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HIF092.030

FISCAL YEAR 2015 EPA BUDGET

WEDNESDAY, APRIL 2, 2014

House of Representatives,

Subcommittee on Energy and Power,

joint with the

Subcommittee on Environment and the Economy

Committee on Energy and Commerce

Washington, D.C.

The subcommittees met, pursuant to call, at 10:05 a.m., in Room 2123 of the Rayburn House Office Building, Hon. Ed Whitfield [chairman of the Subcommittee on Energy and Power] presiding.

Present from the Subcommittee on Energy and Power:

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Representatives Whitfield, Scalise, Hall, Pitts, Terry, Burgess, Latta Cassidy, Olson, McKinley, Gardner, Kinzinger, Griffith, Barton, Upton (ex officio), Rush, Tonko, Engel, Green, Capps, Barrow, Christensen, and Waxman (ex officio).

Present from the Subcommittee on Environment and the Economy: Representatives Shimkus, Murphy, Bilirakis, Johnson, Pallone, DeGette, and McNerney.

Also present: Representative Long.

Staff present: Nick Abraham, Legislative Clerk; Gary Andres, Staff Director; Charlotte Baker, Deputy Communications Director; Matt Bravo, Professional Staff Member; Allison Busbee, Policy Coordinator, Energy & Power; Megan Capiak, Staff Assistant; Jerry Couri, Sr. Environmental Policy Advisor; Patrick Currier, Counsel, Energy & Power; Tom Hassenboehler, Chief Counsel, Energy & Power; Ben Lieberman, Counsel, Energy & Power; Alexa Marrero, Deputy Staff Director; David McCarthy, Chief Counsel, Environment and Economy; Brandon Mooney, Professional Staff Member; Mary Neumayr, Senior Energy Counsel; Mark Ratner, Policy Advisor to the Chairman; Chris Sarley, Policy Coordinator, Environment and Economy; Peter Spencer, Professional Staff Member, Oversight; Tom Wilbur, Digital Media Advisor; Phil

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Barnett, Democratic Staff Director; Alison Cassady, Democratic Senior Professional Staff Member; Jacqueline Cohen, Democratic Senior Counsel; Greg Dotson, Democratic Staff Director, Energy and Environment; Caitlin Haberman, Democratic Policy Analyst; Alexandra Teitz, Democratic Senior Counsel, Environment and Energy; Kate Stoll, Democratic Fellow; and Ryan Schmit, Democratic EPA Detailee.

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Mr. {Whitfield.} I would like to call the hearing to order this morning. The title of our hearing is the Fiscal Year 2015 EPA Budget, and we certainly want to welcome EPA Administrator Gina McCarthy for being here with us today and talking about the budget and other actions that are taking place over at EPA. You want to start my 3 minutes?

Each of us that are giving opening statements today will be given 3 minutes because we want to be able to get to the budget and talk about a lot of issues.

Jonathan Turley, a professor over at George Washington University, was testifying before the Judiciary Committee recently, and in his testimony he said that President Obama's extensive use of executive orders, executive actions and unilateral regulatory action threatens to enable President Obama to become a government unto himself.

Now Professor Turley said that he had voted for President Obama but that he was genuinely concerned about this excessive use of executive authority. And when President Obama went to Copenhagen in 2009, he committed the United States to certain things relating to climate change. In his Georgetown speech and in his State of the Union

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Address, he has repeatedly indicated that since Congress does not act in the way that he wants it to act that he is going to do things by executive order and he will go it alone. I would say first of all that Congress has acted in the areas that the President is concerned about. Congress made the decision, a Democratic-controlled Senate, made the decision that we would not adopt Cap and Trade.

And then I might say that 2 weeks ago the House of Representatives passed legislation for the first time ever, gave EPA the authority to regulate CO2 emissions, but set parameters. And in our efforts to work with the administration on that legislation, we were not responded to. And even Mr. Dingell has repeatedly said when the Clean Air Act was passed, it was never thought that CO2 emissions would be adopted.

One of the things I am most concerned about is that the New Source Performance Standards for new electricity generating units, this proposal requires carbon capture and storage for cold-fired power plants which are not commercially available, have not been adequate demonstrated. The Energy Policy Act of 2005 clearly prohibits EPA from relying on federally funded projects when determining whether

CCS is adequately demonstrated, and yet EPA went and took three projects in the United States--one in Texas, one in California and one in Louisiana, I mean Mississippi--none of which are in operation. Two of them have not even started construction. And so I think this reflects how aggressive the administration is being.

As a matter of fact, it was pointed out to us that GAO's database said that EPA had published over 1,900 rules during the President's first term alone.

So we have some genuine concerns, and my time is expired.

[The prepared statement of Mr. Whitfield follows:]

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Mr. {Whitfield.} So at this time, I would like to recognize the gentleman from Illinois, Mr. Rush, for his opening statement.

Mr. {Rush.} I want to thank you, Mr. Chairman, and I certainly want to thank the Administrator, Administrator McCarthy, for being with us here today. I want to take a few moments, just a quick sentence or so, to extend my congratulations to you. I have--was on leave of absence for a number of months due to my wife's illness. So I didn't get a chance to say congratulations. So I want to congratulate you. It is belated, but it is heartfelt.

Madam Administrator, your visit here could not be more timely as it coincides with the release earlier this week on the second report from the Intergovernmental Panel on Climate Change which warn that the detrimental effects of man-made climate change are being felt, and it also warned that if we fail to address this issue, we can continue to expect dire consequences for humans and natural systems all across our globe.

According to the report, the flooding, the heat waves, the reduced crop yields that we have witnessed recently both

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here and abroad are only going to get worse if we do not act to curb the effects of climate change sooner rather than later. In fact, as a Chairman of the IPCC noted when the study was released, and I quote, ``Nobody on the planet is going to be untouched by the impacts of climate change.''

So Madam Administrator, I for one want to applaud you, applaud your agency, for your outstanding work for being on the front lines for our Nation's fight against the impacts of climate change, and I certainly do not envy the task that all of you face. At a time when the EPA's budget is consistently being slashed, the American people are still relying on you and your Agency to do everything in its power to protect the public health, both today and for future generations of American families.

The President's fiscal year 2015 budget request of $7.89 billion represents a $310 million decrease from last year's level and in fact represents a smaller budget than that which was enacted in fiscal year 2003 under President Bush. And my Republican colleagues will slash this budget even further in an attempt to hamstring your agency, all while the world's leading scientists warn us of all the calamitous consequences if we fail to curb the effects of climate change and curb the

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effects of it now.

Madam Secretary, again, I applaud the steps that the Obama administration under your leadership is already taking to reduce our Nation's global footprint, and I look forward to hearing your thoughts and your comments on the latest IPCC report as well as the constructive ways we can address this urgent issue right now.

Thank you, and with that, I yield the balance of my time to Mr. Tonko.

[The prepared statement of Mr. Rush follows:]

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Mr. {Whitfield.} Well, you are out of time, Mr. Rush. I went 21 seconds over. You have gone a minute and 10 seconds over because we only had 3 minutes.

Mr. {Rush.} Well, I ask unanimous consent that my colleague, Mr. Tonko, be given 2 minutes for an opening statement.

Mr. {Whitfield.} He will get 3 minutes.

Mr. {Rush.} Three minutes?

Mr. {Whitfield.} Yeah, he will get three.

Mr. {Rush.} You are most gracious.

Mr. {Whitfield.} I am glad you are back, by the way.

Mr. {Rush.} Thank you.

Mr. {Whitfield.} At this time I recognize--this is a joint hearing, so he gets his 3 minutes. He went a minute over and I went 21 seconds over, and now I am going to recognize Mr. Shimkus for his 3 minutes.

Mr. {Shimkus.} And I will try to be punctual. Thank you, Mr. Chairman. Welcome, Administrator McCarthy, and thank you for appearing today. I plan to focus my comments and later my questions on programs within my subcommittee's jurisdiction.

Your authorities under the Safe Drinking Water Act and Solid Waste Disposal Act, the Toxic Substances Control Act and the Superfund all come under the Environment and the Economy Subcommittee. These programs touch the lives of most every American citizen.

On several issues, EPA and our subcommittee have worked together closely and successfully on a bipartisan basis to solve problems. For example, with your support we enacted E-Manifest in October 2012 to set up an electronic reporting program for hazardous materials under RCRA. Once we got consensus around the basic policy, we had to negotiate the complex thickets of budget rules, but we finally got it through the House and Senate and to the President for his signature. We are looking for a good progress report on E-Manifest today.

In another example, on drinking water we worked with you and in the end, in the last year, to solve the problem you identified involved fire hydrants. In record time, we were able to agree on the scope of the issue and draft legislation and move it through Congress to the President's desk. As a result, water system managers and firefighters across America never had to face the terrible dilemma whether or not to keep

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a hydrant out of service just to comply with a restriction that none of us intended to impose.

So with those two solutions under our belts, let us turn together to TSCA reform. Just in the last 10 months I have convened six hearings on TSCA. In February we released a discussion draft of a modernization bill. We have gotten comments from a wide range of stakeholders. EPA has given us some valuable but preliminary technical assistance, but many large policy issues still remain unresolved. We want to resolve those with you, and we hope you share our ambition and sincere desire to make this a collaborative process.

Our Founding Fathers never said it would be easy getting agreement among the President and a majority of the House and the Senate, but that is no reason not to try. We look forward to working closely with you on these and other issues to protect our citizens' health and their way of life. And with that, Mr. Chairman, I yield back the balance of my time.

[The prepared statement of Mr. Shimkus follows:]

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Mr. {Whitfield.} The gentleman yields back. This time I want to recognize the gentleman from New York, Mr. Tonko, for his 3-minute opening statement.

Mr. {Tonko.} Thank you, Mr. Chairman. Good morning. As we know, we are here to discuss the fiscal year 2015 budget request for the Environmental Protection Agency. Welcome Administrator McCarthy, and thank you for being here today, and more importantly, thank you for your tremendous leadership of a very important agency.

I however regret that I find the administration's budget request for your Agency disappointing. A budget does more than lay out the annual priorities for the current year's work. It is or it should be a statement about what we aspire to for the future. This budget is not very inspiring. There are many unmet needs in communities across this great country. When I visit towns across my district, I see the need, and I think we should be addressing that need.

We have been cruising along on investments that our parents' generation made in this country. They invested in the infrastructure to deliver clean, safe drinking water, drinking water that is delivered to American homes across

this country. There should be no question that we maintain that level of service, not reduce our commitment. Water is basic to everything we do in our daily lives and in our economy. Water is essential for agriculture, for fisheries, for recreation, manufacturing, transportation, energy development and yes, for daily living.

The 2013 Infrastructure Report Card produced by the American Society of Civil Engineers gave our Nation a D on drinking water infrastructure, and that D was not meant to stand for delightful. New York State, by their estimates, will require an investment of $27 billion over the next 2 decades. There are other states facing that same situation. That is a huge need. In addition to the backlog of infrastructure repair and replacement, we also need to redesign some of our infrastructure to withstand the new conditions we will face due to climate change.

So we cannot maintain our edge as a Nation in this 21st Century with infrastructure from the 19th and 20th Centuries in need of repair. We could be putting many people to work, rebuilding the infrastructure to support our modern society and maintain a strong and vibrant economy.

There are some important initiatives under way as part

of the President's Climate Action Plan, and I am supportive of that. I am very encouraged by it. But we could do much better for our citizens and for future generations.

I want to work with you to make the Federal Government a stronger partner with state and local governments in reducing the backlog of infrastructure projects. We all want to ensure that tax dollars are spent efficiently and effectively, but doing more with less is not going to address the situation where need is growing. It is not a sustainable strategy, and it will not deliver the 21st Century infrastructure that we need. My question: Why put investment off? Infrastructure problems cost money, and the longer projects are delayed the higher the cost to restore services.

Administrator McCarthy, I know you believe that environmental protection and economic development go hand in hand. I have seen you in action. I know you are committed. I want to work with you to continue to demonstrate the power of that combination. And again, I thank you for appearing before this joint committee hearing. I yield back

[The prepared statement of Mr. Tonko follows:]

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Mr. {Whitfield.} At this time I will recognize the gentleman of the Full Committee, Mr. Upton, for 3 minutes.

The {Chairman.} Well, thank you, Mr. Chairman, and welcome. I want to begin as I did last year by acknowledging and applauding the success of our Nation's efforts to protect and improve our environment over the years.

Under existing regulations our air quality has improved dramatically. This is something that our entire country should be proud of. EPA reports that total emissions of toxic air pollutants decreased by approximately 42 percent between 1990 and 2005, and between 1980 and 2010, total emissions of the six principal air pollutants dropped by 63 percent.

I want to commend EPA's efforts to resolve issues such as Superfund cleanups, particularly appreciative of your focus along with my two Senators on the Kalamazoo River, particularly the Allied site and look forward to getting that project accomplished. And total removal may well turn out to be the most cost-effective solution in the long run.

But in spite of this success over the last few decades, I do have some concern over EPA's regulatory trajectory. The

number and scope of EPA's regulations is continuing to grow without precedent. This administration is seeking to regulate sometimes where they failed to legislate, and that pace is continuing with the release of several major rules that impose indeed billions of dollars in costs with somewhat questionable benefits.

These rules continue to threaten not only electric reliability and affordability, but they certainly shake up the confidence in the manufacturing renaissance under way. EPA continues to regulate too much too fast. No wonder so many job creating companies are holding back on new investment. They not only face rising energy and compliance costs but also uncertainty as to what those new regs are going to require.

The worst of EPA's regulatory agenda may yet to come, especially with the greenhouse gas regs for power plants. We have yet to see fully what EPA plans proposed for existing power plants or the full impact on consumers' electric bills and unemployment. But if we allow that agenda to continue without the proper oversight, we may well see higher costs, more jobs lost and widespread problems.

We get constant reassurances from the administration

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that costs are minimal and benefits always trump costs when it comes to EPA's regs. Of course the health law was also rolled out with a host of assurances that certainly fell woefully short. Many EPA rules were introduced with the same kind of rosy economic promises and while they are proving to be just as detached from reality.

When I meet with manufacturers, I usually hear about the problems with the health law and yes, problems with EPA. Both threaten job and global competitiveness and do so at a time when low energy prices are finally giving American manufacturing an edge.

Administrator McCarthy, you were recently quoted in the New York Times saying that you want to avoid a repeat of the Obamacare roll-out debacle. I fear that it may be too late, but I certainly hope that we can work together to limit any further damage. And again, welcome. We appreciate your testimony. I yield back.

[The prepared statement of Hon. Upton follows:]

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Mr. {Whitfield.} The gentleman yields back. At this time, I recognize the gentleman from California, Mr. Waxman, for a 3-minute opening statement.

Mr. {Waxman.} Thank you very much. I might just make a note that Obamacare brought in 7 million people and appears to be quite successful despite the aspirations of our Republicans to trash it.

Administrator McCarthy, I thank you very much for being here and more importantly, thank you for your service to the Nation at the Environmental Protection Agency. Since its inception, EPA has worked to make our air safer to breathe, our water safer to drink, and today EPA is on the front lines of effort to address the greatest environmental challenge of our time, climate change.

Administrator McCarthy, Americans are counting on you to carry out the President's Climate Action Plan and cut dangerous carbon pollution. Earlier this week the world's scientists sounded an alarm once again to alert us of the high stakes if we fail to take immediate action on climate change.

The Intergovernmental Panel on Climate Change, or IPCC,

released a new report on the impacts of climate change, the future risks from a changing climate and opportunities for action to mitigate those risks. This new IPCC report concludes that the effects of climate change are evident on all continents and in all oceans. To learn about that report and what scientists have to say, we have to read the newspaper because our committee will not hold a hearing with scientists to hear from them directly.

