

Budget Testimony of
Secretary Christopher Abruzzo
Department of Environmental Protection
Governor's Proposed 2014-2015 General Fund Budget
House Appropriations Budget Hearing: February 19, 2014

Chairman Adolph, Chairman Markosek and members of the committee, thank you for the opportunity to discuss Governor Tom Corbett's 2014-2015 Executive Budget for the Department of Environmental Protection. Joining me today are Jeff Logan, Executive Deputy Secretary for Administration and Management, and Dana Aunkst, Executive Deputy Secretary for Programs. Over the past three years Governor Corbett has worked to reform our great Commonwealth, to eliminate the deficit, to jump start our economy and to improve government services. While DEP is a proud partner in these efforts, I want to assure you that we understand our number one priority as an agency is to protect our environment and natural resources, while being cognizant that efficient and professional delivery of services is critical to the economic success of our Commonwealth.

Governor Corbett has demonstrated his understanding of the importance of the department's mission in protecting the public health and safety of Pennsylvania's citizens and the environment with the increased commitment of general funds in the FY2014-15 budget. The general fund contribution to the operation of the agency has increased to \$137.696 M, an increase of \$10.073M from FY 2013-14. The total agency budget has increased by \$31.811 M to \$687.085M. This represents for the first time in recent years, the potential for an expansion in staff positions. Despite some reports to the contrary, this budget does not furlough any

employees of the department – continuing Governor Corbett’s commitment to staffing levels at DEP since he took office.

The single largest budgetary increase is an additional \$24 M to the Dirt and Gravel Roads special fund that is collected from the motor license fund. This fund will see an increase thanks to the leadership of Governor Corbett and members of the General Assembly who passed the comprehensive transportation fund bill, Act 89. These funds will be distributed to the County Conservation Districts to be used for upgrades and maintenance, of dirt and gravel and low volume traveled roads in local communities across the Commonwealth.

As many of you know, I was appointed to the position of acting secretary by Governor Corbett in April of 2013 and was confirmed by the Senate this past December. My goal during that time, and moving forward, has been to more closely align the agency with the governor’s vision of DEP being a problem-solving agency.

Of the many initiatives DEP has successfully undertaken since I have been secretary, I would like to take this opportunity highlight a few that show how DEP has been operating as a problem-solving agency by improving transparency and efficiency in our operations. Contrary to some reports, these efforts have led to much stronger customer service and, ultimately, more effective and transparent environmental protection:

DEP Executed Permit Review Process and Permit Decision Guarantee

DEP was tasked by the governor with developing and implementing a policy that results in timelier permit decisions, one that provides clear expectations for applicants to improve the quality of permit applications, establishes performance measures for DEP’s permit review staff, and implements electronic permitting tools to enhance internal operations.

The fourth and final quarterly report released indicates continued success of the new policy as DEP has been more efficient in issuing protective and timely permits that bring greater predictability to the permitting process.

- **Increased Predictability** (measured in % of permits meeting target and/or guarantee)
 - Permit Review Process – 96 percent
 - Permit Decision Guarantee – 95 percent

- **Improved Efficiency** (measured in fewer average days to process)
 - Mining – 37 percent
 - Oil and Gas – 13 percent
 - Waste, Air, Radiation and Remediation – 9 percent
 - Water – 25 percent

Let me be clear – these increased efficiencies have not resulted in any sacrifice to the protection of our natural resources. Rather, by increasing the quality of applications that come in the door, while establishing clear and measurable expectations for both the regulated community and DEP staff, we have ensured our environment is protected while providing predictability to the regulated community, including the many local governments that rely on DEP permits to deliver essential services back home.

Pennsylvania Launches eWell

A part of the governor’s request to develop more timely permitting, the eWell Permit project will streamline the oil and gas permitting process. eWell converts DEP paper-based permits to a fully online configuration that will include electronic application, electronic review, and electronic permit issuance.

This is the first permit program within DEP to be migrated to an electronic permitting platform. Industry will see many benefits including, increased efficiency in the department’s

permit review process and expedited communications from and with the agency as well as an electronic record of transactions and consistency in the application process.

The eWell Permitting system went live on November 13, 2013, for the initial user workgroup and will be opened to all operators in early 2014.

