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``THE AMERICAN ENERGY INITIATIVE: WHAT EPA'S UTILITY MACT RULE WILL COST U.S. CONSUMERS''

WEDNESDAY, FEBRUARY 8, 2012

House of Representatives,

Subcommittee on Energy and Power

Committee on Energy and Commerce

Washington, D.C.

The Subcommittee met, pursuant to call, at 10:06 a.m., in Room 2123 of the Rayburn House Office Building, Hon. Ed Whitfield [Chairman of the Subcommittee] presiding.

Members present: Representatives Whitfield, Sullivan, Shimkus, Terry, Burgess, Scalise, McMorris Rodgers, Olson, McKinley, Gardner, Pompeo, Griffith, Barton, Rush, Castor, Dingell, Markey, Green, Capps, Doyle, and Waxman (ex officio).

Staff present: Maryam Brown, Chief Counsel, Energy and Power; Allison Busbee, Legislative Clerk; Patrick Currier, Counsel, Energy and Power; Cory Hicks, Policy Coordinator, Energy and Power; Heidi King, Chief Economist; Ben Lieberman, Counsel, Energy and Power; Mary Neumayr, Senior Energy Counsel; Alison Cassady, Democratic Senior Professional Staff Member; Greg Dotson, Democratic Energy and Environment Staff Director; Caitlin Haberman, Democratic Policy Analyst; Elizabeth Letter, Democratic Assistant Press Secretary; and Alexandra Teitz, Democratic Senior Counsel, Environment and Energy.

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Mr. {Whitfield.} Today’s hearing will come to order.

Today we are going to focus on the cost and impact of the Utility MACT rule, or as EPA prefers to call it, the Mercury and Air Toxics Standard. When the President was a candidate for the office he now holds, he attended a meeting in San Francisco, a fundraiser, and at that fundraiser, he made the comment that we will bankrupt the coal industry in America. While his Administration was unsuccessful in passing the cap and trade legislation, the President was quoted after that failure as saying that ``there is more than one way to skin a cat.'' And he was right, because EPA did become the lead agency to significantly damage the coal industry in America, the industry that provides the base load for electricity in this country. When I talk about the coal industry, I am talking about the coal mining industry, yes, I am talking about utilities that burn coal as well. And with this new rule, EPA has made it very clear that in this area, they are not concerned about--they are not setting environmental policy, they are setting energy policy for America.

More than one expert in the field has said that the stringency of the new unit--electric generating units that use coal standard means that under this rule, not one new

coal-fired plant can be built and meet these standards, because no one can get a warranty which is necessary to get the financing to build a unit because of the Frankenplant standard that EPA is using.

Now, the sad thing about it is when we asked about the cost of this regulation, EPA gives us no cost. In fact, they made the comment that that is not useful. But they did go out to the year 2016, they said that in 2016 that this would cost $9.6 billion that year. And of course, that is calculated by you borrow the money to meet these requirements, and the payment on that year will be $9.6 billion. We have repeatedly asked, we have sent questions, we have sent letters, we have called, asking for the total cost, and we still have no total cost. And we know that this is the most costly regulation relating to utilities that EPA has ever submitted.

And the sad thing about it is, they do not even look at the cost of lost jobs. They said that the total gigawatts lost as a result of this regulation would be 4.6 gigawatts, and one company, FirstEnergy, has announced in the last few days the closure of plants that equals 3.7 gigawatts from one company.

So I think EPA is misleading the American people and deliberately so, because when they talk about this

regulation, all they talk about is mercury. The importance of reducing mercury and acid gases, and non-metallic components, and yet, when they did the benefit analysis of this rule, all of the benefits, with the exception of a very minute amount, comes from particulate matter, which was never even set out as a purpose of this regulation, to reduce particulate matter. Everyone you will hear today will talk about oh, the mercury and how important it is we reduce that, and the benefits from that are minute. And I would just like to put on the slide real quick, the total global mercury emissions around the world are about 7,300 to 8,300 tons per year. About 70 percent of that is natural and U.S. utilities each year, out of that 8,300 tons per year worldwide, provides 29 tons of emissions of mercury. And the total benefit from this new regulation in reductions of mercury emissions in the U.S. will be about 20 tons per year, out of 8,300 worldwide.

So I am quite disappointed in this regulation is going to have profound impact in a negative way on the American people and their ability to compete in the global marketplace.

[The prepared statement of Mr. Whitfield follows:]

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Mr. {Whitfield.} At this time, I would like to recognize for an opening statement the Ranking Member of the Full Committee, Mr. Waxman of California.

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

In the first 20 years after the Clean Air Act was enacted in 1970, visible air pollution decreased substantially, but we made very little progress on reducing toxic air pollution, the invisible heavy metals and other chemicals that cause cancer, brain damage, birth defects, and other devastating health problems.

In the Clean Air Act of 1990, adopted by an overwhelming bipartisan majority on this Committee, we addressed this issue. The new law directed EPA to set standards requiring industrial sources to use available pollution control technology to reduce their emission of mercury, arsenic, and other toxic air pollution. Since 1990, EPA has adopted standards for almost every major industrial source of toxic air pollution. Every source, that is, except power plants, which emit more mercury than any other source.

Owners of the dirtiest power plants have used political and legal tactics to block standards requiring them to clean up their pollution. When forced to act, the Bush Administration issued weak standards for power plants that

were scientifically and legally indefensible. The courts ultimately threw them out, forcing EPA back to the drawing boards. Finally in December, after more than 20 years of study, litigation, and delay, EPA issued strong but achievable standards to cut toxic air pollution from America's dirtiest power plants. These new standards will cut emissions of toxic mercury by 90 percent. This is a major step forward. Exposure to mercury can damage the nervous system of infants and children, which can impair their ability to think and learn.

We should be cheering this good news, but instead, we are holding this hearing to criticize EPA for protecting the health of our children.

Last year, the Committee and House Republicans even voted to block EPA from acting. I think this Committee has its priorities exactly backwards. We should be standing up for the health of infants and children, not the powerful coal and utility industries.

These new standards will have tremendous health benefits. By cutting emissions of pollution that trigger asthma attacks and damages babies' brains, we could see up to $90 billion in health benefits every year. Ninety billion dollars in health benefits every year. These benefits far outweigh the costs of implementing these long overdue

achievable pollution controls.

We will hear from members today that these health benefits aren't real, but as you evaluate these claims, remember that some of the members who voted to deny the climate changes real will be making these claims. We need to be guided by science. EPA's findings are supported by reams of peer-reviewed science on the health impacts of mercury and fine particles, including work by the independent EPA Science Advisory Board and the National Academy of Sciences.

I am concerned about what is happening in this Committee. Science denial should have no place in Congress. It is reckless and it is dangerous. If members have questions about our scientific understanding of air pollution and its health effects, bring in the researchers. Bring in the experts and examine the peer-reviewed scientific literature.

The last 40 years prove we can have both economic growth and a cleaner environment. We do not have to choose between jobs and toxic mercury pollution that endangers our children's brains. In fact, requiring power plants to invest capital and install modern pollution controls will create jobs. Fabricators and factory workers build the pollution controls, construction workers install them on the site, and skilled employees operate them. EPA says its rule will

create 46,000 short-term construction jobs, and 8,000 long-term utility jobs. The EPA--that is even more than the XL pipeline will create, in terms of jobs.

The EPA rule will save American lives, protect our children from brain damage, clean up all polluting power plants, and even create jobs. I congratulate President Obama, Administrator Jackson, Assistant Administrator McCarthy, and the hardworking staff at EPA for finally getting the job done.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Waxman follows:]

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Mr. {Whitfield.} Thank you.

At this time, I recognize the gentleman from Texas, Mr. Barton, for 5 minutes for an opening statement.

Mr. {Barton.} Thank you, Chairman Whitfield. Thank you, Ms. McCarthy, for once again coming before us.

I have a prepared statement, and it is a very good prepared statement. I am going to put it in the record, but I am going to speak a little bit extemporaneously because I think this is a very important hearing.

This Utility MACT rule is the most expensive regulation that has ever been proposed on the American economy, as far as I can tell. The annual estimated cost for the first 5 years is approximately $10 billion a year. It is estimated that by 2020 we are going to have a loss of about 1.5 million jobs, and the question is, what are the benefits?

As you know, myself and others have sent a number of letters to you and the administrator, Mrs. Jackson, asking to try to flesh out these so-called benefits, these avoidable debts and things of that sort. Mr. Waxman eluded to that in his opening statement. I have a letter that you signed to me. We received it 3 days ago, and it is the most extensive effort yet to try to comply with our request, so I am going to give a pat on the back for that.

I have read it twice, and I honestly can tell you that I don’t think you have told me anything. I think that we keep referring to these studies, these models. There is no real factual data in this response anywhere where they have gone out and done an emergency room study near a power plant and compared it to someone who lives in Yosemite National Park or something. I mean, you go from wherever you think the dirtiest area is to where you think the cleanest area is, compare those over time to get a base line for what the ambient environmental issues are, and then compare them. These are all models based on assumptions, and they are written in a way that the average person’s eyes just glaze over it. I am going to keep trying. I am going to keep trying to understand it, and I am going to ask some people that are a lot smarter than me to take a look at it.

But when Mr. Waxman said in his opening statement that these regulations could create 46,000 jobs--that is in your report that you put out with the ruling--and I looked at that and when you delved down into it, it is because of the increased jobs created to comply with the rule. Now, the more regulation you have, the more compliance cost you are going to have, but you are going to have to hire people, but they don’t produce anything. If I go out and hire a coal miner and he digs an additional ton of coal a day, and that

coal is burned to create electricity, there is something--a product is developed that is salable and that somebody uses. If I hire another compliance officer, he sits there and shovels paperwork all day. Now if the answer to our economic problem is more regulation so that we get more people hired for compliance, we could go out and start hiring people to go robs banks, so they would have to hire more bank guards for--to protect against the bank robbers. You would create jobs, but you would shut the bank down.

Madam Administrator, I am afraid that is what we are doing right here. So I look forward to an honest debate. You are always honest in your answers. I appreciate that, but we have a fundamental disagreement about the result, and we hope to elaborate on that later.

