

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1 {York Stenographic Services, Inc.}

2 RPTS MEYERS

3 HIF102.030

4 ``ENERGY CONSUMERS RELIEF ACT OF 2013''

5 FRIDAY, APRIL 12, 2013

6 House of Representatives,

7 Subcommittee on Energy and Power

8 Committee on Energy and Commerce

9 Washington, D.C.

10 The subcommittee met, pursuant to call, at 9:35 a.m., in  
11 Room 2123 of the Rayburn House Office Building, Hon. Ed  
12 Whitfield [Chairman of the Subcommittee] presiding.

13 Members present: Representatives Whitfield, Hall,  
14 Shimkus, Terry, Burgess, Latta, Cassidy, Olson, McKinley,  
15 Gardner, Pompeo, Kinzinger, Griffith, Upton (ex officio),  
16 Rush, McNerney, Tonko, Green, Capps, Barrow, and Waxman (ex

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

17 officio).

18 Staff present: Nick Abraham, Legislative Clerk;  
19 Charlotte Baker, Press Secretary; Allison Busbee, Policy  
20 Coordinator, Energy and Power; Patrick Currier, Counsel,  
21 Energy and Power; Tom Hassenboehler, Chief Counsel, Energy  
22 and Power; Mary Neumayr, Senior Energy Counsel; Andrew  
23 Powaleny, Deputy Press Secretary; Jeff Baran, Democratic  
24 Senior Counsel; Alison Cassady, Democratic Senior  
25 Professional Staff Member; Greg Dotson, Democratic Staff  
26 Director, Energy and Environment; and Caitlin Haberman,  
27 Democratic Policy Analyst.

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

|  
28           Mr. {Whitfield.} I would like to call the hearing to  
29 order this morning. And I certainly want to welcome the  
30 panel members who were braving the weather to get here this  
31 morning. We appreciate that. Our ranking member Mr. Rush  
32 has been caught in traffic and is on his way, and when he  
33 gets here I am sure he will want to give an opening statement  
34 as well.

35           But today's hearing, we are going to be focusing on the  
36 Energy Consumers Relief Act of 2013, which was introduced by  
37 our colleague Mr. Cassidy, who is a member of this committee.  
38 A couple of days ago we had a debate on the Keystone  
39 pipeline; we had a hearing on the Keystone pipeline, which I  
40 might say the American people in a recent Pew poll showed  
41 that they support by a margin of 66 percent to 23 percent.  
42 And I think during that hearing, it really brought to the  
43 focus two different views of the way we should be proceeding  
44 in developing energy in America.

45           One view supported by many people in America, including  
46 some of our Democratic colleagues, view climate change as the  
47 most important issue facing mankind. And they support more

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

48 mandates and more regulations relating to energy, forcing  
49 energy cost upward. They support new energy taxes and a  
50 strong cap-and-trade system.

51 Another vision supported by many in this committee is  
52 that we want a pathway to energy self-sufficiency focused on  
53 maximizing abundant, affordable, and diverse energy  
54 resources, reducing emissions through technological  
55 development, economic competition, and market-based  
56 efficiencies. Now, I would say that in America we don't have  
57 to take a backseat to anyone about being focused on the  
58 environment. Our CO2 emissions are the lowest that they have  
59 been in 20 years.

60 EPA reports that total emissions of toxic air pollutants  
61 have decreased by approximately 42 percent between 1990 and  
62 2005. EPA has said that since 1990, nationwide air quality  
63 has improved significantly for the six common air pollutants.  
64 Between 1980 and 2010, total emissions of the six principal  
65 air pollutants have dropped by 63 percent.

66 Now, I don't know if any of you focused on this, but  
67 next year, the Dakota Prairie refinery is going to open up in  
68 North Dakota. This is the first new refinery in America

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

69 since 1976. Now, the reason that this has happening is that  
70 because of fracking on nonfederal lands in the Bakken  
71 formation, there is a bountiful production of this oil and a  
72 refinery is absolutely necessary. Now, what many people  
73 don't know is that the tribes have submitted an application  
74 to build a refinery in North Dakota over 10 years ago, and it  
75 has taken 10 years to obtain this permit.

76 And while everyone is excited about this refinery  
77 opening up, the problem is that it has been dramatically  
78 downsized because everyone is concerned about the new  
79 greenhouse gas rule that is expected to be coming out of EPA.  
80 So on one side, people are excited; on the other side it is  
81 being artificially remaining a low-scale plant.

82 Now, the great thing about this development in North  
83 Dakota and other parts the country is that in North Dakota,  
84 the unemployment rate today is 3.2 percent, the lowest in the  
85 country. And since 2009, employment in North Dakota has  
86 increased by 60 percent. So I think those two visions of  
87 America is what we are really talking about today. We have  
88 an opportunity to be energy efficient. We do not have to be  
89 dependent upon the Middle East or anyone else. As a matter

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

90 of fact, we are the number one oil-producing country in the  
91 world today, having passed Saudi Arabia in late 2012.

92 Now, today, we are going to take up a bill that would  
93 require EPA to be more transparent. There was a news release  
94 yesterday put out by the Society of Environmental Journalists  
95 that said that EPA is one of the most closed, opaque agencies  
96 in the Federal Government. And that is the view of many of  
97 us as well.

98 So the legislation that Mr. Cassidy is introducing today  
99 simply requires a more thorough review of cost and the impact  
100 on jobs, energy prices if the overall cost of the regulation  
101 will exceed \$1 billion. So I think this is a very important  
102 piece of legislation and we look forward to your testimony  
103 about it. And at this time, I will recognize the gentleman  
104 from Illinois, Mr. Rush, for his opening statement.

105 [The prepared statement of Mr. Whitfield follows:]

106 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee’s website as soon as it is available.**

|

107 [H.R. \_\_\_\_ follows:]

108 \*\*\*\*\* INSERT 7 \*\*\*\*\*

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

|  
109 Mr. {Rush.} I want to thank you, Mr. Chairman. And let  
110 me begin by commending you for agreeing at our last panel on  
111 Wednesday to hold a hearing hopefully sometime in the very  
112 near future and dedicated solely for the purpose of hearing  
113 from scientific experts on the science of climate change.

114 Mr. Chairman, as you know from 24 letters that Ranking Member  
115 Waxman and I have sent to you and Chairman Upton, since May  
116 2011, we have requested a hearing on this matter.

117 Climate change is an issue that the minority side takes  
118 very seriously and we believe that hearing from actual  
119 scientists and climatologists rather than industry  
120 representatives will benefit and inform every member of this  
121 subcommittee.

122 Mr. Chairman, we all understand that just because one  
123 might not like what the facts or the science is telling us  
124 does not mean that we can simply ignore science or facts or  
125 wish them away. Last year's record temperatures, record  
126 droughts, record wildfires, and record levels of flooding  
127 prove this point. Still, we are here holding yet another  
128 hearing on yet another Republican bill designed to gut the



**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

129 Clean Air Act and tie EPA's hands and prohibit this agency  
130 from doing exactly what it was established to do. And that  
131 is to protect the public.

132 Mr. Chairman, we know that the EPA does not simply  
133 propose regulations willy-nilly, or just pull them out of  
134 thin air. In fact, in a rule that EPA has proposed has been  
135 mandated by law specifically to protect the public health by  
136 ensuring that all citizens have access to clean air, land,  
137 and water. My constituents do not always have the means and  
138 wherewithal to hire expensive lobbyist to influence the  
139 debate in the Congress in order to enact policies favorable  
140 to their futures, nor their financial interest.

141 So it is imperative that we allow the EPA to act as an  
142 impartial referee and ensure that the playing field is level  
143 for all Americans. This bill before us is flawed in so many  
144 ways but one of its biggest deficiencies is that it will give  
145 the Secretary of Energy unprecedented authority to  
146 effectively veto public health regulation if the Secretary  
147 found that the rule will cause ``any significant, adverse  
148 effects to the economy.''

149 The analysis called for in this legislation is so skewed

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

150 that even if the economic benefits of a rule dramatically  
151 outweigh any significant adverse effects to the economy or  
152 rather to industries' profits, the rule will still be  
153 blocked.

154 Mr. Chairman, I find it is curious that my colleagues on  
155 the other side of the aisle are quick to point out that  
156 carbon emissions in the U.S. are down to mid-1990 levels but  
157 refusing to acknowledge that the EPA regulation implemented  
158 under the Clean Air Act have played a key role in reducing  
159 harmful air pollutants by 60 percent, while at the same time  
160 our economy has grown over 200 percent.

161 Mr. Chairman, my Republican colleagues, you can't have  
162 it both ways and attack the EPA for issuing regulations while  
163 at the same time pointing to progress that we have made as a  
164 country, both environmentally and economically, due in large  
165 part to these very same EPA rules.

166 The bill today is simply another sham that may serve as  
167 a good messaging piece for the majority and its allies but  
168 will never, ever see the light of day in the Senate and will  
169 never, ever be signed into law by President Obama. But if  
170 getting through today's hearing will help bring us a step

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

171 closer to holding a real meaningful, a real climate change  
172 hearing where we can really tackle the issues that most  
173 Americans truly feel about it, then, Mr. Chairman, I say  
174 let's begin the hearing.

175 Thank you and I yield back the balance of my time.

176 [The prepared statement of Mr. Rush follows:]

177 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

178 Mr. {Whitfield.} Thank you very much.

179 At this time I recognize Mr. Upton, chairman of the full  
180 committee for 5 minutes.

181 The {Chairman.} Well, thank you, Mr. Chairman.

182 You know, common sense dictates that we should fully  
183 understand the cost of new regs to jobs and the economy  
184 before they are implemented, especially the highest cost regs  
185 as the Nation continues to endure high energy prices and  
186 unemployment. Maybe the EPA doesn't present a full economic  
187 analysis now because they know the public would not like what  
188 it hears. But transparency and regulatory costs is a  
189 reasonable expectation. And the Energy Consumers Relief Act  
190 will make sure that the EPA, in fact, provides it.

191 Having worked in President Reagan's OMB, I have long  
192 been interested in the proper oversight of federal regs, and  
193 I cannot think of a set of regs more in need of additional  
194 oversight than EPA's energy-related rules.

195 I want to commend Bill Cassidy for his Energy Consumers  
196 Relief Act, which is a commonsense solution that bolsters EPA  
197 transparency and puts American consumers first. For an

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

198 agency that was never granted any energy policy-setting  
199 authority, EPA, nonetheless, has taken charge of directing  
200 the Nation's energy agenda. They are seeking to regulate  
201 where they have been unable to legislate, evidenced by EPA's  
202 avalanche of coal regs seeking to effectively regulate out of  
203 existence the use of abundant resource without any regard for  
204 electricity prices, reliability, or jobs.

205 At a time when most Americans haven't seen gasoline  
206 under \$3 a gallon in years, we now have a proposed Tier 3 gas  
207 rule that would put forward upward pressure on prices at the  
208 pump, creating a disproportionate hardship for the country's  
209 most vulnerable, those most likely not to be able to afford  
210 those higher prices.

211 But gas prices aren't alone in being stubbornly high.  
212 With just 88,000 jobs created last month, it looks like 2013  
213 is going to be yet another year with unemployment staying  
214 well above 7 percent. The Energy Consumers Relief Act gives  
215 the Department of Energy the lead role in conducting a  
216 multiagency analysis of EPA's energy-related rules estimated  
217 to cost at least \$1 billion, \$1 billion.

218 No longer will the impacts of these measures on energy

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

219 prices, jobs, or manufacturing competitiveness be a secondary  
220 consideration that is hidden from view. It is now more  
221 important than ever to weigh the consequences of the EPA's  
222 actions. The U.S. is on a pathway to unprecedented energy  
223 self-sufficiency, a pathway that has seen technology and  
224 innovation in the energy sector drive new energy resource  
225 abundance, diversity, and affordability, all for the benefit  
226 of consumers. Without the additional checks and balances  
227 this bill provides, the pathway will remain threatened by an  
228 agency that sometimes fails to provide an adequate and  
229 complete picture of the sweeping cumulative impacts of its  
230 own regs.

231 And I would yield to other members of the committee that  
232 might--Mr. Cassidy, I yield the balance of my time.

233 [The prepared statement of Mr. Upton follows:]

234 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

235           Dr. {Cassidy.} Thank you, Mr. Chairman.

236           I am offering the bill this week or next week. And  
237 actually, the bill is actually about transparency.

238           Dr. Rom, I read your testimony and it is all very nicely  
239 referenced, but there is nothing to prevent that from  
240 impacting or influencing or encouraging EPA to address the  
241 situation. All it is is going to require transparency. Your  
242 article was so beautifully reference peer-reviewed. I will  
243 note that EPA's work is not peer-reviewed. That is not me  
244 saying it; it is actually the National Academy of Science,  
245 which found on something regarding formaldehyde, that the  
246 draft assessment has not adequately supported its conclusions  
247 et cetera, et cetera, et cetera. You would never accept  
248 EPA's document in a peer-reviewed journal.

249           With that said, EPA science can be specious. So this is  
250 about transparency. And the stakes are high. People are  
251 losing their jobs over specious science. Now, maybe the  
252 science is good, and maybe the science is not, but I see  
253 nothing wrong with transparency and accountability. Why  
254 should the EPA be a dictator over our lives? Why shouldn't

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

255 the EPA answer to somebody?

256           Ultimately, Mr. Rush spoke about how folks back home  
257 don't have high-powered lobbyists. I totally agree. So  
258 therefore, it is incumbent upon us to make sure that every  
259 bureaucracy has someone to whom they are accountable. In  
260 this case it is the same administration. We would be saying  
261 that President Obama appointed somebody who is going to deep-  
262 six his environmental agenda if he was the Department of  
263 Energy Secretary, or if she was. I don't think that is very  
264 practical, very reasonable, or very likely.

265           The fact is that everybody should be accountable. There  
266 are an incredible number of jobs on the line here and that  
267 the science at times has not been adequate. So therefore, I  
268 see nothing wrong with putting in transparency for those  
269 thousands, millions of Americans who cannot afford a lobbyist  
270 but whose livelihood may be threatened by dictatorial powers  
271 which have no accountability.

272           Thank you, I yield back.

273           [The prepared statement of Dr. Cassidy follows:]

274 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*



**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

|  
275 Mr. {Whitfield.} Thank you.

276 At this time I recognize the gentleman from California,  
277 Mr. Waxman, for 5 minutes.

278 Mr. {Waxman.} Thank you, Mr. Chairman. When I woke up  
279 this morning I noticed it had been raining. I was pretty  
280 sleepy. I didn't really want to come to work, and there was  
281 a cost to me because I had to do a lot of things to get  
282 ready. But I didn't realize the benefits. And the benefit  
283 is to sit here at a hearing to talk about a bill that doesn't  
284 make sense. So if I knew the full facts, I could have  
285 weighed the cost and benefits. If I just looked at the  
286 costs, that would be one way to make a decision, but you  
287 should look at the cost and benefits.

288 Anyway, this bill says we are not going to look at the  
289 cost and the benefits. We are only going to look at the  
290 costs. And if the costs are high, well, forget about it.  
291 But that doesn't make sense because a lot of regulations  
292 weigh costs and benefits and say that the benefits outweigh  
293 the costs.

294 During the 1990s, a lot of people looked at regulations

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

295 and they say, oh, we have got to have a cost-benefit  
296 analysis. Well, cost-benefit analysis is far from perfect.  
297 Important benefits can't always be reduced to a dollar  
298 figure. The estimates of compliance costs are frequently  
299 inflated, but cost-benefit analysis, at least it tends to  
300 capture both sides of the equation.