Climate change is not something we can have the luxury to worry about at some time in the future. It is already here. And the longer we wait to respond, the more pervasive, severe and irreversible the impacts will be. The IPCC concludes sea level rise threatens coastal areas with flooding and erosion. The oceans will grow more acidic threatening fisheries and those who depend on them for their livelihoods. Extreme weather events would become more frequent, threatening lives as well as critical infrastructure. Heat waves will take more lives. No one would be immune from the consequences of climate change, but the impacts will be especially severe for those who are least able to respond and adapt.

I know you understand this and are committed to making

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the Environmental Protection Agency one of the world's leaders in the effort to protect families from dangerous climate change. I want you to know that I am committed to supporting your efforts. EPA does not often get a warm welcome in the House of Representatives. Don't take it personally. In fact, the House has voted 194 times in the last 3 years to undermine the Agency, 748 times to weaken fundamental environmental protections. That is a testament to how out of touch Congress has become and to the vast influence of the special interests. It is no way a reflection of the quality of your work at EPA which has been so superb.

So I hope you will continue to do exactly what you have been doing, which is taking forceful, reasonable steps to protect the environment for our children and future generations. Families across America are counting on you to do what is right and to stand up to special interests that seem to be vocal in this institution, that those special interests would endanger our future. I yield back my time.

[The prepared statement of Mr. Waxman follows:]

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Mr. {Whitfield.} Thank you very much, Mr. Waxman. Now at this time, Ms. McCarthy, I will recognize you for your 5-minute opening statement, and I understand you are accompanied today by the Acting CFO, Ms. Froehlich. We welcome you. We are thrilled that you are here with us this morning, and it will be a joyful morning.

So at this time, Ms. McCarthy, you are recognized for 5 minutes.

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^STATEMENT OF THE HONORABLE GINA MCCARTHY, ADMINISTRATOR, UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

} Ms. {McCarthy.} Thank you. Thank you Chairman Whitfield, also Chairman Shimkus, Ranking Members Rush and Tonko, it is great to be here in the--

Mr. {Whitfield.} Would you mind just pulling the microphone a little bit closer?

Ms. {McCarthy.} Sure. Is that better? Let us hope I don't blow you away later. But it is great to be here, and thank you for the opportunity to discuss EPA's proposed fiscal year 2015 budget. I am joined by Maryann Froehlich who is the Agency's Acting CFO.

EPA's budget request is $7.89 billion for the fiscal year 2015 starting October 1, 2014. This budget meets the challenge of domestic spending constraints while still fulfilling our mission to protect public health and the environment.

The fiscal year 2015 budget reflects EPA's plans to take advantage of new technologies and new regulatory and non-regulatory approaches. It recognizes that EPA is part of a

larger network of environmental partners in our states, our tribes and our communities.

This budget will provide the support for a smaller workforce by focusing on real progress in priority areas: communities, climate change and air quality, toxics and chemical safety, as well as clean water.

We are asking for $7.5 million and 64 staff in fiscal year 2015 to help provide green infrastructure, technical assistance for up to 100 communities to promote cost-effective approaches for water management. In addition, this budget request continues our environmental justice efforts. We will do more to partner with states, tribes and local governments and other federal agencies. Funding for state and tribal assistance grants or our STAG funds are once again the largest percentage of the EPA's budget. Addressing the threat from climate change is one of the greatest challenges of this and future generations. The request designates $199.5 million specifically for this work.

The Agency has added $10 million and 24 FTE's in fiscal year 2015 to support the President's Climate Action Plan with $2 million designated for adaptation planning. The Agency will also focus resources on the development of common sense

and achievable greenhouse gas standards for power plants, the single largest source of carbon pollution. When it comes to cutting greenhouse gas emissions, the President's budget provides support for the states to help them implement the Clean Air Act.

The EPA's budget requests almost $673 million to support work to improve chemical safety for all Americans and especially our children. We are requesting $23 million and 24 FTE in fiscal year 2015 to support activities under the President's executive order on chemical safety, as well as Agency efforts on chemical prioritization, air toxics, radon, and volatile organic compounds in drinking water.

The Nation's water resources are the lifeblood of our communities. We are requesting $1.775 billion for the Clean Water and Drinking Water State Revolving Funds. The Agency is also directing $8 million and 10 FTE to advance clean water infrastructure in sustainable design like the Municipal Storm Water Sewer System Program for technical support communities. E-Enterprise is a major joint initiative between EPA and the states to modernize our business practices and to look towards the future. The benefits of implementing just the one initiative, the E-Manifest system,

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includes annual savings estimated at $75 million for over 160,000 waste handlers.

In fiscal year 2015, the Agency is requesting over $1.33 billion to continue to apply effective approaches for cleanup under RCRA, Superfund, Leaking Underground Storage Tanks and other authorities. This strategy will ensure land is returned to beneficial use. $1.16 billion is requested for Superfund which includes a $43.4 million increase for remedial work and an increase of $9.2 million for emergency response and removal.

The fiscal year 2015 budget includes a total of $1.13 billion in categorical grants. Within that total is over $96 million for tribal assistance program grants, an $18 million increase for pollution control, a $16 million increase for environmental information grants and a $15 million increase for state and local air quality management. Science is the foundation of EPA's work, and science is supported in this budget at $537.3 million.

And lastly, recognizing the importance of the 2-year budget agreement Congress reached in December, we are expanding opportunities to all Americans as best we can, but the levels are not sufficient to expand them to all or to

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grow the economy in ways that we would like. For that reason, across the federal government, the budget also includes a separate, fully paid-for $56 billion initiative. Within this initiative is a climate resilience fund which includes $10 million for protecting and enhancing coastal wetlands and $5 million to support urban forest enhancement and protection.

Chairmen Whitfield and Shimkus, I thank you for the opportunity to testify and also to take your questions.

[The prepared statement of Ms. McCarthy follows:]

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Mr. {Whitfield.} Well, thank you very much, Ms. McCarthy. As I said, we appreciate your being here, and I will recognize myself for 5 minutes of questions.

Under your New Source Performance Standards for new electric utility generating units, you specifically set the emissions standards based on three plants in the United States, one in Mississippi, one in Texas and one in California. The one in Texas, they have not even started construction. The one in California, they have not even started construction. The one in Mississippi is being constructed. It is not in operation yet. None of them would be built without funding from the Federal Government and our tax credits under the Clean Coal Power Initiative. And the 2005 Energy Policy Act specifically says you cannot--if a facility is receiving funds from the Clean Coal Power Initiative, you cannot say that it has been adequately demonstrated.

And we wrote a letter to you back in November asking your legal justification for doing this. We still have not heard from you all. We have talked to lawyers outside the Congress, inside the Congress, and everyone genuinely

believes that the 2005 act explicitly prohibits you from setting an emission standard if it is receiving funds from the Clean Coal Power Initiative. So how can you proceed with this and what are your lawyers telling you and do you intend to respond to our letter?

Ms. {McCarthy.} Well, Mr. Chairman, I did listen to you when we spoke last time and we received your letter. We did respond by including a notice of data availability that is in the Federal Register which really explains the impact of EPAct on this proposal and the fact that we did fully consider it. We did have a very robust record to indicate that CCS was actually technically achievable and available the way the law requires.

Mr. {Whitfield.} No private company is going to build one of those plants without money. You know, the Mississippi plan has a serious cost overrun. The Chairman of Southern has said this would not have been built without government support.

Ms. {McCarthy.} Mr. Chairman, EPAct requires that we not rely solely on those funded projects out of DOE to establish these standards. We have a very robust record, well beyond those few facilities to indicate that CCS is--

Mr. {Whitfield.} Well, you know, that is the government's position, but CEOs of private companies that have a responsibility investing say that there is no technology available to them to meet the emissions standard that you all are setting in this new rule. And the reason we get upset about it is, I mean, most people recognize Europe is the green energy capital of the world. Twenty-two percent of their electricity comes from renewables. And yet, even in Europe where they in the last 20 months have mothballed 30 gigawatts of new gas powered plants because the gas coming from Russia is so expensive, and as you know, their unemployment rate is even higher than ours and their economy is more sluggish than ours is, but yet last year they imported 53 percent of our coal exports, from America. Fifty-three percent went to Europe because when the gas prices went so high, they recognized they have to rely on coal. And under this rule, we don't have that flexibility.

So what if our gas prices go high? Where are we going to be left in America trying to compete in the global marketplace when we can't even build a new coal-fired plant?

Ms. {McCarthy.} Mr. Chairman, I think we have indicated many times that this country is relying on coal. Coal will

be part of the energy mix for decades to come. We know where investment is heading in new coal facilities, and all of them that you are talking about, while some of them have received DOE funding, they are all relying on advancing CCS, recognizing that they are going to be around for decades--

Mr. {Whitfield.} CCS is so far off--

Ms. {McCarthy.} --to come.

Mr. {Whitfield.} --I am telling you. It is not anywhere commercially viable. So you know, I guess there is no sense my continuing to press this point, but I tell you what. Those people who are involved in the utility business tell us explicitly that they cannot build a new coal-fired plant and meet these emission standards. And I think that America is being jeopardized by this kind of action. And I suppose event though you and I have great respect for each other--

Ms. {McCarthy.} We do.

Mr. {Whitfield.} --and I love dealing with you, it is just an area of where we have serious disagreements.

Ms. {McCarthy.} I understand. Well, Mr. Chairman, we did try to address concerns. This proposal actually requires only partial CCS. It is an ability to move this technology

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forward and to recognize that it is an opportunity for coal.

Mr. {Whitfield.} But all of this is being used for enhanced oil recovery, and there are many places where we need plants and the enhanced oil recovery cannot play a part in it.

My time has expired. I am sorry. At this time I recognize Mr. Rush for 5 minutes.

Mr. {Rush.} Thank you, Mr. Chairman. Administrator McCarthy, there is a lot of talk about cutting carbon pollution, and the other side don't ever want to talk about cutting the cost of--or they think that the cost of climate change is zero. They don't ever want to own up to the fact that there is an economic price that we are paying and will continue to pay for the problems of climate change.

I want to zero in from the general to the specific. I am concerned that the risk and costs of climate change, that it would hit the poorest and most vulnerable especially hard. I would like for you to give me your view on how does climate change multiply risks for people who are already struggling with hunger and with poverty and what are some of the impacts of climate change that you are most concerned about, particularly for low-income communities? As you know, we

noted earlier that the IPCC issued a report saying that climate change impacts are projected to slow down economic growth, make poverty reduction more difficult, further erode food security and pull all existing and create new poverty traps. So Madam Administrator, talk to us a little bit about how climate change is going to impact our Nation's and the world's most needy and most disadvantaged.

Ms. {McCarthy.} Thank you, Ranking Member. The real threat of climate change is inaction to address the problem. We have seen storms, we have seen intense storms, we have seen droughts, we have seen fires that are out of control. Many of these results of a changing climate were anticipated and predicted by the IPC when they first started gathering. In the fifth assessment they just released indicates that what they predicted and feared is actually what we are experiencing now. And they predict that that will only get worse, and they also make the point that in addition to already large costs that this country and others are facing as a result of a changing climate and those impacts, that the most vulnerable populations, the poor, those living in coastal areas, those most unable to get up and move and protect themselves, that are going to be hurt the most. That

is true in the United States and that is true internationally as well.

Mr. {Rush.} How would you respond to those who say the United States shouldn't do anything to cut carbon pollution unless other countries do something also unless they act first even?

Ms. {McCarthy.} Well, I think the reason that President Obama has put out a Climate Action Plan is to have the United States show leadership in the international community as well as to recognize that the things you need to do to address climate change can be enormously beneficial to the economy. If you are smart about the actions you are taking, if you use existing authority, you do it legally and technically correct, you can generate reductions in electricity generation and demand that will reduce carbon emissions that will save people money, issues like energy efficiency, switch to renewable energy. This is the clean energy future, not relying on the clean energy past.

Mr. {Rush.} Mr. Chairman, I want to yield back the minute that I used earlier, so we are even now.

Mr. {Whitfield.} Okay. Thank you, Mr. Rush, and at this time I recognize the gentleman from Texas, Mr. Barton,

for 5 minutes.

Mr. {Barton.} Thank you, Mr. Chairman, and Ms. McCarthy. It is always good to see you.

Ms. {McCarthy.} You, too.

Mr. {Barton.} Before I begin to give you a hard time, let me give you a compliment. I think you and your Agency have been as compliant or cooperative as you can on the renewable fuel standards and some of those problems. And I want to thank you and the Agency for trying to show some flexibility there.

Now I have to be a little less friendly. I am going to follow up on what Chairman Whitfield commented on. I was chairman of this committee in 2005 when we passed the Energy Policy Act. I was chairman of the Conference Committee, and I had a good friend named John Dingell who is still a good friend, and there was the ranking member of the Energy and Power Subcommittee, a young man named Rick Boucher who is no longer in the Congress but was a very, very hard-working Congressman from Virginia. And they wanted to do something on clean coal technology, especially Rich Boucher. I know Mr. Griffith is here, and he replaced Mr. Boucher. So we have got a very good replacement in Mr. Griffith.

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But we put in a section to fund some research projects for clean coal technology, and I am going to read part of the section, Section 402, Project Criteria, and this is actually from the law, Public Law 10958. ``To be eligible to receive assistance under this subtitle, a project shall advance efficiency, environmental performance and cost competitiveness well beyond the level of technologies that are in commercial service or have been demonstrated on a scale that the Secretary determines is sufficient to demonstrate that commercial service is viable as of the date of enactment of this Act.'' Well beyond the level of technologies that are in commercial service. That is Section 402(a).

If you come over a little bit further on in the section, you get into how to actually apply it, and in subtitle (i), Applicability, ``No technology or level of emission reduction solely by reason of the use of the technology or the achievement of emission reduction by one or more facilities receiving assistance under this Act shall be considered to be adequately demonstrated for purposes of Section 111 of the Clean Air Act, 42 U.S.C. 7411. And that is the New Source Performance Review section of the Clean Air Act.

So it is explicitly clear that in funding these demonstration projects, whatever their level of CO2 reduction is, that is not supposed to be used to set for New Source Performance Review Standards. Yet, when your Agency put out the proposed regulation on those standards, they referred to these projects, not one of which is in operation, none of which are even actually even close to being operable except for the plant down in Mississippi, and it is behind schedule and over budget. Now you are an intelligent woman. I think you are an honest woman. I think you are an able administrator. How can in good conscience you allow these new emission standards be promulgated when they are based on technology that hasn't been demonstrated yet and by law says you can't use these emission standards from these demonstration projects because they are not in commercial operation? I mean, Mr. Whitfield is agog, and I have to join him.

Ms. {McCarthy.} Well, Congressman, our understanding of EPAct is that EPA shouldn't be relying solely on our determination of what is the best system of emission reduction under 111, just solely on the basis of EPAct-funded projects. But we can look at them in the context of the

larger and more robust technical and scientific record, and that is essentially what we are doing.

We know that CCS has been used and is being used at the commercial scale in other industries. It has been for many years. The technologies available, each component of that technology, has been in use, has been tested and is viable. And so we are looking at these larger projects that are full-scale power plants that are under construction or being developed within the context of that larger and more robust context.

Mr. {Barton.} Well, my time is expired. I took too long asking the question. I have some other questions for the record, and I will submit those. But we are not going to go away on this.

Mr. {Whitfield.} At this time I recognize the gentleman from New York, Mr. Tonko, for 5 minutes.

Mr. {Tonko.} Thank you, Mr. Chair. Administrator, again, welcome.

Ms. {McCarthy.} Thank you.