[The prepared statement of Mr. Barton follows:]

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Mr. {Barton.} With that, I want to yield to Mr. Pompeo the remainder of my time.

Mr. {Pompeo.} Thank you, Mr. Barton. You know, we will learn a lot about studies and reports and data today, but we don’t have to go very far from where I live to see the real world impact of this rule. In Kansas, we have been trying to build a coal-fired power plant called Holcomb II for an awfully long time. It has been stopped by our former governor, our secretary of HHS through litigation, and it is a clean coal-fired power plant. This is a power plant that I would think environmentalists would advocate. We will retire some older coal. This is a good step forward, and yet, under the existing Utility MACT, I am anxious to talk to Secretary McCarthy today about how we are going to build that plant. I don’t think it is possible. The company certainly doesn’t. It hasn’t been able to move forward on this for many, many years now so I am anxious to learn how under this new set of rules we can begin to continue to build coal-fired power plants in America.

I think the Utility MACT rule is designed to create costs which prohibit that, and isn’t about a good environmental policy but instead is about energy policy, trying to drive coal out as an affordable source for

manufacturers and consumers all across the country.

[The prepared statement of Mr. Pompeo follows:]

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Mr. {Pompeo.} With that, I yield back to Mr. Barton.

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

At this time, I recognize the gentleman from Illinois, Mr. Rush, for 5 minutes for his opening statement.

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

Mr. Chairman, we are here today to hold yet another debate in a long series of Subcommittee hearings on the costs associated with implementing the EPA's Utility MACT rules. I am curious to see, will we hear anything new or different from what we have already learned from the numerous hearings on this issue in the past?

Mr. Chairman, I don't know, you know, I feel a sense of serious schizophrenia kind of settling in on this Committee, because we have already passed the train that--to delay the rules and you know, with the majority's votes. Now we are saying well now, now that they are delayed, let us study them more. Let us look at the cost.

Mr. Chairman, in all the hearings that we have had in the past, we have heard industry say that implementing these new Utility MACT rules will raise prices for everyone involved, and they advocate stalling and they are laying these rules for five or ten or twenty more years down the road in order to give themselves more time to plan and

prepare for the new standards?

You know, Mr. Chairman, this schizophrenia in this Committee, you know, yesterday we were saying let us hurry up and pass the legislation to force the Administration to--within 30 days to approve the XL Keystone Pipeline. Another day, 24 hours later, we are saying let us stop, let us wait. Hold up. It reminds me of when I was in the service, you know, hurry up and wait. We were always running from here to there, running to the mess hall, running to this, running, and then you always had to wait in line. Hurry up and wait. So what we are doing here is yesterday we were hurrying up, and today we are saying let us wait. And those who subscribe from this horrific waiting and passing say that because many in the industry are not prepared for these new rules, they will have to shut down many old plants and spend money investing in retrofits and upgrades so they will be in compliance with the new MACT rules.

Mr. Chairman, these folks have had years and years and years to prepare for these new rules. I am insensitive to the issue hiring as much as anyone on this subcommittee. My constituents that I represent want something just as important--and energy bills eat up a larger share of their hard-earned paycheck.

But I believe it is a cop-out that we should scrap--to

delay these new EPA rules, and give those who have been caught flat-footed more time to catch up, to get more forward thinking industry counterparts.

Again, Mr. Chairman, my utilities--Edison, Exelon, they have already retrofitted their plants. They invested over a billion dollars. They were out in front of this. Now you are telling them that they didn’t have to invest all of that money and they didn’t have to take a very progressive and forward view? You are telling my constituents that what has happened is meaningless? Mr. Chairman, I think that these companies who did not take--see the writing on the wall, did not take this Congress seriously, did not take the work of this Committee seriously, and decided that at the end of the day, they were going to try to manipulate the American people and manipulate this Committee so that they have even more time, 10, 20 years to do something that is common sense and that is in the interest of the American people?

I think, Mr. Chairman, that it is time for us now to try to deal--first of all, we have got to admit that we are a schizophrenic Committee or Subcommittee, and once we admit that we have got a problem, then we can get some help to try--an intervention to try to solve the problem. So let us--Mr. Chairman, I think this is a useless Subcommittee, and I am glad that the administrator is here, but frankly, Ms.

McCarthy, I think you have much more important work to do than to sit here and entertain us with the same old questions, the same old rigmarole, the same old game. You have got--the American people need you to be over doing your real work and not here entertaining us.

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

[The prepared statement of Mr. Rush follows:]

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Mr. {Whitfield.} Thank you, Mr. Rush. Is there a psychiatrist in attendance this morning in the audience somewhere?

Well, we have one person on the first panel this morning, and that is the Honorable Gina McCarthy, who is the Assistant Administrator for Air and Radiation, U.S. Environmental Protection Agency. Ms. McCarthy, thank you for joining us again today. We appreciate your taking time to come and talk about Utility MACT, or Mercury--or MATS, as you all call it. You are recognized for a period of 5 minutes, and at the end of that time, then we will go into a question and answer period.

So you are recognized for 5 minutes.

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^STATEMENT OF THE HONORABLE GINA MCCARTHY, ASSISTANT ADMINISTRATOR FOR AIR AND RADIATION, U.S. ENVIRONMENTAL PROTECTION AGENCY

} Ms. {McCarthy.} Thank you, Chairman Whitfield, Ranking Member Rush, members of the Committee. I really appreciate the opportunity to testify before you today.

Last December, EPA finalized the Mercury and Air Toxic Standards, MATS. These standards required by the Clean Air Act are the first national standards to protect American families from power plant emissions of mercury and other toxic air pollutions, like arsenic, acid gases, nickel, selenium, and cyanide. These long overdue standards will help make our children and our communities healthier. MATS will eliminate 20 tons of mercury emissions and hundreds of thousands of tons of acid gas and toxic pollution each year. The control equipment that reduces these toxic emissions also will reduce fine particle pollution. As a result, MATS will help protect children and adults from the effects of exposure to toxic air pollution, saving thousands of lives and preventing more than 100,000 heart and asthma attacks each year. We project that the annual public health benefits from MATS are $37 billion to $90 billion, far outweighing the

annual projected cost of $9.6 billion.

Technically, we know how to achieve these reductions. MATS relies on widely available, proven pollution controls that are already at use in more than half of the Nation's coal-fired power plants. These standards are affordable. EPA projects that electricity prices on average will rise only 3 percent as a result of MATS. With MATS and the cross state rule combined, rates are projected to be well within the range of normal historic fluctuations, as this graph that is projected and as in my written comments shows.

In addition, the updated standard will support thousands of good jobs for American workers who will be hired to build, install, and then operate the pollution control equipment. Furthermore, the country can achieve these reductions while maintaining a strong and reliable electric grid. Several EPA and Department of Energy analyses conclude that MATS will not adversely affect capacity reserve margins in any region of the country. A January, 2012, Congressional Research Service report reached similar conclusions.

The reliability concerns we heard were largely tied to concerns that 3 years was not enough time for compliance. We addressed those concerns. Sources would generally have over 4 years until the spring of 2016 to comply with MATS and reliability critical units will have the opportunity for an

additional year. All power plants will have at least 3 years. That is the compliance date that we established in the rules under the Clean Air Act. In addition, State or local permitting authorities can grant that additional year under certain circumstances. EPA recommends in its rule that this fourth year be broadly available to sources that require it for a wide range of activities, including constructing replacement power, upgrading transmission lines, maintaining reliability while other sources complete their compliance activities. My staff and I have already begun and we will continue to reach out to States to help develop clear, state forward processes for requesting and granting these extensions.

Additionally, EPA is providing a well-defined pathway for reliability critical units to get up to an additional year beyond the 4 years mentioned above by obtaining a schedule to achieve compliance with an additional year. This pathway is set forth in a policy memorandum from EPA’s Office of Enforcement and Compliance Assurance. While we don’t foresee problems with the country maintaining a reliable electric grid as a result of our rules, we do believe that extra vigilance is appropriate to identify and address any potential localized reliability concerns that might arise. My staff and I have been and will continue to work with

organizations that have the responsibility for maintaining the Nation's electricity reliability, including the Department of Energy, the Federal Energy Resource Commission, the National Association of Regulatory Utility Commissioners, and the Regional Transmission Organizations. We are working to help power plant owners understand their responsibilities, and remain confident that together, we do have the tools to address any challenges that may arise in connection with the implementation of the Mercury and Air Toxics Standard.

In summary, EPA's final MATS standard will reduce emissions of toxic air pollution from power plants. It will lead to healthier communities and a safer environment. For 40 years, we have been able to implement the Clean Air Act. We have been able to continue to grow the American economy, and we have kept the lights on. MATS will not change that.

Thank you for the opportunity to testify, and I look forward to answering your questions.

[The prepared statement of Ms. McCarthy follows:]

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Mr. {Whitfield.} Thank you, Ms. McCarthy. We appreciate your testimony very much.

In the analysis that you provided the Committee and that we have seen publically, you indicate that the annualized cost of this new regulation in the year 2015 will be $9.4 billion, and then you said that in 2020, it would be $8.6 billion, and in 2030 it will be 7.4 billion. How do you develop those annualized costs if you don’t know what the total cost will be?

Ms. {McCarthy.} Well, EPA follows the best practices as well as OMB guidance to develop the costs and benefits information. We use a standard best management practice for understanding what those annualized costs are.

Mr. {Whitfield.} And what is the total cost?

Ms. {McCarthy.} I do not have--the figures that you are asking me for, actually, Congressman Upton asked us for as well. Those are costs that we don’t establish or--

Mr. {Whitfield.} So you don’t have a total cost for this regulation?

Ms. {McCarthy.} We have an annualized cost because the purpose of the cost--

Mr. {Whitfield.} Well, what is the annualized cost in 2016?

Ms. {McCarthy.} --compare costs and benefits.

Mr. {Whitfield.} What is the annualized cost in 2016?

Ms. {McCarthy.} The 9.6 billion is the annualized cost in 2016. That is compared to--

Mr. {Whitfield.} Nine point four billion in 2015?