301 The problem with this bill is it says that when EPA does  
302 this cost-benefit analysis, they should then be accountable  
303 to the Department of Energy to make the decision. Well, why?  
304 Why should the Department of Energy be superior to the  
305 Environmental Protection Agency? The benefits of most  
306 important rules dwarf the costs.

307 Let me give you some examples. The benefits of the  
308 Mercury and Air Toxics Rules are between four and nine times  
309 greater than the costs. EPA's standards for reducing carbon  
310 pollution produced net benefits to society of up to \$451  
311 billion by saving car owners money at the gas pump. The  
312 benefits of these and other rules are huge.

313 And faced with these facts, opponents of EPA now say we  
314 should simply ignore the benefits and consider only the  
315 costs. That is what the discussion draft before us requires.

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

316 This is an extreme and nonsensical approach. Imagine  
317 applying this bill's premise to everyday decisions. Not my  
318 decision on whether to come this morning, but would somebody  
319 decide not to pay for a child's education for college even  
320 though college opens doors to opportunity? If we look only  
321 at the price of medical care and not its benefits, would we  
322 forgo medical care?

323 Every day Americans look at both the pros and cons in  
324 making even the smallest decision, but this bill would  
325 require decision-makers in the Federal Government to look  
326 only at the downside of making critical investments to  
327 protect public health and the environment.

328 This discussion draft is hopelessly flawed. It gives  
329 the Department of Energy a veto over EPA regulations. Is  
330 that giving one bureaucracy some accountability because it  
331 has to satisfy and other bureaucracy which has another  
332 purpose than environmental protection when the agency in  
333 charge of environmental protection, after weighing costs and  
334 benefits, decides to go forward with a regulation?

335 This is an unprecedented intrusion on the authority of  
336 the EPA. It is not common sense. It is not providing

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

337 transparency. It is providing barriers to do something to  
338 protect public health and the environment if there is a cost  
339 that the industries don't like. And therefore, the  
340 industries can simply go and stop regulations.

341 Now, let's see this bill more in detail. It requires  
342 the Department of Energy to conduct a skewed analysis of only  
343 the cost of EPA's rules without any consideration of the  
344 benefits. So if the Secretary of Energy determines that a  
345 rule will cause any ``significant adverse effects to the  
346 economy' '--that means the cost--EPA would be blocked from  
347 finalizing its rule after they went through a cost-benefit  
348 analysis even if the economic benefits of the rule  
349 dramatically outweigh the costs.

350 I have further comments in my opening statement that I  
351 would like to put in the record, but Mr. Chairman, the  
352 American people want us to solve problems not waste our time  
353 with partisan posturing, taking up nonsensical message bills  
354 that stand no chance of becoming law. This just deepens and  
355 justifies the cynicism of the American people. We have two  
356 problems within our committee's jurisdiction that are crying  
357 out for attention, cybersecurity and climate change. And

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

358 instead, we are wasting our time telling people regulations  
359 are no good if special interests don't like it and they can  
360 convince the Department of Energy, which has no expertise on  
361 doing these regulations to be able to veto them if there is  
362 any cost whatsoever. I think this is a real waste of time  
363 and I wish I would have stayed in bed.

364 [The prepared statement of Mr. Waxman follows:]

365 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

|

366 Mr. {Whitfield.} Thank you, Mr. Waxman.

367 And that concludes the opening statements, so once

368 again, I want to welcome the panel of witnesses today. We

369 had invited representatives from EPA and DOE to attend but

370 they do not have witnesses here. But EPA did submit a

371 testimony, a statement and I would ask unanimous consent that

372 we introduce into the record the EPA statement.

373 [The information follows:]

374 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

|  
375           Mr. {Whitfield.} And at this time I would like to  
376 introduce members of the panel. We have Mr. Paul Cicio, who  
377 is the president of the Industrial Energy Consumers of  
378 America. We have Mr. Brendan Williams, who is vice  
379 president, Advocacy for the American Fuel and Petrochemical  
380 Manufacturers. We have Dr. William Rom, who is professor of  
381 medicine and environmental medicine at the New York  
382 University School of Medicine, and he is testifying today, I  
383 believe, on behalf of the American Thoracic Society. We have  
384 Ms. Rena Steinzor, who is a professor of law at the  
385 University of Maryland and is also president of the Center  
386 for Progressive Reform. And we have Dr. Anne Smith, who is  
387 senior vice president of NERA Economic Consulting. And we  
388 have Mr. Scott Segal, who is the director of the Electric  
389 Reliability Coordinating Council.

390           So we have some real experts with us today and we look  
391 forward to your testimony about this legislation.

392           And Mr. Cicio, I will recognize you first for an opening  
393 statement. Each one of you will be given 5 minutes, and  
394 there is a little box on the table that has green, yellow,

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

395 and red, and red means stop. So if you all would pay some  
396 attention to that, we would appreciate it.

397 Mr. Cicio, you are recognized for 5 minutes.



**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

|  
398 ^STATEMENTS OF PAUL CICIO, PRESIDENT, INDUSTRIAL ENERGY  
399 CONSUMERS OF AMERICA; BRENDAN WILLIAMS, VICE PRESIDENT,  
400 ADVOCACY, AMERICAN FUEL & PETROCHEMICAL MANUFACTURERS; DR.  
401 WILLIAM N. ROM, PROFESSOR OF MEDICINE AND ENVIRONMENTAL  
402 MEDICINE, NYU SCHOOL OF MEDICINE, ON BEHALF OF THE AMERICAN  
403 THORACIC SOCIETY; RENA STEINZOR, PROFESSOR OF LAW, UNIVERSITY  
404 OF MARYLAND, AND PRESIDENT, CENTER FOR PROGRESSIVE REFORM;  
405 ANNE E. SMITH, NERA ECONOMIC CONSULTING; AND SCOTT H. SEGAL,  
406 DIRECTOR, ELECTRIC RELIABILITY COORDINATING COUNCIL

|  
407 ^STATEMENT OF PAUL CICIO

408 } Mr. {Cicio.} Thank you. Thank you, Chairman Whitfield,  
409 Ranking Member Rush, for the opportunity to testify before  
410 you and other subcommittee members.

411 My name is Paul Cicio and I am president of the  
412 Industrial Energy Consumers of America. The IECA member  
413 companies have over \$1.1 trillion in revenues. We have over  
414 1,000 major manufacturing facilities across the country, and  
415 we employ over 1.4 million employees. IECA supports the

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

416 draft bill entitled ``Energy Consumers Relief Act of 2013,``  
417 because transparency of the cost of compliance is critically  
418 important to cost-effective regulation. Under this  
419 legislation, any event that the review of cost finds that the  
420 EPA regulation would be harmful to the economy, we would hope  
421 that the EPA would reconsider the rule and seek alternative  
422 low-cost regulation.

423 IECA has three points we would like to share with you  
424 this morning. Point number one, the EPA should not fear  
425 transparency of economics of regulation. They should embrace  
426 it as part of their regulatory reform effort. And EPA should  
427 also embrace pursuit of a more accurate and less  
428 controversial method for calculating health benefits. Too  
429 much is at stake to not get these right; both must be  
430 credible.

431 The EPA must be mindful that the manufacturing companies  
432 have a choice as to where they build their facilities around  
433 the world. The U.S. and its policies are in competition with  
434 other countries for these investments and jobs. This means  
435 that U.S. regulations must compete as well. That is, to  
436 regulate in a manner that is cost-effective and implemented

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

437 in a time horizon that are responsible to public health but  
438 mindful of market realities.

439 The most fundamental element is transparency of the cost  
440 of regulation. And in our view, the EPA scorecard is very  
441 poor. The EPA provided leadership decades ago in reducing  
442 emissions. They now need to lead again by addressing the  
443 cost and transparency issues. Congressmen, this is a win-  
444 win. There are no losers.

445 Point number two, besides the cost of EPA regulations  
446 placed directly on our own facilities, when the EPA  
447 promulgates rules and costs on, for example, the electric  
448 utility industry, it is us consumers that pay for that. When  
449 the EPA promulgates rules on oil and the gas industry, it is  
450 us the consumers that pay for those. When the EPA chooses  
451 fuel mix strategies that give preference of one fuel over  
452 another, it is we consumers that pay for that. And there  
453 appears to be an insensitivity or a disconnect to this point  
454 as EPA proceeds to roll out a multiplicity of new  
455 regulations. Someone has to pay for these regulations and  
456 that someone is the industrial sector and other U.S.  
457 consumers.

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

458           As the only sector of the economy that competes with  
459 global competition, the pass-through of these costs to us is  
460 significant, and it is getting greater all the time,  
461 continually eroding at our ability to compete and create  
462 jobs.

463           Point number two, this is not 1970 when emissions were  
464 relatively high and significant action was needed to reduce  
465 any omissions. Emissions have dramatically been slashed  
466 since then and that is the good news. The bad news is that  
467 now that emissions are small, the cost of the next increment  
468 of reduction is very expensive, so expensive that  
469 manufacturing companies could be forced to make decisions on  
470 whether to comply or shut down facilities and move production  
471 offshore.

472           The reality is that manufacturers face a significant  
473 number of existing, new, or proposed EPA regulations all at  
474 the same time, with overlapping requirements and additive and  
475 compounding costs. This plethora of regulations has resulted  
476 in business investment uncertainty.

477           Point three, we encourage policymakers--all  
478 policymakers--to be mindful of another reality: that when

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee’s website as soon as it is available.**

479 companies spend capital on regulatory compliance, it consumes  
480 capital that would otherwise be used to create jobs,  
481 producing manufacturing products and exports, both of which  
482 are desperately needed to revive our weak economy and job  
483 creation.

484 Thank you for considering our points.

485 [The prepared statement of Mr. Cicio follows:]

486 \*\*\*\*\* INSERT 1 \*\*\*\*\*

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

|  
487 Mr. {Whitfield.} Thank you, Mr. Cicio.

488 And Mr. Williams, you are recognized for 5 minutes.

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

|

489 ^STATEMENT OF BRENDAN WILLIAMS

490 } Mr. {Williams.} Thank you, Chairman Whitfield, Ranking  
491 Member Rush, and members of the subcommittee, for this  
492 opportunity to be here today.

493 The Energy Consumers Relief Act is a commonsense measure  
494 that will inject transparency and scientific vigor back into  
495 the regulatory process. While not stopping EPA's ability to  
496 regulate emissions, the legislation would inject a more  
497 rigorous review of the most costly regulations and foster a  
498 more robust, public debate about the costs and benefits of  
499 the proposals.

500 My written testimony details some of the nebulous costly  
501 and conflicting regulations that fuel and petrochemical  
502 manufacturers are facing. These regulations pose significant  
503 costs often with questionable benefit and ultimately impact  
504 consumers. The consumer impact of regulation is where I  
505 would like to focus my remarks today.

506 Energy is truly the lifeblood of our economy.  
507 Affordable, abundant supplies of energy make modern life

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

508 possible and have made America the most prosperous nation on  
509 Earth. Abundant energy and a clean environment are not  
510 mutually exclusive. The air is cleaner today than it ever  
511 has been and it is getting even cleaner. EPA notes that  
512 between 1990 and 2011, emissions of the six principal  
513 pollutants drop 63 percent while vehicle miles traveled  
514 increased 94 percent and energy consumption increased 26  
515 percent in that period.

516 Today, emissions are so low the new requirements for  
517 incremental reductions become extremely costly. Given this  
518 reality, it is important to develop objective assessments on  
519 costs and energy supply impacts of additional regulations.  
520 Energy cost increases carry significant implications for  
521 consumers and our economy. Consider the following facts:  
522 every penny increase in gasoline prices translates into a  
523 more than \$1 billion increase in household energy spending.  
524 And this is money that, as my colleague noted, consumers  
525 could spend elsewhere on other goods and services.

526 In 2011, the trucking industry consumed more than 35  
527 billion gallons of diesel fuel. A .01-per-gallon increase  
528 would have translated into an additional \$365 million



**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

529 annually for truckers. Every dime increase in gasoline or  
530 diesel prices sustained over a year costs domestic  
531 agriculture over \$381 billion annually. In fact, 65 percent  
532 of farmer's costs are dedicated to fuel, electricity,  
533 fertilizer, and chemicals.

534         Increased energy costs not only affect what consumers  
535 pay for transportation and for operating their businesses but  
536 also manufactured goods. Petrochemicals are the basis for  
537 most consumer goods and energy represents one of the largest  
538 costs for petrochemical manufacturers. To highlight the  
539 significance of petrochemicals for consumer products,  
540 consider the following: an average vehicle contains almost  
541 600 pounds of petrochemical derived plastics, composites,  
542 rubber coating, and textile products. Home electronics, such  
543 as TVs, computers, and cell phones contain up to 40 percent  
544 or more of plastics derived from petrochemicals. Nearly 14  
545 percent of construction materials used in the U.S. are made  
546 from synthetic materials and derived from petrochemicals.  
547 Even renewable energy products--windmills--about 15 percent  
548 of them are derived from petrochemical products.

549         These facts make it easy to see how energy cost

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

550 increases have significant ripple effects throughout the  
551 economy. The potential for such ripple effects is why we  
552 need to ensure regulation takes a balanced approach and  
553 maximizes environmental protection without disproportionately  
554 raising consumer costs or sending manufacturing jobs  
555 overseas.

556         The Energy Consumers Relief Act will help restore such  
557 balance. As previously stated, today's regulatory  
558 environment is characterized by costly and conflicting  
559 regulations with questionable benefit justifications. The  
560 legislation today establishes a thorough review of the most  
561 costly regulations by federal departments with expertise in  
562 energy economic ramifications of regulations. Such a  
563 structure will serve as a check against a potential for EPA  
564 to overstate benefits while minimizing costs.

565         Most importantly, by requiring a report to Congress,  
566 this legislation will increase transparency and give  
567 policymakers and consumers alike the opportunity to better  
568 understand the tradeoffs between increased regulation and  
569 economic activity. Such measures will create a more balanced  
570 approach to environmental rulemaking that could significantly

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee’s website as soon as it is available.**

571 impact consumers and our economy.

572 AFPM supports the Energy Consumer Relief Act and

573 appreciate the opportunity to voice our opinion today, and I

574 will be happy to answer any questions at the appropriate

575 time.

576 [The prepared statement of Mr. Williams follows:]

577 \*\*\*\*\* INSERT 2 \*\*\*\*\*

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

|  
578 Mr. {Whitfield.} Thank you very much, Mr. Williams.

579 Dr. Rom, you are recognized for 5 minutes.

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

|  
580 ^STATEMENT OF DR. WILLIAM N. ROM

581 } Dr. {Rom.} Thank you, Mr. Chairman. Congressman  
582 Whitfield and Congressman Rush, I am Dr. Bill Rom. I am a  
583 professor of medicine and environmental medicine at New York  
584 University. I direct a division of pulmonary critical care  
585 and sleep medicine. I direct what is called the Chest  
586 Service at Bellevue Hospital. This is the Nation's largest  
587 and oldest public hospital in the country. I have done this  
588 for the past three decades.

589 I am testifying today on behalf of the American Thoracic  
590 Society. It is a medical professional organization of 15,000  
591 doctors dedicated to protecting lung health in the U.S. and  
592 around the world.

593 I have three important messages I would like to convey  
594 to the committee. First, air pollution inflicts significant  
595 health risks to my patients; second, reducing air pollution  
596 is good for public health and the economy; and third,  
597 Congress should let EPA do its job. As a pulmonary doctor, I  
598 spend my days treating patients who struggle to breathe.

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

599 They have serious long diseases like asthma, COPD, pneumonia,  
600 and a number of other conditions like sarcoidosis and IPF  
601 that most people have never heard of. Through a combination  
602 of medications, interventional procedures and GC's  
603 management, I work with my patients to help control their  
604 lung disease. However, there is one thing that neither I nor  
605 my patients can control and that is the air they breathe, and  
606 it can be deadly.

