep this quick, but I really  
13 appreciate the background and  
14 information as a young person  
15 growing up in the Wyoming  
16 Valley. Those black mountains  
17 were what we thought were  
18 mountains. And --- and to see  
19 what you've done, it's really  
20 very impressive, and I want to  
21 acknowledge that.

22 I know our colleague,  
23 Senator Yaw, is not here, but is  
24 Chair of the Chesapeake Bay  
25 Commission. We know that acid

1 mine drainage is one of the top  
2 contributors to pollution in the  
3 bay. Are we quantifying the  
4 work that you're doing, is that  
5 translating into the watershed  
6 encroachment plans? Are we ---  
7 are we getting credit for the  
8 work you're doing, and how can  
9 we utilize that in a better way,  
10 knowing what we have to do to  
11 clean up the Chesapeake Bay?  
12 You are a key contributor and a  
13 key part of helping us to reach  
14 that goal.

15 MR. REICHERT:

16 Yeah. That's a good  
17 point. I --- I doubt that any  
18 credit is coming from the work  
19 that they're doing cleaning up  
20 the piles. We do the work that  
21 we do with the treatment system  
22 and stuff, you know, that's ---  
23 that's --- we monitor them  
24 constantly and we give them that  
25 information, but I doubt anybody

1 is doing that, right Bob?

2 MR. HUGHES:

3 Yeah. I've got the  
4 numbers to show our Gen-S (sic)  
5 technical system providers. We  
6 put this together for the  
7 Chesapeake Bay. In Pennsylvania  
8 there's 14,562 acres of mining  
9 areas that are supposed to be  
10 under abatement to be reclaimed  
11 by 2025 under the Watershed  
12 Implementation Plan.

13 There's an estimated  
14 1,900 abandoned mine land  
15 problem areas, 10,400  
16 unreclaimed features, that total  
17 73,080 acres and 2,290 reclaimed  
18 features, totaling 13,140 acres.  
19 There's 1,305 stream miles  
20 impacted by AMD just in the  
21 Chesapeake Bay Watershed alone.  
22 That's a lost recreational value  
23 with numbers I put in my  
24 testimony for anglers alone, in  
25 the amount of \$72 million



1           annually in the Susquehanna  
2           River Basin.

3                         If we combine that with  
4           the Delaware and Ohio River  
5           Basins, there's 2,834 stream  
6           miles that have been impacted  
7           for total lost recreational  
8           value by anglers in the amount  
9           of \$146 million annually.

10           Susquehanna River Basin has 489  
11           untreated discharges in the  
12           Susquehanna Basin alone. And  
13           those untreated discharges send  
14           73.6 million pounds of acid and  
15           31.5 million pounds of metal  
16           sediments, iron making up 89  
17           percent of that, aluminum 11  
18           percent, downstream to the  
19           Chesapeake Bay. And in the  
20           Chesapeake Bay's model, you  
21           don't count the AMD for sediment  
22           reduction.

23                         And that's a problem.  
24           Because if we took away all the  
25           treatment systems that are in

1           the west branch of the  
2           Susquehanna and the treatment  
3           systems in Northeast that are  
4           holding back all these metals,  
5           where do you think they're  
6           going? They're going to go to  
7           the bay. And it's not uncommon  
8           for now, but the sediment is  
9           building up behind there, the  
10          sediment and coal and coal silt  
11          banks that are along the banks  
12          of these rivers and streams that  
13          are sending that pollution down  
14          there.

15                    We got to deal with the  
16          man waters but the Chesapeake  
17          Bay remodel is recognizing it,  
18          they're doing sediments in the  
19          agricultural radar, they're  
20          doing nitrogen and phosphorous,  
21          but they forget about all the  
22          sediment from abandoned mine  
23          drainage to be accounted for.

24                    And we had issues with  
25          stormwater, in Wyoming Valley in

1 particular, we have more mine  
2 drainage discharges in the  
3 Wyoming Valley than you can  
4 shake a stick at and the  
5 discharges and the pollution  
6 load is coming in from Solomon's  
7 Creek, Nanticoke Creek, Newport  
8 Creek. Mr. John - senator  
9 Yudichak has been with me up in  
10 the valley and we --- it just  
11 continues to flow, untreated,  
12 and at the state level, those  
13 watersheds are not priority  
14 watersheds for funding right  
15 now. So there's no treatment on  
16 any of those big discharges.  
17 And the mine pools are enormous.  
18 240 billion gallons of  
19 water is in the Wyoming Valley.  
20 160 billion gallons of water is  
21 coming out of Old Forge. And  
22 that's just between Archbald and  
23 Old Forge. So there's billions  
24 of gallons of water that's being  
25 untreated, going in, and Old

1 Forger portal is probably the  
2 largest discharge into the  
3 Chesapeake Bay. And East Coast  
4 we're the nation, second to the  
5 Generation mine coal that's  
6 coming out of --- down in  
7 Nescopeck Creek, in terms of  
8 slow volume and pollution  
9 volume, and not being addressed  
10 and the treatment that's already  
11 been done by watershed groups  
12 like Bill in Schuylkill.

13 That's not the Chesapeake  
14 Bay obviously, the Delaware  
15 plant, it's not being counted.  
16 The reclamation that these guys  
17 have done in terms of  
18 reforestation or credits for  
19 reforestation, that's not being  
20 counted. That needs to change.

21 CHAIR:

22 We are going to ---  
23 again, before we wrap up here  
24 with the environmental benefits,  
25 I just wanted to mention very

1           briefly that this committee has  
2           started over 50 years ago and is  
3           specific to helping to address  
4           acid mine drainage. So that's  
5           the origin of this committee.  
6           And I just wanted to mention  
7           that for the --- for the benefit  
8           of the public and --- and our  
9           members.

10                        So we're going to go  
11           ahead and move on. Thank you  
12           very much for your testimony.  
13           We're going to move on to the  
14           panel on economic benefits. And  
15           for those folks that are able to  
16           join us here, we'll let them  
17           introduce themselves and speak.  
18           Thank you.

19                        In the --- in the  
20           interest of time, we are running  
21           behind as we mentioned.  
22           Excellent testimony, and we're  
23           going to continue that with the  
24           panel on the economic benefits.  
25           Mr. Gibbons, if you could

1 introduce yourself and --- and  
2 we'll go ahead and get started.  
3 So thank you so much.

4 MR. GIBBONS:

5 Thank you. And my name  
6 is Jaret Gibbons, and I'm the  
7 Executive Director of ARIPPA. I  
8 --- on behalf of ARIPPA I want  
9 to thank the JLCC for scheduling  
10 this hearing for today to  
11 discuss the coal refuse  
12 reclamation energy industry.  
13 ARIPPA, or the Appalachian  
14 Region Independent Power  
15 Producers Association, so of  
16 course the short --- it became  
17 short --- we go by ARIPPA, is a  
18 nonprofit trade association  
19 representing the coal refuse  
20 reclamation to energy industry  
21 in Pennsylvania and West  
22 Virginia.

23 ARIPPA's membership is  
24 comprised of environmental  
25 remediation facilities that

1           utilize circulating fluidized  
2           bed, or CFB, boiler technology,  
3           to convert coal refuse into  
4           electricity and use resulting  
5           beneficial use ash for reclaimed  
6           polluted coal refuse sites.

7                         This is a very unique  
8           industry. This helps the state  
9           turn an environmental challenge  
10          into economic opportunities.  
11          Back in 2006, Econsult  
12          Solutions, an independent  
13          resource, conducted a study of  
14          the economic and environmental  
15          impact of Pennsylvania's coal  
16          refuse energy industry. Then in  
17          2009 they expanded upon the  
18          study, to identify factors  
19          causing the decline of coal  
20          refuse reclamation energy and  
21          the environmental and economic  
22          benefits to the state and  
23          federal government as well as  
24          the general public, that would  
25          be lost if the industry were to

1 disappear.

2 So on the floor work, is  
3 about 40 pages long. I have a  
4 copy of it here. And you can  
5 get a copy of that on ARIPPA's  
6 website if you want to read the  
7 whole thing, but an executive  
8 summary was included in your  
9 packets today that summarizes  
10 their findings.

11 Now, coal refuse  
12 facilities are distinctly  
13 different from traditional  
14 fossil fuel from power plants.  
15 In fact, I would go so far as to  
16 say they're principally not  
17 power plants, and should not be  
18 thought of or treated as such.  
19 Rather, they are environmental  
20 remediation facilities that  
21 produce energy as a byproduct of  
22 waste disposal and reclamation  
23 material production process,  
24 which --- which the energy is  
25 then sold to help fund the



1 remediation process.

2 So included in the  
3 handout today, a map that shows,  
4 you know, where the location of  
5 the plants, the picture shows  
6 how coal refuse strategically is  
7 located in close proximity to  
8 state's coal refuse piles, so  
9 they could reclaim these sites  
10 with nearby resources.

11 Now in the Power point  
12 that was included in your packet  
13 and your similar map that was  
14 produced at this time last year.  
15 So the map --- you know, the  
16 map, again, the map that I  
17 handed you today is a more  
18 recent version. That was just  
19 produced in the last couple  
20 weeks. You can see that in the  
21 past year the number of closed  
22 plants between the two has  
23 increased from two to five.  
24 There are an additional two to  
25 four plants that will likely

1 close by this time next year if  
2 there are no significant changes  
3 to current operating conditions.