Mr. {Tonko.} Residents in my home State of New York and all along the East Coast saw last year just how devastating super storms can be. As sea levels rise and storms become

more violent, storm surges will pose risk further and further inland. In 2011, the New York State Energy Research and Development Authority, or NYSERDA, which I had the honor of leading before I came to Congress, completed an authoritative report on the impacts of climate change in New York State.

According to that report, climate change will lead to the propagation of storm surges up the Hudson River and will move the salt water front further and further upstream. This will impair drinking water systems that draw water from the Hudson and could potentially contaminate the backup water supply of New York City. This year's budget request calls for realigning resources to provide technical assistance to water utilities at greatest risk from storm surges.

So my question to you, Administrator, is can you elaborate on EPA's efforts to assist these at-risk water systems?

Ms. {McCarthy.} Sure. In the President's Climate Action Plan, he created a Resiliency Task Force specifically to look at what the best practices were that we are seeing across the country in adapting to a changing climate. So we are not only working nationally and across the United States to identify these projects and to get the lessons learned

out, but we are also specifically focusing on some ways in which you can address adaptation to climate that also enhances your ability to protect water cost effectively. That is what we call green infrastructure. That is a way of actually looking at embracing water that is coming in, managing it appropriately and preventing the storm water surges and the sewer overflows that we see have long-lasting impacts on both our pocketbooks as well as the health of our communities.

Mr. {Tonko.} Thank you. Technical assistance and tools are only part of the solution. Water systems in New York will have to adapt, potentially moving intakes and infrastructure at great cost, and they are not alone. The drinking water infrastructure needs facing our cities and towns continue to grow and will grow significantly with climate adaptation costs.

EPA's most recent survey of drinking water infrastructure needs released in June showed $384 billion worth in drinking water infrastructure repairs needed over the next 20 years. That amount is a significant increase from the previous survey demonstrating that investment in infrastructure is not keeping pace with need, yet the budget

request calls for only $757 million for the Drinking Water State Revolving Fund, a 16 percent decrease from this year's enacted levels.

Administrator McCarthy, if more funds were made available through the SRF, could more be done to replace water infrastructure that is at the end of its useful life?

Ms. {McCarthy.} Yes, sir.

Mr. {Tonko.} Well, is EPA considering alternatives to simply rebuilding or replacing the drinking water infrastructure that is in place and do we have more cost-effective options available that could be applied?

Ms. {McCarthy.} Well, we are exploring cost-effective options so that we can stretch the dollars as much as possible and look at keeping the facilities that we have in better operating condition. So we are looking not only at our fiscal realities of what funds we have to be able to support these efforts, but we are looking also at directing some of those funds toward these green infrastructure solutions, as well as paying specific attention to small sources, to small water systems, that have particular challenges in terms of operating and generating and leveraging their own funds.

Mr. {Tonko.} Okay. You know, the discussion not only with EPA but across the board for infrastructure are deficient bridges, to cite as an example beyond EPA. There is just a need to invest in this country, and you know, the longer we prolong in that investment as I made in earlier comment, the more difficult it is going to be.

So drinking water infrastructure is essential to our public health, and the need is acute. I think the amounts appropriated for the drinking water SRF should reflect that need and should be considerably higher than this request. I again would hope that this budget would not only suggest or invest in where we are at but certainly where we want to be, and I hope the goal is one that is robust in nature and one that reflects that if we don't do this now, we are going to pass it on to generations yet unborn. And I believe that morally that is incorrect, and certainly financially, it is ineffective. I thank you very much again.

Mr. {Whitfield.} The gentleman yields back. At this time I recognize the gentleman from Texas, Mr. Hall, for 5 minutes.

Mr. {Hall.} Thank you, Mr. Chairman. And Mrs. McCarthy, I don't totally agree with Mr. Barton's description

of your history of dealing with businesses that are in trouble or that you deem in trouble. And I know you will remember this. When I was chairman of Science, Space and Technology, before my committee--and it is something I am not even going to mention, that you said you are not in the business of creating jobs. And it is my hope that the EPA would at least not stand in the way of job creation at this time. It is so important.

As you have to know, abundance of natural gas supplies have opened up the possibility for the United States to be in a manufacturing renaissance almost. In his State of the Union Speech, your President said, ``Business plans invest almost $100 billion in new factories to use natural gas.'' He said I will cut red tape to help these states to get these factories built. Are you familiar with the President's statement during the State of the Union?

Ms. {McCarthy.} Yes, I am.

Mr. {Hall.} And has the President directed to help get these factories built?

Ms. {McCarthy.} Yes, he has.

Mr. {Hall.} And to use some degree of science when making decisions that affects these jobs?

Ms. {McCarthy.} Yes.

Mr. {Hall.} And what steps has he taken to cut that red tape?

Ms. {McCarthy.} Actually, he has provided some additional funding that is proposed in the fiscal year 2015 budget.

Mr. {Hall.} He just added more money on it? No more--

Ms. {McCarthy.} No, it is--

Mr. {Hall.} --suggestions?

Ms. {McCarthy.} No, it is actually to allow both us and states to work together hand in hand to look at how we get these cleaner facilities up and operating more quickly and through the permit process.

Mr. {Hall.} Well, then in that case, when and what steps has EPA taken to cut the red tape?

Ms. {McCarthy.} Well, we are working very hard to coordinate with the states--

Mr. {Hall.} I know you are working hard, but what steps are you taking?

Ms. {McCarthy.} We are working through our normal process of collaborating with the states to identify ways in which we can work together and provide technical assistance

to get these permits up and running in a way that they are legally defensible and they also meet the requirements of the law.

Mr. {Hall.} According to the World Bank and International Finance Corporations, ``ease of doing business'' index, the United States ranks 34th in the world in the category of dealing with construction permits. Are you aware of that?

Ms. {McCarthy.} I am not aware of that figure, sir, no.

Mr. {Hall.} Or reconstruction permits under the Clean Air Act's, quote, prevention of significant deterioration--

Ms. {McCarthy.} Yes.

Mr. {Hall.} --or PSD as you all call it, the application process can take at least 1 year, correct?

Ms. {McCarthy.} It can, yes.

Mr. {Hall.} It can? It takes that, does it not?

Ms. {McCarthy.} That is the prescribed timeline in the Clean Air Act.

Mr. {Hall.} And there can be an administrative appeals process that lasts an additional 6 months or more, correct?

Ms. {McCarthy.} There can be appeals, and usually that appeal is productive in keeping things out of the court which

can end up going considerably longer.

Mr. {Hall.} Has EPA taken any steps to expedite the process for obtaining pre-construction permits under the PSD program, and if yes, what are those steps?

Ms. {McCarthy.} We have taken recent steps, but one of the most important things that we have done is we provide guidance to states on how states are dealing with their permits, how they can take advantage of issues that have been resolved elsewhere. So as they are drafting their permits, they are more solid. They understand that they won't be technically challenged, and those challenges won't be successful. So we are working together to try to share information with you more quickly.

Mr. {Hall.} Well, I hope you are. In Arkansas, not far from my district in Texas, is a John W. Turk Plant. It uses, and listen to this, advanced ultra-super critical technology and is one of the cleanest and most highly efficient coal plants in the world. It came on line in December of 2012. Are you familiar with the Turk plant?

Ms. {McCarthy.} Somewhat, not totally.

Mr. {Hall.} Have you not visited it?

Ms. {McCarthy.} Say it again?

Mr. {Hall.} Have you not visited the Turk Plant?

Ms. {McCarthy.} I have not, no.

Mr. {Hall.} One this important as you make these steps that you are taking?

Ms. {McCarthy.} Well, I am sure I have folks that have been there, but that is not a trip I have yet made.

Mr. {Hall.} Could the Turk Plant be built under the proposed standards for new coal plants that you signed last September?

Ms. {McCarthy.} I am not familiar with what its output is in terms of its carbon pollution. I do know that ultra-super critical can be very, very efficient and they also can be easily adapted to look at whether carbon capture sequestration is available. So I can't answer this definitively, and I certainly will for you.

Mr. {Hall.} All right. I appreciate that.

Ms. {McCarthy.} But my sense is that it may be close but probably not there in terms of--

Mr. {Hall.} Thank you for that.

Ms. {McCarthy.} --fuel facilities' requirements.

Mr. {Hall.} My time is running out. I just wanted to know what specifically does EPA believe the Turk Plant could

do to further reduce its carbon dioxide emissions because you are all about that regulation, are you not?

Ms. {McCarthy.} Well, sir, the carbon capture sequestration is only for new facilities. It is not intended to be a measure of performance for existing facilities.

Mr. {Hall.} I thank you, ma'am.

Mr. {Whitfield.} Mr. Hall, I might just say, I have been to the Turk plant, and I have been told they cannot meet the new emission standards of the New Source--

Mr. {Hall.} Well, I think that is very sad.

Mr. {Whitfield.} At this time I would like to recognize the gentleman from Texas, Mr. Green, for 5 minutes.

Mr. {Green.} We need to make sure we are in line. Well, I want to thank the chair and the ranking member of our both Energy and Environmental Subcommittees for holding this joint hearing on the EPA budget, and I want to thank our EPA Administrator for coming to Houston a few weeks ago. I did not realize that was the first time an EPA Administrator had come to the CERNA Energy Conference, and of course, there is no short of energy conferences in Houston. But that is one of the major ones, and I appreciate you being there.

Like a lot of my colleagues, I have concern with the

Agency's budget proposal, particularly regarding the cuts in Superfund and SRF funding, programs of great importance to our industrial and blue collar areas like I have in Houston and East Harris County. Administrator McCarthy, because in Texas the State didn't agree to issue the GHG permitting, the EPA had to implement the Federal Implementation Plan during that time, and we have--a significant backlog was created when EPA had to issue the permits. When pending NSPS rules for power plants, does the EPA expect opposition again from the states' permitting these plants?

Ms. {McCarthy.} No. It seems to be going well. We did have concerns in Texas, and as you know, Congressman, you have been calling us about some of those permits, and we are working--

Mr. {Green.} That backlog--

Ms. {McCarthy.} --to advance the backlog.

Mr. {Green.} --is getting brought down.

Ms. {McCarthy.} But we are working hand in hand with TCEQ to make this transition as smooth as possible, and we seem to be working well together.

Mr. {Green.} Okay. Does the EPA have a plan for effectively implementing a Federal Implementation Plan, if

that is an issue? I don't know if it is in other states or is it just Texas?

Ms. {McCarthy.} We have no plans at this time, and things are going well.

Mr. {Green.} Does the Agency plan to address permitting with the--my concern is of further reduction in staff and combined resources, how is the Agency going to handle that with reduced staff under the President's budget and resources?

Ms. {McCarthy.} Well, we are looking at a number of different types of approaches both that we would use through voluntary measures and others to monitor facilities more effectively using new technologies so that we can make sure that we keep abreast of compliance issues. We are going to work hard and we are going to figure out how we can use new technologies and practices to do the work that we need to do.

There is no question that it is challenging to keep up with the workload, and I don't doubt that. But there is a reality in the budget that we are trying to face here, and we are trying to change the way we do business so that we are as effective as we have always been.

Mr. {Green.} And in our area you know, delay of even

longer keeps those permits from being issued--

Ms. {McCarthy.} Yeah.

Mr. {Green.} --but that also keeps those jobs from being created in our community.

Ms. {McCarthy.} But we are shifting also, sir, some in our priority areas where we know that there is increased work. The President did increase our budget for climate-related activities. He is supporting additional funds for the state in that effort so that any work that we can anticipate escalating will get the necessary resources. So we have budgeted additional funds for that.

Mr. {Green.} Let me get back to the Superfund in the budget request. We have several superfund sites both in and around our congressional district including U.S. oil recovery in Pasadena, Texas, San Jacinto River Waste Pits which is on the San Jacinto River--

Ms. {McCarthy.} Yeah.

Mr. {Green.} --just east of our district now and the Cavalcade Street which is an older one. Unfortunately, this year's budget's Superfund request is the lowest in the last 12 years.

I know Superfund has been a priority for EPA. Do we

know why the program was cut?

Ms. {McCarthy.} Sir, the Superfund program has been enormously valuable, and the President's fiscal year budget requests $1.157 billion which is really a maintenance budget. We would like to be able to increase that, but given fiscal realities, we are trying to make the best of our budget situation.

Mr. {Green.} So under the fiscal year budget proposal, the EPA would not have any money for new starts or new clean-ups?

Ms. {McCarthy.} I don't know the answer to that question. Let me get back to you on this.

Mr. {Green.} Okay. One of the consequences of the sequestration cuts to the Superfund in fiscal year 2013 and 2014, was EPA able to begin any new projects during that period of time?

Ms. {McCarthy.} Could you repeat that? I am sorry.

Mr. {Green.} The sequestration cuts--

Ms. {McCarthy.} Yeah.

Mr. {Green.} --to the Superfund, in fiscal year 2013 and 2014, was EPA able to bring any new projects on during that period of time?

Ms. {McCarthy.} I will get back to you on that as well, sir.

Mr. {Green.} Okay. Mr. Chairman, I know I am almost down to the end of time, so I appreciate your courtesies. Thank you.

Mr. {Whitfield.} Thank you very much. At this time I will recognize Mr. Upton, the chairman, for 5 minutes.

The {Chairman.} Well, thank you, and welcome again. As you may know, there are a couple of subcommittees meeting today at the same time, so we are moving back and forth. I really have just two questions, so I am going to ask them both and let you respond and then I will yield back.

One is a Michigan issue, and as you know, I have joined with both my two Senators Levin and Stabenow to try and seek the full removal of PCBs at the Allied Superfund Site there in Kalamazoo. And we are concerned a little bit about the-- and we join the local community for sure. There are still a number of issues yet to be resolved for which the feasibility study failed to account, such as a lack of recent data and monitoring of wells on site, the availability of alternative remediation technologies and the reuse and redevelopment options. Can you assure us that these outstanding issues are

going to be addressed before EPA issues the preferred clean-up options, and specifically, how is EPA going to account for the communities' redevelopment plans moving forward? That is question one.

Question two, as you know Mr. Waxman and I worked with many members of this committee to try and drive a consensus position on the RFS issue. We have done five white papers, a number of hearings, obviously bipartisan. We are looking for EPA to do their job as well. However, in recent years, EPA has been late in finalizing the rule, and in fact for 2014, EPA still has not finalized the rule, even though the deadline is usually November of the preceding year, as it is in this case. So when do you expect to finalize that RVO for 2014, and what are you doing to get back on schedule for 2015?

Ms. {McCarthy.} Okay. Let me quickly answer your questions. We certainly, Congressman, have heard from you and a number of others about the Allied Paper site, and I need to take a close look at that and look at a variety of alternatives. As you know, we are going to be preparing a final clean-up plan for the summer. In advance of that, we are going to have a hearing in the middle of April to take

some more comment on this. We are going to look at more water sampling there, and we will make sure that we listen to all the concerns and address them when we put that final clean-up plan together. And I appreciate all the concerns that all the Congress and Senate has indicated to us but also the concerns of the communities around there.

On RFS, we are hoping for a June timeline. If I can do it more quickly, I would like to. We need to get those final levels out. We have certainly heard from many folks on the Hill here that they didn't appreciate some of the proposal that we put out, that they thought we could have done a better job. We got a lot of comment. A lot of good data came in, and we will be taking advantage of that in the final proposal.

The {Chairman.} And do you think you will be back somehow on schedule for 2015?

Ms. {McCarthy.} That is a very good question. Hope springs eternal.

The {Chairman.} You are not under oath.

Ms. {McCarthy.} I am hoping we can do better. One of the things that we tried to do with this proposal was to try to provide more certainty moving forward. I think these big

fluctuations and the levels tend to provide uncertainty in the investment community, and we certainly don't want that to happen.