607         So let me share with you what I do on a daily basis. I  
608 am an attending now at the University Hospital and then after  
609 that I am an attending at Bellevue, and I always attend at  
610 Bellevue during the month of July. That is when the new  
611 interns come, that is when the ozone peaks, and that is when  
612 the PM accumulates. We have the largest emergency room in  
613 this city and patients are admitted from there to my service  
614 and I also oversee all the intensive care units.

615         So I had a patient a while back during the summer. He  
616 was 53. He had both asthma and COPD. COPD is chronic  
617 obstructive pulmonary disease and the chronic and the  
618 obstructive parts in that disease mean his lungs can't  
619 breathe well on a regular basis. Despite that, he went to

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

620 the gym four to five times a week and works full-time as a  
621 computer programmer. One morning he walked to the bus stop  
622 near his home to go and visit a friend. While waiting for  
623 his bus to arrive, he stood near the exhaust of an idling bus  
624 for approximately 5 minutes. Soon thereafter, he developed  
625 the acute onset of severe shortness of breath and a bystander  
626 called the emergency medical services.

627 In the emergency room, he was in extreme distress. He  
628 couldn't get air in or out of his lungs and his blood  
629 pressure shot up to 200/139. He was emergently intubated and  
630 admitted to the intensive care unit. In the ICU he required  
631 near continuous bronchodilators, high-dose intravenous  
632 steroids, a neuromuscular blockade for management of his  
633 severe exacerbation of asthma and COPD. He remained  
634 intubated in the ICU for 9 days. He stayed in the hospital  
635 for 24 days. He was discharged to acute pulmonary  
636 rehabilitation to regain strength and conditioning. Eight  
637 weeks later, he was finally able to return to work.

638 Absent the exposure to air pollution, my patient could  
639 have expected to live a fairly healthy life. Instead, air  
640 pollution nearly killed him. His brief exposure to diesel

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

641 particulate and gases combine with his underlying asthma and  
642 COPD led to this 9-day intensive care stay, 24-day hospital  
643 stay with all the associated costs, approximately about  
644 \$413,000. So these are my costs.

645 And there are 86,000 hospital admissions per year,  
646 86,000 emergency room visits, 1.7 million asthma attacks and  
647 on top of that, 160,000 deaths. So these are my costs. But  
648 on this ledger, they are called benefits, but they are real  
649 costs. And I would just as soon not incur these costs as a  
650 physician. We really should prevent all of these diseases.

651 So when the air pollution is bad, the above scenarios  
652 are repeated across the U.S. My written testimony is full of  
653 the research articles that show air pollution causes a host  
654 of adverse health effects including mortality and morbidity  
655 in the form of asthma attacks, heart attacks, COPD  
656 exacerbations, birth defects, low birth weight. Recent  
657 studies also link air pollution to loss of diabetes control,  
658 even in-utero exposure leading to cancer in children,  
659 presented this week.

660 The evidence is clear. Air pollution is bad for human  
661 health. The research is equally clear that reducing air



**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

662 pollution is good for human health and the economy.  
663 Recently, EPA stated the direct benefits of the 1990 Clean  
664 Air Act amendments and associated programs significantly  
665 exceed their direct costs. And even under the most  
666 conservative cost-benefit analysis that assumes no mortality  
667 from ozone and particulate matter, the 137 billion in  
668 economic benefits of the 1990 Clean Air Act protections more  
669 than double the 65 billion in costs. If we include the  
670 mortality benefits, is a 30-to-1 ratio.

671 Lastly, I would note that in the past few years the  
672 House of Representatives has frequently passed legislation  
673 that would block, weaken, or delay EPA's authority to improve  
674 our Nation's air quality. Often the legislation is justified  
675 on avoiding the economic burden of compliance costs. Such  
676 thinking is shortsighted and it fails to recognize the wealth  
677 of studies that show clean air standards actually improve our  
678 economy by preventing death and disease. Such thinking also  
679 fails to recognize that we as a society are already paying  
680 for air pollution indirectly through avoidable emergency room  
681 visits, hospital stays, missed work and school days, and  
682 death. Both our Nation and our economy would be better

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee’s website as soon as it is available.**

683 served by paying the compliance costs up front and reaping  
684 the benefits of a healthier population. Thank you.

685 [The prepared statement of Dr. Rom follows:]

686 \*\*\*\*\* INSERT 3 \*\*\*\*\*

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

|  
687           Mr. {Whitfield.} Thank you. Ms. Steinzor, you are  
688 recognized for 5 minutes.

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

|  
689 ^STATEMENT OF RENA STEINZOR

690 } Ms. {Steinzor.} Mr. Chairman, Ranking Member Rush, and  
691 members of the subcommittee, I appreciate the opportunity to  
692 testify today. My testimony makes four points.

693 One, the Energy Consumers Relief Act has no basis in law  
694 or fact and would enable some of the largest companies in the  
695 world to continue making record profits at the expense of  
696 public health and the environment.

697 Two, the real danger we face is under-regulation. In  
698 fact, rampant deregulation of Wall Street is the reason why  
699 we have hurtled into the persistent recession that has  
700 impoverished millions.

701 Three, regulation is vital to the quality of life we  
702 take for granted in America. Most of the rules targeted by  
703 this bill were not dreamed up in the basement of EPA, by an  
704 administrative drunk on her own whiskey, but rather were  
705 required by the Clean Air Act amendments that were crafted by  
706 members of this committee. The beauty of the legislation  
707 from a corporate perspective is that it would gut the Clean

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

708 Air Act, which remains overwhelmingly popular with the  
709 public, without ever mentioning its name.

710 Four, Congress should focus on ways to reinvigorate the  
711 EPA rather than pursuing legislation that would kneecap the  
712 agency. The ECRA is nothing more and certainly nothing less  
713 than the latest attempt to shield some of the wealthiest and  
714 most heavily subsidized corporations in the history from the  
715 relatively modest cost of preventing the chronic harm to  
716 people and the environment caused by toxic air pollution. It  
717 would force a shotgun wedding between EPA, the beat cop that  
718 polices the most intractable sources of pollution; and the  
719 Department of Energy, the government's booster for energy  
720 products nationwide. The inevitable outcome would be a  
721 marriage made in hell that stymies EPA's most important  
722 efforts to carry out its regulatory mission, indifference to  
723 its salesperson spouse.

724 The best way to think about ECRA is as a huge subsidy  
725 for companies that are already pocketing billions in  
726 government largess. The energy companies that would reap  
727 this giant windfall include the big five oil companies--BP,  
728 Chevron, ConocoPhillips, ExxonMobil and Shell--which raked in

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

729 more than \$119 billion in profits in 2012. Among the most  
730 profitable corporations, ExxonMobil finished at the top of  
731 the 2012 Fortune 500 list bringing in profits of more than 41  
732 billion. Chevron and ConocoPhillips finished third and  
733 fourth on the list, bringing in annual profits of nearly 27  
734 billion and over 12 billion, respectively.

735         The legislation would relieve these companies from  
736 internalizing the high social cost of their pollution. This  
737 regulatory subsidy comes on top of the massive subsidies that  
738 highly profitable fossil fuel producers already receive. In  
739 2012, the big five oil companies received more than \$2.4  
740 billion in various tax breaks from the Federal Government.  
741 The International Monetary Fund estimates that the fossil  
742 fuel industry receives more than 1.9 trillion in total global  
743 subsidies annually, an amount equal to 2.5 percent of the  
744 global gross domestic product.

745         The rules in the legislation's crosshairs are among the  
746 most beneficial safeguards the U.S. regulatory system has  
747 ever produced. A 2011 report assessing the EPA's Clean Air  
748 Act regulations found that in 2010, these rules saved 164,000  
749 adult lives and prevented 13 million days of work loss and

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

750 3.2 million days of school loss due to pollution-related  
751 illnesses such as asthma and cardiovascular disease, as Dr.  
752 Rom explained so eloquently. Even when measured against the  
753 rubric of cost-benefit analysis, the EPA's regulations  
754 revealed to be huge winners for society.

755 The 2011 report on EPA's Clean Area Act regulations  
756 concluded that these safeguards have produced benefits worth  
757 2 trillion annually by 2020, dwarfing the 65 billion in  
758 compliance costs.

759 My written testimony gets into more specific criticisms  
760 of the bill. It also offers some suggestive reforms for the  
761 EPA that would help the Agency carry out its statutory  
762 mission of protecting the people and the environment in a  
763 more effective and timely manner.

764 Thank you. I would be pleased to answer any questions.

765 [The prepared statement of Ms. Steinzor follows:]

766 \*\*\*\*\* INSERT 4 \*\*\*\*\*

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

|

767 Mr. {Whitfield.} Thank you.

768 Dr. Smith, you are recognized for 5 minutes.



**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

|

769 ^STATEMENT OF ANNE E. SMITH

770 } Ms. {Smith.} Mr. Chairman and members of the  
771 subcommittee, thank you for your invitation to participate in  
772 this hearing. I am Anne Smith, an economist and senior vice  
773 president of NERA Economic Consulting. My testimony is my  
774 own and does not represent any position of my company or its  
775 clients.

776 If EPA and DOE are to be required to estimate employment  
777 impacts of energy-related regulations, it would be wise also  
778 to require that their estimates be made using analysis  
779 methods that are credible and suited to the scale of the  
780 regulation in question. For major energy-related regulations  
781 an analysis that accounts for secondary or ripple effects  
782 through the full economy is the only type that can be  
783 expected to provide a balanced understanding of overall  
784 economic impacts.

785 How has EPA been making its employment impacts estimates  
786 so far? In reviewing how EPA has been estimating employment  
787 impacts for its air regulations, I have identified several

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

788 areas of concern, particularly with regard to its current  
789 practices. First, for air regulations released from 1997  
790 through 2010, EPA rarely provided any employment impact  
791 estimates. In the few cases that it did, EPA used methods  
792 that ranged from a single sector or partial approach to a  
793 full economy general equilibrium approach. I found no  
794 apparent pattern to explain when the full economy approach  
795 was used or was not used, but the full economy approach is  
796 clearly within the EPA's toolkit.

797 In 2011, EPA started to routinely provide employment  
798 impact estimates for its new regulations. However, these  
799 more recent estimates are not credible. They are being  
800 calculated in an inappropriately simplistic manner that uses  
801 a cookie-cutter multiplier. EPA's formula cannot even be  
802 called an analysis. This is what EPA is doing: EPA takes its  
803 estimate of the cost of complying with the regulation, states  
804 it in millions of 1987 dollars, and then, to estimate the  
805 number of affected jobs, just multiplies that cost by a  
806 single constant factor. That factor happens to be 1.55.

807 So what does that mean? Well, you can do the math  
808 yourself. Because the multiplier is positive, this formula

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

809 guarantees that EPA will estimate an increase in jobs for  
810 every one of its new regulations no matter what sectors or  
811 types of regulation the regulation may affect, no matter what  
812 years the regulation may take effect in. In fact, the higher  
813 the cost of the regulation, the greater will be the job  
814 increase EPA projects for it.

815         Furthermore, most of the regulations the EPA has applied  
816 this simplistic approach to are the very types of rules that  
817 are warranting a full economy approach. A full economy  
818 analysis is warranted for high-cost regulations that can  
819 affect prices of widely used commodities. Energy-related  
820 regulations over \$1 billion would fall into this category.  
821 Also, the Utility MATS Rule, the Portland Cement MACT Rule,  
822 the Cross-State Air Pollution Rule, and the Industrial Boiler  
823 MACT Rule all fall into that category. Yet, all of those  
824 rules were instead run through EPA's simplistic job impacts  
825 multiplier, which predictably estimated that each one of them  
826 would increase job's and, at the most costly of them, the  
827 Utility MATS Rule, would increase jobs the most.

828         I have done my own full economy analysis of several of  
829 those recent rules. I used NERA's NewERA Model, which is a

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

830 full economy general equilibrium model, but I assumed EPA's  
831 own estimates of those rules' compliance costs. I ran EPA's  
832 costs through a full economy analysis. And for each of those  
833 rules, the full economy analysis projected large negative  
834 employment impacts in direct contrast to the positive job  
835 increases EPA had reported.

836 For example, for the Utility MATS Rule, EPA had reported  
837 an increase in employment earnings equivalent to 8,000 jobs.  
838 But the full economy analysis of that rule projected a  
839 reduction equivalent to 70,000 jobs. Now, most of those  
840 negative employment impacts from the full economy analysis  
841 were in sectors that do not face any compliance obligations  
842 under the MATS rule, but they are sectors which purchase the  
843 regulated sector's higher-cost product, electricity in this  
844 case.

845 Partial analysis methods simply cannot identify these  
846 secondary or ripple effects. Simply put, because commodity  
847 price effects can cause a significant portion of a  
848 regulation's impacts, high-cost regulations should be  
849 analyzed with a full economy general equilibrium approach.  
850 This is not a tall order. The past shows EPA already has the

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee’s website as soon as it is available.**

851 tools and capabilities to do it. Thank you.

852 [The prepared statement of Ms. Smith follows:]

853 \*\*\*\*\* INSERT 5 \*\*\*\*\*

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

|  
854 Mr. {Whitfield.} Thank you, Dr. Smith.

855 Mr. Segal, you are recognized for 5 minutes.

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

|  
856 ^STATEMENT OF SCOTT H. SEGAL

857 } Mr. {Segal.} Thank you, Mr. Chairman, members of the  
858 committee. Thanks for the opportunity to testify. My name  
859 is Scott Segal. I am a partner at the law firm of Bracewell  
860 & Giuliani and I also direct the Electric Reliability  
861 Coordinating Council, which includes some of America's top  
862 power producers that are working to ensure that consumers  
863 across the United States have access to reliable, affordable,  
864 and environmentally responsible power.

865 Look, EPA has a tough job of balancing America's desire  
866 for environmental protection with its demand for affordable  
867 and reliable power. The Agency has issued a number of  
868 environmental rules in the past 2 years, is working on others  
869 that, at times, seem inconsistent with this balance and more  
870 of these types of rules are imminent.

871 You have heard the names of all of these rules. We  
872 don't have time necessarily to get into every one of them.  
873 But Dr. Smith talked about the MATS Rule, also the State or  
874 overturned actually Cross-State Rule, the changes to ambient

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

875 air quality standards, water rules, the status of coal ash,  
876 Regional Haze rules; the list goes on and on.

877         You know, if you do work for those that utilize coal,  
878 you almost get the impression that the Agency doesn't like  
879 coal. It is funny how that works since every rule I have  
880 named directly deals with coal. Worst yet than these rules,  
881 is the capacity of the Agency to engage in litigation with  
882 environmental organizations, settle that litigation  
883 prematurely on terms that are favorable to expansion of the  
884 Agency's power, and also the use of punitive enforcement  
885 strategies, and even direct opposition to the findings of  
886 state regulators who are themselves competent regulators who  
887 are in fact closer to the problems they seek to regulate.

888         Taken together, these power sector rules impact about  
889 780,000 megawatts of gas, oil, and oil-fired generation.  
890 Through the year 2025, the most recent estimates show that  
891 348 of the 1,300 coal-fired electric generator units are  
892 likely to close in 38 States, representing about 15 percent  
893 of the total coal fleet. The reasons for those closures, I  
894 think, are clear to all of us. The industry faces a  
895 combination of low natural gas prices and inflexible



**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

896 regulation.

897           Merely losing 56 gigs, a midrange scenario in line with  
898 what some industry has estimated but also with the FERC--the  
899 Federal Energy Regulatory Commission--itself estimated, just  
900 to give you a sense of perspective is the equivalent of  
901 wiping out all the power generation for the States of Florida  
902 and Mississippi. But coal still has an important role to  
903 play in America's energy future. As Tom Fanning at the  
904 Southern Company recently remarked, the U.S. still is the  
905 Saudi Arabia of coal with 28 percent of coal's reserves.