4 This production will have  
5 a significant impact on the  
6 future of both environmental and  
7 the economic benefits the  
8 industry can provide. The  
9 remediation activities that the  
10 industry --- of the industry  
11 deliver documented benefits to  
12 the environment, the  
13 Commonwealth, and the public at  
14 large, relative to probable ---  
15 probable alternatives of leaving  
16 coal refuse piles unaddressed.

17 While these environmental  
18 benefits are substantial in  
19 economic terms, they are not  
20 captured within the industry's  
21 business model. Rather, they  
22 are positive externalities that  
23 accrue for the general public.  
24 Meaning the plants can deliver a  
25 positive societal value even if

1           their activity is not profitable  
2           in the private market setting.

3                       These benefits include  
4           water quality improvements,  
5           public health and safety  
6           benefits, land value increases,  
7           and positive air quality  
8           impacts. For example, coal  
9           refuse pile reclamation by these  
10          facility reduces uncontrolled  
11          emissions from burning coal  
12          refuse piles and creates carbon  
13          states by removing coal refuse  
14          and restoring vegetation at  
15          abandoned mine land sites.

16                      These activities yield  
17          quantifiable, environmental, and  
18          public use benefits, estimated  
19          to total over \$9 million in just  
20          one year, and grossed nearly \$65  
21          million by year 20. If I total  
22          a \$740 million, an average of  
23          \$36.9 million per year over a 20  
24          year period.

25                      To achieve the benefits

1 described previously without the  
2 industry, the state could  
3 alternatively commission the  
4 removal of piles, disposal of  
5 the refuse, and rehabilitation  
6 of the sites. The cost of this  
7 effort to the state represents  
8 the avoided cost from the  
9 activity that is instead  
10 undertaken by the industry.

11 Econsult reviewed bids  
12 from a relative reasonable  
13 awarded DEP contract arose for  
14 the removal and disposing and  
15 rehabilitation of a 62 acre coal  
16 refuse pile in Pennsylvania.  
17 Under controlled disposal costs  
18 of this project by relocating  
19 the refuse to the nearby strip  
20 mining land transportation  
21 storage costs. But there are  
22 three other things that are more  
23 likely reflected in the typical  
24 cost the state would incur for  
25 disposal.

1                    Combined, the estimated  
2                    disposal and removal costs range  
3                    from around \$11 per ton in the  
4                    most ideal situation to around  
5                    \$33 per ton under more typical  
6                    conditions. Rehabilitation  
7                    costs represent an additional  
8                    \$20 to \$23,000 per acre. And  
9                    these costs replicated in the  
10                    annual removal of 8 million tons  
11                    of coal refuse and remediation  
12                    of 240 acres as currently  
13                    generated by the industry would  
14                    cost --- it would cost  
15                    Pennsylvania between \$93 and  
16                    \$263 --- \$267 million annually.

17                    Addressing all identified  
18                    piles across the state, it would  
19                    cost as much as \$7.4 billion.  
20                    And that's with the identified  
21                    piles. You know, certainly the  
22                    --- there are a number of piles  
23                    that we continued to find, you  
24                    know, that are not identified in  
25                    the DEP register.

1                   The industry is also a  
2                   major economic generator and  
3                   major employer in Pennsylvania,  
4                   while playing a prominent role  
5                   of disadvantaged rural  
6                   communities across the states to  
7                   legacy coal mining regions, up  
8                   here in the northeast, the  
9                   anthracite, and in the western  
10                  Pennsylvania bituminous regions.  
11                  Plants are economic anchors in  
12                  their host jurisdictions, serve  
13                  as employment hubs, and large  
14                  components of the local tax  
15                  base.

16                  Direct expenditure by the  
17                  industry are estimated at \$363  
18                  million annually. And industry  
19                  employees earn an average salary  
20                  of greater than \$75,000 per  
21                  year. The activities of the  
22                  industry extend well beyond the  
23                  footprint of the plant  
24                  themselves. It comes from the  
25                  fuel pool site of mining,

1 transportation, energy  
2 generation, and environmental  
3 remediation.

4 Including spillover  
5 effects, the annual economic  
6 impact of the industry in  
7 Pennsylvania is \$615 million per  
8 year, supporting nearly 3,000  
9 jobs and --- and generating \$18  
10 million in state tax and fees  
11 alone. And that's not including  
12 local property taxes and --- and  
13 other contributions they make to  
14 the local communities.

15 In conclusion,  
16 Pennsylvania's coal refuse  
17 reclamation energy industry  
18 serving three decades of a  
19 valuable environmental  
20 remediation for the  
21 Commonwealth. The industry is a  
22 unique private-public  
23 partnership that allows  
24 facilities to generate  
25 electricity and at the same time

1 restore the environment of the  
2 Commonwealth. While converting  
3 coal refuse to energy does not  
4 currently hide what's a market  
5 based remediated energy  
6 production, it remains as  
7 valuable and cost effective  
8 means of environmental  
9 remediation that delivers a  
10 strong public return in these  
11 investments.

12 The industry is  
13 historically the most effective  
14 and prolific actor in  
15 remediation of coal refuse  
16 piles. But the current  
17 economics of the industry are  
18 unsustainable. And without some  
19 intervention will lead to  
20 further plant closures and  
21 permanent loss of their public,  
22 environmental, and economic  
23 benefits.

24 ARIPPA and our members  
25 want to continue partnering with



1 environmental groups and public  
2 sector agencies to promote the  
3 values of reclamation and find  
4 ways to secure adequate sources  
5 of funding to sustain and  
6 increase the current level of  
7 mining-affected land reclamation  
8 activities.

9 And I'll just note that  
10 any --- in the Power point that  
11 was provided to you, I think  
12 there are some wonderful  
13 pictures in there, you know, it  
14 might be a little smaller to  
15 read it - to look at the  
16 printout, but --- if you look at  
17 the printout, but, you know, I  
18 mean, I won't go through them.  
19 I did at the last year meeting.  
20 You know, I think the picture is  
21 speaking --- is worth more than  
22 1,000 words.

23 If you can look at those  
24 sites and see these landscapes  
25 that look like the surface of

1 the moon, black, and dark, and  
2 dirty, and the follow up  
3 pictures after the work is done,  
4 you know, these are often green,  
5 lush fields, or mines converting  
6 them to useful economic ---  
7 economic generators for things  
8 like commercial development, or  
9 recreational fields, like soccer  
10 fields and baseball fields.  
11 There's --- there --- there are  
12 great economic, you know,  
13 aspects of this to the local  
14 communities that go far beyond  
15 even what the industry does.

16 So thank you for your ---  
17 for your time and I look forward  
18 to your questions at the end.

19 MR. JAYNE:

20 Good afternoon. My name  
21 is Roger Jayne. I'm a business  
22 agent for Local 13 Boilermakers.

23 There are approximately 650  
24 active boilermakers working in  
25 the 13, which covers the eastern

1 half of Pennsylvania.  
2 Boilermakers are skilled  
3 craftsmen and women that  
4 install, assemble, repair, and  
5 maintain boilers, tanks,  
6 vessels, refiners, and nuclear  
7 plants.

8 But mainly, I maintain  
9 the coal boilers has consumed  
10 most of my 30 plus years career.  
11 It'll be actually 31 in April.  
12 I started in 1989. And  
13 ironically building Co-Gen Plant  
14 as our apprentice running out of  
15 Panther creek, working for  
16 Vetco. I went from there to  
17 Northampton and after  
18 Northampton was completed I  
19 moved into PPL circuit. So it  
20 was pretty cool, but for the  
21 last seven years of being a  
22 business agent, there was annual  
23 outages on --- back then every  
24 single boiler. We would take  
25 sometimes 300 or 400

1           boilermakers and they would last  
2           up to 10 weeks to boil  
3           maintenance.

4                   The annual outages have  
5           turned into two to three year  
6           cycles because of the --- the  
7           competition from natural gas and  
8           it was - my personal best was  
9           like 73 days straight working 10  
10          or 12 hours. And that was  
11          installing NOx which is nitrogen  
12          oxide gases and harmful  
13          greenhouse gases. It was pretty  
14          big thing back then for PPL.  
15          They really put a lot of time  
16          and money into that, to meet EPA  
17          requirements.

18                   So that was in the late  
19          nineties and then in the 2000s  
20          was a really good time to be  
21          boiling because we worked spring  
22          to fall for 10 or 12 weeks. But  
23          lately the outages are like next  
24          to hardly at all because of the  
25          costs of the competition with

1 gas is. It's not feasible.

2 They're just not running.

3 So Pennsylvania, they cut  
4 CO2 emissions by 33 percent in  
5 2008, and mercury emission was  
6 also on PPL's radar because we  
7 did put mercury in the boilers  
8 for --- for that purpose, but we  
9 never did use them because after  
10 emissions and everything were  
11 installed the initiatives were  
12 low enough that they didn't ---  
13 they didn't see a need to --- to  
14 go that far. Because the  
15 mercury was reduced.

16 Pennsylvania will join  
17 the making of increased power  
18 and energy states through PJM  
19 and most likely through plants  
20 that will be carbon emitting  
21 sources. Coal refuse plants,  
22 co-gen as we call them, provide  
23 a unique environmental benefit  
24 and remain the most viable way  
25 or remediating the hundreds of

1 refuse piles scattered across  
2 PA.