The {Chairman.} Thank you. Yield back.

Mr. {Whitfield.} The gentleman yields back. At this time I recognize the gentleman from California, Mr. Waxman, for 5 minutes.

Mr. {Waxman.} Thank you, Mr. Chairman. On Monday, the Intergovernmental Panel on Climate Change, or IPCC, released its multi-year report on the state of climate science. The world's leading scientists examined the peer-reviewed science and confirmed that climate change is already happening on , quote, all continents and across the oceans and will get much worse if we do not act.

The report has been called a tale of two futures because we are at a crossroads. We have a choice to make. We can seize the moment by taking action to avoid the worst impacts of climate change and realize the benefits of transitioning to a clean energy economy, or we can decide, Mr. Chairman, not to act. The result will be runaway climate change with reduced crop yields, more heat waves and disease, decreased water availability, more extreme weather events and the mass

extinction of many of the world's species.

Administrator McCarthy, do you believe that there is an urgent need to act and that our actions now will determine whether we avoid the worst impacts of climate change?

Ms. {McCarthy.} I do, sir.

Mr. {Waxman.} Yet we hear a litany of arguments for why we shouldn't act. Some opponents of action argue that humans are not causing climate change. Should this argument persuade us?

Ms. {McCarthy.} No, sir.

Mr. {Waxman.} The IPC says that there is at least a 95 percent chance that humans have been the dominant cause of observed warming. And yet, that is not enough for this committee to feel the urgency.

We have heard the claim that climate change has no cause. Does the science support this argument?

Ms. {McCarthy.} No, sir.

Mr. {Waxman.} The IPC says that there will be significant economic impacts from sea level rise, flooding, extreme weather events, extreme heat, food insecurity and reduced access to drinking water.

We often hear the claim that the U.S. emissions in the

energy sector are lower than they have been in recent years. The implication is that no further action to reduce emissions is required. According to the world's leading scientists, is this implication true? Are we on track to avoid the worst impacts of climate change?

Ms. {McCarthy.} No, we are not, sir.

Mr. {Waxman.} Your answer is persuasive because much larger emission reductions are going to be required than we have been seeing recently, which probably has a lot more to do with our economic decline during the difficult times.

Opponents of action also argue that requiring coal-fired power plants to control their carbon pollution is part of a war on coal. Is that accurate? Is there any way we can reduce our emissions by enough to avoid the worst impacts of climate change without controlling carbon pollution from power plants?

Ms. {McCarthy.} Power plants are the largest stationery source of carbon, and it represents about a third of what we emit. It needs to be addressed.

Mr. {Waxman.} The loudest voices against taking action have offered no alternative plan to protect our children and grandchildren from the ravages of climate change. Now, Mr.

Chairman, it is time to choose our path. We could accept all of these excuses for inaction and do nothing. The result would be a climate catastrophe. Or we could choose to act now to address climate change.

Administrator McCarthy, you are proposing to take reasonable action to address this threat, and you have my full support. I would be happy to yield to any of my colleagues on either side of the aisle because I have a minute left. If not, I will yield it back, and thank you, Chairman.

Mr. {Whitfield.} Thank you, Mr. Waxman. At this time I recognize the gentleman from Illinois, Mr. Shimkus, for 5 minutes.

Mr. {Shimkus.} Thank you, Mr. Chairman. It is great to have you here, Administrator.

Ms. {McCarthy.} You, too.

Mr. {Shimkus.} In January, EPA entered a settlement agreement regarding coal ash in which the EPA agreed to finalize the June 2010 proposed rule by December of this year.

Ms. {McCarthy.} That is right.

Mr. {Shimkus.} Will the Agency meet that deadline?

Ms. {McCarthy.} Yes, we will.

Mr. {Shimkus.} Does the Agency intend to finalize the rule under subtitle (d)?

Ms. {McCarthy.} I can't answer that question, sir. The final proposal hasn't yet been developed.

Mr. {Shimkus.} You understand our concern with the subtitle (d) issue in that--

Ms. {McCarthy.} I certainly do.

Mr. {Shimkus.} It is our analysis, there is no statutory authority to implement an enforceable permit program. Does the Agency have a strategy for addressing that tissue?

Ms. {McCarthy.} Well, that is part of the consideration, the development of the final rule.

Mr. {Shimkus.} Thank you. Now I want to turn to TSCA which we talked about a little bit before the hearing opened. What is the EPA budget to carry out TSCA in fiscal year 2015?

Ms. {McCarthy.} Let me take 1 minute to pull that out. Thanks.

Mr. {Shimkus.} And then the follow-up is how does that compare to 2014?

Ms. {McCarthy.} EPA has identified $86.4 million and

332.6 FTE for the TSCA program in the fiscal year enacted budget. This request is $90.4 million and 321 FTE. So it is an increase, sir.

Mr. {Shimkus.} How many work plan chemicals has EPA completed action on so far and how many in fiscal 2014?

Ms. {McCarthy.} We have issued five draft work plans for peer review. We are going to finalize those five in 2014. We have plans to release draft risk assessments for 19 additional by the close of 2015, and 10 of those are expected to have been made final.

Mr. {Shimkus.} Okay. Do you use current authority to collect user fees to carry out TSCA?

Ms. {McCarthy.} Yes. We actually--TSCA provides limited authority for us to collect user fees. It restricts the amount that we collect per submission, and it requires those funds to go to the Treasury.

Mr. {Shimkus.} And can you tell me, and if not later for the record, how much of the current budget is offset by user fees?

Ms. {McCarthy.} It does not go back to EPA. So I do not know. Oh, I am sorry. I believe this year we anticipate $1.8 million as collected for new chemical submissions in a

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year. That is generally on average.

Mr. {Shimkus.} EPA reviewed some 1,200 chemicals in prioritizing 83 substances for the Work Plan Chemicals Program. Does EPA have the expertise and the capability to prioritize substances in commerce for further review and assessment?

Ms. {McCarthy.} We have capability of doing that, yes.

Mr. {Shimkus.} And the follow-up here is how quickly can that prioritization be done?

Ms. {McCarthy.} I can get back to you, sir. But as you know, there are 10,000 chemicals we are trying to deal with. The numbers we are talking about will not get us there, which is why we are looking at other capabilities and screening tools that we can develop.

Mr. {Shimkus.} Yeah, please talk--I think that is a great point. Obviously, I am kind of deep in this debate.

Ms. {McCarthy.} Yeah.

Mr. {Shimkus.} So do you feel prioritization is critical in trying to resolve this backlog and really answer questions?

Ms. {McCarthy.} I think it is important because we have--TSCA provides us some authority, certainly not to

address the issue as robustly as we would like. We are looking at new technologies for prioritization based on the information we have today. We are also looking at a new technology that we are working in a very robust and transparent way to look at a computerized toxicology screening process that people think there is great value in. We will see. We are going through appropriate review of that.

Mr. {Shimkus.} Right.

Ms. {McCarthy.} But there has to be a better way for us to target our resources more effectively to protect public--

Mr. {Shimkus.} And the toxicologists are really asking for us to use sound science in our ability to do this, and I would encourage you as we work through this process, prioritization, I think it is a have-to, and this is something we can do.

Let me just take my remaining 20 seconds to just--I live in the St. Louis metropolitan area, although this is really a Missouri issue. But since I am on this committee, I would also like for you just to take a quick look or get briefed if you have not been on the Bridgeton landfill and the West Lake landfill, the Senators from the State of Missouri and my

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congressional colleagues. It is an interesting dilemma, and if you haven't been briefed on it, it probably is worth your while to do so.

Ms. {McCarthy.} Sounds fascinating.

Mr. {Shimkus.} I yield back my time. Thank you, Mr. Chairman.

Mr. {Whitfield.} The gentleman yields back. At this time I recognize the gentleman from California, Mr. McNerney, for 5 minutes.

Mr. {McNerney.} Thank you, Mr. Chairman. I want to thank the Administrator for serving at the EPA in a time of difficulty and sometimes hostility.

Ms. {McCarthy.} Opportunity as well, sir.

Mr. {McNerney.} Section 319 of the Clean Air Act defines an event as an exceptional event if it affects air quality, if it is an event that is not reasonably controlled or preventable and is an event caused by human activity. These are events which the EPA believes normal planning would not be applicable. And now California is in its third straight year of drought. Droughts tend to make air quality worse by having increased dust levels, by wildfires and there is no water to wash that away. Are droughts included in the

EPA's list of exceptional events?

Ms. {McCarthy.} The event itself is what we analyze, but we are certainly aware that drought can exacerbate these exceptional events, and we work with states to identify and opportunity to work together to actually excuse those if you will from being calculated as part of their attainment demonstration.

Mr. {McNerney.} What length of time do you think the EPA would consider appropriate then when making exception in this case or these cases?

Ms. {McCarthy.} Well, we work with the states to identify what kind of data we need, and then we work very hard to go through that data and provide decision points for them.

We actually have done some really big improvements in how we work with states on these exceptional events, most notably wind events. We have recently completed a review of how we do the exceptional events, what data we require to streamline that, and we have been able to get off the books a number of uncertainties that the states were concerned about. We are going to be tackling other issues like fire as well in the future so that we can make sure that we recognize that

the climate is changing, and we need a streamlined and more robust way of working on these issues together.

Mr. {McNerney.} Good. Thank you. On another subject, last week the administration announced an interagency methane strategy. One component involves reducing emissions from the coal and gas sectors.

Ms. {McCarthy.} Yes.

Mr. {McNerney.} Why do you think it is important to reduce methane emissions?

Ms. {McCarthy.} Yeah. Methane is an extremely intensive CO2 or source of carbon pollution, and it is important for us to get at methane emissions. It is also an opportunity to actually have some real impact in the short term over the changes we are seeing in climate.

We are looking at, and the President released a methane strategy, and that is a strategy that goes across the U.S. Government, and part of EPA's responsibility under that strategy is look at the methane that is being emitted from landfills in context of our Clean Air Act obligations. It is also looking at coal mines. It is also looking at unconventional oil and gas development and how we can continue to work together as we have before to take advantage

of new technologies that make the capture of that methane more effective.

Mr. {McNerney.} Are these new technologies cost effective for the industry?

Ms. {McCarthy.} Well, we have already issued a New Source Performance Standard that captures the volatile organic compounds in the emissions from unconventional gas when hydrofracking happens. Part of that captures the methane as well. It is very cost effective. In fact, it is one of the few rules that EPA has done at least in my tenure that makes the obligated parties money.

Mr. {McNerney.} Good.

Ms. {McCarthy.} It doesn't take it away because you can certainly reuse the methane and sell it.

Mr. {McNerney.} Sure. As you know, we have conducted five hearings on the Toxic Substance Control Act. In one hearing, every single witness agreed the decisions on chemical priority should be based on human health safety, every single witness, 11 total. In your opinion, does the discussion draft, Chemicals in Commerce, put human health safety first or are other considerations given higher prominence?

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Ms. {McCarthy.} Congressman, EPA hasn't done a complete assessment of any of the rules so far, but we are providing technical assistance to both the Senate and Congress on this issue. We will continue to do that, and we certainly have issued principles that put public health first and we would be evaluating consistent with those principles.

Mr. {McNerney.} Well, it is important that the EPA have the authority in my opinion to evaluate chemicals. Would you agree that providing EPA with the necessary information of a chemical be mandatory before allowing it to enter commerce?

Ms. {McCarthy.} That is the law now, and I believe that it should remain the law, yes.

Mr. {McNerney.} Very good. How can Congress best ensure that the EPA is provided with the resources it needs to test and classify these chemicals?

Ms. {McCarthy.} Well, we are requesting continued assistance under the current TSCA rule. We are also looking at developing new tools as I indicated before to prioritize. We need resources to be able to do that. And we are encouraged that Congress is looking at TSCA with some seriousness, but we certainly know that there is a long way to go before we can rely on a new rule and we have work to do

in the meantime and we will keep doing it.

Mr. {McNerney.} Thank you. Mr. Chairman, I yield back.

Mr. {Whitfield.} The gentleman's time has expired. At this time, I recognize the gentleman from Nebraska, Mr. Terry, for 5 minutes.

Mr. {Terry.} Thank you, Mr. Chairman, and coming from Nebraska I may have a little bit of an ag angle. So the first question is I read with interest over the weekend a new proposed dairy rule regarding dairy operations and methane. And I was just wondering if, in the proposed methane, to reduce methane emissions by 25 percent by 2020. You have a look like you don't know that, but it was an article that was in Friday and Saturday's papers.

Ms. {McCarthy.} What kind of rule is it? I am sorry. I did look a little befuddled.

Mr. {Terry.} Yeah.

Ms. {McCarthy.} I apologize. Everything I think comes out my face. I look a little--

Mr. {Terry.} I share the same trait.

Ms. {McCarthy.} I looked befuddled because thankfully, you are not referring to anything that EPA has proposed. I do know that as part of the methane strategy, the USDA has

identified a number of ways in which they think they can work with the dairy industry. We have been working with them all along on--

Mr. {Terry.} Yeah, the article--

Ms. {McCarthy.} --methane digesters--

Mr. {Terry.} --said EPA was involved.

Ms. {McCarthy.} Only to the extent that we work on a voluntary program, not a regulation, to work with the farming community and agriculture, particularly dairy, where there are opportunities to have methane digesters so that you can recapture the methane, and they tend to use it for electricity generation on site.

Mr. {Terry.} Yeah, and I have seen some--

Ms. {McCarthy.} And that is entirely, not a rule-making.

Mr. {Terry.} Okay. And there is just a couple of concerns with that that I will lay out, so as part of that one of the concerns deals with the smaller dairy operations because the digester, they are very expensive. And so the feedback that I received over the weekend and on Monday was that if you are a dairy operation of about 300 head, then you can't meet that. So I just wanted to put on the table that

requiring--because mostly when farmers hear voluntary, they know it is followed up with mandatory. That is their--

Ms. {McCarthy.} Well--

Mr. {Terry.} You may be able to come up with instances it is not but--

Ms. {McCarthy.} I know I should never speak for one of my colleagues on the Cabinet, but I think I can safely speak for Secretary Vilsack that he is really talking about a collaborative process to take a look at how we can assist the dairy industry in this venture. No one at this point that I know of is talking about anything in a regulatory context.

Mr. {Terry.} I hope not. I appreciate that but--

Ms. {McCarthy.} Me, too.

Mr. {Terry.} --that is something I would resist. In that regard then also one of the other issues that is brought up a lot is the groundwater, and there is some proposed rule that is viewed in our ag industry and by me as another way to get at water runoff. There is a list of 50 rules that they can use to comply, and again, it is voluntary as I understand.

Ms. {McCarthy.} Let--

Mr. {Terry.} Explain that, how that works--

Ms. {McCarthy.} --me just quickly--

Mr. {Terry.} --because it sounds like a backwards way--

Ms. {McCarthy.} No

Mr. {Terry.} --of just trying to get around two previous Supreme Court decisions to--

Ms. {McCarthy.} No, it is actually trying to implement them. It is called the Waters of the United States, and we can spend some time on this if you would like--

Mr. {Terry.} All right.

Ms. {McCarthy.} --and I would be happy to talk to your community on this. But I think we did a pretty good job. Number one, we made it very clear it does not regulate ground water. That is not its business. It is clearly stated. For the reason why, the same reasons you are raising it is to address those concerns. And the 50 practices are actually agricultural practices that we are defining as exempt from the jurisdiction from the Waters of the United States.

Mr. {Terry.} Right.

Ms. {McCarthy.} And we are inviting a process for more of those to be identified So we are doing the best we can to identify and to provide more certainty while allowing farmers to do the work they need to do for all of us.