Ms. {McCarthy.} I am sorry?

Mr. {Whitfield.} Nine point four billion in 2015. What is 2016?

Ms. {McCarthy.} I believe it is 2016, but we can double-check.

Mr. {Whitfield.} Well what is 2017?

Ms. {McCarthy.} It would be less, but I don’t have that exact figure.

Mr. {Whitfield.} Do you have 2018?

Ms. {McCarthy.} No, we used 2016 as the snapshot to compare both--

Mr. {Whitfield.} And when you look at these costs--

Ms. {McCarthy.} --because it was the most conservative--

Mr. {Whitfield.} --which you don’t know the answer to, you don’t know the total cost.

When you look at cost, we have a number of letters from companies that have already announced they are closing down various coal-fired plants as a result of these regulations.

Do you look at the cost--do you include the cost of a person who loses their job because of this regulation?

Ms. {McCarthy.} We--in terms of our cost calculations, we look at the costs associated with the control equipment being purchased and installed, we look at the price of electricity and the changes--

Mr. {Whitfield.} But what about lost jobs? Do you look at that cost?

Ms. {McCarthy.} We actually estimate in our analysis that this will actually create both short-term and long-term jobs.

Mr. {Whitfield.} Do you look at the lost jobs, the cost of that?

Ms. {McCarthy.} We look at benefits associated with increased job growth.

Mr. {Whitfield.} Increased jobs, but do you look at lost jobs, the cost of that? Do you look at cost of a person who loses their health insurance and their family loses their health insurance? Do you consider that as a cost?

Ms. {McCarthy.} I understand what you are asking, Mr. Chairman, but in this rule, we estimated that it would increase jobs, both short-term and long-term.

Mr. {Whitfield.} Okay. So you say it is going to increase jobs. We have plenty of experts who say it is going

to lose jobs, but I find it rather appalling that this agency would issue a rule this widespread, this costly, and not even know what the total costs are. I mean, it is almost unbelievable that you would do this.

And then, you know, another thing that is quite disturbing is just the name that you give it, Mercury Air Toxic--the MATS, and every time we hear people talk about it, we talk about oh, we are reducing mercury, we are reducing the acid gas, we are reducing the non-metallic components, and yet, all of the analyses indicate that the dollar value of the benefits from the reductions of those are almost nil. That if you didn’t have the co-benefit of the reduction of the particulate matter, that you wouldn’t have any benefit of any size. I mean, it appears to me it is misleading the American people. I know we have Mr. Hescox from the Evangelical Group here who have been running ads in various members’ districts about how dangerous it is about this mercury reduction, it is important that we reduce mercury. And yet, there is no calculated benefit or very minute, because this rule does not reduce mercury to any calculated benefit. So it is a total misleading of the American people. The only benefit is reduction in particulate matter.

So that is very disappointing to me, and at this time, I would like to recognize the gentleman from Massachusetts, Mr.

Markey, for 5 minutes.

Mr. {Markey.} And I thank you, Mr. Chairman, and I thank the Ranking Member, Mr. Rush for allowing me this courtesy.

In the movie ``Groundhog Day'' a weatherman named Phil Connors, played by Bill Murray, finds himself repeating the same day over and over and over again. And here we are in the same Committee room for this Committee’s tenth hearing relating to EPA’s regulations to remove toxic chemicals from power plants and other industrial sources. For the fifth time, Gina McCarthy has come to defend her agency against the specious claims that President Obama just doesn’t want Americans to have jobs, and on the House Floor, Republicans have already voted to weaken, delay, or repeal these regulations at least 40 times so far. It is Groundhog Day here in the House with the same hearings, the same bills, the same votes over and over again. Punxsutawney Phil saw his shadow, six more weeks of winter. Ms. McCarthy, you are just like Punxsutawney Phil, but you have eight more months of appearances before this Committee to say the same thing over and over and over again. That is their plan.

Clearly, this a Republican majority that has run out of new bad ideas, so they have just decided to recycle all of their old bad ideas. This may be the only type of recycling

which the Republicans actually support.

Of course, at each of these hearings, Republicans claim over and over again that Americans must choose between air conditioning and air quality. They tell us that we have to choose between pollution and power plants. What the Republicans are giving us are false choice. We may not have to choose between manufacturing and mercury. We do not have to choose between concrete and cancer. We do not have to choose between the next generation and generators.

Just yesterday in this very Committee during the debate on the Keystone pipeline, the Republicans said we should just ignore the environment, ignore pipeline safety, ignore public health, ignore the fact that none of the oil or fuel from this pipeline will stay in this country and benefit our citizens. And why do none of these things matter? Because of jobs, the majority says. Republicans even accused Democrats of not liking the blue collar jobs they say the Keystone pipeline will create.

According to the EPA, the regulations that are subject to today’s hearings will create 46,000 short-term construction jobs. That is nearly eight times the 6,000 temporary jobs that the State Department estimated for construction of the Keystone XL pipeline. An independent report from the Economic Policy Institute estimated that this

rule could create between 28,000 and 158,000 jobs by 2015. That could be as many jobs as 26 Keystone pipelines would create. The Political Economy Research Institute at the University of Massachusetts found that EPA's Clean Air Act cross state air pollution rule and the mercury rule would together create nearly 1.5 million jobs over 5 years. That is 250 Keystone pipelines.

Ms. McCarthy, the Clean Air Act is one of the reasons for tremendous growth in the U.S. environmental technologies industry, and has been estimated to support 1.6 million jobs over the past 40 years. Is that your understanding?

Ms. {McCarthy.} Yes, it is.

Mr. {Markey.} So assuming Keystone is able to create the 6,000 jobs State Department generously estimates it would, we would need 267 Keystone pipelines under that math to create the equivalent number of jobs as U.S. environmental technologies that have been created under the Clean Air Act, is that correct?

Ms. {McCarthy.} I will have to take your word for the math on this one.

Mr. {Markey.} But assuming that division is correct?

Ms. {McCarthy.} Yes.

Mr. {Markey.} Isn't it true that EPA's mercury rule will create 8,000 long-term utility jobs?

Ms. {McCarthy.} That is what our estimates project, yes.

Mr. {Markey.} Well, that again is more permanent jobs than the number of temporary construction jobs the State Department estimates the Keystone pipeline will create. So while the Republicans are crying crocodile tears over the 6,000 temporary jobs that the Keystone XL pipeline will create, they make us vote over and over and over again to kill tens of thousands of jobs that are created simply by ensuring that our air is clean to breathe.

This certainly would seem like a ridiculous comedy if the consequences weren’t so serious. I can only wish when I rise and shine tomorrow morning this whole movie won’t be repeated yet again here in this Committee, because I like Bill Murray’s version much better, how that movie turned out. I don’t see a good ending to the way in which the Republicans want to deal with the environment and job creation in this country.

I yield back the balance of my time.

Mr. {Whitfield.} Thank you, Mr. Markey

At this time, I recognize the gentleman from Illinois, Mr. Shimkus, for 5 minutes.

Mr. {Shimkus.} Thank you, Mr. Chairman. Before Mr. Markey leaves, we have been debating pronunciations of

bitumen and bitumen, so we did additional research, Mr. Markey, and if you go on the online Oxford Edition, unfortunately, we are both correct, because they will have a pronunciation of the words and I take the English version and you take the American. I have the old money version, you have the new money version.

Mr. {Markey.} You are taking the British version of how to speak it. You are so Southern Illinois, and I am taking the American version.

Mr. {Shimkus.} You know where the Industrial Revolution began, right? It was those old dirty coal packs in England that helped fuel their power.

Mr. {Markey.} And they came to America, they came to Boston. Ms. McCarthy and I, we took their language which is Irish, and we said no, let us use it correctly here. Let us put the--

Mr. {Shimkus.} I just wanted to put that on for record, for those who followed Keystone yesterday.

Mr. {Markey.} You said unfortunately we are both correct. That would be reconciliation, which is good.

Mr. {Shimkus.} Hard to believe it would happen here.

Mr. {Markey.} We hope that we can do the same thing with the EPA and the Clean Air Act, that we both--

Mr. {Shimkus.} All right, reclaiming my time.

Ms. McCarthy, thank you for coming. I do appreciate our time, and I do appreciate every time you appear. Even though it seems contentious, we have discussed and talked offline.

So a couple of questions. We do have concerns with this annualized impact analysis, 9.4 billion in 2015 and then we skipped to 2020 and say well that year, that annualized cost is going to be 8.6 billion, and then we skip to 2030 and you say then it is going to be 7.4 billion. You are testifying today that you cannot provide us with estimates for the intervening years, is that correct?

Ms. {McCarthy.} Yeah, I am indicating that the way in which we do this is we compare an annualized cost very conservatively with the cost that would be the highest with the annualized benefits.

Mr. {Shimkus.} So I mean, I think we will have other folks on the second panel who say well, we can, and that is the problem. We are going to say--you are going to use these annualized numbers that industry will say it is just not in the ballpark.

Let me ask this question, and I will--how long past 2030 do you envision these annualized costs occurring?

Ms. {McCarthy.} Well we don’t know. We can’t project right now, and I certainly can’t tell you how much lower they are going to go, nor can I tell you how much more increase in

benefits will accrue through from this rule.

Mr. {Shimkus.} Let me then follow up, because again, with my friend Mr. Markey--you know, people from my district want me fighting for coal, and as the chairman of the recycling caucus, I take offense. We had a great bill moved through this Committee to make sure we could recycle coal ash, which is an additional cost. This is one of the multitude of attacks on coal and electricity generation, Boiler MACT, Mercury MACT, coal ash, I mean, that is our problem.

So my folks send me here to fight for coal. My folks send me here to fight for low cost power, because jobs and incomes. There is--Atlantic City did an article, what happens to small town when its coal plant shuts down? The mayor of Eastlake was quoted as saying ``It is a huge hit in terms of lost revenue for our town and school district.''

In doing your analysis, did you consider what happens to small town America when they lose their coal-fired power plant? And we are losing three, based upon recent rules, in the State of Illinois.