3 Coal mines have a tough  
4 enough time competing with PJM  
5 and will get even tougher if  
6 it's is imposed because it's  
7 estimated that \$6 per megawatt  
8 power to the coal plants and 8  
9 to 12 in coal refuse  
10 electricity, this will quickly  
11 accelerate the closure of PA's  
12 remaining coal plants, which in  
13 turn would make it hard for me  
14 as a boilermaker to --- to go to  
15 work and I would have to go  
16 elsewhere out of state to  
17 provide work.

18 Statewide coal industry  
19 supports 17,000 direct and  
20 indirect jobs and generates  
21 nearly \$7 million in economic  
22 output. Closure of the  
23 remaining coal plants will  
24 result in substantial job losses  
25 and the community to depend on

1 the tax revenue generated by  
2 coal fire plants will be  
3 struggling once the plants are  
4 down and most likely become a  
5 distressed community.

6 Many of our plants have  
7 already made substantial  
8 investments, as I talked about,  
9 emissions and environmental  
10 control technology remain viable  
11 power through access to their  
12 owners. If the market continues  
13 to push them out, so be it, but  
14 let's not accelerate what the  
15 markets are doing. Thank you.

16 CHAIR:

17 Thank you very much.

18 MR. BLAND:

19 This is John Bland. I'm  
20 sorry he wasn't supposed to be  
21 here as me but he's out. My  
22 business manager for local 13.

23 MR. JAYNE:

24 Thank you.

25 CHAIR:

1                   Could you full introduce  
2                   yourself for the stenographer,  
3                   please?

4                   MR. BLAND:

5                   Yes, sir. My name is  
6                   John Bland. Business Manager of  
7                   Local 13 Boilermakers. We have  
8                   41 co-gens in Pennsylvania. We  
9                   also cover one county in  
10                  Delaware also.

11                  I thought it was  
12                  important to make --- like I  
13                  said, I had Roger give testimony  
14                  because I didn't think I was  
15                  going to be able to make it  
16                  here, but ---. But I thought it  
17                  was very important, and I'd like  
18                  to thank you for letting me  
19                  address the representatives of  
20                  the state here.

21                  I want to touch on a few  
22                  other things. RGGI is going to  
23                  basically do a lot of horrible  
24                  things. One, the devastation  
25                  was and is currently happening



1 right now. You're going to  
2 hinder them right now if they  
3 can even afford to keep going.  
4 Second of all, you are probably  
5 looking at another 21 possible  
6 plants in Pennsylvania over the  
7 next few years, five to six  
8 years.

9 If you have RGGI  
10 greenhouse gas emissions go from  
11 here. Why would anybody else  
12 want to build another plant  
13 here? All that infrastructure,  
14 all that money, all that tax  
15 revenue, is going to go to a  
16 non-RGGI state and they're just  
17 going to pump the energy over.  
18 That's not going to come here.

19 Carbon capture is one of  
20 the biggest things that I think  
21 we need to use in our  
22 facilities. I think more  
23 specifically for the government  
24 right now over the last 19 years  
25 between state and federal has

1 gave over \$180 billion in  
2 subsidiaries to solar panels and  
3 wind farms. And it's not  
4 cutting it.

5 You have more carbon  
6 emissions building your wind  
7 farm program. Your average 112  
8 --- I'm sorry, 212 foot  
9 windmill, it takes over 70 tons  
10 of carbon steel to make that  
11 kind of windmill. And also 800  
12 metric tons of concrete. And it  
13 only has 20 percent efficiency  
14 on energy. And they have a  
15 major problem with them running  
16 now. They're not efficient.

17 Germany is your biggest  
18 country that's been pushing the  
19 windfarm program. Am I correct?  
20 I'm sure everybody is on board  
21 with that. November of 2019  
22 they just voted to stay in the  
23 windfarm program. It's  
24 unstable. And it was costing  
25 their community and their

1 citizens a lot of money on  
2 electricity.

3 So we got to take a good  
4 look at how we're moving our  
5 energy. Is coal going to be  
6 around for another 100 years? I  
7 don't know, but I think we're  
8 moving too fast to get away from  
9 it. The alternative energy is  
10 what they're talking about.  
11 Nobody has a good answer to that  
12 right now.

13 You're --- everybody is  
14 talking about solar. We're  
15 going to go 100 percent solar.  
16 There's already a major issue in  
17 the solar panel process. They  
18 don't know what to do with them.  
19 You can't put them in with all  
20 the waste products. So we have  
21 to take a good look at what  
22 we're doing.

23 January, we had the  
24 presidential summit in  
25 Philadelphia. And I had a

1 question for presidential  
2 candidates. And part of it was  
3 the windmill subsidies and what  
4 they did and everyone wants to  
5 give to the fossil industry.  
6 But they don't have an idea or a  
7 plan to go forward how to do it.  
8 Everybody is going to get up  
9 there and promote to kill this  
10 fossil industry, but every one  
11 of them who doesn't have solar  
12 farms --- I'm sorry, solar  
13 panels on their houses. They  
14 don't have wind farms. They're  
15 still relying on our power.

16 I just wanted to get my  
17 little point across. Thank you.

18 CHAIR:

19 Thank you very much. And  
20 thank you for the testimony  
21 regarding the economic benefits.  
22 And we are just going to take a  
23 moment to see if there's any  
24 members that --- Mr. Guerrieri?

25 MR. GUERRIERI:

1           To Jaret. How many plans  
2           have gone away --- coal refuse  
3           plants have gone away the last  
4           five years?

5           MR. GIBBONS:

6           So we've seen five plants  
7           in Pennsylvania. The first that  
8           closed was the Pine Creek  
9           facility in 2013. That's in  
10          western Pennsylvania. And then  
11          that --- that was really the ---  
12          the only one initially, and then  
13          most of it has been in the last  
14          eight --- 18 months --- actually  
15          it wasn't 18 months, starting  
16          with the Echo facility up here  
17          in the end of 2018 and then just  
18          in this past year we saw the  
19          Kimberly-Clark facility shut  
20          down, the Cambria Cogeneration  
21          facility shut down, and here in  
22          about, you know, a week and a  
23          half, the Frackville facility  
24          was shut down.

25          So, you know, so as of

1 the end of this month it'll be  
2 five facilities that are shut  
3 down and we have one more that  
4 has a closure on the books with  
5 PJM scheduled for later this  
6 year. Now that could change if  
7 things change between now and  
8 then, but --- so we're not  
9 counting them out yet hopefully  
10 if --- if somebody --- if the  
11 state or federal government  
12 steps in, but there are several  
13 others that --- almost all of  
14 them are operating at less than  
15 their full efficiency and ---  
16 you know, just to try and get  
17 by, they're laying off --- you  
18 know, we talk about the economic  
19 impact.

20 Mostly they're laying off  
21 employees that are operating at  
22 less than the optimal capacity,  
23 you know, so there economic  
24 impacts just not occurring.  
25 They're not doing their

1           deferring maintenance. It just,  
2           you know, exacerbates the  
3           problem year after year.

4                     MR. MASSER:

5                     Oftentimes these ---  
6           these plants are in old coal  
7           towns, naturally, where  
8           unemployment is at --- is --- is  
9           a problem already. They're  
10          oftentimes offering the best  
11          jobs in the county, or one of  
12          --- certainly the Mount Carmel  
13          plant is one of those stories  
14          where, you know, they're  
15          offering good jobs to the people  
16          in that region.

17                    Am I right when ---  
18          sometimes when these plants shut  
19          down they're dismantled, I mean,  
20          they're --- they're razed, so  
21          they're not coming back?

22                    MR. GIBBONS:

23                    Yeah. I --- yeah, again,  
24          the --- Pine Creek facility was  
25          the first one is completely

1 dismantled. I was just out in  
2 Ebensburg doing a tour with  
3 somebody yesterday. The Cambria  
4 Cogen facility, I saw the  
5 demolition crew on site. They  
6 just started there. So the body  
7 is still up, but I understand  
8 that the inside is already torn  
9 down and by later this year the  
10 body will be as I understand an  
11 acting plant they're starting to  
12 do work on that as well in the  
13 McAdoo facility, so ---.

14 Yeah. Usually --- yeah,  
15 again, they're trying to  
16 evaluate what they can, these  
17 facilities are scrapped. Yeah.  
18 And, yeah, with probably ---  
19 again, Cambria shut down last  
20 February, and so a year later  
21 here we are and start tearing  
22 apart. They're not going to  
23 stick around long. Yeah. So,  
24 yeah, once they're gone, they're  
25 gone.



1                   MR. MASSER:

2                   Okay.

3                   They're not coming back  
4                   to help with our department ---.

5                   MR. GIBBONS:

6                   Yeah.

7                   CHAIR:

8                   All right. Thank you,  
9                   Mr. Chair.

10                  CHAIR:

11                  Mr. Goodman?

12                  MR. GOODMAN:

13                  Thank you very much.  
14                  It's still morning, so I'll say  
15                  good morning. And, again, I  
16                  have to --- full disclosure  
17                  here, Jaret, has been sitting  
18                  next to me on the house floor  
19                  out here for almost a decade, so  
20                  he and I go way back with his  
21                  conversation. And I was  
22                  ultimately one of the champions  
23                  in helping get the coal refuse  
24                  tax passed in the house on the  
25                  outside.