Mr. {Terry.} Yeah, they would disagree with the certainty of what they have to do now. The other part is last week in a hearing there was a question about whether or not the agricultural exemptions apply to Section 404 or 402. Have you been able to clarify that for us as well?

Ms. {McCarthy.} Yes, 404 only.

Mr. {Terry.} 404 only?

Ms. {McCarthy.} Yes.

Mr. {Terry.} Very good. Last, this is a little snarky but it comes up a lot.

Ms. {McCarthy.} Okay.

Mr. {Terry.} What is the budget to rent for planes, to fly over feed lots in Nebraska?

Ms. {McCarthy.} First of all, we don't do drones, so the budget for that is zero. We do use flyovers at times to basically as a screening mechanism. I do not know what those budgets are, sir.

Mr. {Terry.} All right. Thank you. I yield back my 4 seconds.

Mr. {Whitfield.} The gentleman yields back. This time I will recognize the gentlelady from California, Ms. Capps, for 5 minutes.

Mrs. {Capps.} Thank you, Mr. Chairman, and Administrator McCarthy, thank you for your testimony and for being here today. I have a couple topics for sure I would like to get on the table, and the first one is off-shore fracking.

Ms. {McCarthy.} Yes.

Mrs. {Capps.} As you know, numerous fracks have taken place from off-shore platforms in federal waters off the coast of California in recent years. Many of these fracks have been in the sensitive waters of the Santa Barbara Channel which is in my congressional district.

While we know very little about the impacts of on-shore fracking, we really know far less about off-shore. And that is why I called on the EPA and the Department of the Interior last November to place a moratorium on these off-shore activities until a comprehensive environmental review is conducted and considered.

I know EPA included new disclosure requirements in its most recent discharge permit for these off-shore platforms, and I commend you for taking this important step. But this is the catch right now. Much more is needed, and under this new general permit, operators only need to report the type

and amount of chemicals in their wastewater after it has already been discharged into the ocean. As a result, regulators like EPA and the California Coastal Commission cannot review these discharges on a case-by-case basis in anticipation of the fracking happening, rather than after the fact.

So Administrator McCarthy, would you consider modifying this discharge permit to require a case-by-case review of these fracking discharges?

Ms. {McCarthy.} Well, the general permit that we issued under the law allows us to reconsider that and take a look at new data. We are more than happy to work with you. We think that the general permit that we put out was a sensible approach, given the authority that we have under the law. It also requires that the certain standards that are achieved in this effluent that is emitted that may contain hydrofracking, that that is appropriately tested to ensure that it doesn't damage aquatic life. But if you have concerns, we are always available to sit down and talk through those, and if changes are necessary, the law allows changes to be made.

Mrs. {Capps.} Great. And I do look forward to that. I think such a modification would be important and look forward

to continued discussion on that topic.

Here is another topic. Climate change, as you know, is already having serious impacts on our environment, on our infrastructure and on our public health. Representing a coastal district as I do, I am particularly concerned by one of climate change's lesser understood impacts, ocean acidification.

Ms. {McCarthy.} Yes.

Mrs. {Capps.} The coastal communities in my district depend on healthy oceans and coastal ecosystems for their livelihoods, for recreation and much more. So changing ocean chemistry, particularly in the coastal zone where much of this economic activity takes place, has a direct impact on my constituents.

The just-released IPCC, Intergovernmental Panel on Climate Change, report on climate change highlighted several factors, including runoff and other pollutions, that are magnifying the impacts of ocean acidification at the local level.

What is EPA doing to identify coastal areas that are of particular risk for ocean acidification, and if you can, tell us what is being done or can be done to help make these

communities more resilient going forward?

Ms. {McCarthy.} Yeah. Yeah, I think one of the most important messages from the recent IPCC, other than the increasing certainty around the science, it was the highlighting of ocean acidification as a clear concern. And we have, across the U.S. government, a number of agencies who are on point to look at that issue, most notably NOAA, who has expertise and others, and we are working across the Federal Government at understanding the science and its implications.

On the resiliency side, every agency has developed an adaptation plan. We also have Resiliency Task Force that is looking at this from a national level. We need to make sure that our communities at risk understand that risk, are prepared to act when risk happens and that also we are looking at the designs that we can put into our infrastructure that prevent water from creating the same kind of concerns that we have seen in the past. So we are working to mitigate carbon emissions. We are looking at also addressing, hand in hand with communities, how we can keep them safe in the face of a changing climate.

Mrs. {Capps.} Do you see pieces of the President's

budget allowing for this? And also--you are nodding so I will take that as an answer--

Ms. {McCarthy.} Yes.

Mrs. {Capps.} --but also say to our chairman in conclusion that a hearing on climate change adaptation and resiliency or an aspect of that I think would be most appropriate for this committee because these federal agencies, as the Administrator just said, are going ahead and working on it. I think we need to be apprised, but also there might be a role that we would want to play working with you. And I yield back the balance of my time.

Mr. {Whitfield.} The gentlelady yields back. Thank you. At this time I recognize Dr. Cassidy from Louisiana for 5 minutes.

Dr. {Cassidy.} Welcome, Administrator.

Ms. {McCarthy.} Hello.

Dr. {Cassidy.} I am from Louisiana, so as you might guess I am interested in the export of liquefied natural gas. Sempra has a plant that they are seeking approval for to build but need clearances. A Reuter's article yesterday spoke about how EPA had issued something to FERC asking them to consider whether approving LNG export would increase

methane release, carbon footprint, if you will, by increasing the demand for more natural gas drilling.

Now this interests me in a couple ways. One, I think it reflects we know that natural gas is replacing coal which has a better carbon footprint than coal. Now, if EPA is objecting that there would be more gas released in the Haynesville shale of Louisiana, so therefore we shouldn't do it, in my reading it seems to reflect a limited understanding of the positive impacts that it has, not just on our U.S. economy creating jobs for those who do not have but also on the world economy and frankly on the carbon footprint of the world economy. Any thoughts on that? I mean, why would EPA be weighing in on this?

Ms. {McCarthy.} Congressman, actually EPA did not oppose any objection, and we didn't recommend that this needed to be done in any way. It was part of the normal environmental process in which we identify all impacts. And so we were not weighing in relative to whether this was good, bad or indifferent related to any other--

Dr. {Cassidy.} Now, the first paragraph--so maybe I have a misunderstanding of the Reuter's article. The U.S. environmental regulator raised concerns that a federal review

of Sempra's Energy liquefied natural gas export project did not include an assessment of potential effects of more natural gas drilling. It goes on to say that, you know, increased natural gas extraction would potentially increase carbon footprint.

So even though the article is kind of written to construct that you were opposing if you will--

Ms. {McCarthy.} No, we raise this type of--it is just raising that these are part of the things that you might think about. We did not recommend it. We did not make an argument for it, and it is something that we raise in many of our environmental assessment reviews.

Dr. {Cassidy.} Okay.

Ms. {McCarthy.} I think they might have put it in a much stronger context and clearly did than EPA raised it.

Dr. {Cassidy.} Then let me ask you this. I visit the Petra chemical plants in South Louisiana which made gasoline, for example, for Northeast United States.

Ms. {McCarthy.} Yes.

Dr. {Cassidy.} And they pose an interesting question. EPA has demanded that sulfur be extracted from oil, but it takes natural gas to do so and it raises the carbon footprint

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of the facility to--the process of extracting the sulfur raises the carbon footprint of the community or of the facility. And they really feel like they are getting caught both ways. On the one hand, they have to extract the sulfur, but on the other hand, you increase your carbon footprint. Again, your thoughts on that?

Ms. {McCarthy.} Well, actually, if you take a look at the rule that we did which is called Tier 3, it looks at and recognizes these tradeoffs, but it also recognizes that the low-sulfur fuel provides an opportunity for tremendous greenhouse gas reductions in vehicles because it opens up opportunities for better catalytic converters, better engine technologies.

Dr. {Cassidy.} I totally get that. So my understanding--

Ms. {McCarthy.} So on the whole, right now, I think we understand that the refineries have weighed in on this issue. We have considered it. It is in the assessment, and I think we have appropriately addressed it. And no refinery right now is being--

Dr. {Cassidy.} Tasked?

Ms. {McCarthy.} --tasked with taking a look at this

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issue individually.

Dr. {Cassidy.} Now, let me ask you because also, and again, I don't know, I am asking.

Ms. {McCarthy.} Yes.

Dr. {Cassidy.} Sometimes they have to get a permit from one of your regional offices in order to expand capacity. But again, if they are having to raise their carbon footprint--

Ms. {McCarthy.} No.

Dr. {Cassidy.} --in order to lower sulfur, is this taking into account the kind of whole system approach? Well, wait a second. Yes, you have done that. You have lowered the carbon footprint of vehicles, so therefore we will allow you a higher carbon footprint at the facility. Is that what is being said?

Ms. {McCarthy.} Well, the good news is I think, Congressman, that in our assessment in working with the refineries themselves, the facilities don't need to make large capital investments and--

Dr. {Cassidy.} But I have been told at least locally--

Ms. {McCarthy.} If they do for pollution control equipment, there are appropriate exemptions for that, and we

work through them.

Dr. {Cassidy.} At least in times past there have been limitations on the expansion of some of the facilities in my district because of concern over greenhouse gas emission. And so again, my concern is that one set of restrictions is setting them up to be denied the ability to expand.

Ms. {McCarthy.} I am happy to work with you on it if there is an instance where this is coming up.

Dr. {Cassidy.} Okay.

Ms. {McCarthy.} I am not aware of it, but we will work through it.

Dr. {Cassidy.} Thank you, Ms. McCarthy.

Ms. {McCarthy.} Thanks.

Mr. {Whitfield.} At this time I would like to recognize Dr. Christensen from the Virgin Islands.

Dr. {Christensen.} Thank you, Chairman Whitfield. Good morning, Administrator McCarthy and welcome.

Ms. {McCarthy.} Good morning.

Dr. {Christensen.} You know, I appreciate the efforts being made to streamline the Agency and to meet your missions, yet that mission of protecting the public health and the environment. But there are many in the House and on

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this committee who would rather just starve EPA to death, and considering that your budget is lower as I understand it than the 2003 enacted budget just seems to help that process.

Back home in St. Croix in my district in the USVI, one of my high schools is closed after noxious fumes sickened children and teachers, and individuals were sent to hospital, and that was the third time in a month. EPA has responded, and we thank you for that. But we need to know that you will be able to respond if this happens again this year, next year or the year after and that you would be able to help us with providing monitoring that would be long-term monitoring because that is not the first time this has happened either at this school or in the surrounding communities.

The budget with the decreases don't give me that assurance. In your testimony you say that the budget furthers environmental justice efforts, and we are glad to hear that you, too, and you partner with the states and the tribes and I am assuming--I shouldn't assume. I hope that includes the territories.

But many districts like mine are struggling with economic downturns and budget deficits. So we don't have much to contribute. How successful do you think EPA can be

in furthering its commitment to environmental justice and other priority goals given that many states and territories just don't have the resources?

Ms. {McCarthy.} Well, I think the good news in this budget is that we have increased our request for these categorical grants, the STAG grants that go to our states, and certainly it will impact your community as well. But we also are really focusing on prioritizing our efforts in a couple of different ways. One is the issue of environmental justice, and it is important for us to recognize because these are challenges that are not only a fairness question but they point to areas where our intervention would be most beneficial from a public health perspective. So we are working very hard to get the tools and the policies in place that help us prioritize and direct our efforts in that way.

But part of the challenge here is we have to recognize budget realities, and we are trying to do that. But at the same time we are trying to take advantage of new technologies and practices so that we can have our people available to answer when schools call and not be at every facility measuring the stack. There are new technologies that can help us remotely monitor. We have an E-Enterprise system

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that is going to get us out of paperwork and into this century to do electronic data exchanges and to have that data publically available.

This is a whole new way that we are trying to shift our ability of our Agency to understand the value of new technologies and how they can change the way we do business so that human beings see human beings when they need to.

Dr. {Christensen.} Well, thank you. I am somewhat reassured by your response, and I hope that at the very least, you get all of the budget that you are asking for. But I would have preferred--

Ms. {McCarthy.} I know.

Dr. {Christensen.} --to see some more. Another area, a proposed cut that is most troubling is the defunding of the Beaches Protection categorical grants and the implications of this are coastal economy and public health. We rely on our beaches and oceans as a source of recreation but also as a major economic driver. In 2011 alone there were 23,481 beach closures and advisories issued in this country, and if we stop conducting beach sampling, it will be impossible for us to know of pollution problems, and as a result we won't be able to address them. And cutting these important funds

could mean fewer tests for bacterial levels and fewer people informed when the water is unhealthy.

In my district close to 3 million visitors come to our shore by air and cruise, and about that number came in 2013. And that is a lot of people to be affected, and this doesn't even factor in the residents who depend on these resources the most.

So Administrator, there have been some discussions that state-level organizations are expected to begin to take on these efforts. Has EPA done any analysis of how defunding the beaches program will affect states and territories and do we know if localities are prepared to assume this important responsibility?

Ms. {McCarthy.} Yeah, I am more than happy to provide you with additional background on that. We have three program eliminations in this budget that total $37 million. One is our radon grants to states. The second is the Beach Monitoring Program, and the third is the DERA fund, our Diesel Emission Reduction fund. And you know, these are difficult choices for me, and I know that they will be. At least the thinking behind the Beaches Monitoring Program is that there is a level of expertise and technology that has

been built up in states that can allow this transition to happen. It also is in the context of a $76 million increase in categorical grants on the whole to states that we hope will be prioritized by those states effectively.

But I understand that there are concerns raised on these issues, and I will certainly wait to hear from Congress in terms of their understanding of these and whether or not this is the appropriate way to do our budget.

Dr. {Christensen.} Thank you. Thank you, and I yield back.

Mr. {Whitfield.} At this time I recognize the gentleman from Louisiana, Mr. Scalise, for 5 minutes.

Mr. {Scalise.} Thank you, Mr. Chairman. I appreciate you having this hearing, and Ms. McCarthy, Administrator McCarthy, I appreciate you being here with us to talk about the budget and obviously the impacts that that budget will have.

When I look at your budget, it seems EPA spent a significant portion of that budget on rule-making activities. In your testimony you say that EPA will focus resources on developing achievable greenhouse gas standards for power plants.

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Now, when I look at the track record that EPA has had on the rule-making and especially on projections on the kind of impacts those rules would have, it raises some serious questions. I want to ask you, in 2012, EPA said that its utility MACT rule would not result in significant plant shutdowns. On February 8 of 2012, you testified that EPA's analysis showed that only 4.7 gigawatts of capacity would be retired as a result of utility MACT when in fact I think you further said that removal of this capacity ``will not adversely affect capacity reserve margins in any region of the country.''

And so when you look at the reality of utility MACT, it is responsible for hundreds of coal plants being shut down nationwide. In fact, a group has estimated that nearly 51 gigawatts, or about 330 coal units in 30 different states, have been shut down or converted into a different fuel because of the EPA's rule. So when you projected in 2012 4.7 gigawatts would be retired, in fact, the numbers show it is closer to 51 gigawatts. In fact, the U.S. Department of Energy estimates that approximately 54 gigawatts of coal-fired capacity will retire by 2016.

So when you look at this track record, as you all make

rules, it seems your predictions of what will happen are so far off and to the detriment of American consumers. When these coal plants are being shut down, people are paying more for their electricity because of the results of your actions. So you are out there making all these rules. You are making all these projections of what these rules will do and the impacts have, and it seems that you are so far off. So can you explain EPA's failure to accurately assess the real-world implications, especially as it relates to utility MACT?