Ms. {McCarthy.} I will tell you that the rule itself didn’t project a significant amount of closures that were the result--as a result of--

Mr. {Shimkus.} But you can understand small town rural

America, that is their only facility. Best wages, good benefits, good health care, what it does to the school system when that is no longer on the tax rolls, what it does to the local hospital when they no longer have a paying private sector--

Ms. {McCarthy.} Yeah.

Mr. {Shimkus.} --industry. It kind of follows up to our next panel, we have a representative from the Navajo Nation who says this rule will be cataclysmic to the Navajo Nation. Do you consider these economic impacts in your consideration of the rule?

Ms. {McCarthy.} We certainly take a look and we are able to take a look nationally and regionally at what the impacts of the rule might be in terms of electricity capacity. We are also working really closely with local communities, with the Navajo in particular. I was there last week at the Navajo generating station. We are looking at these rules--

Mr. {Shimkus.} And if I can reclaim my time, I have 19 seconds. Their testimony will say you have not worked with them. So I would--we need to get a meeting of the minds.

And just to finalize, you know, Mr. Markey’s tirade on the Keystone XL pipeline, remember, it is the plumbers and pipefitters who support the Keystone pipeline, Laborers

International, the AFL-CIO, International Brotherhood of Teamsters, International Brotherhood of Electrical Workers, operating engineers, many who support me, I am a pro-laborer, building construction trade guy, so they are barking up the wrong tree trying to stop the Keystone pipeline.

I yield back.

Mr. {Whitfield.} At this time, I recognize the gentleman from Michigan, Mr. Dingell, for 5 minutes of questions.

Mr. {Dingell.} I thank you for your courtesy, and I commend you for this hearing.

Administrator McCarthy, first I would like to welcome you back to the Subcommittee. I appreciate your willingness and patience to answer questions. I would also like to thank you for taking time last year to meet with two utilities from my home State of Michigan, DTE and CMS, and I am appreciative of the fact that you were able to take the time to listen to their concerns.

Administrator McCarthy, you may know I wrote a letter last December, along with Senators Levin and Stabenow to Administrator Jackson. We expressed our concern for sensible measures to reduce emissions of hazardous air pollutants in order to protect human health and the environment. However, we also pointed out that some utilities may not have enough

time to comply with emissions standards. Can you inform us what steps EPA has taken to address that concern?

Ms. {McCarthy.} I can, Mr. Dingell, and thank you for your letter. We received a lot of comment concerning that timeline and the rule. As I indicated in my opening statement, we not only provided the 3 years that we are allowed to provide under the MATS rule for compliance, but we also directed States and provided guidance to them to be very forward leaning in terms of making available a fourth year for units that--

Mr. {Dingell.} You actually have potential for 4 and perhaps for 5 years?

Ms. {McCarthy.} And we also developed an enforcement policy to utilize an Administrative Order that could provide a fifth year for reliability critical units.

Mr. {Dingell.} Thank you, ma’am. Now in order for the utilities to request a one-year extension to comply with the new rule, what specific requirements or commitments will utilities have to meet in order to receive an extension? I won’t object if you want to submit that to us for the record.

Ms. {McCarthy.} I am more than happy to do that.

Mr. {Dingell.} Now I know that the final rule has not yet been published in the Federal Register, but have any utilities contacted you to discuss the process of requesting

a one-year extension discussed in the final rule? In other words, could you submit for the record to us what the utilities will have to do to secure that extension?

Ms. {McCarthy.} We will.

Mr. {Dingell.} Just submit that for the record, please.

Now, as utilities prepare to upgrade their larger facilities and meet the new rule, some of these facilities will have to be taken offline in order to install the new technologies. While these larger facilities are offline, utilities may have to depend on older facilities in order to meet the basic peak demand. These older facilities will not likely be upgraded to meet the new rules. Now here comes the rub. As utilities are going to go through this retrofitting process, can they apply for a waiver for the older facilities to operate beyond the 3 years to ensure reliability during the transitioning? Yes or no.

Ms. {McCarthy.} Yes.

Mr. {Dingell.} Would you submit for the record how that would be done, please?

Ms. {McCarthy.} We will.

Mr. {Dingell.} Now, Madam Administrator, I understand that there have been two instances where the Department of Energy required utilities to reactivate generation facilities in order to meet reliability requirements. These facilities

were not in compliance with Clean Air requirements, and it is my understanding that they were subsequently fined by EPA. Do you believe that the new Mercury and Air Toxics Standards provide room and flexibility to ensure that reliability is not jeopardized?

Ms. {McCarthy.} We will work together, Mr. Dingell, and I will provide you information on the case that you referenced. I do not believe that EPA fined that facility, but there certainly is a concern that those issues raise and we will address those to you in written comments.

Mr. {Dingell.} I thank you for that. I would also like to see sufficient attention given to that, if we could have a good answer to those questions in the record, and if you would submit that for the record, it would be much appreciated because there is a great deal of concern amongst the utilities on this particular matter.

Now, Madam Administrator, should this situation occur again, that is, what I have been referring to earlier, will the EPA explore ways to work with utilities so that the utilities are not fined?

Ms. {McCarthy.} We are exploring with them the issues that they are facing and how to face those challenges together right now. We are raising these issues. We are working with the regional transmission organizations, we are

working with each of the States and with individual utilities right now to ensure that there is a pathway forward where we will absolutely be able to provide reliable, cost effective electricity and achieve compliance with these rules.

Mr. {Dingell.} Madam Administrator, I note that you have a number of agencies, Federal, State, EPA, and also, you have to address the concerns of the Department of Energy, which has its reliability responsibilities. You had said--and this is comforting to me--that you are working with the utilities, but it appears to me to be very necessary that you should also be working, for example, with the Department of Energy, with the several State agencies, perhaps with the reliability councils, and others so that you can achieve the necessary purposes of avoiding fining utilities behaving in good faith but trying to serve a number of different masters.

Can EPA give us assurance that you will be working with these other agencies as well as the utilities to avoid this kind of situation?

Ms. {McCarthy.} I can provide that assurance, and the President directed the agencies to work together and we are doing that.

Mr. {Dingell.} Thank you, Madam Administrator.

Mr. Chairman, you have been most courteous. I am 1 minute over time, and I thank you.

Mr. {Whitfield.} Thank you.

At this time, I recognize the gentleman from Texas, Dr. Burgess, for 5 minutes.

Dr. {Burgess.} Thank you, Mr. Chairman, and thank Ms. McCarthy for being here again.

Could we talk for just a minute about the energy policy that is being followed by this Administration? Of course, we got some clues 4 years ago when President Obama was running for president and he said so, if somebody wants to build a coal-fired power plant they can, it is just that we will bankrupt them. So could a new coal-fired power plant be built today that meets the new Utility MACT rule, or has the EPA effectively taken coal off the table for our future energy portfolio, consistent with what President Obama said when he was running for president?

Ms. {McCarthy.} Let me just say that we believe that you can not only construct a new coal facility that meets the new coal standards, but we believe there is an existing facility that already does achieve the toxic standards in this rule.

Dr. {Burgess.} No surprise that not everyone agrees with that. We may hear some testimony in the second panel that provides some additional insight into that.

Let me ask you this. I come from a part of the country

that does not produce coal. We do produce a fair amount of natural gas through a procedure known as hydraulic fracturing. Is the EPA planning further restrictions on the production of natural gas?

Ms. {McCarthy.} Are you asking are we looking at additional emissions rules relative to oil and gas? I am just trying to--

Dr. {Burgess.} Correct, are there going to be further restrictions placed on the production of natural gas through hydraulic fracturing that the EPA is now contemplating?

Ms. {McCarthy.} Well, we--I can speak for the air program, and we are finalizing an oil and gas new source performance standard that does relate to oil and gas development that looks at emissions associated with that.

Dr. {Burgess.} And when will that appear?

Ms. {McCarthy.} It is due to be finalized this spring.

Dr. {Burgess.} Well is there--you just worry that--you take coal out of the equation, a lot of people feel nuclear no longer belongs in our--natural gas is under assault as well. Where do we get our energy? We heard testimony in this Committee last session of Congress when the Waxman-Markey bill was being debated that without energy, life is cold, brutal, and short. I think that is still true. So where are we going to get our energy if we take all of these

sources off the table?

Ms. {McCarthy.} I believe that the MATS rule that we are discussing today allows existing coal to continue to run. I believe it allows new coal to be sited and constructed. I believe that the rules we are contemplating on the oil and gas industry, on natural gas will continue to allow natural gas to be utilized. The only thing we are doing in this rule in particular is using available cost effective controls to minimize harmful emissions of toxic chemicals that are impacting American families. That does not mean that we are precluding any type of energy from being utilized or constructed.

Dr. {Burgess.} But on the one hand, it seems like you are eliminating other sources of energy, driving electrical suppliers to natural gas and on the other hand, there are going to be new regulations that make this problematic as well, not just in your department, but also on the studies of groundwater. We want it to be safe, but at the same time, we know we have to have energy available.

You know, we have talked before and it doesn’t take long in your testimony where you refer to asthmatics whose lives will be improved because of the things that you are doing. You didn’t disappoint. It was in your third paragraph, prevent 100,000 heart and asthma attacks each year.

I just got to tell you, I do not believe that the EPA is serious about reducing asthma in this country because as someone who suffers from asthma, I can no longer buy an over-the-counter asthma inhaler as of January 1 to remove it. You said that the CFCs were not permitted. Is there going to be a hole in the ozone and as a consequence, Primatene Mist, which I relied upon for years and years and years is now gone. Many of us are inconsistent asthmatics, that is, we are not asthmatic all the time so we may move away from our maintenance medications, but then at two o’clock in the morning, something happens, mountain cedar, someone goes by on a horse and carriage, triggers our asthma and we are in trouble. And at two o’clock in the morning, it used to be you could go down to the all night pharmacy and buy a Primatene inhaler. You can’t do that anymore. The only option you have is to go to the hospital emergency room and spend 800 to $1,500 getting a breathing treatment. How is that enhancing the life of asthmatics in this country?