1                   We've been down this road  
2                   before, Jaret, you and I. I  
3                   have three coal fire generation  
4                   plants in my legislative  
5                   district and it's probably on  
6                   it's way out and once those  
7                   plants go down they don't come  
8                   back. And as I look down the  
9                   panel here and I see all the  
10                  members are sitting here, every  
11                  one has been a champion for your  
12                  industry over the years, but  
13                  what our biggest problem is, as  
14                  Representative --- or Senator  
15                  Yudichak was pointing to was, we  
16                  have a hard time convincing our  
17                  --- our colleagues outside of  
18                  the coal region how important it  
19                  is that we maintain this  
20                  industry and the things that it  
21                  does both economically and  
22                  environmentally, and Gilbert  
23                  power planting assignment on the  
24                  --- on the cross-the-world  
25                  issue ---. His plant goes down

1 and your lights go out.

2 We need a message like  
3 that that we can carry back with  
4 us when we go out to the  
5 governor and the people who are,  
6 you know, once again,  
7 considering the tax credit. It  
8 was nice RGGI had carved out  
9 before, your type of plants, but  
10 your industry is under attack.  
11 The natural gas industry and  
12 solar, wind power, seems sexy,  
13 our presidential candidates, it  
14 sounds great on a stub, but  
15 people really do not understand  
16 the impact of your industry.

17 As Jeffrey has pointed  
18 out, a picture is worth a  
19 thousand words. We can take all  
20 of us and take you to places in  
21 our legislative district when we  
22 were growing up and show you  
23 what it looked like then and  
24 what it looks like now, and the  
25 impact has been tremendous in

1           our area. I think I speak for  
2           everybody up here when I say it.

3                        So roundabout way, wrong  
4           way. What is our message? Can  
5           we put it on a bumper sticker?  
6           Because that's how things are  
7           sold anymore. I mean, we can  
8           talk about the Chesapeake. We  
9           can talk about Schuylkill  
10          County. My legislative district  
11          is beginning of the Schuylkill  
12          County --- of the --- of the ---  
13          of the Susquehanna River,  
14          Schuylkill River. Half of it  
15          might go to the Delaware. Half  
16          of it goes to the Chesapeake.

17                        I always find myself ---  
18          if I've got 10 or 15, 20 minutes  
19          to talk to one of my colleagues  
20          from the southeast, I can turn  
21          them around. Because you're  
22          absolutely right. Everybody  
23          loves solar panels, but they're  
24          like televisions. You can't  
25          throw them away. No one has a

1 long term --- my point is this,  
2 gentlemen. You got to give us a  
3 message that we can take in  
4 Harrisburg and sell in like one  
5 line.

6 Why it's so important to  
7 maintain this industry both  
8 economically and  
9 environmentally? And that's the  
10 challenge I leave you with  
11 today. Is there a way that we  
12 can sell this in a very, very  
13 short time when we're in caucus,  
14 I can pull one of my members  
15 from the southeast aside and  
16 say, listen, one of my plants  
17 goes down, your lights go out.

18 MR. GIBBONS:

19 Well, and I --- you know,  
20 to some would say with certainty  
21 they're concerned about their  
22 lights going out, but if I were  
23 you I'd pull out that map I  
24 handed out and show them where  
25 the Schuylkill River is running

1 down into --- you know, down  
2 into the Delaware River basin.  
3 That's where the drinking water  
4 comes from down in Philadelphia.  
5 You know, this acid mine  
6 drainage that is coming out of  
7 the --- out of these piles is  
8 going down into the Chesapeake,  
9 it's going into the Schuylkill.

10 You know, it is ---  
11 actually it's on the western  
12 side it's going into the Ohio  
13 and they --- they have found  
14 acid mine drainage, you know,  
15 I've been told that they were  
16 able to identify it, acid mine  
17 drainage coming off of  
18 Pennsylvania all the way down in  
19 the Gulf of Mexico. You know,  
20 this stuff travels.

21 You know, and I think the  
22 message is if you want clean  
23 water, somebody has got to clean  
24 this up. So unless they ---  
25 unless they come up with --- I

1 want to say about \$7.5 billion  
2 to fix the problem, and maybe,  
3 you know, if they can continue  
4 this part --- step up to  
5 continue this partnership in  
6 these plants.

7 And this is a  
8 partnership. And when these  
9 facilities started they --- they  
10 were incentivized by the state,  
11 you know, the factor in the  
12 storm administration is back in  
13 late eighties, and early  
14 nineties, they saw this as a way  
15 for the state to clean up a  
16 problem that was the state's  
17 responsibility, but to  
18 incentivize and utilize in the  
19 private industry to do it.

20 And we talked so much  
21 over the years about public  
22 private partnerships. But this  
23 is a perfect example. Because  
24 we can take the --- this public  
25 practice partnership and clean

1 up a problem that is the state's  
2 problem. And you know we talked  
3 about that cost. Somebody is  
4 going to clean that up, more on  
5 the other side, but somebody is  
6 going to carry the burden of  
7 those environmental pollution  
8 from the water, from the air,  
9 that these piles are bringing.

10 So, you know, this is the  
11 best way to do it, but, you  
12 know, we need to continue that  
13 partnership. You started with  
14 our purchase agreements that  
15 were required under a federal  
16 law for about ARIPPA back in the  
17 late eighties. Those have since  
18 expired and actually the Colver  
19 plant out in western  
20 Pennsylvania is the last ARIPPA  
21 that will expire here in May.

22 Again, it was the state  
23 that got these started, because  
24 they wanted to see this cleaned  
25 up. They partnered with private



1 industry. Private industries  
2 continued this. Then things  
3 changed in the market and we  
4 moved from a regulated to an  
5 unregulated electric market. We  
6 continued to try to survive and  
7 try to keep this going, but it's  
8 time for the state to step back  
9 up, it's time for all to step  
10 back up, and show their strength  
11 to be a partner in this this  
12 industry again.

13 MR. GOODMAN:

14 All right. You're doing  
15 a good job, so keep up the work.  
16 Thank you.

17 MR. WENTLING:

18 Thank you, Mr. Goodman.  
19 Mr. Heffley, if you have  
20 any questions?

21 MR. HEFFLEY:

22 Quick comment and on how  
23 good a job you're doing. Just  
24 how important this industry is  
25 to our --- to our region.

1            Obviously we have the Panther  
2            Creek in Carbon County, and  
3            right up the road from here in  
4            the little borough of Tresckow  
5            we had a mine fire, it's a still  
6            active mine fire, remind you of  
7            that, but also in the --- in the  
8            waste coal piles.

9                       It cost the DEP \$9  
10           million to extinguish that fire  
11           and waste coal pile. All they  
12           did was dig it up, douse it with  
13           water, and repile it, wait for  
14           the next lightning strike or  
15           somebody to build a bonfire and  
16           catch it on fire again. You can  
17           smell that burning through the  
18           whole town. It was --- it was  
19           an environmental hazard. We  
20           worked with Senator Yudichak and  
21           our congressmen and DEP. They  
22           did --- you know, they came in  
23           and taken care of the cost, but  
24           we'll get back to tax credits  
25           for this industry to keep it

1 going and clean up those  
2 environmental hazards. It's so  
3 important. And talk about the  
4 water and cleaning up the water.

5 Little boroughs and  
6 municipalities get fined all the  
7 time, and businesses, for a  
8 little bit of slight water  
9 runoff, and yet we have all this  
10 acid mine drainage happening  
11 that we are taking care of  
12 through this --- through this  
13 industry, and I think it is so  
14 important for the environment.

15 So we're here to continue  
16 to help and support this  
17 industry. And I thank you for  
18 your testimony and I take it,  
19 it's frightening when I --- when  
20 I --- when I look at the  
21 presidential debate that was on  
22 the other night, and it is just  
23 flat out frightening for the  
24 ignorance of those candidates to  
25 what this industry brings to our

1 Commonwealth and what --- and  
2 what it brings to the  
3 environment and how it  
4 positively --- positively  
5 impacts our state and our  
6 region. So we do continue to  
7 get that message out.

8 MR. BLAND:

9 Thank you.

10 One other thing. You  
11 know, you think of Pennsylvania,  
12 the wind doesn't blow all the  
13 time, and the sun is not out.  
14 You need something to back it  
15 up. And we got to take care of  
16 our fossil industry, because  
17 that's the only thing that's  
18 really going to back that up.  
19 Until you have something else  
20 you can magically appear. But  
21 like you said, the main goal,  
22 like I said the wind's not  
23 blowing all the time, so it's  
24 not going to be shining all the  
25 time, so we need to keep

1 fortified goal limitation.

2 CHAIR:

3 Thank you very much for  
4 your testimony regarding the  
5 economic benefits. We're going  
6 to move on then to a panel on  
7 the Energy Market Crisis.

8 Matt, you're listed  
9 first, so if you want to  
10 introduce yourself, and for the  
11 stenographer, speak slowly and  
12 speak clearly, and we appreciate  
13 you being here. Thank you.

14 MR. COCHRAN:

15 Thank you. Good morning.  
16 My name is Matthew Cochran. I  
17 hold the title of Asset Manager  
18 for Olympus Power. Olympus  
19 Power owns three waste coal  
20 plants in Pennsylvania. I  
21 appreciate the opportunity  
22 offered by Chairman Wentling to  
23 be provided the opportunity to  
24 testify today.