906           While the shale revolution is arguably the most  
907 transformative energy event in our time, recent reports have  
908 indicated that the most obvious projects were switching from  
909 coal to natural gas have already been undertaken. Many gas  
910 plants are running at or near capacity. They are running  
911 flat out, meaning that additional demand, assuming the  
912 economy ever recovers, additional demand may have to once  
913 again be met by reliable coal production. But as these rules  
914 increase the regulatory costs, those are passed on directly  
915 to consumers in the form of higher prices. Relying on fewer  
916 instead of more options puts us in danger of paying more for

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

917 electricity, which affects the economy as a whole.

918           You would think that the bill before you today is  
919 targeted only at the stock prices of energy companies, at  
920 least to hear some of its critics. That is not what triggers  
921 this analysis. It is the cost to consumers. And it should  
922 come as no surprise that higher electricity prices are  
923 destructive to our economy. Consider, residential consumers,  
924 small businesses, hospitals, schools, farms, industrial  
925 operations all depend on reliable and affordable electric  
926 power. Higher prices disproportionately impact vulnerable  
927 individuals, including the poor, the elderly, and those on  
928 fixed incomes. One-quarter of Americans report having  
929 problems paying for several basic necessities; 23 percent  
930 have difficulty in paying their utilities. That is who is  
931 damaged when we don't fully take into account the consumer  
932 impact of higher electricity prices.

933           By the way, we have heard discussions of higher gasoline  
934 prices and I would also point out that almost half of our  
935 refineries' operating costs, about 43 percent actually, is  
936 for energy and fewer refineries have the capacity to  
937 cogenerate appreciable amounts of electricity on their own,

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

938 meaning higher electricity prices equals higher gasoline  
939 prices as well.

940 Our schools--99 percent of school superintendents found  
941 direct budget impacts as result of increased energy costs  
942 associated with maintaining the building spaces. Worse yet,  
943 there is no alternative for a school superintendent other  
944 than to fire teachers to pay for more expensive energy.

945 Healthcare--EPA's rules also adversely affect public  
946 health in three ways: by increasing the cost of medical care  
947 and treatment, by imposing real threats on human health by  
948 suppressing economic growth and the improved health that it  
949 brings, and by focusing on expensive rulemakings with little  
950 incremental benefit when those resources, if more sensibly  
951 deployed, could save many more lives.

952 The bottom line, today's legislation is an important  
953 first step in the direction of addressing consumer impact and  
954 prices. It is not a gutting of the Clean Air Act. The power  
955 remains with the Environmental Protection Agency, not the  
956 DOE. The DOE makes an analysis. It is up to the EPA to  
957 decide whether to take that analysis seriously and address  
958 those energy consumer price end points. If they do so, the

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

959 rule may proceed. So the power remains with the EPA to take  
960 consumer prices seriously. They should do that, and they  
961 should adopt this legislation.

962 Thank you.

963 [The prepared statement of Mr. Segal follows:]

964 \*\*\*\*\* INSERT 6 \*\*\*\*\*

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

|  
965           Mr. {Whitfield.} Well, Mr. Segal, thank you. And thank  
966 all of you for your testimony.

967           At this time, we will open it up for questions and I  
968 recognize myself for 5 minutes of questions.

969           As I had indicated in my opening statement, the Society  
970 of Environmental Journalists recently issued a statement  
971 saying that EPA is one of the most closed, opaque agencies in  
972 the Federal Government. And I think all of us are very proud  
973 of the fact that the Clean Air Act has been unusually  
974 effective. EPA has done a good job of administering the  
975 Clean Air Act and America does not have to take a backseat to  
976 any country in the world in being focused on a clean  
977 environment. And we all could recite statistics that reflect  
978 the success of the Clean Air Act.

979           But I also think we have an obligation and  
980 responsibility when we have an economy that is having great  
981 difficulty of when we come out with new regulations that cost  
982 billions of dollars that we also explore fully the impact  
983 that it has on the consumers and on society in general. All  
984 of us have a responsibility and a concern about people who

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

985 suffer breathing problems. And that is why I think we can be  
986 very proud of the fact that we have made great progress.

987 I know Dr. Burgess may talk about this a little later,  
988 but, you know, we are part of the Montréal Protocol because  
989 of the Clean Air Act. And because of the Montréal Protocol,  
990 Primatene Mist is not available over-the-counter anymore to  
991 people who have asthma. And as a result, their direct costs  
992 have increased dramatically because it is simply not  
993 available anymore.

994 And, Dr. Smith, I was really interested in your  
995 statement in which you said you did an analysis, and if I  
996 understood you, it appears that the more cost associated with  
997 an EPA regulation, according to their analysis, automatically  
998 there are going to be more jobs created. Is that what you  
999 said or--

1000 Ms. {Smith.} Yes, that is the formula EPA is applying  
1001 right now.

1002 Mr. {Whitfield.} And would you elaborate on that a  
1003 little bit? I mean, that does not sound exactly correct but--  
1004 -

1005 Ms. {Smith.} Well, it is illogical and that is why I

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1006 say this is not an appropriate method in the first place. It  
1007 is based on some earlier studies that looked at spending on  
1008 worker payments--payments to workers--in industries, in the  
1009 '80s who were poor industries, who were reporting off of  
1010 their environmental spending. And the finding was that there  
1011 was not, across all four of those industries, a significant  
1012 change in the amount of spending on workers. But that did  
1013 not find increased jobs; it just found that there was a  
1014 change in the spending on workers in those four sectors in  
1015 the '80s.

1016 Now, EPA is taking that summary statistic that says,  
1017 well, the number was about zero--was about 1.55 on average--  
1018 and just applying it to every new regulation that comes down  
1019 the pike, regardless of its relationship to the original  
1020 study, most of which have no relationship to the original  
1021 study.

1022 Mr. {Whitfield.} So any regulation that has additional  
1023 cost, according to the EPA, will create jobs?

1024 Ms. {Smith.} As long as they continue with this method  
1025 of doing their analysis which is, as I said, not really an  
1026 analysis at all. It is just a multiplication that is

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1027 guaranteed to provide positive jobs through more cost.

1028 Mr. {Whitfield.} Right.

1029 Mr. Cicio, you had--just a minute here. Well, I am not  
1030 going to ask you a question. I will just make one other  
1031 comment.

1032 I have been so upset about the stimulus money being  
1033 directed to so many green energy projects and I can't help  
1034 but I just want to share that right across the border from my  
1035 home county in Kentucky in the State of Tennessee, 2 years  
1036 ago a company called Hemlock Corporation announced that they  
1037 were building a \$1.2 billion plant that would employ 1,000  
1038 people and about 2,500 construction jobs to make polysilicon  
1039 chips for the solar industry. In the State of Tennessee,  
1040 there was a big press conference and everyone announced how  
1041 this was the future for America, green energy, which we all  
1042 support.

1043 Unfortunately, in January of this year after  
1044 constructing this plant for 2 years at a cost of \$1.2 billion  
1045 of which there was government money involved also, they  
1046 announced that they were walking away from this plant. They  
1047 had hired 300 employees to prepare it for opening, and the



**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1048 terminated all of those workers. They are shuttering the  
1049 plant and that, in my view, along with Solyndra and others,  
1050 is an indication of how we in the government tried to mandate  
1051 what was going to happen and the marketplace was not ready  
1052 for it.

1053           So I see my time is expired, and Mr. Rush, I recognize  
1054 you for 5 minutes.

1055           Mr. {Rush.} I want to thank you, Mr. Chairman. And Mr.  
1056 Chairman, in due respect to the author of the bill, Mr.  
1057 Cassidy of Louisiana, I must say that this bill defies common  
1058 sense. Everybody in this room has probably, sometime during  
1059 the course of their lives, written out pros and cons listing  
1060 in order to make important decisions. This bill will require  
1061 the federal decision matrix to consider just half of this  
1062 list, a pro and con list when evaluating public health and  
1063 environmental rules. The bill requires that the Department  
1064 of Energy to analyze all of the potential negative effects of  
1065 a proposed rule and determine whether the rule would have a  
1066 significant adverse effect on the U.S. economy.

1067           Now, Ms. Steinzor, under this bill would DOE weigh both  
1068 sides? Will they weigh the pros and the cons of a proposed

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1069 rule?

1070 Ms. {Steinzor.} Congressman, I think that they would  
1071 focus primarily on the costs that are allegedly imposed by  
1072 the regulation. And their analysis would come on top of an  
1073 extensive analysis by EPA that is supervised by the Office of  
1074 Information and Regulatory Affairs at the White House, that  
1075 is redrafted, that is hundreds of pages long, scrutinized by  
1076 economists. The Department of Energy already has an  
1077 opportunity to comment on every rule that EPA prepares. And  
1078 again, I would stress all of these rules are statutorily  
1079 mandated. They don't come out of the right ear of the EPA  
1080 administrator. They are all required by Congress.

1081 Mr. {Rush.} So this bill requires a skewed analysis  
1082 that completely ignores the benefits of the EPA's public  
1083 health rules?

1084 Ms. {Steinzor.} Yes.

1085 Mr. {Rush.} As a matter of fact, have you looked at the  
1086 bill? Do you see the word benefit at all in the bill?

1087 Ms. {Steinzor.} I do not. And bills like this act as  
1088 if rules were sweeping the money into the center of the room  
1089 and setting it on fire. They absolutely ignore the benefits

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1090 to patients like Dr. Rom's that he explained so well. The  
1091 incredible economic costs, not just in medical expenses, but  
1092 in days lost from work, staying home with a sick child, being  
1093 unable to be productive is an enormous burden on society.  
1094 And those are the benefits of trying to control pollution  
1095 would be to avoid all of that harm.

1096 Mr. {Rush.} And matter of fact, the types of rules that  
1097 this bill would target have tremendous benefits to public  
1098 health, the environment, and often consumers. For example,  
1099 EPA's greenhouse gas standards for vehicles are projected to  
1100 save families more than \$1.7 trillion in fuel costs and  
1101 reduce America's dependence on oil by more than two million  
1102 barrels per year beginning in 2025.

1103 Ms. Steinzor, that is just one example. How do the  
1104 benefits of some of the EPA's other recent rules compare to  
1105 their cost?

1106 Ms. {Steinzor.} Well, as Congressman Waxman explained  
1107 in his opening statement, the ratio between the cost and the  
1108 benefits, the benefits exceed the cost by several orders of  
1109 magnitude in almost all of these rules. That is what makes  
1110 it so ironic. These rules are a great bargain for the

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1111 American people and that is what makes it so ironic, that  
1112 they have come under this attack. They have been years in  
1113 the making. They were required initiated under the 1990  
1114 Clean Air Act amendments. We are now in 2013. These rules  
1115 have been bounced around to court and back, to the Agency to  
1116 the White House, to Congress, and finally, after all this  
1117 time, they are beginning to get to the end the runway and be  
1118 ready to take off and now we want further delay, further  
1119 analysis, further number-crunching, further handwringing, and  
1120 it is just not what you intended.

1121 If Congress doesn't like these results, it should take  
1122 up the Clean Air Act, but it doesn't want to do that because  
1123 that would be very unpopular with the American people.

1124 Mr. {Rush.} Thank you, and I yield back, Mr. Chairman.

1125 Mr. {Whitfield.} At this time I recognize the gentleman  
1126 from Texas, Mr. Hall, for 5 minutes.

1127 Mr. {Hall.} I thank you, Mr. Chairman. And I guess I  
1128 would like to start by not just thanking you, but thanking  
1129 the folks, as you have. And some of the proposals in the  
1130 past 3 years such as the Coal Ash Rule and the Cross-State  
1131 Air Pollution Rule have been very detrimental to energy

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1132 companies and thrust and jobs and consumers back in my  
1133 district in northeast Texas.

1134 I certainly admire Scott Segal. I have known him and  
1135 know the people he associates with, Searcy Bracewell, and  
1136 paired now with the former mayor of New York. They do a good  
1137 service for us and that is why I want to direct my question  
1138 to you. I am very pro-fossil fuels, I am pro-energy, pro-any  
1139 source that might keep us from having to rely on countries  
1140 that we really couldn't rely on if circumstances, you know,  
1141 changed just a little bit.

1142 But I want to talk about the compliance time on this of  
1143 the EPA--I am talking about anything bad I can think of about  
1144 EPA because I think they are the worst enemy of any nation's  
1145 opportunity to get ahead and provide the energy that we have  
1146 and that we need. And we ought to be selling energy rather  
1147 than buying energy.

1148 So I guess what I would ask you is what your concern is  
1149 about the compliance timelessness that I talked about for  
1150 EPA's energy-related regulations that they are requiring to  
1151 happen in just a few months, something that would have taken  
1152 probably 4 or 5 years and reconsidering it and then coming

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1153 back with something just as ridiculous. That took us to the  
1154 courts, and the courts from this Texas operation have  
1155 recognized they are wrong and the lack of science that the  
1156 EPA relied upon.

1157 And I thank Bill Cassidy for bringing this and I agree  
1158 with every word he said as we opened up here. But what I am  
1159 concerned about is what you think about the timelines and not  
1160 providing enough time for you to delegate plan or implement  
1161 these rules, and what effect is that going to have on  
1162 electric reliability? Just in general if you could give that  
1163 to us.

1164 Mr. {Segal.} Mr. Hall, thanks for your kind words. I  
1165 would say on the question of timelines, you would do well to  
1166 be very concerned about it. I mentioned briefly in my  
1167 remarks about this sue-and-settle phenomenon. And  
1168 unfortunately, timelines are often not dictated or at least  
1169 not honored from a statutory perspective but come to the  
1170 Floor for the EPA from settlements that they reach with  
1171 environmental organizations where they don't let other  
1172 members of the regulated community into those settlement  
1173 discussions. And so what ends up happening is a very, very

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1174 sort of backwards-oriented and unrealistic timeframe for  
1175 implementation of the rules.

1176           You know, we have heard a lot today about what a good  
1177 bargain all these rules are. I am kind of amused to hear  
1178 that they are both a great bargain for industry and at the  
1179 same time industry is the opponent that keeps us from having  
1180 more of it. You know, industry folks to come these hearings  
1181 more often. They would know about great investment  
1182 opportunities in major EPA rulemakings.

1183           The fact of the matter is, despite the obvious costs  
1184 outlined with respect to these rules, EPA always claims its  
1185 regulations are net beneficial to society. That is like it  
1186 is not even worthy of discussion. In the case of the Mercury  
1187 and Air Toxics Rule, for example, a rule that costs \$10  
1188 billion, none of the benefits came from mercury. If there  
1189 were truth in advertising on rules, EPA would constantly be  
1190 in front of the Federal Trade Commission explaining why they  
1191 call their rules what they call them and why they put in  
1192 their analyses of benefits what they put in them.

1193           More than 90 percent of the benefits of this rule are  
1194 co-benefits that come from reducing particulate matter, which

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1195 as we heard testimony, particulate matter is serious  
1196 business. However, that 90 percent reduction comes from  
1197 reducing particulate matter below the level that EPA has  
1198 already said is highly protective of human health and the  
1199 environment with a substantial margin of safety for  
1200 susceptible subpopulations of the very sort of person that  
1201 Dr. Rom was talking about.

1202 EPA inaccurately attributes the benefits to current  
1203 rules, like the Cross State Rule Mr. Hall was talking about,  
1204 benefits that have been achieved by previous rules. It is  
1205 like a poker game with one stack of chips and they keep  
1206 moving the chips from rule to rule to rule claiming the same  
1207 benefit. That is how Enron got into trouble. But the--

1208 Mr. {Hall.} In closing, just I know you agree with me  
1209 that this bill is going to provide transparency and protects  
1210 the consumer and protects jobs, and I am very happy that we  
1211 are looking at it today, and I thank you.