Ms. {McCarthy.} Mr. Burgess, as you know, there have been much review--there has been much review of the issue of Primatene Mist, not only at EPA but primarily at FDA in concert with many medical associations. The decision was made that the Primatene Mist did not--was available to be phased out because of concerns with the ozone layer without

impacting the medically--the treatment that is medically available and that is useful for individuals--

Dr. {Burgess.} It didn't work. It didn't work, and as a consequence, we cannot buy the leftover Primatene in the pharmacy any longer, and we are left to find much more expensive solutions to those problems that occur. This is something that could be fixed, and people frankly do not understand why it cannot be fixed. We had Margaret Hamburg in here from the FDA at the Health Subcommittee the other day, and she said that it wasn't their problem, it was the EPA's problem.

Mr. {Whitfield.} The gentleman--

Dr. {Burgess.} I am asking you, fix this problem. People want it--

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

Dr. {Burgess.} Thank you, Mr. Chairman.

Mr. {Whitfield.} Recognize the gentleman from Illinois, Mr. Rush, for 5 minutes.

Mr. {Rush.} Thank you, Mr. Chairman, and I do share in your concerns, and I think the problems need to be fixed. Asthma is a very, very--high incidents of asthma and asthma-related illnesses in my district, and so I want you to know, I empathize with and I share your concern.

But along those lines, Ms. McCarthy, I know that this

has been kind of a protracting struggle that you have been engaged in here with us, and--but we are here today and I welcome you again, you know. I feel for you.

The second panel--there are witnesses on the second panel who will allege that the EPA has enslaved the health benefits of the air toxics rule. In particular, they argue that EPA has over-estimated the value of reducing emissions of deadly fine particles which are linked to asthma, stroke, heart attacks, and premature deaths.

Ms. McCarthy, do you have a response to these allegations, and could you share your responses?

Ms. {McCarthy.} Thank you. I would respond by saying that EPA did its best job working with congressional panels to--who did a peer reviewed study of how we do our cost and benefits approach. There are clearly benefits associated with the reduction of toxic emissions of mercury, arsenic, cyanide. Many of those toxic emissions and those benefits cannot be specifically calculated because of data and methodology problems. It doesn’t mean that mercury doesn’t cause neurological challenges for our children. We calculate those as best we can. But we also identify that the control technologies that are going to be put in place as a result of this rule also bring benefits associated with reductions in particulate matter. We counted those reductions. We used

the best available science, both the science that is being driven by peer review, by our guidance with our Office of Management and Budget. We used the exact, most transparent way of calculating those, and we included them in benefits.

There is no reason to deny the public the numbers associated with the full suite of public health benefits that are accrued as a result of this rule, just because the rule itself isn't targeting those reductions. It is coming with the rule itself, and that is what is driving significant public health benefits, as well as those benefits we just can't calculate that stem from reduction of toxic pollution that is impacting children and adults in this country.

Mr. {Rush.} I think that should put to rest this fallacy that is being perpetuated, you know, at each one of these hearings, each one of your appearances that--

Ms. {McCarthy.} Mr. Chairman, these are all real benefits to real people. People should know about them and we are telling them about the benefits. Thank you.

Mr. {Rush.} Thank you.

Last year in September, the Committee and the Full House passed the TRAIN Act that nullified the EPA's Mercury Air Standards or Air Toxics rules, requiring EPA to start from scratch. This prohibits the EPA from issuing a new rule for at least 2 years and bars implementation for at least 5

years. I can’t--it doesn’t make sense. I can’t see the rhyme or the reason that this Committee, this Subcommittee never, ever had a hearing on the public health implications of nullifying these rules before passing the bill. So Ms. McCarthy, just for the record, how will nullifying the Mercury and Air Toxics rules affect public health?

Ms. {McCarthy.} The Mercury and Air Toxics rules are now 20 years overdue. If we are denied the ability to move this rule forward and implement it, you are denying significant public health improvements that Congress anticipated that EPA would produce for the American public. You are denying the ability for us to move forward with cost effective rules that will actually provide healthier families and healthier communities across the entire United States.

Mr. {Rush.} Thank you. I yield back.

Mr. {Whitfield.} Thank you.

At this time, I recognize the gentleman from Texas, Mr. Barton, for 5 minutes.

Mr. {Barton.} Mr. Chairman, could I defer at this point in time and let one of the other members who has been here ask questions? I do want to ask questions, but I still have some studying to do, so if you could go to somebody else who has sat here.

Mr. {Whitfield.} At this time, I recognize the

gentleman from Texas, Mr. Olson, for 5 minutes.

Mr. {Olson.} I thank the Chairman, and good morning, Ms. McCarthy.

Ms. {McCarthy.} Good morning.

Mr. {Olson.} Thanks for coming today, and the people I represent back home in Texas 22 have a lot of questions they want me to ask you this morning. It is going to center on costs for the Utility MACT bill and greater liability.

And just starting out, everyone in this room is entitled to their own opinion, but no one is entitled to their own facts, and that is why we are here today, ma’am, is the facts.

My home State is still experiencing severe drought conditions. We just went through the hottest August in record. My district, the Houston district, we were over 100 degrees the entire month of August. While most people here don’t think that is unique, that is. We will go over 100 maybe 10 times a year normally. We have 100 percent humidity a lot longer than that, but experts are going to predict that this pattern is going to continue. And so reliability of the grid is particularly important. And ERCOT, the entity that regulates our grid in Texas, expects capacity shortages. If we are going to have rolling blackouts in the soaring heat, young and elderly lives are going to be in danger, the very

people that this supposed rule is going to protect. These aren't projected lives saved, but real lives lost.

And the people in Texas 22, I have got to be honest with you, ma'am, are skeptical about the Administration's motive. They remember then canned Obama's statements to a San Francisco editorial board that under his policies, energy prices will ``necessarily skyrocket'', basically making the cost of fossil fuels too expensive and making the other fuels, the alternative fuels, economically viable. I share their concerns.

EPA claims that the benefits of this bill are $90 billion, but the experts say the benefits to the mercury are much, much lower, $500,000 a year. In this chart here, just to focus on the mercury issue, as you can see on this chart, blood levels are significantly low exposure levels. Look at this. This is the World Health Organization up here, and there are 20 micrograms per liter. The European Food Safety Authority down here, U.S. Environmental Protection Agency down here. Obviously, we have got the lowest mercury standards in the entire world. And we are above the limits in blood mercury levels of women ages 16 to 49, 95th percentile from 1999 to 2000. President Bush takes office, we go below for the first time, 4.6 milligrams per liter, 4.4 in 2003-2004, 4.5 2005 to 2006, 3.8 2007 to 2008. So this

chart shows that EPA--we are below EPA's own standards right here, and yet you are calling this thing the Mercury and Air Toxics Standards rule. It can't be mercury, looking at this chart.

So the question I have for you, and this is what my people back home want me to ask, are these numbers being used, the mercury being used, to get it to the miniscule mercury exposure to actually get reductions in particulate matter? Yes or no. Again, are you using mercury to get another target, particulate matter?

Ms. {McCarthy.} This standard is about reducing toxic pollution. It has the co-benefit of reducing particulate matter.

Mr. {Olson.} Total benefit. Ma'am, you are below the levels right now, and again, people are skeptical. We are over 95 percent. This is from, again--we will get you all the information.

Ms. {McCarthy.} I am sorry, I don't know what--are those numbers reflective of what, the blood level mercury?

Mr. {Olson.} Blood level mercury, yes, ma'am, the Y axis going up is the blood level mercury, and that is micrograms per liter, and then the level, the number here on just the--what has decreased, what has happened over a number of years. As you can see, this is the World Health

Organization, European Food Safety Authority, U.S. Environmental Protection Agency, your agency. We were above, EPA only, 1999 to 2000, and then since that point forward, from 2001 to 2008, we have had significant decreases. We have been below EPA's own levels. So I am very skeptical about this thing being called some sort of mercury bill, and not being used to get into particulate matter. But I have got to move on, ma'am, I have got a lot more questions from my people.

The other thing I have got, in questions from our Chairman here, he talked about jobs gained and jobs lost. You kept just talking about het jobs gained, jobs gained, jobs gained. That is only half the equation. I mean, we need to know about how many jobs are lost as well, because it is the net that is important. Not just the jobs gained, but the net of jobs gained versus jobs lost. I have got a bill, H.R. 1341, the Establishing Public Accountability Act, that is going to require EPA to do a study of the job impact overall, jobs they have lost, jobs gained, jobs sent overseas, and to do it before the public comment period so the public has the ability to determine whether or not they will get some of that information. Would you support that bill?

Ms. {McCarthy.} Our job numbers are net, so I would be

happy to have any additional information and participate.

Mr. {Olson.} Okay, thank you, because you just kept talking about jobs gained, so thank you very much. I appreciate that.

Mr. {Whitfield.} Thank you very much, Mr. Olson.

At this time, I recognize the gentlelady from Florida, Ms. Castor, for 5 minutes.

Ms. {Castor.} Thank you, Mr. Chairman, and good morning, Administrator McCarthy.

Ms. {McCarthy.} Good morning.

Ms. {Castor.} And really to everyone that values clean air across America, I want to thank you for your perseverance, because after all, it has been 20 years--21 years since the passage of the Clean Air Act amendments, and we finally have a proposed air toxics standard that will regulate mercury and other toxic air pollutants that is based on the best science and technology.

These substances are some of the most toxic, carcinogenic, and dangerous pollutants. Mercury is known to cause devastating damage to the brain. Mercury is of particular concern to women of childbearing age, infants, and children, because mercury exposure damages the nervous system, which can impair children’s ability to think and learn.

So I guess it is no surprise that a lot of public health groups see this as a great victory, like the American Lung Association, the Academy--American Academy of Pediatrics, but I think people across the country would also be interested in knowing that religious organizations, sportsman's organizations like hunters and anglers, also support the rule, but they may be particularly surprised to understand how many utilities support this rule. Thirty-six energy businesses and business associations, including Calpine, Entergy, Exelon, NRG Systems, Pacific Gas and Electric, and Public Service Enterprise Group have expressed their support. And in fact, in my home State of Florida, a number of utilities that operate coal-fired power plants have expressed their commitment to coming into compliance. I think that is very telling. See, many of those utilities over the years have invested in the technology. They have continued to make good profits, but part of that has been being responsible businesses. They have invested in technology to reduce their emissions. The technology is in widespread use all across the country, but the dirtiest power plants have put off installing pollution controls for decades.