25 The subject matter I have

1 to present to this committee  
2 represents its historical,  
3 current, and future condition in  
4 the energy industry. You've  
5 already heard from a lot of the  
6 experts in the coal refuse to  
7 remediation industry that their  
8 statements covered. And that's  
9 the economic and environmental  
10 benefits of these unique power  
11 plants.

12 These --- this  
13 presentation will focus on the  
14 impact the energy market has on  
15 the power plants, as you already  
16 heard. The truth is, the ---  
17 the failure is imminent for many  
18 of these plants to consume the  
19 waste coal and remediate the  
20 affected lands in Pennsylvania  
21 and correct the pollution that  
22 continues to plague the  
23 watersheds.

24 If you wouldn't mind  
25 turning to the second slide.

1 Just a brief description on the  
2 grid, as I call it. The company  
3 called PJM, that has been  
4 mentioned today, it's a  
5 multistate electric grid company  
6 that's governed by FERC, which  
7 is a federal agency. Their  
8 responsibility is to provide the  
9 lowest cost energy price to the  
10 customers (industries,  
11 hospitals, retail, and homes),  
12 at the highest level of  
13 reliability.

14 They do an excellent job  
15 of that bidding that energy and  
16 supply the --- their customers  
17 with sufficient powers on a  
18 basis. And they also manage the  
19 bidding by the energy to the  
20 energy contract exchanges and  
21 ensuring enough energy is  
22 available to meet demands across  
23 PJM's foot print.

24 On the third slide there  
25 was --- we talk a little bit

1 more about the PJM market. PJM  
2 is obligated --- and this is  
3 where state and federal  
4 legislation comes in. They are  
5 obligated to orchestrate state  
6 and federal legislation.  
7 Legislation can ensure coal  
8 refuse to remediation facilities  
9 can survive in a currently  
10 uninhabitable market. And that  
11 uninhabitable economic market,  
12 as you've heard several times  
13 tonight --- this morning here,  
14 is not just currently, but it's  
15 in the future, moving forward.

16 Energy market projections  
17 show that rates are not going to  
18 improve. A lot of that is just  
19 because there's massive amounts  
20 of natural gas that's trapped in  
21 the state. These power plants  
22 cannot sell their energy into  
23 the wholesale market, therefore  
24 we can't cover our costs to  
25 operate. Just as any business,



1           you can't market your power and  
2           sell it or market your unit of  
3           --- and sell it into the market  
4           at a --- at a rate. You can at  
5           least cover your expenses and  
6           you cannot continue to operate  
7           anymore. That's why these other  
8           power plants have shut down and  
9           that's why these other power  
10          plants are approaching that same  
11          condition.

12                         Fourth slide here. Basic  
13          power plant economics or any  
14          business economics, you have  
15          energy revenue, basically  
16          selling that electron power,  
17          which is we receive payments on  
18          a dollar per megawatt basis.  
19          Each generator receives a  
20          wholesale or contract rate.  
21          Some of these other power plants  
22          that are currently existing  
23          today, one at least that was  
24          already mentioned, is on a  
25          contract for a short period of

1 time. And if there's any  
2 questions on where we're at on  
3 these slides, it's the slide  
4 right here in front of this.

5 They will fill out their  
6 contract and if it happens it's  
7 going into the wholesale market.

8 That wholesale market is at  
9 historic lows on freezing cold  
10 days like today where the power  
11 price should be close to \$50 or  
12 \$45 around the clock on average,  
13 24 hours a day, it's \$20. So we  
14 make a --- make a megawatt close  
15 to \$30, \$32, the power prices  
16 are at \$20, \$22 max on a very  
17 cold day, it's not sustainable,  
18 these --- these power companies.  
19 And that comes from the manager  
20 of these power companies, that,  
21 you know, they've been a part of  
22 for well over 10 years.

23 The second source in  
24 front of me, this is Capacity  
25 Revenue. It's a fixed rate.

1           You get that just to be able to  
2           ensure that they keep the lights  
3           on to be there for the energies  
4           for when the time comes. In  
5           massive economic or massive  
6           energy conditions such as 2014  
7           winter polar vortex, which was,  
8           you know, where PJM was on the  
9           verge of - and loaded, I think  
10          was around 500 megawatts to  
11          bring down to certain areas just  
12          to --- because they couldn't ---  
13          they couldn't meet the demand.

14                 So that capacity revenue  
15          basically ensures that these  
16          power plants will be there for  
17          industries and retail users of  
18          electricity. That's our second  
19          source of revenue. The third  
20          source is smaller. Ancillary  
21          services. That helps us control  
22          the grid and that's that grid by  
23          PJM. The need of this plant  
24          economics, powerplant economics,  
25          comes into play when you start

1 talking about power plant  
2 expenses.

3 70 percent of the cost of  
4 business like this is related to  
5 consuming waste coal and  
6 performing environmental  
7 remediation and the labor to do  
8 so. That's 70 percent of this  
9 cost for these powerplants. 30  
10 percent is the other more ---  
11 very important portions that  
12 support local taxes, boroughs,  
13 schools, and counties, and ---  
14 and the revenue that goes back  
15 to the state and federal  
16 government.

17 This chart right here is  
18 a PJM location margin pricing.  
19 It's a dollar per megawatt hour  
20 that we're seeing throughout the  
21 --- the industry. It goes all  
22 the way back to 2015. The black  
23 line represents a --- the cost  
24 for us to make energies break  
25 even.

1                   Okay?

2                   You see a lot of peaks in  
3                   this graph. I see three that  
4                   actually reach, maybe three ---  
5                   three you see here. The rest of  
6                   the line is below that black  
7                   line, since 2015, so literally  
8                   companies that owned these power  
9                   plants that don't have contracts  
10                  that are in this wholesale  
11                  market are pumping cash into  
12                  these plants for their own  
13                  benefit to be converted through  
14                  cash to each standpoint to cover  
15                  the expenses of these  
16                  powerplants.

17                  Although, you know, in  
18                  today's market, there was --- in  
19                  previous markets in 2015 and  
20                  again in 2017 timeframe, 2016  
21                  timeframe, there was sufficient  
22                  energy to help cover some cash,  
23                  hold onto that cash to get these  
24                  power plants, pay for some of  
25                  the expenses for the rest of the

1 year. That is no longer the  
2 case as you look at the 2019-20  
3 section of this graph you see  
4 the --- the energy rates have  
5 dropped off, plateaued, and  
6 they're not coming back. That's  
7 because of natural gas prices,  
8 trapped natural gas.

9 There's nothing wrong  
10 with natural gas. It's  
11 consumption of --- it's for  
12 consumption of generating energy  
13 prices, but that cuts our rates  
14 as waste coal to remediation  
15 power plants where we can ---  
16 you know, we can in the very  
17 near future. So that's one of  
18 the ending --- or one of the  
19 revenue sources of energy.

20 The last, which is this  
21 second to last slide, is the  
22 capacity rate decline. Again,  
23 looking back from 2015 until  
24 now, it is at its lowest  
25 degrading line, linear line,

1 showing the degradation of the  
2 revenue. You know, this ---  
3 this revenue capacity is to  
4 support labor, taxes, all the  
5 fixed rates received on MW basis  
6 for business.

7 Right?

8 Just to keep the lights  
9 on and generate power rates are  
10 there sufficient enough to  
11 support our operations. It ---  
12 that's not even enough anymore.  
13 And that's been the case since  
14 2019 into '20. 2021 it starts  
15 to come up a little bit, but  
16 there's no, you know, there's no  
17 horizon, just because it's not  
18 there for us to be able to, you  
19 know, sustain this further.

20 So that's where  
21 legislation from the state and  
22 federal level are so paramount  
23 for these plants. Without that,  
24 these plants --- without any  
25 federal tax credit from coal

1 consumption and even the benefit  
2 of a potential which is where  
3 you can come in as --- as ---  
4 you know, as this committee,  
5 where we can go back to the ---  
6 the days of when the --- the  
7 legislation requires that the  
8 utilities purchase our power.

9 That --- that is the  
10 silver bullet. It gives us the  
11 opportunity to one sell our  
12 power at a reasonable rate that  
13 is economical for these plants,  
14 and in return, these power  
15 plants will then be consumed for  
16 waste coal they can remediate  
17 the lands, employ the right  
18 people, and the same people can  
19 get their piece of the pie back,  
20 not only avoiding the cost of  
21 reclaiming the properties, but  
22 they also have the benefit of  
23 the tax dollars that come back  
24 to the state, and there's a  
25 benefit to all three of those,



1 and including customers. Thank  
2 you.

3 CHAIR:

4 Thank you. Introduce  
5 yourself.

6 MR. RAMPOLLA:

7 I'm John Rampolla. I am  
8 the Chief Financial Officer of  
9 the Gilberton Power Company and  
10 Schuylkill Energy Resources,  
11 both located in Schuylkill  
12 County.

13 I appreciate the  
14 opportunity to speak today. And  
15 I appreciate the support of  
16 everybody here in terms of ADPS  
17 and tax credit legislation,  
18 because without that, we would  
19 be in dire straits. I mean,  
20 it's not good now, but without  
21 that, it --- I suspect there  
22 would be many more plants shut  
23 down already. So we appreciate  
24 that.

