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ENVIRONMENTAL RESOURCES AND
ENERGY COMMITTEE
CHAIRMAN

April 26, 2022

Independent Regulatory Review Commission
333 Market Street
Harrisburg, PA 17101

Dear Commissioners:

As members of the House Environmental Resources and Energy Committee, we write to you to express our serious concerns with proposed Pennsylvania Public Utility Commission (PUC) Regulation 57-335.

The Committee voted today, April 26th, in favor of sending you this letter on behalf of the citizens and businesses in our districts who will be negatively impacted if this regulation goes into effect as written. This regulation is unacceptable as it will dramatically increase the costs of constructing new pipelines and modifying existing pipelines in this uncertain economic moment when companies are making decisions about which states to invest in.

Russia's unprovoked invasion of the Ukraine has emphasized the importance of America securing our own energy independence without reliance on imports from our geopolitical rivals. It was heartening to see politicians across the spectrum band together to call for and obtain a ban on the importation of Russian oil and natural gas. In addition, America, and Pennsylvania in particular, have the ability to help power our allies across the globe, as the Biden Administration has acknowledged by calling for an increase in liquefied natural gas exports to countries in need because of the invasion. The Biden Administration has also recently through executive action stressed the importance of our ability to produce fundamental materials here domestically in America. Considering these facts, it is particularly confusing and distressing that the PUC has chosen this moment to pursue this regulation, which again will dramatically increase the costs of constructing or modifying pipelines within Pennsylvania.

Our pipelines in Pennsylvania are pivotal to our state's economy. Pipelines help keep our energy prices lower than many of our neighboring states, which is of the utmost importance to our residents and businesses and manufacturing operations throughout the country. Pipelines transmit vital materials such as butane, propane, and ethane, which have a large number of essential uses in Pennsylvanians' everyday lives. Pipeline projects within Pennsylvania lead directly and indirectly to many family sustaining jobs for our citizens.

At this moment when inflation is at a record high and supply chain issues are disrupting every stage of our economy, the absolute last thing we should be doing as a government is adding new regulatory uncertainty, costs, and barriers to our utility infrastructure. Companies across the country are

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considering which areas to invest in and taking an action such as adopting this regulation puts Pennsylvania at a clear competitive disadvantage compared with our neighboring states and those in other regions.

This is especially so when there is absolutely no need for this regulation. Pipelines have been consistently found to be the safest method for transporting oil and gas products. The Pipeline and Hazardous Materials Safety Administration (PHMSA) has set robust standards which apply in Pennsylvania to ensure pipeline safety and protect the public's health and the environment. The PUC has made no showing in the regulatory analysis form accompanying the regulation regarding why specifically these heightened standards, which go well beyond what the federal government and other states require, are necessary other than discussing vague concerns about keeping the public informed and notified of projects. In fact, the PUC notes that specific "empirical data were not the basis for the proposed regulation" in its regulatory analysis form, which is a troubling statement to accompany a heightened regulatory scheme which makes very specific and technical changes.

While we oppose the regulation as a whole, particularly at this present moment, there are a couple of specific concerns which we will briefly mention for the record. The PUC's lack of analysis of the specific costs and benefits to the regulated community as required by the Regulatory Review Act is troubling. The PUC's statement that it has "not yet discerned the additional costs that would be incurred to meet the proposed regulations" is not acceptable and does not meet the requirements of the Regulatory Review Act. Furthermore, and possibly most concerning, is the lack of certainty about the applicability of the regulation. The PUC notes in the regulation that it would apply to "constructing new pipelines, and converting, relocating, replacing, or otherwise changing existing pipelines." The vagueness of this provision could easily be read to mean that the PUC may force these new burdensome standards to be retroactively applied to existing pipelines any time a "change" is made to one. The danger of the costs and physical disruption that a fair interpretation of this language could result in are an extremely undesirable risk.

This proposed regulation is unacceptable, and if implemented would have a severe financial impact on our residents and the businesses within our districts. We therefore ask IRRC to disapprove this regulation in its proposed form since the provisions of the regulation are patently unreasonable. We urge the PUC to withdraw this proposed regulation. We, the undersigned members of the House Environmental Resources and Energy Committee, write this letter to draw your attention to our concerns with this proposed regulation and respectfully ask for your consideration.

Sincerely,

Daryl D. Metcalfe, Chairman
Environmental Resources & Energy Committee