So hopefully this is going to spur everyone to come up to the best science, use the best technology. It will create jobs, but Madam Administrator, I understand that there will

be some that are going to be affected. They have kind of stared in the face of the evolution of technology and haven't gone down that road, and now they are going to have to. But explain that compliance period. How long will businesses, utilities, have to come into compliance?

Ms. {McCarthy.} We are generally talking about the ability for companies to have a 3- to 4-year window, which brings us to the spring of 2016. Units that are necessary for reliability purposes will have a defined pathway that they can come to the agency and get a fifth year added on to that, which brings us to 2017. We do not even anticipate that most will need a 4-year window, never mind a fifth year, but we are fully prepared to address those issues to ensure that we meet the President's clear directive that we keep the lights on while we address issues that are so critical to the health of American families related to toxic air pollution.

Ms. {Castor.} I mean, 3 to 4 to 5 years? Some, I bet, have argued that that is too lenient. What is that compliance timeframe of 3 to 4 to 5 years based upon? What study went into that time period?

Ms. {McCarthy.} Well, it is a statutory requirement that we look at what kinds of technologies are in the marketplace that are cost effective and available, and then we give sufficient time under the statute to be able to allow

those to be constructed. We have looked at in detail with the Department of Energy and others have looked at this as to whether it is sufficient time. We know the types of control technologies that will be required. We understand the time it takes to construct those, to engineer them, to put them in place, and we believe that the timeline that is being provided with this rule and with the other pathways available to us will be more than sufficient to address the challenges associated with compliance and keeping the lights on.

Ms. {Castor.} Thank you very much. I yield back.

Mr. {Whitfield.} Thank you.

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

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

Unfortunately, my colleague from Massachusetts left, and he made an interesting analogy about Groundhog Day, but unfortunately he missed the point. Groundhog Day, by repeating the message, the actor of the story got the message finally and he became a better person. That is what we are trying to do here. We are going to repeat it and repeat and repeat it until America understands that these rules--what effect these rules are going to have, because what we have said to you and your predecessors and others is that just because you can doesn’t mean you should. It is a business

lesson. And for those of us that have come from the business community, we understand just because you can doesn't mean you should, because of your consequences of what you do.

So for example, powerhouses all across America are shutting down because of the onslaught of EPA rules. If I could just show you, here is a visual for people to understand, here are the plants that are going to be closing across America, because of the short timeframe and the rules are simply too severe to comply.

Just this morning a company announced three more powerhouses are going to close, in addition to the six they already--hundreds of jobs are going to be lost, health care benefits. Nationally, you can see the drama that will play out.

But curiously, last December in your own testimony and then today again, you said that you only think the loss of gigawatts will only be in the neighborhood of 4.7 gigawatts. But yet, every other group in America that has studied this has said that you are grossly misleading the American public and concealing information apparently from Congress, because your number is down here, while all the others are up in a much higher level. I think there is a real question about your capability of doing your own mathematics. Some have said it could be as high as 75 gigawatts, not 4.7. Just in

the last 48 hours, we have had one power company reduce 3.6 gigawatts. Earlier this year, AEP came out and said 6 gigawatts. Between the two of them are 10. That is twice the number that you suggested. It is so blatantly false what you are representing to us in this. What you are doing is this war on coal. It is not just a war on coal in the industry, but just a war on the miners and the families and the communities. You are devastating them with these kinds of threats.

But more importantly, what you have to understand, and we have heard it throughout this whole thing, has been the increased cost of utility. You say 3 percent. Utility companies are saying 13 to 15 percent. Again, what are we supposed to believe? Your numbers that you keep giving us are flawed, and they are proven out time and time again as being unreliable. Just in the last 10 years, half of the American families have seen their energy costs double, and you are saying it is only going to increase 3 percent?

Now, I wish what you would do is the EPA--all of you, would take some of your resources and look at where possibly the real culprit is, that cost, and bear that in mind. All the quotes that we keep hearing coming from the other side of the aisle talk about asthma, heart, but no one differentiates between outdoor air and indoor air quality. You look

surprised. Have you considered indoor air quality? Do you understand that 90 percent of our hours that we are on this planet, 90 percent of our day is spent in a building? Only 10 percent in that outdoor air quality, 90 percent--60 percent of it is in our homes. We have 56 million children and families that go into a school building every day and deal with bad air quality. Indoor air quality is one of the biggest issues we should be addressing, and when we talk about the asthma conditions that occur, why don’t we look at the fact that historically, with all the drops in all of the contaminants that are occurring across America, asthma is increasing. All of this, all this money that is being spent by the powerhouses to reduce a particular matter, whether it is NOX, SOX, or whatever is going to be in the air to contribute to that, has not been offset the fact that asthma has actually increased across America. I would like to see you spend some time to do the research to find out what that is about, instead of spending--we have 700 powerhouses in America that need to be upgraded, and for you to say $9.4 billion annually is just patently preposterous. Everyone in this room that has any sense of engineering and facts knows that you can’t do it for that amount of time.

Unfortunately, my time has run out, but--so I didn’t get a chance, but I hope that--I hope you can respond finally to

some questions, issues that we have raised, because I have asked you for questions in the past for answers and you have not gotten back to me. Thank you.

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

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

The idea that EPA requirements to clean up the air pollution will hurt the economy and kill jobs is now Republican and economic dogma, but these are the same doom and gloom scenarios we have heard from industries since the Clean Air Act was first adopted in 1970, and none of them have come true. The truth is, it takes workers to install new pollution controls and construct cleaner power plants. That is why groups representing over 125,000 U.S. businesses support the air toxics standards.

Mr. Chairman, I would like to make a unanimous consent request to insert this letter of support into the record.

Mr. {Whitfield.} Without objection.

[The information follows:]

********** COMMITTEE INSERT **********

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Mr. {Waxman.} The--during a recent call with investors and discussing the effects of the Mercury and Air Toxics rule, American Electric Power CEO Michael Morris even stated ``Once you put capital money to work, jobs are created.'' EPA has come to the same conclusion. The Agency estimates that compliance with the new air toxics standards will be a net job creator, not a job killer.

Ms. McCarthy, how many jobs could be created as power companies comply with the new standards?

Ms. {McCarthy.} We estimate that as many as 46,000 jobs will be created on a temporary basis to assist with the construction and installation, and 8,000 permanent jobs will be created.

Mr. {Waxman.} Can you explain how complying with these new air toxics standards will create jobs?

Ms. {McCarthy.} Yes, because the standards will require, in particular, some of the small inefficient coal-fired facilities to make a choice between continuing to run and investing. There are a number of facilities that will need to install control equipment. That will mean engineering jobs, that will mean construction jobs. We estimate that there will be investments made, as we indicated, up to 9.6 million in 2016 alone. That means that

we will have construction jobs, and in the long-term, we will have permanent jobs at those facilities to manage that control equipment, and it, of course, will allow us significant health defenses that will really be of benefit to American families in terms of lower health care costs, and improved health of particularly our children.

Mr. {Waxman.} Thank you. As economist Josh Bivens will point out in the second panel, these regulations are expected to have particularly positive effects under current economic conditions. American industry isn’t short of cash, it is short of demand for its products, and spending capital to hire workers and buy equipment injects desperately needed cash into the economy, stimulating demand. The record bears this out. Over the last 40 years, the economy has continued to grow as EPA has set new standards to cut air pollution from every industrial sector. Can you discuss some other examples of how implementing the Clean Air Act has created jobs in engineering, manufacturing, construction, and other highly skilled areas?

Ms. {McCarthy.} I certainly can, and there have been studies done of this which we are happy to provide to the Committee.

But you look at everything from our car rules, including the ones that we are contemplating now that are leading to

new cost effective cars available to people that save them money. We are looking at the installation of catalytic converters that actually significantly helped to reduce emissions from cars that led to the growth of industries in the United States that are now exporting to other countries. There is great documentation about our rules initiating expertise in innovation and technology improvement that is bringing world-class industries developing in the United States that then export to other countries. Control technologies in the air pollution sector are, for the most part, have been designed in the United States, manufactured in the United States. A lot of that has been driven by the requirements under the Clean Air Act.

Mr. {Waxman.} In addition to the overblown rhetoric about the impact of this rule on jobs, some have warned that this rule will cause electricity prices to skyrocket. EPA estimates that the rule will cause electricity prices to increase by just 3 percent on average by 2015, falling to 2 percent by 2020, and less than 1 percent by 2030. Can you put this 3 percent increase in context for us?

Ms. {McCarthy.} I can. It is well within the normal fluctuations that we have seen, and it is--the increase that we would estimate as a result of this rule is less than what folks would have paid in 2009 for electricity. It translates

into about $3 per household per month.

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

Mr. {Whitfield.} Thank you.

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

Mr. {Pompeo.} Thank you, Mr. Chairman. Thank you, Ms. McCarthy, for being here today.

Do any existing units currently meet the new unit standards?

Ms. {McCarthy.} One.

Mr. {Pompeo.} One? What plant is that?

Ms. {McCarthy.} It is a plant in New Jersey. I think it is called Logan.

Mr. {Pompeo.} Is this Logan 1? So there is a single-- of all the plants in the United States today, there is a single existing plant that meets these new requirements. Did I ask the question correctly to get the answer I got, ma’am?

Ms. {McCarthy.} No, let me just indicate that we don’t have all the information on all the plants in terms of whether or not they would comply. We are aware of one plant that I indicated that would meet this new--

Mr. {Pompeo.} So to the best of your knowledge with all the data that you have there, it is single plant that you are aware of that currently would comply with the new rule--

Ms. {McCarthy.} That we have data to verify, that is correct.

Mr. {Pompeo.} Great, I appreciate that. That is not very many. That is a far cry from what you have described as a process that can be accomplished in 3 to 5 years.