25 I wanted to talk about

1           --- Matt did a good job  
2           explaining the markets. I just  
3           wanted to touch maybe in a  
4           little bit more detail why the  
5           energy market is in the crisis  
6           for our industry specifically.  
7           And just give a little bit of  
8           insight.

9                        So I'm going to try and  
10           explain in 10 minutes what took  
11           30 years to develop. So  
12           hopefully I'll be successful.  
13           My wife told me to keep it  
14           simple because I tend to get  
15           into a little more technical  
16           detail than maybe I have to  
17           otherwise.

18                       So before I explain  
19           what's happening today, just to  
20           give you a little bit of  
21           insight, and you know a lot of  
22           this, but our industry was built  
23           on PURPA laws in 1978. There  
24           was an energy crisis going on.  
25           And the administration at the

1 time said we're going to be out  
2 of oil today by the time we get  
3 through today. And of course we  
4 didn't have enough natural gas  
5 to supply our own needs. We  
6 were importing natural gas and  
7 using a storage program over the  
8 summer to fill it up for the  
9 winter.

10 And of course our demand  
11 was growing as a country. So it  
12 was an important initiative to  
13 try and conserve energy and  
14 become more efficient. And with  
15 that, our industry was built.  
16 So we became qualifying  
17 facilities and we not only used  
18 an energy resource that was ---  
19 otherwise had no commercial  
20 value, but we started a large  
21 reclamation effort as well.

22 Now, those laws allowed  
23 --- required the utilities to  
24 buy our power under long term  
25 power purchase agreements. And

1           what that did for our industry  
2           is we became bankable. So it's  
3           not dissimilar to somebody going  
4           to get a mortgage for their home  
5           and they have a good job that  
6           they've had. Well, the mortgage  
7           company is going to say well, I  
8           --- it looks like you can pay  
9           this loan back. And you're ---  
10          and you're going to get  
11          financing in your power plants.  
12          So that was a huge, huge benefit  
13          for those regulations at the  
14          time.

15                        So our plants now have to  
16                        finance and rebuild. They have  
17                        EPA requiring the utility to buy  
18                        our power, and what happened was  
19                        they started operating these  
20                        base load facilities. So all  
21                        the power that they were to  
22                        produce, they know --- they had  
23                        wire (sic) for it.

24                                Okay?

25                                And our --- our plants

1           didn't run if we didn't get  
2           paid. Now compare that to the  
3           utilities plants. If their  
4           plants didn't run, and were  
5           inefficient they still got paid.  
6           Because they just took that  
7           inefficiency and rolled it into  
8           the plants for three years. And  
9           everybody paid for that  
10          inefficiency.

11                   Our plants --- our  
12          industry in general is running  
13          at 90 percent on availability.  
14          And if you look back prior to  
15          this industry the utilities  
16          didn't achieve that. So we're  
17          proud of that fact as well.

18                   Now, what --- what  
19          changed? So the industry became  
20          deregulated. What that meant  
21          was the generation sources were  
22          spun off from the utilities.  
23          And they no longer had a vested  
24          interest in the generators. In  
25          fact, today you're not even

1           allowed to have a profit on the  
2           generation that they supply to  
3           their customers. It's just a  
4           pass-through.

5                        So now there's --- the  
6           utilities have no incentive to  
7           offer long-term contracts. And  
8           what --- what that's done,  
9           having no PPA availability, by  
10          the utilities, is that any long  
11          term deal or contract that we  
12          enter into now as a private  
13          transaction is just a simple  
14          commodity. Not so simple, but  
15          it's just a pure commodity  
16          trade.

17                       So those commodity  
18          agreements, which would be ---  
19          so --- so had the industry been  
20          able to do those, they could  
21          have locked in power at rates  
22          that made sense. But these  
23          commodity trades require a  
24          counter party to buy your power.  
25          And that --- and let me give you

1           an example. If we took  
2           Gilberton Power Company, took  
3           their production for 10 years,  
4           and did a long term power  
5           purchase agreement, one cent  
6           change per kilowatt hour would  
7           be a \$70 million obligation to  
8           the counter party.

9                        So let --- so let me  
10           express that again. The counter  
11           party who bought that power, if  
12           rates went up one cent per  
13           kilowatt hour, they're exposed  
14           for \$70 million when they pay  
15           your deal. So if Gilberton  
16           Power can't deliver that power,  
17           they're --- they're going to be  
18           out of business if we can't ---  
19           if they have to go and buy and  
20           replace that power.

21                        So as much as the counter  
22           party, made like Gilberton Power  
23           in that example, they don't like  
24           it that much and say, hey, wait  
25           a minute, I --- I don't need you

1 to secure that deal. So the ---  
2 the amount of credit and capital  
3 to do those long term deals is  
4 extraordinary. And is almost  
5 impossible to get it these days.

6 So our industry went to a  
7 different sales model, and it's  
8 really was participating in the  
9 day ahead market. We've heard  
10 that terminology. The day ahead  
11 industry market. And that's the  
12 title of this segment, market  
13 crisis, that's really we are  
14 now.

15 So I told you all that  
16 just to explain this.

17 Okay?

18 So how does the daily  
19 pricing model work for --- that  
20 our industry has participated  
21 in? Well, it's really driven by  
22 the lowest provider for the day,  
23 by the hour. Who will sell  
24 power for the least amount of  
25 money in that particular hour?



1 We use a crazy system.

2 It's like a reverse  
3 auction, if you've ever heard of  
4 that. It's not --- it's not ---  
5 you know, you think of an  
6 auction, it is, you know, I'm  
7 going to get my best price,  
8 because there's going to be an  
9 auction. This is who will do it  
10 for the least amount every day,  
11 every hour? That's what we go  
12 through.

13 So I --- I have some ---  
14 oh, and the other problem with  
15 the day ahead market is our ---  
16 our plants are made to be base  
17 load plants and run 24/7. We  
18 don't cycle up and down like a  
19 natural gas plant, which is our  
20 main competitor these days. So  
21 a natural gas plant, it's a jet  
22 engine. So if there's call for  
23 power they step up the gas. And  
24 then the jet engine fires up and  
25 they're producing more power.

1                   Or if the market price  
2                   dictates that they not run, they  
3                   took their foot off the gas.  
4                   Well, we're burning waste refuse  
5                   material. It doesn't respond  
6                   that way. And the other thing  
7                   that happens is our equipment  
8                   doesn't cycle well with --- with  
9                   going up and down. It cracks on  
10                  our factories, breaks, it --- we  
11                  have too much waste. There's  
12                  too much stress and expansion  
13                  and contraction. It just  
14                  doesn't work for our industry.

15                   Okay?

16                  In fact, to take our  
17                  plant down and bring it back up  
18                  may cost upwards of \$75,000 each  
19                  time. So it's not a cheap  
20                  proposition. To try and respond  
21                  to the day ahead market.

22                  So --- so we're in the  
23                  day ahead market and our pricing  
24                  is really correlated just about  
25                  100 percent to the price of

1 natural gas. Now, that wouldn't  
2 be bad in a normal situation,  
3 except that over the last 10  
4 years there's been so much  
5 private money come into  
6 Pennsylvania to develop the  
7 Marcellus Shale region.

8 So we have so much gas it  
9 can't get out of the state. Our  
10 neighbors to the north won't  
11 allow pipelines to be built up  
12 through New England.

13 Okay?

14 There's --- there's  
15 actually some wells, they drill  
16 the wells --- they don't even  
17 have pipelines yet. It's  
18 stranded gas. There's so much  
19 gas in Pennsylvania it's just  
20 caused the price of electricity  
21 to plummet. And --- and I'll  
22 explain --- I'll explain that a  
23 little bit.

24 So we have --- if you  
25 look at the first chart that I

1 put in my presentation. I know  
2 it's hard to see, because it's  
3 pretty small. It's the --- the  
4 sources of electricity in  
5 Pennsylvania.

6 Okay?

7 Now this happened to be  
8 for November. So we have the  
9 base load plants, the nuclear  
10 plants, and the coal plants.  
11 Now we're not really a coal  
12 plant, but we're kind of grouped  
13 in that set --- solid fuels  
14 segment of coal plants, even  
15 though we're waste refuse  
16 plants.

17 Okay?

18 So those plants have to  
19 run. In fact, those two groups  
20 don't cycle up and down. So ---  
21 so now we have to bid in every  
22 day for our power. So we can't  
23 risk not clearing that bid,  
24 because we can't shut down.  
25 It's too costly. So we become a

1 price taker in the market. So  
2 the natural gas guys, which are  
3 becoming a larger segment, they  
4 merely shape the load of the  
5 day. And whatever the price of  
6 natural gas is, that's what  
7 they're going to bid in.

8 So let me show you in the  
9 next slide. This is what  
10 happens every day. Now I was  
11 kind of hoping that --- that  
12 Dave would still be here. He  
13 knows my boss and he'd say,  
14 Ramp, we got to deal with this  
15 every day? You should probably  
16 give that guy a raise. Anyway.

17 This is the daily load  
18 forecast for today. This is  
19 today's load forecast. So all  
20 of the retail electric suppliers  
21 that supply the electric to  
22 residential customers,  
23 commercial, and industrial  
24 customers, every day send a  
25 forecast into the grid operator.

1           The grid operator publishes this  
2           forecast. You can see how  
3           volatile it is during the day.

4                    So our plants can't  
5           really respond to this load like  
6           this. We can't go up and down,  
7           up and down. That's why we're a  
8           base load plant.