Permit Application Consultation Tool (PACT)

Another part of DEP's Permit Decision Guarantee, is the PACT Tool which was unveiled in September 2013. This is an online tool that was developed to be a valuable resource to potential applicants who are considering siting a new project in Pennsylvania, or expanding or relocating an existing operation.

The tool allows potential applicants to quickly and easily determine which types of environmental permits, authorizations, or notifications that may be required for specific projects.

Chapter 78 Fee Increase

This regulation modifies the unconventional natural gas well permit fee structure from a sliding fee schedule based on well bore length to a fixed fee of \$5,000 for horizontal unconventional wells and \$4,200 for vertical unconventional wells.

As a result of this change, the permit fee for an average unconventional well will increase by about \$1,800 per well for horizontal wells and by \$1,300 per well for vertical unconventional wells. The permit fees for conventional well operators will remain the same.

The Environmental Quality Board approved this final form rulemaking at the January 21st meeting. DEP will continue to advance this package as final rulemaking to the Independent Regulatory Review Commission and the standing Committees with a goal of implementation in early 2014. With this fee increase DEP will be able to add additional employees to the Oil and Gas program. While we have sufficient personnel right now to meet the tasks at hand, this fee

increase is part of the lean-forward approach I have instituted at the department, and will ensure the oil and gas program is able to meet anticipated workload in the future.

Comprehensive Oil and Gas Development Radiation [TENORM] Study

Generation of technologically enhanced naturally occurring radioactive material (TENORM) in solid waste by the oil and gas industry has increased in Pennsylvania over the past several years, mainly due to the expansion of unconventional natural gas development.

In 2013, DEP announced it will undertake a study to assess levels of naturally occurring radioactive by-products associated with oil and natural gas development.

DEP developed and has managed and funded a first-of-its-kind study that began in April of 2013. The results of this study, the conclusions and any recommendations as well, will be available later this year.

Increased Efforts to Engage Environmental Stakeholders on Policy and Regulatory Matters

During my initial months at the department, I invited our environmental stakeholders in for meetings to discuss their goals and missions. I invited these stakeholders to visit our laboratory to illustrate the credibility of our labs and the professionalism of the DEP staff charged with very complex environmental sampling and analysis.

DEP has continued efforts to engage environmental stakeholders by hosting listening sessions. An example is in December of 2013 when DEP hosted a listening session to solicit input on Concepts for Developing a State plan to Reduce Carbon Pollution from Existing Power Plants in Pennsylvania. This effort, and the input we solicited, will help inform the department's response to future rulemakings that will be proposed by the U.S. Environmental Protection Agency.

Improved Communication through Website Cleanup and Overhaul

One of my top priorities when arriving at DEP was to improve communication with the public and regulated community. I instructed my staff to develop and implement a plan to overhaul and reorganize DEP's website. The goal of the plan is to unclutter online content in a manner which provides timely, easy to access and easy to navigate information for the public, elected officials, the regulated community and all stakeholders.

Bi-weekly E-Newsletter and New Online Public Participation Center

DEP's new online Public Participation Center has been rebuilt and reformatted to one central location for information about both DEP's regulatory process and opportunities for public involvement. Previously, these things were scattered throughout the department's website and difficult for the public to navigate.

DEP has added several new features to promote that transparency and make information about DEP more accessible and easy to find. One key feature is the return of DEP's newsletter, a bi-weekly electronic publication that provides readers with information on department initiatives as well as listings of upcoming hearings, meetings, webinars and other related events.

In addition to providing educational information about DEP's regulatory functions and opportunities for public engagement, the site also features DEP's new YouTube channel, where viewers can learn more about how DEP operates, the role our staff plays in the protection of Pennsylvania's environmental resources and protection of public health, as well as how important economic development projects such as the redevelopment of brownfields are changing the quality of life in communities across Pennsylvania, .

Conclusion

With record investments in environmental protection, historic transportation funding, a renewed business climate and abundant low-cost energy, Pennsylvania's future is bright.

Chairman Adolph, Chairman Markosek and members of the committee, I greatly appreciate your time and consideration today. I would be happy to answer any questions that you may have for me.