Ms. {McCarthy.} Well, the good news is for the existing plants and those standards, there are many dozens and dozens actually that will comply out of the gate.

Mr. {Pompeo.} Sure, I understand. In Kansas, we have got a plant we have been trying to build that has an existing air permit, it has been granted the permit, but because it was unable to break ground to begin construction, it is now going to be trapped under the new regulatory regime. Your rule as issued, I understand, made no exception for plants that already had existing permits granted, but because the Sierra Club and other folks took them to task for years, they were unable to proceed. Am I--have I got that correct as well?

Ms. {McCarthy.} I would be happy to look into it in detail, but generally, if you are constructing a new facility and you haven’t broken ground, you are obligated to meet new source facility standards.

Mr. {Pompeo.} Right, that is their understanding as well, so--we talked--Mr. Waxman asked you a question about

cost. Testimony today--and I have heard from folks back in the district about increasing costs of a penny a kilowatt hour, 3 cents a kilowatt hour. You talked about 3 percent as if it was nothing. I will tell you that when I was in business, we tried to take costs out everywhere. We had to require--when your energy costs go up by any amount, it enormously impacts your business and causes you to consider seriously about whether to continue to manufacture or produce chemicals here in the United States.

Did you consider the economic impacts to all of those businesses that will be affected by the cost increase for electricity when you promulgated the rules?

Ms. {McCarthy.} We did, to the extent that methodology allows, look at the cascading impact on other sectors, yes. And that impact was negligible.

Mr. {Pompeo.} Do you think that there will be new coal-fired power plants built in the United States following the implementation of this rule?

Ms. {McCarthy.} Actually, I don’t make those predictions, so I would hesitate to do that based on my personal knowledge.

Mr. {Pompeo.} If there are no new coal-fired power plants built in America following this rule, would you be willing to at least consider the possibility that it was a

direct result of this rule, that no such plants were ever built?

Ms. {McCarthy.} Well actually, our analysis did take a look at whether or not the MATS rule, in and of itself, would change the dynamic in terms of decisions about building new coal, and we do not believe that it will.

Mr. {Pompeo.} Mr. McKinley showed you some data that refuted your assessment that only 4.7 gigawatts of energy will be lost as a result of this. Do you think that data is just wrong? We have already got FirstEnergy's announcement. What is it about the data that Mr. McKinley presented you that you think causes that to be at such a wide variance from your very low prediction about the impact of the rule on retiring facilities?

Ms. {McCarthy.} I think that we have to acknowledge that there is a transition in the energy world. We have to acknowledge that low natural gas prices is causing a transition, and when these issues come up, and I am sure they will consistently come up, you have to take a look at it and see what is actually happening. Whether it is the MATS rule or it is an overall business decision, that is reflective of that transition, and we could walk through what happened with FirstEnergy, but it appears to us on looking at this that FirstEnergy is making a business decision. And what we are

attempting to do is work with the RTOs with the energy world to understand these dynamics so that we can be informed by this and ensure that the MATS rule can be complied with, but it is not changing the direction in which the industry is heading.

Mr. {Pompeo.} I will tell you that FirstEnergy disagrees with you. I mean, their public statements, the folks who know the business best tell us that you are wrong about that, so their assessment is very different. So while you said you can’t predict about what someone will do about a coal plant, apparently you can predict inside of a company’s own business why it is making their own business decision better than the leaders of that business.

Ms. {McCarthy.} Well, the units that they have announced that they are closing, they are closing now, 3 or 4 years in advance of being required to do it under the rule, and they are also an average of 53 years old.

Mr. {Pompeo.} I have got one last question. The new coal-fired power plants, have you talked to any of the contractors about whether their permit to issue--they are prepared to issue certifications saying that they can meet these new rules? That is what a new--a company needs. If they are going to build a plant, they have got to get financing. They need the contractors to confirm that, in

fact, when it is built it will be in compliance. Have you talked to any of the contractors who have assured you that they can provide that guarantee?

Ms. {McCarthy.} I have not, but clearly, we expect that there will be concerns raised about many aspects of these rules, and we will take a look at it if people submit data and have concerns.

Mr. {Pompeo.} Thank you. Thank you, Mr. Chair.

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

Mr. {Green.} Thank you, Mr. Chairman. Ms. McCarthy, welcome back. It is good to see you again.

Ms. {McCarthy.} You, too.

Mr. {Green.} I want to start like my colleague, Congressman Olson, we share East and Southeast Harris County together, and we are concerned about the reliability issues.

Last year, Texas suffered two major reliability problems, and we actually experienced rolling blackouts throughout the State. Since that time, EPA has issued the Cross State Air Pollution rule, which is something that our utilities had not anticipated having to comply with, and now the Utility MACT rule on top of that. The North American Reliability Corporation recently looked at the reserve margins in 18 regions covering the 48 mainland U.S. States,

and found that two regions, ERCOT in Texas, the Texas grid, and New England would experience margin--planning margins below the NERC reference level of 15 percent in 2015. According to the Congressional Research Service, the data suggests that ERCOT may experience reliability problems, but the Utility MACT would play a minor role. Of course, industry has different conclusions.

Did you or EPA work with our regional grid, ERCOT, during the rulemaking process on the reliability issue, and if so, what were their concerns and how were they addressed?

Ms. {McCarthy.} Actually, we did and we continue to work with them. I think I would just point out that I believe the study that you identified was on the basis of the proposed rule, and because of the comments that we received, we made significant adjustments in that rule because of the data we received. Recent analysis does indicate, we believe, that the MATS rule will not impact resource capacity in any region. So I think the issues that were raised for ERCOT and the New England States are no longer considered in the same framework, because of the changes that we made.

Mr. {Green.} Does ERCOT agree with you on that?

Ms. {McCarthy.} We actually had them on a phone call last week with a number of the RTOs. We are working hand in hand with them. I do not know exactly what their comments

might be on the final rule, but if they have concerns, we are certainly open and we will be working with them.

Mr. {Green.} Okay. One of my concerns is that if we--because of the coal plants and in central Texas and in east Texas, if those are required to shut down, I know some companies are bringing natural gas facilities out of mothballs, but they are having--going through the permitting process. Is there any way that EPA could look at some of those--some of them are in Harris County, in fact, in Congressman Olson and I’s district--to look at bringing those back on in time? Hopefully we won’t have 100 degree temperatures for, you know, 200 days or whatever it was last year, but is there an effort to make sure, whether it be ERCOT or even New England, that there are some additional power that will be coming online? And like I said, we have no shortage of natural gases, we know, in our country, but the permitting process may be longer through EPA to get those plants back up, those mothballed--

Ms. {McCarthy.} We will be working with those, Congressman. One of the things that I indicated is that we have developed an enforcement policy that would utilize and Administrative Order to allow up to 5 years for those types of issues to be addressed. But we will address those issues and we are working to identify them now so that there is more

than sufficient time to look at what other generation will be constructed and how to address these issues.

Mr. {Green.} I have a number of questions, Mr. Chairman. I would like to submit them in writing, but let me get to another one.

In response to the stakeholder comments EPA received and operational concerns related to the magnitude in facilities the retrofit required by the standard, you are now providing sources the option to use more flexible facility-wide averaging approach, as long as it provides the equivalent reduction in mercury, for example. Can you elaborate on this, and if the facility-wide averaging program is something that has been pushed in the past, especially during the cap and trade debate, but would have often--would we hear often push back from EPA on looking at a system instead of per unit?

Ms. {McCarthy.} Actually, we proposed an averaging system at the facility, not across facilities, that could be utilized under the rule. What we did in the final rule is to allow that averaging to be a little longer period of time with a little tighter standard to provide more flexibility to those facilities. We believe it is consistent with the law. It is not trading among facilities or within regions that would result in different exposure patents for communities.

So we believe it is consistent and it is good under the law, and that it will provide opportunities for very cost effective methods to achieve compliance with the rule.

Mr. {Green.} Mr. Chairman, I know I am out of time, and I just hope we will invite Ms. McCarthy to come enjoy our hospitality more often, because obviously we have a lot of questions that would, you know, I think it would help with Members of Congress on both sides of the aisle. So I thank you for you time.

Mr. {Whitfield.} And I am sure that she would like to come back more often, too.

At this time, I recognize the gentleman from Texas, Mr. Barton, for 5 minutes.

Mr. {Barton.} Thank you, and I appreciate the courtesy of being allowed to defer initially so that I could become somewhat better prepared.

It is obvious that everybody in this room wants the best health environment we possibly can here in the United States. It is also, I think, a given that we want the best economic opportunity for people here in the United States. You are in an unenviable position of having to make decisions that, to some extent, trade off between those two noteworthy goals. I have really tried to understand this MACT rule, and I have really tried to look at the justification for it and tried to

be able to substantiate that, and I just can't do it. I want to talk about health benefits briefly, and then I want to talk about costs.

In your--not your rule, but the EPA rule, this is the statistical report that accompanies the rule. It was put out in December. It is, gosh, who knows, 500 pages long. On Table E5, it talks about the reduction in ES3, estimated reduction of incidents of adverse health effects of the Mercury and Air Toxics Standard at a 95 percent confidence level. And basically, it says that 99.98 percent of the total benefits are going to be because of reductions in $PM_{2.5}$, I think, that only .02 percent of the total benefits are with reductions in mercury. And yet, all the press is about mercury reduction. Isn't it true that you get almost no health benefit from the reduction--the new standards for mercury reduction, according to your own statistical analysis?

Ms. {McCarthy.} I do not believe that that is an accurate statement. What I will--

Mr. {Barton.} That is what you say.

Ms. {McCarthy.} No, what--we actually identify the benefits that we can count. We certainly know the toxic impacts associated with mercury. We know that other toxins--

Mr. {Barton.} I stipulate that mercury is toxic.

Ms. {McCarthy.} --cause cancer, we are just not able to quantify those sufficiently because of data, resource methodology.

Mr. {Barton.} When you talk in your--I don’t know if you talked in your testimony, but you gave us in an answer to a question, you just said that--you used the phrase ``real people.''

Ms. {McCarthy.} Yes.