9                    Okay?

10                   The natural gas plants  
11           are the ones that respond to  
12           this load by putting their foot  
13           on the gas and taking it off.

14                   The next --- the next  
15           slide is the actual prices for  
16           this load forecast. So you can  
17           see there's an hourly --- what  
18           these steps are, these are the  
19           hourly rates that were bid into  
20           the system for --- for today.

21                   So the first --- the  
22           first hour cleared at a little  
23           over 17 hours of megawatt. So  
24           someone said --- someone ---  
25           some plant said I'll --- I'll

1           make that power for \$17.50.  
2           Well, we bid in as price takers,  
3           so we have to take that price.  
4           We can't afford to shut down.  
5           So that's what we end up getting  
6           paid for the power for that  
7           first hour in the day. That's  
8           what that is. That's from ---  
9           that's from midnight to 1  
10          o'clock. We get \$17.50. And  
11          you can see how every ladder for  
12          every --- every hour is --- is a  
13          different price.

14                    If you put those two  
15          charts on top of each other,  
16          you'll see how it's --- it's  
17          just a pure supply and demand  
18          pricing model.

19                    Okay?

20                    Now here's the results.  
21          So what I did is I --- I looked  
22          at the results for three years,  
23          the last three years for  
24          January. January is typically  
25          the highest priced electricity

1 of the season, because it's the  
2 coldest in our region, and there  
3 is a --- a fairly large heating  
4 load for electric.

5 So what I wanted to point  
6 out here is if --- if you look  
7 at the first year, which is the  
8 green line. So it's the average  
9 day ahead price from 2018. So  
10 what you see is a sharp spike in  
11 the beginning of the month. So  
12 what happened is natural gas was  
13 constrained and the natural gas  
14 guy said if you want me to  
15 produce power, so for instance,  
16 on January 5th of 2018, they  
17 said if you want to produce  
18 power, I am making you pay \$250  
19 a megawatt.

20 Now I was going to put  
21 the chart in and --- of the  
22 polar vortex year, but it --- it  
23 would have compressed this  
24 entire chart so you couldn't  
25 even read it, because prices



1           approached \$2,000 a megawatt.  
2           Because gas was constrained.  
3           What did our industry do? We  
4           produced power at four cents a  
5           kilowatt hour. We had fuel on  
6           site. So --- so that speaks to  
7           the resiliency of our plants.

8                         Now, if you --- if you  
9           were to look at 2019, I just  
10          want to point out, this is how  
11          crazy the market that we operate  
12          in every day. If you look to  
13          --- to January 29th of 2018, the  
14          price was below zero, because of  
15          congestion on the system through  
16          no fault of our own. It was a  
17          problem with the utilities  
18          distribution system,  
19          transmission system.

20                        So what happened on that  
21          day? The grid operator said if  
22          you reduce power you owe us \$3 a  
23          megawatt. Can you imagine  
24          showing up to work one day and  
25          your boss says not only aren't I

1 going to pay you, but you're  
2 going to have to pay me to work,  
3 and by the way, don't forget all  
4 of the rules and regulations of  
5 employment in this 2,800 page  
6 document that you have to follow  
7 the rules with. It's a crazy  
8 system. But that's what we live  
9 with every day.

10 And you can see  
11 generally, this year in  
12 particular, it's sub \$20 in  
13 January, our best month. It's  
14 crazy. Yeah. The weather is  
15 --- the weather is killing us.  
16 So is just --- is what we live  
17 with.

18 And --- well, I'm going  
19 to stress the same thing that  
20 Matt did in his presentation,  
21 that the model --- the --- so we  
22 have energy revenue, capacity  
23 revenue, ancillary revenues, in  
24 the tier two EPS program. All  
25 --- all of them help what we

1           need is something to bridge the  
2           gap for the break-even cost  
3           operation of the plants in  
4           particular because of the  
5           situation with the  
6           overproduction of natural gas.

7                        So --- so I thank you for  
8           your time. And hopefully I  
9           didn't confuse anybody.

10                   CHAIR:

11                   We appreciate your  
12           testimony. And if you're  
13           willing to wait just a moment,  
14           if there's anyone that had any  
15           questions?

16                   MR. GUERRIERI:

17                   Just real fast. John,  
18           I've heard this presentation  
19           before, and I don't know what  
20           your answer is. I mean, because  
21           all of us who are familiar with  
22           how coal burns, it burns, and  
23           the beauty of it is it's there,  
24           it's reliable, we can count on  
25           it, as long as it's burning,

1           it's producing heat, it can  
2           easily be regulated, and plus  
3           you're using the material that's  
4           not --- it's a refuse material,  
5           so you're actually doing us a  
6           favor in what you're burning, if  
7           I'm following along in your  
8           conversation.

9                         Where natural gas is what  
10           it is. I mean, you had a really  
11           good analogy about the engine  
12           and I think --- and you bring it  
13           up and they can bring it down,  
14           where refractories and  
15           everything won't let you do that  
16           with fluidized bed coal.

17                        Okay.

18                        That part I don't know  
19           how you're going to fix. My  
20           question is, going with a tier  
21           one, would that help you in any  
22           way with regards to pricing,  
23           with regards to how you can ---  
24           because I know when they  
25           regulated it was happening way

1           before a lot of us were elected  
2           and they --- they came up with  
3           deregulations and state you can  
4           go back and argue that, whether  
5           it was a good thing or not a  
6           good thing.

7                         But prior to that your  
8           plants paid x amount and put  
9           back into the grid, and it was a  
10          good system for your plants to  
11          run on. Like I said, we can  
12          back and argue deregulation and  
13          whether it was a thing or not.

14                         But moving forward ---  
15          because you're never going to be  
16          able to change the way you  
17          process your plant's work.

18                         You know?

19                         And --- and we don't want  
20          them to. Because what ---  
21          you're using a waste material  
22          that nobody else --- no other  
23          --- no other energy supplier can  
24          use, and you're doing a really  
25          good job environmentally and

1           economically by doing it that  
2           way.

3                         So how do we help you? I  
4           guess is what I'm trying to say.

5           Will you be able to have tier  
6           one category, or --- because if  
7           I understand Matt's testimony,  
8           the other ones don't fall into  
9           this when you have --- when you  
10          were talking about your revenue  
11          side. The other ones don't have  
12          to fall --- fit into that box  
13          like you do.

14                        So moving forward, John,  
15          I guess my question is, what do  
16          we ask for?

17                                 MR. RAMPOLLA:

18                        So that --- that's a  
19          great question. A tier one  
20          category, which is made up  
21          typically one wind and landfill  
22          gas methane I believe is another  
23          one, those are two big ones,  
24          they typically trade much higher  
25          than the tier two credits. So I

1           guess you come down to how many  
2           --- you know, I think it would  
3           help, because you generally  
4           trade higher, I'm not sure of  
5           the impact if we were to move  
6           all our megawatts into a tier  
7           one situation, if that would  
8           bring the market down a little  
9           bit.

10                   MR. GUERRIERI:

11                   All right. I mean, we're  
12                   at the end now.

13                   Right?

14                   We can ---.

15                   MR. RAMPOLLA:

16                   Yeah. Right.

17                   MR. GUERRIERI:

18                   Tier one? Is that the  
19                   answer, Jaret?

20                   Tier one will be given a  
21                   larger payment for their  
22                   kilowatt.

23                   Right?

24                   If I understand this  
25                   correctly?

1                   Basically the coal  
2                   region, we're all friendly up  
3                   there. Yeah.

4                   MR. GIBBONS:

5                   I think tier one is  
6                   certainly --- could be larger.  
7                   I think John expressed that, you  
8                   know, we'd be concerned about  
9                   flooding that market. We're  
10                  currently in tier two. And we  
11                  --- we made up a big chunk of  
12                  the tier two, but the problem  
13                  with tier two, the price is low  
14                  because it's drastic. There's  
15                  just too many megawatts within  
16                  that.

17                  One method has to be ---  
18                  I mean, we've looked at, so a  
19                  couple of years ago, I believe  
20                  it was 2017, the solar, which is  
21                  kind of a carbon compound within  
22                  the tier one portion, they  
23                  closed the border to out of  
24                  state, so it must be in state  
25                  resources to qualify going



1 forward for that.

2 You know, so and that is  
3 expected to drive up the price  
4 there. If we close the border  
5 for the tier twos, which is  
6 largely made up of us and us and  
7 hydro make up basically almost  
8 all of the tier two stores for  
9 the most part right now. That  
10 could help push the price up to  
11 a place where it --- you know,  
12 it might be more competitive  
13 with, you know, probably closer  
14 to tier one price.

15 So that is --- that's  
16 potentially an option within ---  
17 within --- you know, if you  
18 wanted to try the benefits  
19 within the APS program that  
20 would probably be I'd say the  
21 simplest way to do it. You  
22 know, there are certainly other  
23 ways you could --- you could try  
24 to work that around, but I think  
25 that would be the simplest thing

1           because you wouldn't then be  
2           pushing us with the -.

3                     MR. RAMPOLLA:

4                     Right. Trying to move  
5           you into tier one politically  
6           would be extremely difficult.  
7           But --- but reducing  
8           regeneration to in state and in  
9           state only is --- is a little  
10          more palatable.