1212 I yield back. Our time is up.

1213 Mr. {Whitfield.} At this time I recognize the gentleman  
1214 from California, Mr. McNerney, for 5 minutes.

1215 Mr. {McNerney.} Thank you, Mr. Chairman, and thank the



**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1216 witnesses for your thoughtful testimony this morning.

1217           It continually amazes me that our friends on the other  
1218 side of the aisle think of the EPA as the devil because  
1219 before the EPA came along, we had the Love Canal, we had the  
1220 Cuyahoga River catching on fire, and look, China doesn't have  
1221 an EPA. Would you rather live in Beijing and breathe that  
1222 air? And so I mean it produces a good service for country.

1223           Now, it is important to have a balance, I understand  
1224 that. But my concern with this bill is that it could  
1225 indefinitely delay or block critical public health and  
1226 environmental protections for analysis of questionable value,  
1227 in my opinion, by the DOE.

1228           Now, Mr. Williams, in your testimony this morning you  
1229 said that the bill would inject transparency and scientific  
1230 rigor back into the regulatory process, but I am skeptical of  
1231 that claim. The bill requires the DOE to draft an inherently  
1232 biased analysis that presents only the costs of the EPA rule-  
1233 -and that has already been brought out this morning--but does  
1234 not address the benefits. The DOE is not really capable of  
1235 that at this point. It would have to develop a new  
1236 capability.

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1237 Ms. Steinzor, would you consider the analysis required  
1238 by the bill to be transparent and rigorous?

1239 Ms. {Steinzor.} I would not, Congressman. I think the  
1240 analysis required by the bill would have the economists  
1241 staring into a crystal ball in an effort to run this string  
1242 of regulatory impact out into--it is almost like, you know, a  
1243 butterfly flaps its wings in Rio de Janeiro and there might  
1244 be an effect in Tuscaloosa. That is what is wrong with Dr.  
1245 Smith's very superficial criticisms of what goes on in EPA  
1246 analyses. You can't predict job impacts to the nth degree,  
1247 and that is what people are insisting that the Agency do. It  
1248 already does extraordinarily rigorous analysis. There are a  
1249 series of laws--

1250 Mr. {McNerney.} What exactly--so you are going to  
1251 describe some of the analysis that is required by the EPA  
1252 already?

1253 Ms. {Steinzor.} Yes, very extensive analysis of both  
1254 costs and benefits. And those analyses, again I need to get  
1255 a life very clearly, but I spend many, many hours reading  
1256 hundreds of pages filled with formulas and we love the  
1257 magical numbers. We think that they make these estimates

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1258 precise and reliable, and in fact, the extensive analysis  
1259 that is already done, for instance, on guesstimates. It is  
1260 just one example. Dr. Rom mentioned hospitalization for  
1261 asthma. You know, in one of the cost benefits of the Clean  
1262 Air Act, the EPA awarded \$330 for that event. And I am sure  
1263 that Dr. Rom would laugh at the idea that his patients go to  
1264 the hospital and get the kind of treatment he was describing  
1265 for \$330.

1266         So all of these analysis understate the benefits,  
1267 overstate the costs already. The Agency has spent close to  
1268 30 years trying to get these rules out and the pending  
1269 legislation would delay us another few decades which would be  
1270 to the detriment of the public.

1271         Mr. {McNerney.} Thank you, thank you. Mr. Segal, do  
1272 you believe that well-crafted regulations protecting air and  
1273 water quality could result in innovation and job creation?

1274         Mr. {Segal.} Yes, I do. I absolutely do. In fact, the  
1275 bill does not--you know, there is a rumor floating around  
1276 here that the bill does not account for benefits. No, the  
1277 bill focuses very narrowly on these energy endpoints, but the  
1278 bill also talks about shifts in employment. That is what

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1279 you, Congressman, are talking about, because when we have a  
1280 regulation, we may well take the compliance cost money from  
1281 that regulation, spend it, and then if I make a scrubber for  
1282 example, or I innovate a scrubber, that will create jobs.  
1283 But the question is, the money that I took and spent on the  
1284 scrubber and on the innovation related to the scrubber, if it  
1285 were deployed in more productive mechanisms, what would the  
1286 job multiplier be in that instance? And also--

1287 Mr. {McNerney.} So by more productive you mean--you  
1288 said it would be deployed in more productive measures.

1289 Mr. {Segal.} Let me give you an example.

1290 Mr. {McNerney.} Okay.

1291 Mr. {Segal.} Let's say I run a power company, all  
1292 right? I won't stretch credulity too much, but let's say I  
1293 run a power company. If I don't spend the money on the  
1294 scrubber, perhaps I can spend it on a way to improve the  
1295 energy efficiency of my power plant, presumably if the EPA  
1296 doesn't sue me under a new source review--

1297 Mr. {McNerney.} But it would have the same out--if you  
1298 increase efficiency--

1299 Mr. {Segal.} Yes, and that would not only reduce

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1300 emissions, but it would reduce the cost of power, and then  
1301 let's say my community, let's say, you know, a community in  
1302 northern California or something like that would receive  
1303 lower cost of electricity, more small businesses, more  
1304 energy-dependent businesses like florists and grocers and  
1305 things like that could put on the extra job or two, that is  
1306 real job creation and that is the multiplier effect of lower-  
1307 cost electricity.

1308 Mr. {McNerney.} Well, I would like to continue the  
1309 discussion but my time has run out, Mr. Chairman.

1310 Mr. {Whitfield.} Yes, the gentleman's time has expired.

1311 At this time I recognize the gentleman from Nebraska,  
1312 Mr. Terry, for 5 minutes.

1313 Mr. {Terry.} Thank you, Mr. Chairman.

1314 And this bill seemed rather simple and straightforward  
1315 until the discussions occurred up here and I want to ask the  
1316 author. Under current law right now, the EPA's only--the  
1317 only thing they can do is look at the health benefits. That  
1318 is the whole basis of it.

1319 Dr. {Cassidy.} Yes, that is current law.

1320 Mr. {Terry.} And are you striking that provision under

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1321 this?

1322 Dr. {Cassidy.} No, I am not.

1323 Mr. {Terry.} I am noticing that language.

1324 Dr. {Cassidy.} No, I am not.

1325 Mr. {Terry.} So the benefits under health are already  
1326 written in the law, and so what you are doing is saying that  
1327 we need the other side of the cost-benefit analysis in  
1328 determining the cost. Is that right?

1329 Dr. {Cassidy.} A little transparency so that if someone  
1330 loses their job because of the regulation, they actually  
1331 understand what thought process went into it.

1332 Mr. {Terry.} Yes, so this is establishing a cost  
1333 benefit. The benefits are already written in there or  
1334 mandated that that be in there. And that has been part of  
1335 our frustration here. And we mentioned the Mercury Rule.  
1336 Their modeling showed tremendous benefit from reduction in  
1337 mercury poisonings and injuries, but when you would subpoena  
1338 medical records from a 60-mile radius around a coal-fired  
1339 plant, you wouldn't find any mercury poisonings ever reported  
1340 to the hospitals or physicians. Well, I won't say every--  
1341 boy, University of Maryland, I am not too impressed right

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1342 now.

1343 But I want to go in and talk about that I think in a  
1344 cost-benefit analysis, you actually have to discuss--and I  
1345 want to talk to Mr. Cicio--because both Republicans and the  
1346 Democrats are working on job creation and particularly in  
1347 manufacturing. And we have what we are calling the Nation of  
1348 Builders where we are bringing in manufacturers in all  
1349 different industries--big, medium, and small, international,  
1350 local--and it is interesting because all of them have said  
1351 that energy prices are a key component. It is a major input  
1352 cost, and right now in the United States, we have an  
1353 advantage, particularly with natural gas, to being affordable  
1354 and reliable. So in our manufacturing plan, that is going to  
1355 be there.

1356 The Democrats have what they call Make it in America,  
1357 which part of their four-point plan is affordable  
1358 electricity, affordable energy. And as I understand, an  
1359 increase of 1 percent in electric costs to a manufacturer in  
1360 total can be \$9 billion out of the manufacturing. Could you  
1361 comment? Is that accurate?

1362 Mr. {Cicio.} Yes, Congressman. In fact, I can verify

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1363 that 1 percent does equal a \$9 billion cost on the  
1364 manufacturing sector for our electricity.

1365 Mr. {Terry.} And then, define for us what that means to  
1366 manufacturing.

1367 Mr. {Cicio.} Manufacturing competes globally. As I  
1368 said earlier my testimony, we are the only sector that  
1369 competes globally. And we have tough competition,  
1370 particularly with the kind of products that we produce.  
1371 Almost all manufacturers around the world can meet high-  
1372 quality standards, and so the only thing that differentiates  
1373 us from our global competitors is cost. And so your point  
1374 about today, at this very moment, we have lower natural gas  
1375 prices that is giving us a relative competitive advantage.

1376 But the other point associated with this bill is that  
1377 policymakers and EPA need to be mindful and remember that all  
1378 of the cost of regulations on all our producers of energy,  
1379 whether it be electricity, natural gas, oil, what have you,  
1380 all of those costs when you are regulating those industries  
1381 get passed on to us either directly or indirectly. And this  
1382 weighs on this ability to compete.

1383 Mr. {Terry.} Well, if we were successful in raising



**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1384 electric prices to the point where it is not economic to  
1385 manufacture, will we be lowering the CO2 emissions globally?

1386 Mr. {Cicio.} No. No, of course not. It is the same  
1387 way with other emissions as well. We simply shift the  
1388 manufacturing facility offshore. Someone will produce that  
1389 and it will be produced offshore emitting albeit greenhouse  
1390 gases--

1391 Mr. {Terry.} Probably more.

1392 Mr. {Cicio.} --or any other emission offshore rather  
1393 than here.

1394 Mr. {Terry.} So finding that line is important to  
1395 actually reducing global emissions.

1396 Mr. {Cicio.} Well, absolutely. And our point of why we  
1397 are here today is we are not saying don't regulate; we are  
1398 not saying we don't want clean air--

1399 Mr. {Terry.} I agree.

1400 Mr. {Cicio.} --we are saying do it better, do it more  
1401 cost effectively, and that is a win-win.

1402 Mr. {Terry.} I will interrupt just for my closing  
1403 comment. And, you know, we have been accused on the side of  
1404 the aisle of wanting to completely contaminate the entire

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1405 universe when what we are arguing for was a difference  
1406 between 3- to 5-year implementation to make it more palatable  
1407 and use technologies that don't even exist today.

1408 I yield back.

1409 Mr. {Whitfield.} The gentleman's time has expired. At  
1410 this time I recognize the gentleman from California, Mr.  
1411 Waxman, for 5 minutes.

1412 Mr. {Waxman.} Thank you, Mr. Chairman.

1413 The proponents of this bill argue it will enhance  
1414 transparency and provide rigorous analysis of EPA rules. But  
1415 I don't look at it that way. Mandating a one-sided analysis  
1416 that ignores all of the benefits of EPA's public health rules  
1417 is not going to inform anyone. The real effect of this bill  
1418 is to indefinitely delay and potentially block crucial public  
1419 health rules.

1420 Ms. Steinzor, this bill empowers the Department of  
1421 Energy to effectively veto EPA rules, isn't that right?

1422 Ms. {Steinzor.} Yes, I agree with you.

1423 Mr. {Waxman.} Does the Department of Energy have the  
1424 expertise to make the economic determinations this bill would  
1425 require it to make?

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1426 Ms. {Steinzor.} The Department of Energy does not have  
1427 that expertise and one of the--

1428 Mr. {Waxman.} I agree with you.

1429 Ms. {Steinzor.} Yes.

1430 Mr. {Waxman.} Now, under this bill, EPA cannot finalize  
1431 a rule until the Department of Energy completes its analysis.  
1432 Ms. Steinzor, does this bill establish a deadline for DOE to  
1433 act?

1434 Ms. {Steinzor.} No, it does not.

1435 Mr. {Waxman.} So are there reasons why DOE might not be  
1436 able to complete its analysis in a timely way?

1437 Ms. {Steinzor.} Lack of staff and expertise.

1438 Mr. {Waxman.} So important public health rules can be  
1439 indefinitely delayed under this bill, isn't that right?

1440 Ms. {Steinzor.} Yes.

1441 Mr. {Waxman.} Dr. Rom, what are the real world impacts  
1442 of indefinitely delaying EPA air pollution rules?

1443 Dr. {Rom.} More hospitalization--

1444 Mr. {Waxman.} Put your mike on.

1445 Dr. {Rom.} More hospitalizations, more emergency room  
1446 visits, increased mortality, enhanced morbidity, and this is

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1447 nationwide and it is over time, and it is actually not  
1448 improving.

1449 Mr. {Waxman.} Justice delayed is justice denied.

1450 Dr. {Rom.} Yes.

1451 Mr. {Waxman.} Regulations delayed could be help to  
1452 people denied. Dr. Rom, you are a pulmonologist. Over your  
1453 career, I assume you have seen thousands of patients and had  
1454 to review potential treatment options for a variety of  
1455 conditions. How do you present treatment options to a  
1456 patient? Do you review the benefits of a treatment as well  
1457 as the potential risks?

1458 Dr. {Rom.} Yes. When we treat asthma, for example, the  
1459 standard treatment is a bronchodilator. Over time, these  
1460 bronchodilators have become more selective, fewer side  
1461 effects. Now, we have inhalers that have particles instead  
1462 of chlorofluorocarbons. We have highly selective inhalers so  
1463 we don't have to use things like Primatene Mist from decades  
1464 ago, and we present these options to the patients. We now  
1465 have steroid inhalers--

1466 Mr. {Waxman.} So you have a lot more advances that--  
1467 members of this committee will remember a debate we had over

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1468 Primatene Mist. And from what I was hearing, the profession  
1469 didn't think Primatene Mist was the best device to use. In  
1470 fact, there were some downsides to it.

1471 Dr. {Rom.} Yes, there are now--

1472 Mr. {Waxman.} I just want a yes or no on that--

1473 Dr. {Rom.} Yes.

1474 Mr. {Waxman.} --because it just a side issue. Would  
1475 you say to a medical professional who only presented the  
1476 downsides of a potential life-saving treatment as doing an  
1477 ethical job? This is a risk that you would take if you get  
1478 this treatment for your health.

1479 Dr. {Rom.} Yes--

1480 Mr. {Waxman.} This is the cost you may have to bear to  
1481 get this treatment.

1482 Dr. {Rom.} Yes, but we like to prevent asthma  
1483 exacerbations by having patients not only take their  
1484 treatments, but to have clean air.

1485 Mr. {Waxman.} So it is not ethical for a doctor to make  
1486 a healthcare decision with a patient using the lists of  
1487 negatives without talking about the positives. Is that fair?

1488 Dr. {Rom.} Yes.

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1489           Mr. {Waxman.} When we go to a doctor or consult with  
1490 our accountant or call our realtor, we want to hear the full  
1491 story. We want to know the pros and cons before we make  
1492 important decisions.

1493           This bill sets a different standard for critical public  
1494 health and environmental standards to be determined under law  
1495 by the Environmental Protection Agency. DOE could veto an  
1496 EPA rule based on skewed analysis of those rules. That  
1497 doesn't make sense from a public policy perspective, but it  
1498 seems to me more likely when we mandate a skewed analysis  
1499 about important EPA rules by requiring DOE to pretend that  
1500 the rules provide absolutely no benefits, this bill really  
1501 leads to indefinite delays or blocking of those rules based  
1502 on an absurd analysis.