Ms. {McCarthy.} I am happy to talk about this. The numbers that you are quoting are numbers of closures that result both from the increased inexpensive natural gas, the inability for coal in many areas to compete and consumers wanting to spend less money for their electricity, much more than it is accountable to one particular rule, in this instance.

Mr. {Scalise.} So you are saying that these coal plants that are being shut down aren't because of your rules?

Ms. {McCarthy.} That is correct. The vast majority--

Mr. {Scalise.} That is what they are saying, if you are listening to what people are saying in the real world.

Ms. {McCarthy.} That is what I am saying is that what

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we estimated was the incremental impact from MACT, we did not say that there wasn't a transformation in the energy world--

Mr. {Scalise.} I mean, President Obama himself said--

Ms. {McCarthy.} --wouldn't change.

Mr. {Scalise.} --that he wants to bankrupt coal. It is not like there is some secret out there.

Ms. {McCarthy.} Who said that?

Mr. {Scalise.} President Obama when he was running for president. He talked about, you know, utility costs skyrocketing--

Ms. {McCarthy.} I think the President has been clear in an all-of-the-above strategy, and that includes--

Mr. {Scalise.} All of the above? He is against everything below it seems in his strategies. When you look at what is happening with coal, I mean, I hope you are not trying to say there is not a war on coal? I mean, there is clearly a war on coal.

Let me read you a quote from Barak Obama. I mean, you are putting words in his mouth. The problem is he said things very different, and he is pushing things very differently. In fact, you are carrying things out differently than what is being purported. The President

said, ``So if somebody wants to build a coal plant, they can. It is just that it will bankrupt them because they are going to be charged a huge sum for all that greenhouse gas that is being admitted.'' That is was Barak Obama in 2008 when he was running for president. He said, ``It is just that it will bankrupt them'' to build a coal plant.

So clearly, he has had this agenda for a long time, whether you recognize it or not.

Ms. {McCarthy.} Mr. Scalise, the Mercury and Air Toxics Standard is a standard on toxic emissions like mercury and arsenic. It has nothing to do--

Mr. {Scalise.} Well, let me ask you this--

Ms. {McCarthy.} --with greenhouse gas--

Mr. {Scalise.} --because we are talking about greenhouse gas emissions and you know, it used to be called global warming.

Ms. {McCarthy.} Yes.

Mr. {Scalise.} And then all of a sudden we had the worst freeze ever. I mean, it was so cold a couple of weeks ago the polar bear could not go outside in Chicago because it was so cold. So now the term is no longer global warming, it is climate change.

You got Secretary of State John Kerry, climate change is as big a threat as terrorism, the Secretary of State saying climate change is as big a threat as terrorism. We are running coal out of this country, coal jobs, the coal itself. It is going to foreign countries, by the way, that emit more carbon than we do here in America today without all of your standards that you are trying to change that are killing jobs, jacking up people's electricity rates. The impacts are so devastating.

So do you at least acknowledge that if that coal that used to be burned here to provide fuel is being shipped to another country, and in many cases they are emitting four or five times the amount of carbon in those other countries, do you have a concern about the impact on the climate when those policies are actually resulting in even more carbon being admitted into the atmosphere when you run those jobs to other countries?

Ms. {McCarthy.} I have two concerns. One is the concern to do what I can within the authority of the law that is technically available to reduce carbon pollution in the United States, and I have a concern that that provide the United States an opportunity to leverage additional

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reductions internationally so we can have a comprehensive, global strategy to address what I believe is--

Mr. {Scalise.} So what is happening in the real world, you are not concerned that it is devastating our economy and it is actually increasing the amount of carbon emitted in the atmosphere because those other countries emit even more than is done here.

Mr. {Whitfield.} The gentleman's time--

Mr. {Scalise.} Well, it is the real world. I yield back--

Mr. {Whitfield.} The gentleman's time is expired.

Mr. {Scalise.} --the balance of my time.

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

Mr. {Latta.} Thank you very much, Mr. Chairman, and Administrator, thanks very much for being with us today. I really appreciate you having here to answer questions today.

And I know some of the members on this committee have heard me say this before, but I always like to talk about what my district looks like and the concerns that we have back home.

I represent 60,000 manufacturing jobs. Interesting

enough, I also represent the largest agricultural district for the State of Ohio. And when I go out and literally meet with the hundreds of businesses that I have seen and talked with over the last couple of years that the number one issue that I always hear from my businesses out there is on regulations. That is the top question, problem, they run into.

But when I ask them, okay, what regulations are you always talking about, it always comes down to the EPA are the toughest things for them to have to try to comply with. And so as we are talking about those issues out there, one of the things of course that comes up, we want to have people expanding their businesses and employing more people. And the question then is would you agree that it is more difficult for these businesses that I have and across the Nation like this to build new factories or manufacturing facilities in areas that don't meet the national Ambient Air Quality Standards?

Ms. {McCarthy.} There are different requirements. Whether it is more difficult or not I can't answer, sir.

Mr. {Latta.} Well, let me go on because--for example, it is easier to build a factory in an area that meets those

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existing ozone standards than the non-attainment area, and you know, especially when I look around Ohio, one of the interesting things is you can be in one county and be out of attainment and literally put a factory across that next county line and be in attainment. Now, I don't want to say that I want to see that county that was able to get that factory to say, well, let us put them out of attainment. But these are the things that, you know, these businesses are facing out there, and I want to also make sure that we can get the folks out there to employ more people.

And is the EPA currently considering lowering the existing ozone standards?

Ms. {McCarthy.} We are currently in the process of doing the 5-year review that is required under the Clean Air Act, and it is now being currently considered by the Clean Air Science Advisory Committee.

Mr. {Latta.} Okay, and if the EPA does lower the standards, will that expand the number of areas in the country that are going to go into non-attainment?

Ms. {McCarthy.} Sir, we will have to take a look at what the Clean Air Science Advisory Committee says and what the data says, and we will see what the decision of the

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Administrator has.

Mr. {Latta.} Okay, so if we see more going in there, so we are going to have it that more areas in the country, it is going to be much more difficult to build more factories that are going to employ more people if these standards are lowered. Is that correct?

Ms. {McCarthy.} I can't answer the question because there would be different standards that are required, but I do not know whether it would be more difficult for an industry to develop there as opposed to a place that is in attainment.

Mr. {Latta.} Okay. And even though, you know, in the State of Ohio, we have been very fortunate with the Utica shale being developed in the eastern part of the State, Ohio is still 78 percent coal-based in our electric generation. In 2010, the EPA proposed ozone standards that were subsequently withdrawn at the President's direction, but that would have placed the 77 to 96 percent of the counties in the United States with ozone monitors and non-attainment. Is the EPA currently considering the same potential revisions to our ozone standards from that 77- to 96-percent level?

Ms. {McCarthy.} Did you understand the question? I am

sorry. I didn't exactly understand the question.

Mr. {Latta.} Okay. Back in 2010--

Ms. {McCarthy.} Yes.

Mr. {Latta.} --these were withdrawn, but at that time, under the President's direction, they would have placed 77 to 96 percent of the counties in the United States with ozone monitors--

Ms. {McCarthy.} Oh, I see.

Mr. {Latta.} --and non-attainment.

Ms. {McCarthy.} I see. This is what I do know is that the policy assessment in the Clean Air Science Advisory Committee is looking at ranges that are not dissimilar to what the reconsidered proposal was looking at, and I do not know what that would translate into in terms of non-attainment areas because that is always based on the last 3 years of certified data. So I can't exactly say, but it is a similar review that is going on now to what we looked at during the re-proposal.

Mr. {Latta.} Okay. Well, let me just follow up then because do you then think that that would be acceptable to adopt those revised ozone standards that would put let us just say 96 percent of the counties with ozone monitors and

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non-attainment or at 77 percent?

Ms. {McCarthy.} It is not acceptable or unacceptable, sir. I wouldn't be making a decision on the basis of the science related to what the protective standard needs to be under the law.

Mr. {Latta.} Mr. Chairman, I see my time has expired, and I yield back.

Mr. {Whitfield.} The gentleman yields back. At this time I recognize the gentleman from New York, Mr. Engel, for 5 minutes.

Mr. {Engel.} Thank you very much, Mr. Chairman, and welcome, Administrator McCarthy.

Ms. {McCarthy.} Thank you

Mr. {Engel.} Thank you for the good job you are doing, Ms. Froehlich, as well. I have three issues. I am going to see if I can talk fast and get them all in, but one is about fracking in my home State of New York--

Ms. {McCarthy.} Yes.

Mr. {Engel.} --and Upstate New York. It is a big point of contention. Some say it will create lots of jobs. Others are worried about the safety of it. Some argue that the EPA's real goal is to prevent or slow natural gas development

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in the United States. Some say that additional studies aren't necessary given industry's long track record of using this technology. So how do you respond to those things and how will the hydraulic fracking study help achieve, you know, the objective that it is supposed to achieve?

Ms. {McCarthy.} Well, the President I think has made it clear that the process of fracking has really opened up opportunities for clean, natural gas, but it has to be done safe and responsibly. And what EPA is doing right now is the research it needs to do to understand what the potential impacts are to ground water as well as looking at what technologies are available to support the recapture of methane so that we are addressing that as an intensive climate-warming compound. And we will keep working through these issues. But we are trying to establish the science foundation that we can share with the outside community to ensure that natural gas is done safe and responsibly.

Mr. {Engel.} Thank you. I have a very parochial issue involving my district. It is the Hillview Reservoir, and in accord with federal Long-Term 2 Surface Water Treatment Rule, the EPA sought to have New York City--

Ms. {McCarthy.} Yes.

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Mr. {Engel.} --build a concrete cover over the Hillview Reservoir in Yonkers. My district goes from New York City through Yonkers. That reservoir is in my district. I was one of several members of the New York delegation that wrote to Administrator Lisa Jackson urging a waiver of the regulation as it applies to Hillview, and EPA subsequently agreed to initiate a review process for the regulation requiring covers on reservoirs such as Hillview.

So I am wondering if you could please provide me with an update or at least get back to me on the status of that review process?

Ms. {McCarthy.} I do know that this issue has come up to everybody's attention that Region 2 is working with New York City on it, but I will provide you an update on how the rule is being looked at.

Mr. {Engel.} There are just some mandates that just don't make sense that are--

Ms. {McCarthy.} Yeah.

Mr. {Engel.} --costly, and the benefits are very, very minor compared to what the cost is.

Ms. {McCarthy.} We are just trying to get at the public health impacts, and if there is a better way to do that, we

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will be wide open to it.

Mr. {Engel.} All right. Thank you. And my last one is about revolving funds. States are able to provide low-cost financing for a wide range of water quality infrastructure projects through the Clean Water, and Drinking Water State Revolving Funds in New York has received lots of money through the years to protect our watersheds and make upgrades and repairs to our sewer systems. I certainly support all of that.

But despite these investments, EPA's most recent drinking water infrastructure needs survey indicates that New York will require approximately $29 billion over 20 years to ensure continued delivery of safe public drinking water. New York has aging sewer and water systems. They are in desperate need of repair and upgrade or they will pose significant environmental and public health problems. So I think that is important. It also represents an economic opportunity because we can put several thousands in New Yorkers back to work over the next several years helping to do that. But when we look at the President's fiscal year 2015 budget, it proposes a $580 million reduction to the State Revolving Funds from this year, and I think that is not

obviously very good. So I want to just say that.

And I want to also ask you setting aside environmental and public health issues, please explain the economic and jobs benefits of investing in water infrastructure, and tell me how these cuts to the State Revolving Funds would impact these benefits.

Ms. {McCarthy.} Yeah. We have had to make some difficult choices. Clearly the State Revolving Fund is important for public health as well as for jobs. I mean, clearly it keeps people employed. It prevents major illnesses from occurring. It helps protect our rivers and streams and natural places. So it is extremely important.

But the choices we needed to make are ones that I know that you will consider strongly. But we had to look at how we have been capitalizing this fund, what opportunities there are for the revolving fund payments to be in the system and also supporting this effort and also recognize that this administration over the past 5 years has already invested $20.7 billion in SRF. That compares to 8 years of history in the prior administration were $17.2 billion has been invested.

Now, that doesn't mean that me, individually, wouldn't

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like to see lots more money to this effort for public health purposes and certainly because of the economic growth. But there are difficult decisions to be made. We did the best we could, and we will certainly listen to what Congress says.

Mr. {Engel.} Thank you very much. Thank you, Mr. Chairman.

Mr. {Whitfield.} Thank you. At this time I recognize the gentleman from Texas, Mr. Olson, for 5 minutes.

Mr. {Olson.} I thank the chair, and Ms. McCarthy, I would like to keep the conversation going that my colleague from Ohio, Mr. Latta, had about NAAQS, National Ambient Air Quality Standards and ozone. America has come a long way in improving air quality, but counties nationwide are hitting the limits of what they can do. BFC offsets are now $238,000 per ton in my own State of Texas, and that is if they can get the offsets. Without offsets, new factories, new power plants and almost anything new that creates jobs becomes impossible. If you stop cutting the fat, you are cutting to the bone. And EPA's rules are getting tougher. EPA recently published the particulate standard lower, pushed it lower. Ozone is next. EPA is headed to court next week to settle with the environmental activists on a new ozone rule. It

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should be out by December.

EPA is looking to lower the ozone standard from 75 parts per billion to as low as 60 parts per billion. A few years ago, your cost estimate, yours, for doing that was $90 billion per year, almost $1 trillion over 10 years. That is a killer for the economy.

Please pull up the slide for me, my friends.

[Slide]

Mr. {Olson.} Here it comes. This slide shows the few counties that meet the 60 billion parts-per-billion rule. Only five national parks would be in attainment at 60 parts per billion. Even at 65 parts per billion, this will likely be the most expensive rule in American history.

We can only cut emissions so far. Natural sources, like forest fires and lightning, create these pollutants. We have foreign sources, too. Next slide, please.

[Slide]

Mr. {Olson.} New York Times declared, ``A new East Asian important, ozone.'' This slide shows the tsunami of China's own ozone swarming over our West Coast. Chinese pollution puts our homes out of compliance, even under the current caps. On top of all this, we still have to grow our

economy. Communities can't create new jobs if they can't expand. In homage to Chairman Emeritus Dingell, I have some yes or no questions.

Will you commit to include in any NAAQS standards a proposal to keep the current standard? Yes or no.

Ms. {McCarthy.} I cannot make that commitment, sir.

Mr. {Olson.} No commitment? Okay. Is EPA allowed to consider economic costs in setting new NAAQS? Yes or no.

Ms. {McCarthy.} That answer is no.

Mr. {Olson.} No? Will EPA consider job losses? Yes or no.

Ms. {McCarthy.} We will assess them.

Mr. {Olson.} Okay, and will EPA consider feasibility, economic feasibility?

Ms. {McCarthy.} In the establishment of the standard? No, sir.

Mr. {Olson.} Will you do this before December? Yes or no. New standards before December?

Ms. {McCarthy.} I do not know, sir, because I don't know the results of the court case.

Mr. {Olson.} Okay. If I can just move on, ma'am, I am running out of time here. But we can't shut down the economy

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or energy production. We can't end natural and foreign pollution, and we all know it is impossible to have zero smog and zero particulate matter. So very briefly, does EPA have a way of striking the balance between air quality and achievability?

Ms. {McCarthy.} The Clean Air Act does not ask states to reduce background levels.

Mr. {Olson.} Okay. I want to follow up on a comment. You touched on this issue with my colleague from California about exceptional events, to get any relief from penalties if pollution is outside of their control. Of the 10 exceptional events waiver requests, my State is saying EPA has approved zero of them, zero. Other states have the same problems. Do you commit to having a follow-up conversation with this committee on the broken exceptional event system? Yes or no.