11                    MR. GIBBONS:

12                    Right. I think it would  
13          --- it would I'd say certainly  
14          be more palatable so we wouldn't  
15          be competing in that same market  
16          with some of those other  
17          sources, and again, it would  
18          potentially drive up price.  
19          But, again --- so these things  
20          work in the market. The solar  
21          marketplace.

22                    So, you know, it's ---  
23          it's supply and demand. And so  
24          if we decrease the amount of  
25          supply by limiting where they

1 can come from, the price is  
2 going to go up. I mean, you  
3 know, and will it get to a level  
4 that we'll be back down - I  
5 guess, you know, too. I'm just  
6 talking about --- you know, that  
7 would get closer to coming back  
8 down, but it'll --- it'll  
9 definitely make it so these  
10 facilities can run more  
11 frequently.

12 You know, certainly we  
13 have a tax credit, he's talking  
14 about that, but, you know, if  
15 we're working with Congressman  
16 Meuser and budget rate because  
17 unfortunately the state doesn't  
18 have the resources. You know,  
19 you know, we've got \$20 million  
20 right now. That number, you  
21 know, at the federal level is  
22 closer to about \$150 million a  
23 year. The state doesn't have  
24 that in the budget, and we get  
25 that.

1                   But, you know, EPS  
2                   program, going into the rate,  
3                   it's going to the rate base, and  
4                   that's certainly a much easier  
5                   way to do it. I mean, certainly  
6                   you could --- you can go beyond  
7                   that. John talked about the  
8                   history of the power purchase  
9                   agreements. You could do some  
10                  sort of, you know, our first  
11                  agreement or default pricing  
12                  that would --- that would  
13                  require the utilities to take  
14                  --- to take this at a certain  
15                  price. That would be a similar  
16                  way, you know, kind of push back  
17                  to the way things started.

18                  So there are options out  
19                  there. And I think I want to  
20                  let Matt talk real quick,  
21                  because I think he could  
22                  probably address those maybe a  
23                  little better.

24                  MR. COCHERAN:

25                  And I could get more on

1 tax approach, because you don't  
2 want to have to live and die  
3 solely on a tax credit. I mean,  
4 every year we had a budget.  
5 Every year the tax credit is  
6 here. And then you're doing ---  
7 you're holding your breath  
8 hoping --- you know, I mean, we  
9 got through the first time at  
10 five. That was considered good.  
11 Now it's at 20.

12 Right?

13 I mean, but still you're  
14 struggling at the industry so  
15 what I'm saying is shouldn't we  
16 be looking at a way to make it  
17 more competitive in the  
18 marketplace so you don't have to  
19 rely solely on a tax credit and  
20 go in way of a ---.

21 MR. GIBBONS:

22 Yeah. And that --- that  
23 helps, a silver bullet, is ---  
24 is the latter point that he's  
25 making on the ---.

1                   MR. COCHRAN:

2                   That was prior to  
3                   deregulation ---

4                   MR. GIBBONS:

5                   Yeah.

6                   MR. COCHRAN:

7                   and separate  
8                   requirements.

9                   MR. GIBBONS:

10                  Yeah. The APS credit,  
11                  the federal tax and state fuel  
12                  credit that is offered, and, you  
13                  know, hopefully the federal will  
14                  come through. That --- that's  
15                  great. But if we can't sell  
16                  electricity we can't we can't go  
17                  global.

18                  MR. COCHRAN:

19                  Right.

20                  MR. GIBBONS:

21                  Right?

22                  So what's the point of  
23                  either one of those, that we  
24                  could package those credits up  
25                  and package those APS credits up

1           and some of our capacities  
2           payments and offer those as the  
3           negotiating chip to these  
4           utilities or makes our  
5           powerplants look a little bit  
6           more attractive to them on a  
7           rate that we can now take from  
8           them and achieve?

9                         But otherwise, you know,  
10           without generating electricity,  
11           the tax credit doesn't work, the  
12           APS credits don't work, and  
13           really it's, you know, our ---  
14           our costs are just high enough  
15           to where we just can't afford  
16           it.

17                         CHAIR:

18                         Mr. Heffley?

19                         MR. Heffley:

20                         So, Matt, so you're  
21           saying that we --- if we close  
22           the border to tier two would ---  
23           would that get you to where you  
24           need to be?

25                         MR. COCHRAN:

1                   No.    No.    The energy  
2                   rates are half of where they  
3                   need to be for us to just break  
4                   even.    So we have to generate.  
5                   What you're saying is, yes, it's  
6                   helpful.   It gets us a little  
7                   bit closer.   But it's not  
8                   foreseeable.   I mean, the  
9                   soundbite you're looking for to  
10                  these people in Harrisburg,  
11                  people in D.C. that need to hear  
12                  it, you know, our steal is  
13                  already in the ground.   We're  
14                  the cheapest, most cost  
15                  effective resource in  
16                  Pennsylvania to handle the  
17                  pollution problem of coal  
18                  refuse.

19                  I mean, that's the sound  
20                  bite they need to hear.   We are  
21                  the cheapest.   We need that  
22                  extra step towards, in my  
23                  opinion, the power industries,  
24                  the utilities of PP&L, First  
25                  Energy, Med A, you know, buy the



1 power at a reasonable rate, ---.

2 MR. BLAND:

3 Thank you.

4 The other environmental  
5 benefit is you'd be cleaning up  
6 the --- the water in the sense  
7 that water is falling on the  
8 waste coal piles and the runoff  
9 is acid mine drainage. But from  
10 understanding, in your plan and  
11 you also use water from the mine  
12 pools?

13 MR. COCHRAN:

14 Sure.

15 MR. BLAND:

16 Yeah. And how many --- I  
17 mean, so --- so the  
18 environmental benefit of taking  
19 that --- that acid mine water  
20 out of the mine pools and ---  
21 and utilizing it before going  
22 into our --- our streams or  
23 anything else is --- is a  
24 tremendous benefit.

25 But you don't --- you

1 don't see any economic benefit.  
2 There's no --- there's no  
3 credits or there's no  
4 environmental benefit or cleanup  
5 awarded in doing that. But  
6 right now that water is sitting  
7 there.

8 MR. COCHRAN:

9 Absolutely a lot of these  
10 systems, you know, they're  
11 effective, but the --- the end  
12 game is considering the waste  
13 coal piles that are contributing  
14 to the acid mine drainage.

15 Right?

16 So, but, again, we can't  
17 be --- we don't consume water,  
18 we're not running. We don't run  
19 if people --- if the power  
20 prices aren't sufficient.

21 CHAIR:

22 So we're going to allow  
23 Mr. Knowles to --- our host, to  
24 wrap things up. And thanks  
25 again to everyone here.

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MR. KNOWLES:

Thank you very much, Mr. Chairman. Thank you very much, Mr. Chairman, and to all of the --- my colleagues as well as the --- as well as who testified today. I --- I see, you know, public hearing on the status of the Pennsylvania waste coal regeneration industry I --- I think that we all are citizens of the environment.

There are certain people out there who look at people like you and I and they --- they believe that we don't care about the environment, they believe that --- that we are too hard on the environment. But I've heard it brought up here a number of times, and that's when we talk about fossil fuels.

And as I watched the presidential debate, the Democrat --- I just --- Doyle's

1 right. I just scratched my  
2 head. I mean, everybody wants  
3 to be so politically correct.  
4 And we hear about --- you know,  
5 we hear about wind, we hear  
6 about solar. Warm and fuzzy  
7 stuff.

8 But nobody wants to talk  
9 about fossil fuels. But I don't  
10 know that the average person  
11 really sits down and thinks  
12 about the amount of energy that  
13 is generated by fossil fuels.  
14 And, you know, we don't want to  
15 destroy the --- the environment.  
16 None of us want to destroy ---  
17 we all want good drinking water.  
18 We all want to breathe clean  
19 air.

20 And I believe that the  
21 coal industry particularly has  
22 stepped up to the plate and ---  
23 and that they're doing their job  
24 as well as the natural gas  
25 industry. And make no mistake

1           about it. Along with the  
2           economic --- the economic  
3           opportunities that we have.

4                   I've had coal heat for a  
5           number of years in our house.  
6           There ain't nothing like coal  
7           heat. We've had constant heat.  
8           It's --- it's just the best.  
9           It's just the best.

10                   So Mr. Chairman, I --- I  
11           know that we've gotten off topic  
12           a couple of times. I know  
13           Representative Goodman and some  
14           of the representatives have  
15           mentioned it, but we need to  
16           have --- we need to get the  
17           message out there. That we as a  
18           country will not survive without  
19           fossil fuels, without the  
20           natural gas fuels.

21                   But thank you all. I  
22           think I'm preaching to the choir  
23           here, but I think it's important  
24           that people sit back and realize  
25           that if they're foolish enough

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to think that we can depend on  
wind and we can depend on solar,  
it's just not going to happen.

So thank you all for  
coming out, and again, thank you  
very much, Mr. Chairman.

CHAIR:

Thank you.

\* \* \* \* \*

MEETING CONCLUDED AT 12:41 P.M.

\* \* \* \* \*

## CERTIFICATE

I hereby certify, as the stenographic reporter, that the foregoing proceedings were taken stenographically by me, and thereafter reduced to typewriting by me or under my direction; and that this transcript is a true and accurate record to the best of my ability.

Dated the 14<sup>th</sup> day of April, 2020

  
Kayla Marie Keating,

Court Reporter