1503           This is a bill that we shouldn't be spending our time  
1504 talking about because it just doesn't make sense even though  
1505 we are being told it is common sense. This is not the way I  
1506 learned common sense and it is obviously geared to stopping  
1507 important benefits from being provided to the American  
1508 people.

1509           I thank you all for being here. I think you have all

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1510 wasted your time just as we did, but you have given us  
1511 perspectives on it and I appreciate it.

1512 Mr. {Whitfield.} At this time I recognize the gentleman  
1513 from Ohio, Mr. Latta, for 5 minutes.

1514 Mr. {Latta.} Well, thank you very much, Mr. Chairman,  
1515 and I want to thank the panel for being here. I really do  
1516 think that the information we are getting here is very, very  
1517 valuable for this committee and for this Congress.

1518 In my district alone, I have about 60,000 manufacturing  
1519 jobs. And I spend all of my time when I get home, on the  
1520 road talking to those manufacturers. And when I am out  
1521 there, the number one issue I hear from them always, the top  
1522 issue, are regulations coming from Washington and how it is  
1523 hindering their businesses. And these are the folks out  
1524 there that are the job creators, the entrepreneurs that are  
1525 out there making sure that their friends and neighbors have  
1526 jobs that can put food on the table for those kids that they  
1527 have and send them to school.

1528 And when we are talking about the number one regulator  
1529 out there that affects folks in my district, the one group I  
1530 always hear from all the time is the number one agency, it is

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1531 always the EPA. And there is not one group or business that  
1532 I ever go out to see that would ever say that they are not  
1533 for clean air and clean water.

1534 And so we want to make sure that we have those jobs in  
1535 the future because, again, with the 60,000 jobs that I have,  
1536 the national manufacturers, you know, gave me a chart not too  
1537 long ago that shows that we have about 1.66 million  
1538 manufacturing jobs on this committee alone. And that is what  
1539 grows this economy.

1540 And I would like to ask Dr. Smith, I can start with you,  
1541 and I know we have been having some of these questions going  
1542 back and forth, but you testified that the effects of the  
1543 EPA's major regulations can have regulatory impacts that  
1544 ripple through the full economy. Can you elaborate on that?

1545 Ms. {Smith.} Yes. When a regulation is highly costly  
1546 and the people in the sectors that have to comply with that  
1547 regulation end up spending more money for the compliance, by  
1548 and large the cost ends up either being passed through to  
1549 their customers in higher prices of the products or there is  
1550 international competitiveness effects where the affected  
1551 sectors simply end up leaving the country and doing their



**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1552 production overseas.

1553           Either way, it has built up trickle-down effects to the  
1554 other sectors and the consumers in the economy. So prices  
1555 rise, for instance, for oil products or for electricity in  
1556 this economy, there will be effects downstream for the  
1557 consumers of that electricity. And that is where you start  
1558 to see these economic impacts from regulation spreading,  
1559 inevitably spreading across into other sectors of the  
1560 economy. And that is why the full economy analysis is  
1561 appropriate in situations like this.

1562           Mr. {Latta.} Thank you. And again, you know, looking  
1563 at my district in Ohio that, you know, where we have so many  
1564 manufacturers out there manufacturing jobs, we have got to  
1565 move that product, either, you know, bring that product going  
1566 out or we are going to have to have the material coming in.  
1567 And the National Association of Manufacturers estimates that  
1568 the cost is just six EPA rules affecting the energy sector  
1569 could exceed \$100 billion annually and threaten more than two  
1570 million jobs.

1571           And Mr. Williams, I have got to ask you. How are the  
1572 refinery and petrochemical manufacturing sectors being

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1573 impacted by those rules?

1574 Mr. {Williams.} Sure. We are impacted a number of  
1575 ways. Obviously, we are impacted in the cost of producing  
1576 the petroleum products--gasoline, you know, jet fuel that  
1577 runs this country but also as energy consumers. So  
1578 obviously, as Mr. Segal earlier stated, when electricity--for  
1579 a refinery, other than crude oil costs, the second-largest  
1580 cost is usually utility bills. So when something impacts  
1581 electricity, it impacts us as an energy consumer. And then  
1582 it impacts us, obviously, in the cost of producing fuels for  
1583 the general public, fuels and petrochemicals for the general  
1584 public.

1585 I had an example in my testimony of Tier 3 regulations.  
1586 We reduced sulfur and gasoline 90 percent from 2004 to 2007,  
1587 from 300 parts per million down to 30. Now EPA is looking to  
1588 move from 30 down to 10. It is going to be a similar cost  
1589 and a lot of the stated benefit is minimal and even  
1590 questionable.

1591 Mr. {Latta.} If I could interrupt you, do you have any  
1592 estimates of what that is going to cost the consumer out  
1593 there with it going on from that Tier 2 to the Tier 3?

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1594           Mr. {Williams.} Well, if you just look at the  
1595 production costs, an estimate we have is that it is a \$10  
1596 billion upfront cost with about \$2.4 billion annual operating  
1597 cost. If you are going to break that down into cost in cents  
1598 per gallon, it is somewhere in the .06 to .09 per gallon  
1599 range.

1600           Mr. {Latta.} Because I have seen some estimates, I  
1601 believe, from the EPA that they are saying it is much, much  
1602 lower. So you dispute that number?

1603           Mr. {Williams.} Yes. There are other studies out there  
1604 that indicate they are around a penny a gallon. What those  
1605 studies do is they actually look at the Nation as one big  
1606 refinery and try and apply reductions to basically either the  
1607 Nation as a whole or specific regions when that is not how  
1608 our industry works. Every single refinery is different and  
1609 complex. The numbers I stated were from a model that  
1610 actually assesses every single individual refinery and  
1611 assesses cost via that methodology, so--

1612           Mr. {Latta.} Thank you very much.

1613           And Mr. Chairman, my time has expired and I yield back.

1614           Mr. {Whitfield.} At this time I recognize the gentleman

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1615 from New York, Mr. Tonko, for 5 minutes.

1616 Mr. {Tonko.} Thank you, Mr. Chair.

1617 Dr. Rom, you make a compelling case that people should  
1618 limit their exposure to particulate matter and to ozone. The  
1619 legislation we are considering doesn't appear to repeal  
1620 current standards, but it certainly prevents EPA from  
1621 strengthening them. Are the current standards adequate, or  
1622 can further benefits be achieved?

1623 Dr. {Rom.} That is a very good question. The standards  
1624 for ozone have been lowered by President Bush, Bush's EPA  
1625 from 84 to 75. And we have recently looked at what would  
1626 happen if we would net the 75 ppm standard. There would be  
1627 about 2,000 deaths averted across the country, heavily in the  
1628 eastern third of the country. We have also looked at the  
1629 proposed 70 ppm ozone standard, and it would avert about  
1630 4,000 deaths if we lowered it to 70. So the standard now of  
1631 75 that we are not even meeting doesn't protect health. And  
1632 going to the lower standard would give us a greater benefit.

1633 For PM2.5, we are at 35 for a daily and we have been at  
1634 a 15 microgram per meter cubed annual. That has recently  
1635 been proposed to go down to 12.

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1636           If you look at the mortality from PM2.5, there are  
1637 mortality and morbidity effects at this proposed standard,  
1638 and some most studies are now showing even effects lower than  
1639 the standard. Of concern is lung cancer. There has recently  
1640 been a study of over 100,000 people who were never smokers  
1641 looking at lung cancer. There are 1,000 lung cancers in this  
1642 cohort and the lung cancer increase started at 8 and going  
1643 up. And we are now just trying to reach a 12 microgram  
1644 standard.

1645           So to try to derive health benefits with these  
1646 standards, we are discovering health defects at or even below  
1647 these proposed standards. So if we are going to protect--and  
1648 particularly susceptible populations--we need to get a  
1649 protective factor in there.

1650           Mr. {Tonko.} And my understanding is that these are  
1651 pollutants, especially ozone and fine particulate matter, can  
1652 travel significant distances from their sources. So is this  
1653 a problem only for people who live in our urban cores or  
1654 should there be a concern about suburban areas and rural  
1655 areas that are impacted by the same pollutants?

1656           Dr. {Rom.} Yes. There is a considerable transport of

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1657 particles; however, there are what we would call hotspots.  
1658 And what we have recently observed is that highways or where  
1659 there is heavy traffic is a hotspot. So living near a road  
1660 will increase your risk for developing asthma or having a  
1661 mortality affect. And roads are across rural counties as  
1662 well as urban counties. So air particulates have a large  
1663 distance that they travel, particularly from coal-fired power  
1664 plants so that to control these, such ideas and concepts as  
1665 the Interstate Rule was promulgated. It is difficult to  
1666 develop these rules because they are always challenged in  
1667 court, but the eastern third of the country and particularly  
1668 the coastal regions of California have both ozone and PM2.5  
1669 exposures that don't meet the standards, and it is a  
1670 challenge to develop public health policies to meet the  
1671 standards. We are getting there.

1672 Mr. {Tonko.} Thank you. Thank you, Dr. Rom.

1673 And Dr. Steinzor, you have a table in your testimony  
1674 listing a number of EPA rules that apply to the energy  
1675 sector. They all appear to be rules that would be issued  
1676 under the Clean Air Act. As you point out in your testimony,  
1677 energy touches manufactures in our society. The oil and gas

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1678 industry already has exemptions from a number of our  
1679 environmental laws including the Safe Drinking Water Act, the  
1680 Clean Water Act, the Clean Air Act for gas production with  
1681 hydrofracking, for example. Are there rules issued under  
1682 other statutes that would also be subject to this law?

1683 Ms. {Steinzor.} Rules issued under the Safe Drinking  
1684 Water Act, the Clean Water Act, yes.

1685 Mr. {Tonko.} And other statutes, though, that would be  
1686 affected by this law?

1687 Ms. {Steinzor.} Yes. Potentially because the  
1688 legislation says any regulation that costs 1 billion, but it  
1689 doesn't give it time period for that. So if a regulation  
1690 cost 100 million a year, it would be subject--any regulation  
1691 under any law that could remotely affect energy producers  
1692 would be covered by this legislation even if the cost were  
1693 substantially less than a billion because we continue to  
1694 multiply into the future.

1695 Mr. {Tonko.} Thank you. My time has expired. So with  
1696 that, Mr. Chair, I will yield back.

1697 Mr. {Whitfield.} The gentleman's time has expired.

1698 At this time I recognize the gentleman from Louisiana,

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1699 Mr. Cassidy, for 5 minutes.

1700 Dr. {Cassidy.} Okay, thank you.

1701 Dr. Rom, I am also a doctor, I am also an academic, and  
1702 so I kind of know the field from which you come. Here is the  
1703 National Academy of Sciences discussion of something that EPA  
1704 put out. In roughly a 1,000 page draft reviewed by the  
1705 present committee, little beyond a brief introductory chapter  
1706 could be found on the methods for conduct the assessment.  
1707 The draft was not prepared in a consistent fashion. It lacks  
1708 clear links to an underlying conceptual framework, and it  
1709 does not contain sufficient documentation on methods and  
1710 criteria for identifying evidence. I could go on. Would  
1711 that get published in a peer-reviewed journal for which you  
1712 were the editor? Yes or no?

1713 Dr. {Rom.} Probably not.

1714 Dr. {Cassidy.} Yes, probably not.

1715 Dr. {Rom.} The National Academy of Sciences has looked  
1716 at a number of--

1717 Dr. {Cassidy.} If I may, I have limited time. Probably  
1718 not. And yet, this was a draft that was going to incredibly  
1719 impact the economics of certain industries.



**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1720           Next, you mentioned how there is an impact of PM2.5. By  
1721 the way, this bill is not about that. It is about  
1722 transparency so that there could be an economic affect. I  
1723 think I know, although you are a pulmonologist and I am a  
1724 gastroenterologist, so I go here a little bit a fearing.  
1725 Don't we know that socioeconomic status actually affects the  
1726 incidence of lung cancer as well?

1727           Dr. {Rom.} Yes.

1728           Dr. {Cassidy.} So if we are able to say that there is  
1729 this transparent process that there is going to be a cost of  
1730 blue-collar jobs, folks are going to lose their jobs, their  
1731 families will be less well-off, et cetera, wouldn't it be  
1732 fair to say that that could potentially also have an impact  
1733 upon the future prevalence of lung cancer among that  
1734 population?

1735           Dr. {Rom.} Well, the effects of tobacco and--

1736           Dr. {Cassidy.} Yes or no. I mean, just because we know  
1737 that economics has an impact, and we know that people--

1738           Dr. {Rom.} But much larger than SES or socioeconomic  
1739 status.

1740           Dr. {Cassidy.} But is still a factor. So when Mr.

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1741 Waxman spoke about how we want to speak about not just the  
1742 cost but also the benefits, but if you are an oncologist, you  
1743 not only want talk about the potential upside but also the  
1744 potential downside. I can say that confidently. We all  
1745 should do that ethically. So if we have a law which purports  
1746 to give all this great health benefit but we don't go into  
1747 the fact that it could cost a blue-collar worker her job, we  
1748 are not really talking about the downside, are we?

1749 Mr. Cicio, I am struck that in our current economic  
1750 environment our major challenges creating jobs for blue-  
1751 collar workers who have traditionally been employed in  
1752 manufacturing, construction, and mining. You speak about  
1753 energy-intensive enterprises moving back to the United States  
1754 recreating blue-collar prosperity, which we seem to have  
1755 almost ceded to other countries. Is it fair to say that when  
1756 natural gas went to \$13 per Mcf, there was a negative impact  
1757 upon blue-collar prosperity?

1758 Mr. {Cicio.} When prices of natural gas rose starting  
1759 from about 2000 to 2008 to the point that you mentioned, in  
1760 that time period, we lost about 5 million manufacturing jobs.  
1761 We shut down almost 45,000 manufacturing facilities. So the

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1762 impact of energy directly impacted and contributed to job  
1763 losses.

1764 Dr. {Cassidy.} So the point of principle that this bill  
1765 is about creating transparency for the economic effect of EPA  
1766 regulations and not about doing away with their ability to  
1767 promote health benefits, it is fair to say as a principle, if  
1768 you increase the cost of energy, there is a direct economic  
1769 affect upon blue-collar manufacturing jobs, which by the way  
1770 we have also learned increases their prevalence of ill  
1771 health. Fair statement?

1772 Mr. {Cicio.} I would agree.

1773 Dr. {Cassidy.} Mr. Segal, do you agree with Dr. Smith?  
1774 It seems almost fantastical to me that the more something  
1775 costs the economy, the more jobs they are created, in which  
1776 case we should just regulate ourselves to prosperity, right?  
1777 Now, Mr. Waxman said there is no common sense there. I don't  
1778 see the common sense in the greater the regulatory burden,  
1779 the more prosperity we have. Heck, we should regulate our  
1780 conversation right now. Throw away the First Amendment.

1781 Mr. {Segal.} Well, I quite agree. It is kind of a  
1782 through-the-looking-glass kind of world. The more expensive

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1783 something is the cheaper it is for the economy.

1784 Dr. {Cassidy.} Now, you also make a point that there  
1785 is--if you are creating jobs, oftentimes there is job shift.  
1786 I think of the vulnerability of these blue-collar workers.  
1787 You may be losing that blue-collar job while you are creating  
1788 the job for an EPA bureaucrat. Is that a fair statement?

1789 Mr. {Segal.} It may be an EPA bureaucrat or it may even  
1790 be somebody in another country.

1791 Dr. {Cassidy.} Isn't that something? That somebody in  
1792 another country, because as Mr. Cicio says, it is going to be  
1793 manufactured someplace, the question is where. All we are  
1794 about is letting that blue-collar worker who doesn't have a  
1795 lobbyist, who doesn't have somebody up here with tassels on  
1796 their shoes and to be able to understand the impact of rules  
1797 and regulations upon them.