Ms. {McCarthy.} We are having those discussions with states as we speak.

Mr. {Olson.} This committee then? This committee, commit to this committee, have these discussions right here?

Ms. {McCarthy.} I will wait on what the chair asks.

Mr. {Olson.} Okay. We will work on that. Thank you. I yield back.

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Mr. {Whitfield.} Mr. Olson, thank you. I am glad you raised this issue because as you said, there are lot of areas out of compliance with the Ambient Air Quality Standard today, and they are going to make this more stringent. It is probably not going to be until after the election. But if you are not in compliance, then we know that economic development is hampered, and it is something that this committee needs to look at because we have some significant economic issues.

At this time I recognize the gentleman from West Virginia, Mr. McKinley, for 5 minutes.

Mr. {McKinley.} Thank you, Mr. Chairman, and thank you, Ms. McCarthy for appearing before us again. Here is a question. We have already talked about CCS and boiler or coal ash and some of these other matters, so I won't get into that. But I am interested in the Spruce mine--

Ms. {McCarthy.} Yes.

Mr. {McKinley.} --and the fact that for 44 years the EPA never used that authority to retroactively withdraw a permit that they have done in this case, and I guess the answer you just gave to the fact that you don't consider the economic impact before you make your decision and make a rule

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on it, I guess that comes into play because the consequences of that decision have a chilling effect, certainly not just in the coal industry but all industries that have a 404 or 402 permits. If they have to make those applications, you can pull them.

I have talked to a bunch of bankers, and they all said they are going to revisit their decision whether or not they will purchase any bonds or obligations if EPA for the first time now is entering in--they can pull a permit. So the consequences of your actions are detrimental to the economic growth here in this country.

I am surprised that you don't take that into consideration but I will just have to move on.

Ms. {McCarthy.} Congressman, I was trying to make a decision. The NAAQ standard is really a health-based standard where cost is considered in the implementation, not the standard itself. And so we certainly--

Mr. {McKinley.} I really want to spend more time on the Clean--

Ms. {McCarthy.} --where available--

Mr. {McKinley.} --water and safe drinking. That was more of a comment that I just hope you would be more

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considerate for the economic impact you are doing with some of the decisions.

But on the Clean Water and Drinking Act, I really want to amplify a little bit on what Engel and Tonko, their comments about that, and I think numbers of other people have made that same response. Do you agree with the President's priorities in his budget?

Ms. {McCarthy.} Yes, I certainly do.

Mr. {McKinley.} This is a chart that I just wanted for everyone to maybe be able to get a grasp.

[Chart]

Mr. {McKinley.} You made me suck in my breath when you said how much the President is investing in clean water--when you see that he is--now, his recommendation that you say you support is half what it was when he came into office. He does not have a priority for funding State Revolving Fund, for clean water and clean drinking. You can see the numbers drop from 3.9 to 1.78. But yet I see that other things. When you have a chance at $555 million, you have reduced, because you are with him on this, you are reducing the allocation into that account, but you are increasing the money for climate change, air quality and enforcement.

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Administrator, I have got to tell you. I hold a lot of town hall meetings and discussions with small communities in rural America. They are not concerned, maybe to the level they should be, but they are not as concerned about climate change or your enforcement. They just want sewer and water lines. And by virtue of the President slashing the money for sewer and water lines, for water, water quality, that undermines all their hopes and dreams of being able to achieve some health environment in these small towns.

How do you react to that when you see that the President is not making it a priority to fund clean water?

Ms. {McCarthy.} Well, I can answer that in a few different ways, Congressman, because the President was clearly respecting the bipartisan budget agreement. That put challenges on EPA in order to identify how we were going to expend our resources. We did recognize that there were significant investment over the past 5 years during this administration, well beyond what had been invested the prior eight. We know that money is out and being expended. We also know that the revolving fund that states have been operating for years is accruing significant revenues that is increasing the amount of money they can spend--

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Mr. {McKinley.} If I could reclaim the time.

Ms. {McCarthy.} --on these projects.

Mr. {McKinley.} I think it is important to also--

Ms. {McCarthy.} So we are doing the best we can.

Mr. {McKinley.} --if I could, fortunately the Chairman of the Appropriations Committee has gotten a hold of this, and now he is stopping it and reversing this downward slide by holding steady the amount of money we have for this.

I am just going to reinforce again as at the end. These other issues of enforcement, clean up our communities, there may be--that is not what America is worried about. American citizens in these small towns want sewer and water lines, and for you to take an arbitrary--you said it was a tough decision.

Ms. {McCarthy.} Um-hum.

Mr. {McKinley.} Think about what that decision is for those small towns where they are trying to improve their economy, they are trying to give health. I can tell you example after example of people of those little communities that have no money and no clean water, and yet we put money into more environmental--

Ms. {McCarthy.} Part of our consideration, sir, is how

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does climate actually exacerbate the challenges of our--

Mr. {McKinley.} Oh, come on.

Ms. {McCarthy.} --infrastructure with--

Mr. {McKinley.} You know better than that. We will talk about that another day, and you know--it has nothing to do with climate change, and you know that.

Mr. {Whitfield.} At this time I recognize the gentleman from Illinois, Mr. Kinzinger, for 5 minutes.

Mr. {Kinzinger.} Well, thank you, Mr. Chair, and Administrator McCarthy, thanks for being with us today--

Ms. {McCarthy.} Great to be here. Thanks.

Mr. {Kinzinger.} --and during the long times. I want to chat a little bit about nuclear. Nationwide, four nuclear plants retired last year, and at least one is scheduled to shut down this year. In Illinois, half of our electricity generation in fact comes from nuclear plants. Does your agency believe that nuclear is critical to provide affordable, reliable electricity in the United States?

Ms. {McCarthy.} Well, certainly the President does as well as the Secretary Moniz at the Department of Energy. EPA tries to stay in our lane and make sure that any permits can be issued and work can get done, but clearly nuclear plays a

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big part of the current generation capacity, the base load capacity, and from a carbon perspective, it is extremely important.

Mr. {Kinzinger.} So on January 24th of this year, the CEOs of five nuclear companies wrote to your Agency expressing their concerns with the cooling towers, or it is the 316(b) rule of the Clean Water Act. They raise concerns that the rule could trigger the premature retirement of a significant portion of the nuclear fleet.

The letter states that in Virginia, Dominion's preliminary estimate for retrofitting the Surry Nuclear Power Station with cooling towers is about $3 billion. For the Diablo Canyon Power Plant in California, which serves about 10 percent of their State's needs, the cost is estimated to be upwards of $12 billion. And lastly, the letter states that the projection of the North American Electric Reliability Corporation on units impacted by this rule-making could cause a closure up to 39 gigawatts of electric generating capacity.

So I just want to ask what steps, if any, is the EPA taking to address the concerns expressed by these nuclear companies? And can you provide any assurances that the EPA's

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cooling tower rule will not cause the premature retirement of a significant portion of the nuclear fleet?

Ms. {McCarthy.} Certainly we have had a number of utilities come in expressing concern about 316(b) that was proposed. There has been a robust dialogue as there always is, and they have come into us. They have had meetings at our Office of Management and Budget, and we have been working really closely with our other agencies to understand the implications and to make sure that this rule is reasonable and appropriate.

I think you will see that we have listened very closely when this rule is released.

Mr. {Kinzinger.} Do you have any concerns personally about the premature retirement of those plants?

Ms. {McCarthy.} We have seen some of the numbers as we are looking at greenhouse gas emission projections, and I would indicate to you, being from the New England region, I can remember when one of our large nuclear base load facilities went out when I was working in Massachusetts. It was a scramble to try to ensure that we had the reliability we needed, and we certainly want to do nothing that would impact reliability in this country. But we also want to make

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sure that we deal with the pollution challenges effectively.

Mr. {Kinzinger.} And so you would consider the preservation of nuclear plants a key part of the administration's, what they call their climate change policy?

Ms. {McCarthy.} Nuclear is part of the all-of-the-above strategy, yes.

Mr. {Kinzinger.} Okay. It is been reported that the DOE--you may or may not be able to answer this--is analyzing a scenario in which one-third of our nuclear power plants retire and the impact that that would have on the President's Climate Action Plan--has estimated that the closure of one-third of our nuclear plants would increase electric sector carbon emissions by 8 percent, and have you accounted for such a scenario in your Agency's modeling?

Ms. {McCarthy.} We are looking at a variety of different models, yes.

Mr. {Kinzinger.} Again, just briefly I'd like to change topics about the benefits of mechanical insulation when it comes to saving water and energy. Mechanical insulation is a proven technology that does not require additional research or engineering. Simply put, it is an energy-saving tool that is available for deployment today. I have seen instances in

which your Agency has partnered with various industries, most notably the lighting industry, to promote the energy savings that can come from using certain projects. Has your agency considered partnering with insulation industry in order to push a similar program?

Ms. {McCarthy.} I do not know, but I will certainly find out.

Mr. {Kinzinger.} So you guys would be open to an opportunity?

Ms. {McCarthy.} To be very honest with you, I am looking with a blank stare for a good reason.

Mr. {Kinzinger.} I got you.

Ms. {McCarthy.} I know nothing about mechanical insulation. But I am more than happy to go back and see if there is opportunities there for us.

Mr. {Kinzinger.} If you are open to it, I would like to have maybe my staff follow up with your staff--

Ms. {McCarthy.} That would be great.

Mr. {Kinzinger.} --and we could go from there. Thank you, Mr. Chairman and Administrator, thank you, and I yield back.

Mr. {Whitfield.} The gentleman yields back. At this

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time I recognize the gentleman from Virginia, Mr. Griffith, for 5 minutes.

Mr. {Griffith.} Thank you for being here. I appreciate it. You know, it is interesting because it doesn't happen that often particularly when we have the EPA Administrator in. But without any reference or without any discussions in advance, you have had at least two Democrats and now two Republicans talk to you about the Clean Water State Revolving Fund.

This is a big deal, and as you know, I don't often agree with things that the EPA is doing. That is one that I have touted before publically as something that the EPA gets right, and you can imagine my surprise and chagrin when I noticed that the President's budget has a 430--and I have heard higher numbers, but my folks gave me $430 million cut to that program which is so important. And it is particularly important in the very reasons that are being impacted by the policies on coal. And you know so my district is not a wealthy district. The unemployment for those people that are still trying to find jobs is high. District-wide it averages out to about 7.61. But when you take into account just the coal-producing counties, it is

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over 9 percent unemployment, and it is not just the 9 percent loss of jobs that are minimum-wage jobs, those are the jobs that are paying $60,000, $75,000, $85,000 a year and came with benefits. And when you lose hundreds of those over a course of just a few years, and my district hasn't been hurt as bad as parts of West Virginia and Kentucky, it makes a big deal. It is a big difference. When you don't have a job and you don't have clean water, it is not a great thing.

But my folks don't want to be forced to move out of the mountains where their ancestors and they have lived for hundreds of years. And so I ask you to go back and take a look at the revolving fund because it is a big deal.

Ms. {McCarthy.} Thank you.

Mr. {Griffith.} And I appreciate that. I will have to also point out that it is one of the things in the administration--you are not the only one. Everybody keeps thinking that it is not the policies that are pushing coal out the door as much as it is the price of natural gas. So I did some quick checking on that. Last week, on 3/26, it was 4.42. The experts have all told us--per million BTU, the cost of natural gas. Experts have all told us that coal competes just fine at $4 or higher. They have also told us

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that they anticipate long term over the next couple of years or decades natural gas prices will stabilize in the $4 to $6 range. But the coal companies have always been used to that fluctuation, as have the power generation companies, that fluctuation in price, and I went back and did some checking. Toward the end of March in 1997, March 21, 1997, the price was $1.87 for the natural gas. March 22, 2002, 3.57. 2007, 7.16. 2010, 4.08. So it is not the price alone. Sure, natural gas went down quite a bit. This winter it spiked in the Northeast quite a bit. It has leveled back out into that $4 range, 4.33 the week before this one or earlier in March, 4.42 last week.

And so you know, to say that that is the reason that all these coal facilities are closing down is not accurate. It is in fact the policies of this administration that are closing that down, that is causing the cost of electricity to go up. You know, if we could count on having $2 natural gas which nobody thinks we can indefinitely, then theoretically over time the consumer who is paying those electric bills might see their rates stabilize. That is not going to happen. It is going to be a higher rate. And when you take all the coal-powered generation off the board, all those

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families that are struggling to make ends meet with the high unemployment rate or who are middle-income Americans are going to suffer, and it is a serious and significant problem. And I hope that when you are looking at your budget, you pay close attention to that as well and realize that maybe where we ought to be cutting is the folks who are writing all the new regulations here in DC, not the folks who are out examining things and not the folks who are doing the clean water projects.

Also, if I could ask you, in regard to EPA's pending greenhouse gas rules for existing power plants--

Ms. {McCarthy.} Yes.

Mr. {Griffith.} --that are expected to be proposed in June, recognizing the difference between setting a standard and complying with a standard, do you believe you have the legal authority to set the standard based on reductions that occur outside the fence line of the facility? And if so, where does that authority come from?

Ms. {McCarthy.} We have certainly heard from states in our many discussions as well as the energy sector that we are working with closely that they want us to provide as much flexibility as we can in terms of the compliance with this--

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Mr. {Griffith.} Well, we are certainly under enough pressure as it is--

Ms. {McCarthy.} --but any guidance that--

Mr. {Griffith.} --and I only have another second. I do want to ask, if the courts vacate, stay or remand the rules for the new coal-fired power plants, how does that impact your working on the rules for the existing plants? I am talking about the carbon.

Ms. {McCarthy.} You mean when we finish some?

Mr. {Griffith.} Yeah, when you finish.

Ms. {McCarthy.} They are only proposed so we--

Mr. {Griffith.} I understand.

Ms. {McCarthy.} --need to go through a final. It is my understanding that a 21(d) is only required and appropriate when you have an existing 111(b) standard that governs either new or modified or both.

Mr. {Griffith.} All right. I appreciate your answers, and I yield back.

Ms. {McCarthy.} Thank you, sir.

Mr. {Whitfield.} The gentleman's time is expired. At this time I recognize the gentleman from Ohio, Mr. Johnson, for 5 minutes.

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Mr. {Johnson.} Thank you, Mr. Chairman, and Administrator McCarthy. Thanks again. It is good to see you again today.

Ms. {McCarthy.} You, too.

Mr. {Johnson.} I am sure you probably remember back in May of 2012 you met with Representative Shelly Moore Capito and me to discuss a rule that you were working on for ferromanganese producers. As there are only two remaining domestic producers of this strategically important product left in America, you were gracious and gave us your word that the EPA would work with the two companies and other stakeholders to craft a rule that meets the statutory obligations of the EPA, mitigates the unreasonable risks and allows the facilities and the jobs associated with those facilities to remain the United States. I am fearful that all of that work and your graciousness has been for naught because it is my understanding that the rule that you submitted to OMB goes well beyond what the stakeholders and your own EPA staff had designed to address the local risk concerns after substantial investment in time and effort and resources in pursuing the three objectives that you gave to us.

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Furthermore, nearly 200 men and women in my hometown of Marietta, Ohio, will likely lose their jobs because of your Agency's actions on this rule. Are you comfortable with sending this vital industry and the related jobs related to ferromanganese production overseas?

Ms. {McCarthy.} I do remember the concerns that you raised, sir, and I believe we have developed a proposal that is now being looked at that will meet my obligation to you to look closely at this. If we have missed our mark, we are talking about a proposal that is due to go out in the end of May. So we can certainly have conversations. I would encourage that because--

Mr. {Johnson.} Well, when--

Ms. {McCarthy.} --during the interagency process, folks have an ability to come in and we can talk through these issues and when the proposed rule is issued in May.