1798 I yield back. Thank you.

1799 Mr. {Whitfield.} The gentleman yields back.

1800 At this time I recognize the gentleman from Texas, Mr.  
1801 Green, for 5 minutes.

1802 Mr. {Green.} Thank you, Mr. Chairman, and thank you for  
1803 calling the hearing on the Energy Consumers Act of 2013.

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1804 Many of the rules that this bill aims to stop are rules that  
1805 directly affect both my constituents and companies that  
1806 employ my constituents. They are rules that I, too,  
1807 seriously have wondered how they got developed. I would love  
1808 to support the bill that would require the Department of  
1809 Energy to have an official consulting role similar to OMB on  
1810 the drafting of EPA rules where appropriate.

1811 For example, I was frustrated to hear that DOE's  
1812 concerns about grid reliability were not heeded by the EPA or  
1813 considered during the Utility MACT rulemaking. With that  
1814 said, I am also shocked that this has set precedent that  
1815 where one department has veto power over another department,  
1816 particularly an appointee in an agency that is part of  
1817 Cabinet.

1818 I would like to ask some questions. And frankly, my  
1819 colleague from Louisiana, we lost chemical jobs over the  
1820 years simply because our price of natural gas went up to  
1821 12.50, \$13 and North Sea gas is much cheaper. Thank goodness  
1822 our economy has changed that so every plant in my district, I  
1823 think, is expanding jobs because of our success, at least in  
1824 Texas, of the low cost of natural gas.

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1825           But now to my questions. Do any of you know whether  
1826 there is precedent for this type of policy where there is a,  
1827 you know, another agency actually gets to check their work or  
1828 say yes or no? I want somebody telling us what it is going  
1829 to cost and DOE is that agency. But I have never known where  
1830 one agency could just say, no, you can't do this. Is there  
1831 any precedent for that? Scott, or anyone else? I know we  
1832 have dealt with these issues for a couple of decades.

1833           Mr. {Segal.} Well, I will take a crack at it. I mean,  
1834 the relationship--and I know, I think Professor Steinzor also  
1835 has some stuff in her testimony on this--but the relationship  
1836 between the Office of Information and Regulatory Affairs and  
1837 OMB, as kind of a regulatory traffic cop, is a similar  
1838 relationship.

1839           Mr. {Green.} But even they only check what, for  
1840 example, in this case EPA or some other agency does.

1841           Mr. {Segal.} Right.

1842           Mr. {Green.} You know, and theirs is fairly limited. I  
1843 would be more interested in forcing agency cooperation,  
1844 looking at the cost and the benefits, and have somebody check  
1845 their work.

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1846           Mr. {Segal.} Let me say two things on that. The first  
1847 is the DOE really doesn't veto the bill. I mean, Mr. Waxman  
1848 is saying that DOE would sit around, you know, stroking its  
1849 mustache and eliminate rules. That is not how this bill  
1850 works in my understanding. The DOE performs an analysis.  
1851 Now, the Agency--the EPA that is--could take that analysis  
1852 and say, okay, we are going to address those energy  
1853 endpoints. We are going to address those. But the power to  
1854 address those remains with the EPA. I mean, the DOE just  
1855 performs the analysis.

1856           But I do get the point that you are making, and I guess  
1857 I would say maybe there is--I have heard a couple of things  
1858 in discussion back and forth today, which sounds like there  
1859 could be areas of common ground on legislation like this if  
1860 there were some alterations made or some additional thinking  
1861 put into it. So, I mean, what I am hearing is this is a  
1862 significant issue; these energy endpoints are significant  
1863 issues. The bill is a great step in the direction of  
1864 addressing those issues. And so I hope you guys do  
1865 something.

1866           Ms. {Steinzor.} The bill says notwithstanding any other

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1867 provision of law, the administrator of EPA may not promulgate  
1868 as final an energy-related rule that is estimated to cost  
1869 more than 1 billion if the Secretary of Energy determines  
1870 significant adverse effects to the economy. So that language  
1871 says you may not put the rule out provided that the  
1872 Department of Energy has told you not to. And I don't know  
1873 of any precedent that puts one agency in this kind of charge.

1874 Mr. {Green.} Yes, and Mr. Segal is right that we work a  
1875 lot with OMB but they really don't do their own, and I would  
1876 like to have somebody in the place of doing an economic  
1877 analysis.

1878 And frankly, the EPA, that is not their job. Our laws  
1879 have said that EPA looks at the environmental impact and how  
1880 they can--but I also want somebody to say, okay, let's see  
1881 how we can afford it other than going to the courthouse where  
1882 it ends up being very expensive for both the government and  
1883 the litigants.

1884 Dr. Smith, in your testimony you testified EPA should  
1885 employ a cumulative impact study when preparing these rules.  
1886 Do other agencies and departments utilize this type of study  
1887 in their rulemaking? And if they do, how often does it



**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1888 compare to EPA?

1889 Ms. {Smith.} Well, there aren't too many other agencies  
1890 that have done analyses that compared to EPA's. But EPA  
1891 itself has done these kinds of comprehensive analyses. They  
1892 have done them in the past. They have tools that are ready  
1893 to go, and the only question is why they haven't been using  
1894 them. My feeling is that because there is no requirement to  
1895 consider the costs whatsoever under the Clean Air Act, that  
1896 defies common sense, too, that we are imposing our entire  
1897 Clean Air Act without any consideration of costs. And that  
1898 has led to the kind of inappropriate, non-credible ``economic  
1899 estimates'' that are coming out of the Agency at this time,  
1900 when they fully well could do a full economy analysis of  
1901 their own.

1902 Mr. {Whitfield.} The gentleman's time has expired.

1903 Mr. {Green.} Five minutes goes by so fast, Mr.  
1904 Chairman.

1905 Mr. {Whitfield.} At this time, I recognize the  
1906 gentleman from West Virginia, Mr. McKinley, for 5 minutes.

1907 Mr. {McKinley.} Thank you, Mr. Chairman.

1908 I have got a series of questions for several of you

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1909 that, if I could, start with Ms. Steinzor. You open your  
1910 remarks with some pretty scathing challenges against some of  
1911 the oil producers, energy producers, by going over their  
1912 profit margin, their profits that they make. I think you had  
1913 talked about, according to your testimony, \$119 billion in  
1914 profits. Is that correct?

1915 Ms. {Steinzor.} Yes.

1916 Mr. {McKinley.} Okay. What level would be appropriate?

1917 Ms. {Steinzor.} What level of profits?

1918 Mr. {McKinley.} Yes. If they are making around 15  
1919 percent profit, you are coming at this with a pretty strong  
1920 view. Should they only be making 5 percent?

1921 Ms. {Steinzor.} Well, if I were in charge, they would  
1922 be giving a much larger share of those profits to the same  
1923 blue-collar workers that people have expressed so much  
1924 concern about.

1925 Mr. {McKinley.} In other words, okay, so it has nothing  
1926 to do with energy or for health. It is just that you say  
1927 they shouldn't have this money. So am I correct?

1928 Ms. {Steinzor.} No. I--

1929 Mr. {McKinley.} I don't want to dwell on it a lot

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1930 because I know that this money goes into pension funds and  
1931 retirement accounts for people, so there is some value to  
1932 having a corporation make some money. I am just curious why-  
1933 -

1934 Ms. {Steinzor.} And I am not saying corporations should  
1935 not make money. I am saying that these are some of the most  
1936 enriched companies in the country that are up here--

1937 Mr. {McKinley.} And ConocoPhillips is a--they make 15  
1938 percent profit. I don't know that that is exorbitant given  
1939 such a diversity that they earn from chemical manufacturing  
1940 to oil production and energy production. I am just curious.  
1941 You seem to be willing to attack, you know, the profit  
1942 margins of these companies and--okay, that is fine. I have  
1943 run into people like you every once in a while.

1944 But let's go to Dr. Rom. You know, you made a very  
1945 poignant issue earlier when you talked about the individual  
1946 that was standing there, next to a--for 5 minutes. Was he  
1947 your patient or something like that?

1948 Dr. {Rom.} I didn't see him in the emergency room but I  
1949 saw him--

1950 Mr. {McKinley.} So he wasn't your patient?

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1951 Dr. {Rom.} Yes, for a period of time.

1952 Mr. {McKinley.} I don't want to make a big deal of it,  
1953 but did you ever have any children that ever went outside  
1954 without a coat on and they were sick? They got sick from  
1955 being outside or--I am just curious. Did this person have a  
1956 level of personal accountability? If he had a pulmonary  
1957 problem and stood there in front of an exhaust pipe for 5  
1958 minutes that you referred to, didn't he have a--just to step  
1959 back? Did you ever tell him that or did you say let's blame  
1960 the government or let's blame that bus for running there?

1961 Dr. {Rom.} Well, he was intubated at that point--

1962 Mr. {McKinley.} Okay.

1963 Dr. {Rom.} --so I couldn't ask him those types of  
1964 questions.

1965 Mr. {McKinley.} I think it was a very--

1966 Dr. {Rom.} But I think the rate of exposure is the  
1967 important thing.

1968 Mr. {McKinley.} And I think it is important, and I am  
1969 with you on that. I think you made a good point but I also  
1970 think there is a question about--I want to go into more on  
1971 what you were talking about--

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1972 Dr. {Rom.} I agree with you on personal responsibility.

1973 We give people medicine--

1974 Mr. {McKinley.} Okay. You and others have testified  
1975 time and time again here before us about asthma and other  
1976 health-related issues, but can you help me, Doctor? How do  
1977 you differentiate someone getting asthma or some kind of  
1978 airborne disease from being outdoors from when they are  
1979 indoors? If they spend 90 percent of the time indoors, why  
1980 do we always keep attacking our outdoor air quality when it  
1981 only represents about 10 percent of the time of the air we  
1982 are exposed to? Do you think we should be looking at indoor  
1983 air quality?

1984 Dr. {Rom.} Oh, absolutely.

1985 Mr. {McKinley.} Okay, but that isn't where--the EPA  
1986 doesn't have any authority to do that, and I am not sure that  
1987 I want to get them in my house. When someone comes down with  
1988 an asthma attack, can you differentiate, you can tell me,  
1989 they get that because they were riding in their car outdoors  
1990 or when they were inside their house on a couch that was  
1991 giving off formaldehyde?

1992 Dr. {Rom.} Those are very good points, Congressman.

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

1993 Indoor air pollution is a real problem. The WHO this week  
1994 said there are 3.5 million deaths from indoor air pollution  
1995 and 3.3 million from outdoor air pollution, so they are  
1996 almost equal across the globe. In this country--

1997 Mr. {McKinley.} But the EPA says the indoor air quality  
1998 might be as bad as 100 times worse in indoor, and on any  
1999 given day, five times worse.

2000 Dr. {Rom.} Indoors--

2001 Mr. {McKinley.} How do you differentiate it?

2002 Dr. {Rom.} Yes. Indoors--

2003 Mr. {McKinley.} Why are you attacking one group and not  
2004 the other?

2005 Dr. {Rom.} Indoors with a room like this where we have  
2006 central air conditioning, the ozone is virtually zero. So we  
2007 tell our patients to stay indoors on bad ozone days. But the  
2008 PM and the sulfur oxides and NOx get indoors as well as  
2009 outdoors. So we have problems with the other pollutants.

2010 Mr. {McKinley.} Okay. I think we have run out of time.  
2011 If you could give me some other information about how you  
2012 differentiate, it would be very helpful. Thank you.

2013 Mr. {Whitfield.} The gentleman's time has expired.

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

2014           At this time I recognize the gentleman from Kansas, Mr.  
2015 Pompeo, for 5 minutes.

2016           Mr. {Pompeo.} Thank you, Mr. Chairman. You know, I am  
2017 puzzled how this discussion evolves. We have a piece of  
2018 legislation here proposed by Dr. Cassidy that is about  
2019 information, it is about disclosure, it is about policymakers  
2020 having knowledge about what a particular federal action,  
2021 whether that be a statute in this case, regulatory--what  
2022 costs it would impose. And I want to go down the entire  
2023 panel, and this is just a simple yes-or-no question in the  
2024 fine tradition of Mr. Dingell. Yes or no, do you think  
2025 federal policymakers, regulators ought to know and  
2026 communicate--to your constituents, Mr. Cisco; your patients,  
2027 Mr. Rom--the cost of a regulation?

2028           Mr. {Cicio.} Yes.

2029           Mr. {Williams.} Yes.

2030           Dr. {Rom.} Yes.

2031           Ms. {Steinzor.} Yes.

2032           Ms. {Smith.} Yes.

2033           Mr. {Segal.} Yes.

2034           Mr. {Pompeo.} Great, we have consensus. Mark the time.

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

2035 You know, that is what this legislation is about. This is  
2036 about identifying costs. I assume everyone would also think  
2037 that on the benefits of a regulation as well. Everyone is  
2038 nodding their head so we have consensus there as well. I  
2039 mean, we start here and we have a member talking about  
2040 climate change and the fact that last year's temperatures are  
2041 proof of climate change. I made that is just--you can't let  
2042 these facts go--I mean these intensely unscientific  
2043 statements go unchallenged.

2044 Mr. Segal, we end up talking about this health benefits.  
2045 You had mentioned this and if you could just give me 30 more  
2046 seconds, blackouts, brownouts, electric reliability risk, and  
2047 its relation to the thoracic health of Dr. Rom's patients.

2048 Mr. {Segal.} Well, sure. There are several different  
2049 ways in which it is related. But directly the cost of  
2050 electricity is a major cost factor for hospitals. So if you  
2051 increase electricity cost, you increase the cost of providing  
2052 medical care at the hospital. And, in fact, what we call  
2053 electronic medicine these days is heavily dependent on  
2054 affordable and reliable power. But then, in an indirect  
2055 sense, I think we have all established, or at least many of



**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

2056 us have agreed, on the notion that high electricity prices  
2057 make industry less competitive, make gasoline more expensive,  
2058 and as a result, have a negative impact on employment.

2059           And employment is--great research done by Dr. Harvey  
2060 Brenner at Johns Hopkins estimates the amount of a percentage  
2061 increase in unemployment of the amount of actual increase in  
2062 mortality and morbidity. And that is not taking into  
2063 account, frankly, in EPA's benefits analysis. See, that is  
2064 an indirect cost so they don't take that into account. So  
2065 they will cook the books in the other direction but they  
2066 won't take into account these macroeconomic impacts on  
2067 health.

2068           Mr. {Pompeo.} Yes. I am certainly worried about cooked  
2069 books. I am even more worried that there is no analysis--

2070           Mr. {Segal.} Yes.

2071           Mr. {Pompeo.} --being done. They are simply not even  
2072 opening the books or attempting to prepare the books or even  
2073 considering cost.

2074           One last point of cleanup. Dr. Rom, you made a  
2075 statement about ozone--that 75 parts per million, you said it  
2076 saved certain lives if we want to 70, is that right? Do I

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

2077 have that right?

2078 Dr. {Rom.} That 75, it is between 1,500 and 2,000 lives  
2079 that you will save if you are meeting that standard. We are  
2080 currently above the standard.

2081 Mr. {Pompeo.} Got it. More lives if we want to 70?

2082 Dr. {Rom.} Four thousand at 70. And that was--

2083 Mr. {Pompeo.} How about at 60? More lives at 60?

2084 Dr. {Rom.} Double.

2085 Mr. {Pompeo.} Awesome. How about zero? More lives  
2086 still?

2087 Dr. {Rom.} Background is probably in the 30 to 40  
2088 range--

2089 Mr. {Pompeo.} There we go. We get perfection.  
2090 Background 35. More lives still saved if we get from  
2091 enforcing 75 to 70 and then we ultimately get to 35, more  
2092 lives saved, I assume?

2093 Dr. {Rom.} When you are at background, you are at  
2094 background, so I can't really say--

2095 Mr. {Pompeo.} But it is better than 70. You would  
2096 rather be a background than at 70?

2097 Dr. {Rom.} Yes.

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

2098           Mr. {Pompeo.} Yes. When I hear folks say--sometimes  
2099 folks who think this kind of legislation makes sense  
2100 exaggerate to--I think it is silly to make statements about  
2101 perfection and background. I think they are not even worth  
2102 talking about. I mean, it is silly. So I think we all have  
2103 an obligation to be straightforward about what is possible  
2104 and the real cost associated with those things without saying  
2105 hey, we are going to kill people if we don't go do this. I  
2106 think it is disingenuous. I think it doesn't serve the  
2107 public interest very well and I just hope we will all refrain  
2108 from that. I yield back.

2109           Mr. {Whitfield.} The gentleman yields back. At this  
2110 time I recognize the gentleman from Illinois, Mr. Shimkus,  
2111 for 5 minutes.

2112           Mr. {Shimkus.} Thank you, Mr. Chairman. And I am going  
2113 to be quick because I know the bells have rung and there are  
2114 probably a couple of more members that want to also ask  
2115 questions. I do appreciate the panel.

2116           Listen, we are legislators. The way a bill becomes a  
2117 law is there is an idea--Mr. Cassidy has one--and we debate  
2118 it, we move it, and it becomes law. And it changes the

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

2119 dynamics that will help both sides and the disparaged  
2120 colleagues who are bringing legislation in good faith is just  
2121 unfortunate because it just frustrates me that we don't have  
2122 to stoop to that.

2123         And Dr. Rom, I applaud the profession. I love people in  
2124 the healthcare sector. They are servants. They do great  
2125 work. But I also am concerned about, you know, a mayor who  
2126 can try to ban the Big Gulp doesn't have clean air emission  
2127 buses like natural gas or biodiesel transport systems that  
2128 would help alleviate some of that issue. That would not be  
2129 an issue if it was a natural gas bus. So I am sure there are  
2130 some there but--I would just add on this, this is the  
2131 question. New source review is a public policy by this  
2132 country that says that if we are going to retrofit  
2133 manufacturing facilities or power plants with new generators  
2134 more efficient, maybe it doubles the efficiency, then the  
2135 power plant has to go through a whole new permitting aspect  
2136 on their environmental regs.

2137         So I just ask this question. If we know that these  
2138 generators can double the efficiency and the power plant is  
2139 meeting current air standards--and so you are going to get

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

2140 more electricity output almost lowering the price in half--  
2141 does it make sense--if it is meeting the current  
2142 environmental standards, does it make sense to force the  
2143 industry to reapply for all the air permits? And we will  
2144 just go left to right and then I will be done and then we can  
2145 move time to--

2146 Mr. {Cicio.} No, it doesn't and, you know, that is why  
2147 this legislation is needed to identify what the costs are so  
2148 that if the costs are high, then hopefully, it will give the  
2149 EPA an option to go back and look at alternative, less costly  
2150 options.

2151 And along with this question you asked I would like to  
2152 address Congressman Green's point. If there isn't a  
2153 precedence, there needs to be a precedence because the EPA is  
2154 not an agency with expertise in the energy area. The rules  
2155 that the EPA is dealing with are so energy-intensive-related  
2156 that they need help from the Department of Energy to make  
2157 sure that they get it right.

2158 Mr. {Williams.} I would agree with Mr. Cicio and your  
2159 statement and it really points to the fact that, oftentimes,  
2160 EPA in particular looks at these things in silos and gets to

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

2161 some of the regulatory complex I talked about in my written  
2162 testimony, an example, I mentioned Tier 3 earlier. We have a  
2163 regulation that requires us to take more sulfur out of  
2164 gasoline even though we reduced it 90 percent. That is going  
2165 to increase GHG emissions 1 to 2 percent. And then we also  
2166 have EPA's GHG regulations under the PSD provisions and  
2167 facing NSPS GHG relations. At sometime in the future EPA has  
2168 announced that. So it highlights your point exactly.

2169 Dr. {Rom.} Yes. I would point out that for  
2170 transparency EPA generally is willing to listen to a power  
2171 plant company or manager to discuss multi-pollutant controls  
2172 in NSR--

2173 Mr. {Shimkus.} And not to cut you off, this is current  
2174 rules and current laws that we apply by now that they are  
2175 not. Obviously, they force people then, to go through the  
2176 old permitting process if they are going to bring a new  
2177 generator online. It is just the current law and it is  
2178 crazy. It makes no sense. But that is current. Ma'am, no  
2179 comment?

2180 Ms. {Steinzor.} I think it makes perfect sense.

2181 Mr. {Shimkus.} Okay, that is fine. Dr. Smith?

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

2182 Ms. {Smith.} It serves as a hindrance towards  
2183 efficiency improvements.

2184 Mr. {Segal.} For once, my law degree maybe trumps an  
2185 M.D. This is a legal program and it gets the incentives  
2186 exactly backwards, Mr. Shimkus. It prevents efficiency  
2187 improvements and even prevents pollution prevention, even  
2188 though that is supposed to be an explicit exception.

2189 Mr. {Shimkus.} Exactly, thank you. I yield back.

2190 Mr. {Whitfield.} At this time I recognize the gentleman  
2191 from Virginia, Mr. Griffith, for 5 minutes.

2192 Mr. {Griffith.} Thank you, Mr. Chairman.

2193 The time is limited so I will have to be brief. I  
2194 agree. The whole idea of this bill is so that the EPA can  
2195 take a look at it and say, okay, maybe we need to find a less  
2196 costly way of doing this if it is a good thing to do. But  
2197 more importantly, I think we ought to be looking at those  
2198 estimates, knowing that the EPA can consistently--in just the  
2199 short time that I have been here the last 2-1/4 years, I  
2200 haven't seen a thing yet, I think, the EPA has gotten the  
2201 numbers right on. We may disagree on policy but I at least  
2202 would like to have the numbers be close to reality. They are

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

2203 not there, which is why I think it is part of the reason that  
2204 we have this bill, have somebody besides the EPA taking a  
2205 look at these issues. I for one believe that that  
2206 responsibility rests here in Congress.

2207         When it comes to the arguments and people say there is  
2208 no precedence for this or there is no precedence for the Act  
2209 under which we are talking. There was no precedence for the  
2210 Clean Air Act in the first place. So under that argument, we  
2211 should never have had this bill in the first place. And I  
2212 would have to direct that to my friend, the law professor  
2213 because, as you know, this country is about starting things  
2214 and doing things a different way than the rest of the world.  
2215 Otherwise, we wouldn't have a democratic republic form of  
2216 government because we were the first ones in the world to  
2217 have that with the nature--recognizing the city state of  
2218 Athens and some other minor experiments in that.

2219         But from a nation of this size, we were the first to  
2220 have a democratic republican form of government. I think it  
2221 is a great way to go and I think we should go there. But I  
2222 will tell you one of the problems that I see from this  
2223 testimony today and from the questions that I hear is that we



**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

2224 actually had a member here say today something about this  
2225 would hinder everyday decisions. A billion dollars in  
2226 Washington is considered an everyday decision. Well, before  
2227 I was here, I came from the Virginia legislature and the last  
2228 year I was in the Virginia legislature, our entire budget was  
2229 less than \$40 billion. To me, a billion-dollar decision is  
2230 not an everyday decision and that is the reason we need this  
2231 bill.

2232 I don't understand these folks who don't want to have  
2233 Congress getting more information and have us taking more  
2234 responsibility. You know, the people elected us to be  
2235 responsible for these things. And coming up with a new bill,  
2236 a new idea to put checks and balances into the system, not to  
2237 say we don't do something that is good, but to put checks and  
2238 balances there at that billion-dollar level. When that is  
2239 unreasonable, it is clear we have a problem in Washington and  
2240 I think this bill will help fix that.

2241 Mr. {Whitfield.} The gentleman yields back.

2242 At this time I recognize Mr. Olson for 5 minutes. We  
2243 have 6 minutes left on the Floor for a vote.

2244 Mr. {Olson.} I thank the chair and welcome to the

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

2245 witnesses. I know we are running short on time but Texans  
2246 can always find time to brag about the Lone Star State. So I  
2247 would like to remind my colleagues that my State was the  
2248 fastest-growing State in the union the last 10 years. People  
2249 from all over the country were flocking to Texas for four  
2250 reasons: our income tax, zero; commonsense regulations;  
2251 right-to-work state; and cheap, reliable energy.

2252 One of the biggest challenges my State faces in the  
2253 future is reliable energy. ERCOT, who controls power  
2254 generation for about 90 percent of my State, has said we need  
2255 five more power plants, large ones, coming online by 2014 or  
2256 we risk having another power crisis. If we have a summer  
2257 heat wave like in August of 2011, we will have rolling  
2258 brownouts and blackouts again.

2259 EPA's war on coal has stopped two new power plants from  
2260 being built: Las Brisas and White Stallion along the Gulf  
2261 Coast there by Corpus Christi and Bay City.

2262 My question is for you, Mr. Segal. Can you talk about  
2263 the liability issues you see coming? Are my home State's  
2264 challenges the exception or the rule?

2265 Mr. {Segal.} No, sir. They are not the exception,

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

2266 although Texas faces a particularly onerous situation,  
2267 particularly with the amount of manufacturing assets we have  
2268 in refining and in chemicals, et cetera, that the entire rest  
2269 of the country relies upon for their manufacturing. Look,  
2270 prior to those rules being laid down by the EPA, our friends  
2271 over on the Senate side spent 7 months trying to figure out  
2272 if EPA had even talked to FERC about the electric reliability  
2273 impact. I would like to read their conclusion. ``Instead of  
2274 taking the questions and concerns seriously, the EPA largely  
2275 ignored requests for the Agency to work closely with FERC and  
2276 reliability experts to identify potential reliability risks  
2277 and then amend the rules to lessen those risks,'' very  
2278 similar to what your bill would do.

2279 Indeed, in recently released internal emails, FERC  
2280 employees expressed frustration with trying to work with EPA  
2281 noting, ``I don't think there is any value in continuing to  
2282 engage EPA on these issues.'' They had no interest in trying  
2283 to adjust reliability on a priori basis.

2284 Mr. {Olson.} And that makes my State's crisis acute.

2285 Mr. Williams, Mr. Cicio, would you like to add anything  
2286 to Mr. Segal's comments?

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

2287           Mr. {Cicio.} I am glad you brought this up. I have  
2288 worked in the manufacturing sector for 42 years, my entire  
2289 life, and I can confidently say that there is greater concern  
2290 about electric reliability by manufacturers than ever before,  
2291 and it is because of the EPA rules on the power sector. And  
2292 it is a prime example of the EPA not having the expertise to  
2293 deal with the entire direct and indirect implications of  
2294 their actions.

2295           Mr. {Williams.} I would agree with Mr. Cicio and note  
2296 that, as I mentioned earlier, refiners other than crude oil  
2297 costs, electricity is their second-largest cost. The same  
2298 applies for petrochemical manufacturers. And if there are  
2299 reliability issues, they are going to significantly impact  
2300 our sector and our ability to make the products and make this  
2301 country run.

2302           Mr. {Olson.} One question, Mr. Williams. How would  
2303 this bill have helped if it had been law when EPA got in and  
2304 destroyed our flexible permitting system? Remember they came  
2305 in, rolled in, 17 years of precedence over on the Clinton  
2306 Administration, the Bush Administration, the first years of  
2307 the Obama Administration, threw it on of court. The 5th

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

2308 Circuit finally had to overrule. But how would this bill  
2309 have helped that situation, and what is the damage that has  
2310 been done? Have we recovered yet?

2311 Mr. {Williams.} Well, the flex permit issue is a great  
2312 issue because EPA officials had told people in our industry,  
2313 yes, it worked you just didn't do it the way we wanted you to  
2314 do it, which required folks to go back to the drawing board  
2315 and de-flex a lot of their facilities.

2316 And it goes back to the point I made about how this bill  
2317 would help. This bill actually, as many members have  
2318 highlighted today, add more transparency to the process. It  
2319 would allow the Department of Energy to take an energy impact  
2320 economy-wide look at how all these different regulations fit  
2321 together and how the benefits and the costs are assessed, and  
2322 in some cases, how the costs aren't assessed.

2323 I mentioned the conflicting regulations with Tier 3 and  
2324 greenhouse gas. As before, there has been a lot of talk  
2325 about PM. The Tier 3 rule also talks about addressing PM.  
2326 EPA, as was earlier mentioned, just finalized a PM standard  
2327 that they say was protective of the public health and  
2328 environment. The PM analysis and Tier 3 did not look at

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

2329 that. It looks at in silos. So how do we know where the PM  
2330 benefit is actually coming from?

2331 So these are just examples of oftentimes the fact that  
2332 these regulations happen in a silo and there are implications  
2333 that aren't considered when EPA is going through their  
2334 analysis. This bill would help because the Department of  
2335 Energy would certainly prevent against the fox-guarding-the-  
2336 hen-house scenario for lack of a better analysis.

2337 Mr. {Olson.} My time is going up instead of going down  
2338 so I yield back.

2339 Mr. {Whitfield.} The gentleman's time has expired.

2340 Mr. {Rush.} Mr. Chairman?

2341 Mr. {Whitfield.} Yes?

2342 Mr. {Rush.} Mr. Chairman, I ask for unanimous consent  
2343 to submit the letter for the record from the Natural Resource  
2344 Defense Council addressing this concern with getting the  
2345 Consumers Relief Act.

2346 Mr. {Whitfield.} Without objection, so ordered.

2347 [The information follows:]

2348 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

|

2349           Mr. {Whitfield.} I would also like to enter into the  
2350 record this press release from the Society of Environmental  
2351 Journalists.

2352           [The information follows:]

2353           \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

|  
2354           Mr. {Whitfield.} Also, I made a statement that the U.S.  
2355 was the number one oil producer in the world. Actually, we  
2356 are the number one natural gas producer in the world. We are  
2357 third in oil and they anticipate we may be number one in  
2358 2018. So I want to correct that.

2359           Also, I just want to clear up briefly, as result of our  
2360 last hearing, Mr. Rush, it was your understanding that I had  
2361 agreed to a hearing on climate change, which if I led you to  
2362 believe that I think I was mistaken. However, having said  
2363 that, I personally have talked our staff. While we have  
2364 different priorities, many on your side view climate change  
2365 as the most important issue. We believe jobs, the economy,  
2366 and some other things are more important. But our staffs  
2367 will be working together to try to develop a format to move  
2368 forward to address some of your concerns on this issue.

2369           Mr. {Rush.} Thank you, Mr. Chairman. I guess I kind of  
2370 don't know where we are at because I was assured--I thought  
2371 that we had a hearing scheduled, a definite hearing  
2372 scheduled. But as long as we are proceeding in that  
2373 direction, I guess we have to go along with it.



**This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.**

2374           But Mr. Chairman, I don't think that we have to decide  
2375 between climate change and jobs. I think that is not the  
2376 issue here. The issue is whether or not we are going to have  
2377 scientists and climatologists before this committee to offer  
2378 expert opinion. Thank you.

2379           Mr. {Whitfield.} Thank you. The record will remain  
2380 open for 10 days, and I want to thank you for your time. We  
2381 appreciate your testimony and expertise. And with that, this  
2382 hearing is adjourned.

2383           Mr. {Rush.} Thank you, Mr. Chairman.

2384           Mr. {Whitfield.} Thank you.

2385           [Whereupon, at 11:52 a.m., the subcommittee was  
2386 adjourned.]