Mr. {Johnson.} Well, I would really like to sit down and have another conversation then because it is my understanding that the rule that has been sent to OMB goes above and beyond. It is going to level millions and millions more on these companies, and they are going to shut down.

Ms. {McCarthy.} Yeah.

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Mr. {Johnson.} And the crux of the problem is that it goes beyond what your own staff recommended in their initial findings in working with those companies. So I just want to make sure that the hard work that your team went to and that these companies went to that we actually produce a--

Ms. {McCarthy.} And I want to make folks--make sure that they actually understand what is likely to be proposed so that if you could encourage it, we can certainly reach out to the company directly.

Mr. {Johnson.} Well, we will--

Ms. {McCarthy.} There are only a few of them. I am more than happy to do that if--

Mr. {Johnson.} We will reengage. We will reengage. As you know, there aren't many secrets in Washington these days, except for maybe--

Ms. {McCarthy.} Apparently not.

Mr. {Johnson.} Except for maybe the real--what the 7.1 million people that have supposedly enrolled in the healthcare law consist of, how many of them had insurance before, and how many of them have actually paid their premiums. That is the big secret to everybody. But this is not.

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Another one. Your Agency is also working on a MACT rule that will significantly impact the brick-making industry.

Ms. {McCarthy.} Yes.

Mr. {Johnson.} This MACT is unique in that it had already been issued, yet it was overturned and vacated by the courts despite the brick industry already investing $100 million in compliance costs over 10 years. Yet, these controls are now being used to establish a new floor for brick industry emissions. Recently I helped spearhead a bipartisan letter, some 70 members signed it, urging you to reconsider the current proposal and use the tools provided within the Clean Air Act to minimize regulatory burdens on the brick industry that do not provide commensurate environmental benefits.

So what have you done, Madam Administrator? What have you done in regards to addressing our concerns as your Agency works toward the August 2014 deadline?

Ms. {McCarthy.} We agree with you that this is a proposal that actually encompasses a broad number of facilities. Many of them are small businesses, and so we are extremely sensitive to do outreach to those businesses to

make sure that any proposal that we put out will be--so to fully understand their concerns and what technologies are available and what those standards ought to be. This is very challenging.

Mr. {Johnson.} I am out of time, but if I could just get your commitment? You know, $100 million is a lot of money for that industry.

Ms. {McCarthy.} I understand.

Mr. {Johnson.} Could I get your commitment that you will consider that investment already in whatever rules you establish? Because that's a vital industry and--

Ms. {McCarthy.} Thank you for bringing it up, sir. It is a challenge.

Mr. {Johnson.} Okay. Thank you.

Mr. {Whitfield.} At this time I recognize the gentleman from Missouri, Mr. Long, for 5 minutes.

Mr. {Long.} Thank you, Mr. Chairman, and thank you, Administrator McCarthy, for being here today and giving your testimony.

The winter in my part of the country, we have had real sharp propane price spikes--

Ms. {McCarthy.} Yeah.

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Mr. {Long.} --which were market driven, but something that could not be controlled by the people in our area, of course, and we are going to have them again because I just know how the market works. And when that happens, people in southwest Missouri where I am from turned to burning wood, a good, reliable source of heating their homes because it is cheap, available, reliable, and families use wood stoves to heat their homes. Farmers use wood-burning stoves and heaters for their livestock and other operations. This New Source Performance Standard or NSPS, I guess we are calling it here today, as I understand were designed primarily to regulate industrial activities in large facilities like commercial-scale power plants and oil refineries or manufacturing operations.

Many of my constituents are very concerned about the EPA's move forward with potentially unachievable NSPS regulations on these wood stoves.

Ms. {McCarthy.} Yes.

Mr. {Long.} And are you aware of the significant concerns because I know I have heard a lot about it with the pending regulations and their impact on the affordability of wood, wood heating?

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Ms. {McCarthy.} I certainly am aware of the reliance of wood stoves in many communities, and we have been working on this rule and working with states and stakeholders for a long time. And I think the good news about this rule is I think you will see that we listened. We narrowed the kind of technologies that we will actually be regulating under this rule. It is only about new wood stoves, not existing, and it actually spreads the timeline to achieve this window out 5 years so that we can take advantage of all the new technologies that are in the marketplace to make it efficient for people when they burn wood. I know this is important. I expect we will get lots of comment on this proposal, but I am sensitive both to the need to use wood but also to the impact in some areas that wood burning actually has on particulate matter levels.

Mr. {Long.} So the stoves that are on the market today can continue to be sold for 5 years, is that correct?

Ms. {McCarthy.} The stoves that are on the market today can be sold for 5 years, but in that--but no stoves are actually going to be taken off the market. We know that stoves are available to achieve the standards that are in the rule, but we pushed that out 5 years--

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Mr. {Long.} They are available now?

Ms. {McCarthy.} They are available now. And we just pushed that compliance window out so that we wouldn't be impacting the current stoves that are for sale but only sending the right signals that those newer stoves, those more efficient, are ones that should be entering into the marketplace 5 years from now. We actually provided an alternative that would make it 8 years as well. So we are trying our best to help this transition along without impacting the wood stove industry which is really coming up with some very efficient stoves moving forward.

Mr. {Long.} These stoves are available now that--

Ms. {McCarthy.} That is right.

Mr. {Long.} --comply with the standards that will go into effect 5 years from now?

Ms. {McCarthy.} That is correct.

Mr. {Long.} I doubt--if you want to tell me now, you can, if you have it off the top of your head what those are, but could you get back with the committee and give me a list of what companies, what brands, what models--

Ms. {McCarthy.} Absolutely. Yes.

Mr. {Long.} --currently today because that would help

me because I am answering a ton of mail on this--

Ms. {McCarthy.} I would--

Mr. {Long.} --and people are very, very concerned in my area. So if you can provide that to the committee, I would appreciate it greatly.

Ms. {McCarthy.} That would be great. I would be happy to do that.

Mr. {Long.} Thank you. And with that, Mr. Chairman, I yield back.

Mr. {Whitfield.} The gentleman yields back. At this time I recognize the gentleman from Colorado, Mr. Gardner, for 5 minutes.

Mr. {Gardner.} Thank you, Mr. Chairman, and thank you, Administrator McCarthy--

Ms. {McCarthy.} How are you?

Mr. {Gardner.} --for joining us today. Last Friday the White House announced a strategy to cut methane emissions for the oil and gas sector. The White House states, and I quote, ``In the spring of 2014, EPA will assess several potentially significant sources of methane and other emissions from the oil and gas sector. EPA will solicit input from independent experts through a series of technical white papers. In the

fall of 2014, EPA will determine how best to pursue further methane reductions from these sources. If EPA decides to develop additional regulations, it will complete those regulations by the end of 2016.''

I am concerned that these efforts could harm the economy of many states, especially states who are trying to promote their own efforts and other states that are seeing the benefits of unconventional oil and gas production. The University of Colorado estimates that 68,000 jobs could be lost in Colorado and even more in secondary jobs if hydraulic fracturing is prohibited.

Now, we also have an immense opportunity before us to sell some natural gas abroad which I think would strengthen our allies and lower our trade deficit.

We had a hearing last week on legislation I introduced, H.R. 6, that would reform the LNG export approval process. I am worried that the administration's regulations may end one of the few good economic stories that is happening in our country. What kind of regulations for the oil and gas sector are under consideration at this point?

Ms. {McCarthy.} Under consideration at this point is actually a release of white papers. We are actually going to

be working with the industry, going to collect data, before any decision is made about any next opportunity that regulation may provide.

Mr. {Gardner.} Those are regulations on methane?

Ms. {McCarthy.} That is correct.

Mr. {Gardner.} Any other regulations on other matters?

Ms. {McCarthy.} I am trying to think. I don't want to answer too quickly. If there is, I will let you know.

Mr. {Gardner.} Okay.

Ms. {McCarthy.} But at this point, I am not anticipating any.

Mr. {Gardner.} What is the legal authority for the methane regulation?

Ms. {McCarthy.} It would be under the Clean Air Act. Right now we actually regulate volatile organic compounds from natural gas wells during the hydrofracking process because that is already a traditional pollutant under the Clean Air Act. It captures the methane. It may very well be that we decide not to regulate methane from additional wells.

Mr. {Gardner.} Would that be Section 111 of the Clean Air Act?

Ms. {McCarthy.} That is correct.

Mr. {Gardner.} That is Section 182 of the Clean Air Act?

Ms. {McCarthy.} That is correct.

Mr. {Gardner.} Are there other possible statutory authorities outside of those two?

Ms. {McCarthy.} None that I have considered.

Mr. {Gardner.} But nothing that you have considered but there may be other statutory authorities?

Ms. {McCarthy.} There may be. I have no--

Mr. {Gardner.} Has EPA already decided to develop additional methane regulations for the oil and gas sector?

Ms. {McCarthy.} No.

Mr. {Gardner.} If EPA hasn't decided whether to issue regulations or what form they may take or confirm the statutory authority, why are you setting up a schedule for completing the regulations?

Ms. {McCarthy.} It was in anticipation to send the signal to the industry about when it might be considered, but the first step is a white paper to collect information. Colorado and other states have been developing their own regulations on these issues. We are very respectful of that. We need to work with the states in the industry before any

decision is made.

Mr. {Gardner.} Last week EPA also announced plans to bring nearly all rivers, creeks and streams under the regulatory control of the Federal Government through the Clean Water Act. EPA's proposal would now cover streams that might only flow in some seasons and are isolated from navigable waters.

In my State of Colorado, where according to the EPA's own study, 68 percent of the streams are intermittent. This proposal could have a major impact. The bipartisan Western Governors' Association immediately criticized EPA's proposal on the day that it was released in a letter that was cosigned by my State's Governor. The Governors stated that they were not adequately consulted on this proposed regulation, and the proposal could harm a state's ability to manage their waters.

How will you correct this problem?

Ms. {McCarthy.} Well, we have certainly done outreach, and we will work with the Western Governors' Association. I talked to Governor Sandoval yesterday. And so we have been working with the states on this issue. But your characterization that the waters of the United States is actually going to be bringing every water under the

jurisdiction of the Waters of the United States is not correct, sir. Actually, we have listened to the Supreme Court, and what is included in the Waters of the United States are waters that are navigable as well as those waters that could significantly impact--

Mr. {Gardner.} What do you define as--

Ms. {McCarthy.} --the chemical, physical and biological--

Mr. {Gardner.} What do you define as navigable?

Ms. {McCarthy.} --integrity of navigable--

Mr. {Gardner.} What do you define as navigable?

Ms. {McCarthy.} The same way that you would.

Mr. {Gardner.} Put a boat in it?

Ms. {McCarthy.} Rivers, large rivers, large streams.

Mr. {Gardner.} Large? What is large? I mean, seriously, because I am thinking of the South Platte River in Colorado. I am thinking of the Republican River in Colorado--

Ms. {McCarthy.} I don't think there is any disagreement--

Mr. {Gardner.} --to Arkansas.

Ms. {McCarthy.} --about what a navigable water is, sir.

The question is what is the extent of Waters of the United States and is it limited to navigable waters? And it actually isn't. It includes navigable waters, and those waters, that if they are damaged, could significantly impact the integrity of navigable waters.

Mr. {Gardner.} But an intermittent flow--

Ms. {McCarthy.} That has never been in question.

Mr. {Gardner.} An intermittent flow river could be considered at times a navigable river?

Ms. {McCarthy.} It absolutely could.

Mr. {Gardner.} So 68 percent of the rivers in Colorado which are intermittent, could then fall under this rule?

Ms. {McCarthy.} They could actually have to do a test or a case-by-case analysis as to whether or not they are not only hydrologically connected but whether they have a significant nexus to navigable waters. It does not automatically make them subject to Clean Water Act permitting.

Mr. {Gardner.} Are you familiar with Colorado Water Law as compared to other states' water laws?

Ms. {McCarthy.} I am not familiar with Colorado Water Law.

Mr. {Gardner.} A board of independent science advisors that have been tasked by the EPA to study the water bodies that are going to--I think my time--I have got a couple of additional questions that I would submit to you for the record.

Ms. {McCarthy.} I am happy to work with you on this, sir.

Mr. {Gardner.} Mr. Chairman, my time has expired. Thank you.

Mr. {Whitfield.} All right. Yeah, submit them for the record. So I guess that concludes the hearing.

I do want to have a contact at the EPA, Ms. McCarthy, because Congressman Rothfus and other members of the Pennsylvania delegation, including Senator Casey, have asked me to try to arrange a meeting relating to EPA's utility MACT rule and its impact on Pennsylvania, Illinois, Utah and West Virginia relating to recycling coal waste using a circulating fluidized bed technology. They have got these plants, and they are taking the coal waste and they are producing power from it. And they are cleaning up the environment, eliminating this coal waste, and it appears that they are going to be forced to close down.

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And so I would like the name of a person that you would tell me at EPA that we could talk to because some members of the Pennsylvania delegation and others would like to have a meeting with you all here to discuss this. So if you could--

Ms. {McCarthy.} I will have my Legislative Director get in touch with your staff right away, and we will make sure that we get appropriate meetings set up.

Mr. {Whitfield.} Okay.

Ms. {McCarthy.} Thank you.

Mr. {Whitfield.} Mary--

Ms. {McCarthy.} Thanks for calling it.

Mr. {Whitfield.} Okay. And then you know, the first article of the Constitution talks about the legislative branch of government, and we have the responsibility for oversight. And I know that you all get a lot of requests, but back in early October and early December, as a result of some hearings that we had, we had asked for some specific information from EPA to reply to our request. We received it today. So it is, you know, 4 or 5 months in receiving it. And then in November we wrote a letter about the Energy Policy Act asking the legal justification for setting those three plants in the United States as the emission standard,

and then on March the 12th, we sent a letter requesting documents--March 12th.

Mrs. {Capps.} Yes.

Mr. {Whitfield.} That was last year.

Mrs. {Capps.} This year, yeah.

Mr. {Whitfield.} Well, we won't worry about that one. But on the November 15th letter--

Ms. {McCarthy.} We have to have a meeting scheduled on that one, sir.

Mr. {Whitfield.} We would like to have a response, and then you said it was in the record and so forth, but we asked some specific questions. We would appreciate a response.

Ms. {McCarthy.} If we have not answered you appropriately, we will--

Mr. {Whitfield.} Well, it is my understanding we have not been answered appropriately.

Ms. {McCarthy.} Okay.

Mr. {Whitfield.} So if you would do that, we would appreciate that.

Ms. {McCarthy.} I will.

Mr. {Whitfield.} And then finally I just want to ask one question to get it clarified. Can you identify any fully

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operational base-loaded coal-fired power plant using CCS on a commercial operation anywhere in the United States today?

Ms. {McCarthy.} Did you say power plant, sir?

Mr. {Whitfield.} Yes.

Ms. {McCarthy.} I am not aware of any, but I will certainly double check.

Mr. {Whitfield.} Well, we are not aware of any, either, so that--

Ms. {McCarthy.} I know they are being constructed, and I know they are close to operational.

Mr. {Whitfield.} Well, with federal funds, but okay. Thank you very much. Did you have a question Mr.--okay. Well, that concludes today's hearing. We thank you very much for your patience and spending 2-1/2 hours with us.

Ms. {McCarthy.} Thank you, Mr. Chairman.

Mr. {Whitfield.} And we look forward to working with you as we move forward. The record will remain open for 10 days, and that concludes today's hearing.

[Whereupon, at 12:40 p.m., the subcommittees were adjourned.]