Mr. {Barton.} ``Real people.'' Is there a verified incidence of a real person in the United States either dying or being hospitalized because of mercury poisoning that results from a power plant emission?

Ms. {McCarthy.} I don’t think I can address that specificity.

Mr. {Barton.} You just talked about ``real people,'' okay, I am asking you a straight question--

Ms. {McCarthy.} When we look at it on--

Mr. {Barton.} --about ``real people.''

Ms. {McCarthy.} --populations, I can’t name an individual--

Mr. {Barton.} Well, you can’t name it because it doesn’t exist.

Ms. {McCarthy.} Well, I can tell you that power plants are the single largest source of mercury emissions. I can

tell you that that mercury enters into the food chain. I can tell you that--

Mr. {Barton.} If you cannot tell me that somebody has gotten sick and died and gone to the hospital in the United States because of exposure to mercury from a power plant smokestack. You can’t do it.

Now, let me read you something. This is from your report. This isn’t me making it up. Down in the sub-footnotes of this table ES3, and this is your table--not you personally, but the EPA’s table. ``The negative estimates for certain endpoints are the result of the weak statistical power of the study used to calculate the health impacts and do not suggest that increases in air pollution exposure result in decreased health impacts.'' The weak statistical power of the study. Now, if you read this, these tables, and they have an estimated midpoint and then they have--on the downside and on the upside, and it turns out that they are all over the map. But the most negative impact, when you go through all of these, non-fatal heart attacks, hospital admissions, respiratory admissions, cardiovascular, emergency room, acute bronchitis, lower respiratory, upper respiratory, asthma exacerbation, it turns out that most of the impact is minor restricted activity days. Minor restricted activity days. From 2.5 million to 3.7 million in the eastern United

States from 99,000 to 150,000 in the western United States, and from 2.6 million to 3.8 million nationwide. Minor restricted activity days.

Now, minor restricted activity days is going to cost them probably--in your own numbers at least $10 billion a year for 10 years, but you estimate even in the out years it is about $7 billion a year. That is going to cost real jobs and real negative economic impact, and your own tables don't back it up.

Mr. {Whitfield.} Thank you, Mr. Barton.

At this time, I recognize the gentleman from Pennsylvania, Mr. Doyle, for 5 minutes.

Mr. {Doyle.} Well, that is quite a hard act to follow.

Mr. Chairman, thank you for putting the hearing together today and Ms. McCarthy, thanks for your testimony.

Mr. Chairman, we are here today to have another hearing on EPA's Utility MACT rule that was finalized in December of last year, and it seems to me that one thing that is often missing from the conversation is that these rules are finally being implemented after years and years of delay, so we shouldn't sit here and pretend like this has just sprung up on our utility and manufacturing sectors in the last year. In fact, EPA has been tasked with regulating mercury since the passage of the 1990 Clean Air Act, and efforts to issue a

mercury rule that treated mercury as non-hazardous were thrown out by the courts and now after 24 years, we are finally seeing a rule from the EPA that will regulate mercury and other toxins. And yet, we sit here trying to sort through these claims that, in fact, 24 years wasn't long enough for the power sector to prepare, and a potential 5 additional years of compliance time provided by the rule, totaling a full 29 years since the power sector knew controlling mercury would be required. We are saying that that is simply too onerous.

The fact is, the time has come and the time is now, so let us see what we can do to make sure that the rule has the least negative impact possible on those people who matter the most, American consumers.

Administrator McCarthy, in your written testimony, you tell us that though the rule will cause the retirement of some older coal plants, you don't expect that any of these retirements will affect the capacity reserve margins in any region of the country. Is that correct?

Ms. {McCarthy.} That is correct.

Mr. {Doyle.} Can you tell us why that is?

Ms. {McCarthy.} Because the estimated retirements are basically primarily small coal-fired facilities that are highly inefficient and fairly non-competitive. We believe

that this 4.7 percent is less than 1 percent of the capacity of generation across the U.S., and we have analyses from a resource capacity perspective, and we believe that the uneconomic units that will decide not to continue to operate, because they don’t want to invest in modern pollution control equipment will be replaced by new capacity, cleaner capacity, and there is sufficient capacity in the system to be able to allow this transition to happen over the next 3 to 4 to 5 years.

Mr. {Doyle.} Now, can you tell us, do you expect capacity reserve prices to increase in power markets where there will be or have been retirements?

Ms. {McCarthy.} That could very well be the case. We are seeing at least claim of that, but I want to indicate that the increase in capacity reserve market prices are only one factor that impact the retail cost of electricity. We actually calculated where we thought that capacity increase might happen. That was factored into our estimate that retail prices are only likely to, at its maximum, average to 3 percent across the U.S. to increase. And again, that needs to balance against the American families being able to accrue the benefits, which are 9 to 1, against the costs. The benefits associated with lower health costs, being able to make it to work, being able to send your kids to school, that

result from the health benefits associated with this rule.

Mr. {Doyle.} So you are saying that those potential increases were included in EPA's assessment of regional cost impacts?

Ms. {McCarthy.} That is correct.

Mr. {Doyle.} That was part of your assessment?

Ms. {McCarthy.} Retail cost impacts, that is correct.

Mr. {Doyle.} Okay. Thank you, Mr. Chairman. That is all I have.

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

Mr. {Griffith.} Hi, thanks for being here, and I am going to ask you for some yes or no answers. If you can't do that, just submit them to me later because I just have a little bit of time allotted to me.

Isn't it correct that the vast majority of mercury emissions in our air come from natural sources, such as volcanoes and forest fires, or from foreign sources?

Second, isn't it also correct that the EPA's proposed rule cites the estimates of global mercury emissions that range from 7,300 to 8,300 tons per year and between 50 and 70 percent of that is from natural sources, less than 50 percent of which would be from manmade sources? Yes or no.

Ms. {McCarthy.} I will provide you--

Mr. {Griffith.} You will provide me with an answer? I appreciate that.

It is also--seems that the EPA has published that the mercury coming from U.S. power plants of about 29 tons per year under this proposed rule, and isn't it true that that is about 1/3 of the percent of the total global mercury air emissions? You will give me an answer later?

Ms. {McCarthy.} And I will, yes.

Mr. {Griffith.} And I appreciate that.

And I question, as others have, how you can estimate and then build from that estimate other projections of what is going to happen to the coal-fired power plants when FirstEnergy alone has closed or has eliminated 3.3 of your 4.7 gigawatts of power alone, that doesn't count the other folks. And here is the concern that I have. AEP estimated in a meeting that I was earlier this year that with the new rules, they were going to have to expend money that--to clean up another 12 percent of the air, and there is no question that that is a good thing to clean up, but for the consumers and the AEP footprint in my area of Virginia would be--they would pay an additional 10 to 15 percent.

I asked Lisa Jackson earlier this year and she didn't have an answer for me, and if you have got one, please submit it later. What is the impact--when I have got a district

where the median household income is $36,000 a year, you raise the electric costs, what is the health impact on my constituents when they can't afford to heat their homes, and doesn't that have a negative impact? And I don't believe that was considered in your estimates of the health benefits, and so I would ask that you submit that to me as well. And I would submit to you also that having people out of work also affects their health. I think every statistic shows that, and I pick up Mr. McKinley's chart and he showed you the coal power plants that are closing down, and we have got a dot right here. That is the same spot in a small county that Boiler MACT might very well put 700 jobs out of business at. So we are double whammying with different EPA rules the rural communities of this country. And I would have to ask you, do you know if the new Dominion plant being built in Virginia City area is going to meet the new standards that you all have come out with? Do you know that?

Ms. {McCarthy.} I do not. I am not familiar.

Mr. {Griffith.} If you could find out for me, I appreciate it because that is just south of this dot right here, and so what we are talking about is from one regulation after another, the Ninth District of Virginia and all the parts of the country are being hammered on jobs, and I submit to you that the United States has got a job problem, if you

all haven’t figured that out by now, and that we shouldn’t be piling on regulations that are killing jobs. We want to move in the right direction, but we can’t be killing our economy. And I would have to ask you that if we had a regulation that we could eliminate, an instrumentality or something, we were going to get rid of power and we were going to get rid of those jobs, if we could save from 1990 to the present--I am looking at page 9 of your report where you said that the current regs have saved 167,000 lives. What if in that same time period we could have eliminated direct, not indirect, but direct, about 700,000 premature deaths? Would that be a good thing, and should we have regulations that would prohibit and make it clear that those deaths wouldn’t occur?

Ms. {McCarthy.} I am sorry, I am not sure I followed the question.

Mr. {Griffith.} The question is if there were a regulation that could save directly 700,000--forget the job impact--700,000 lives, would you all be recommending that to the President?

Ms. {McCarthy.} I would have to tell you what--I would have to decide whether it was consistent with the law and my authority. That is all I am doing here, that is all I would speak to.

Mr. {Griffith.} Okay. So you wouldn’t be--

notwithstanding the fact that we could save all those lives, it wouldn’t matter? Is that what you are saying?

Ms. {McCarthy.} I would be happy to save every life we could save, obviously.

Mr. {Griffith.} But you understand that there’s always a trade-off, and that sometimes it is--you know, you can’t make the world perfect. You understand that? EPA can’t make the world perfect. You don’t control the Chinese, you don’t control a lot of parts of the world. You can’t even make the United States perfect, can you?

Ms. {McCarthy.} Right. Hopefully that is not the mission of the Agency.

Mr. {Griffith.} Well, it sure seems like you all want to make it perfect, because you want to wipe out everything related to coal, as far as those of us in the coal industry and areas are concerned, and you are killing jobs left and right with no regard to what is going to happen to the people in those areas, and when you raise the cost of electricity, it doesn’t appear to me that you have any regard for the cost of the people who have to pay those heat bills and those electric bills who cannot afford to do so. I had a manufacturer in my district here this morning. I stepped out to talk to him, and I said that that is what we were looking at and that is what we were talking about today, and they

said please don’t let that happen. We can’t afford to be any less competitive than we are right now with our foreign competitors, et cetera.

So this is why you are getting so much concern from this Committee today, and I appreciate your testimony, and I yield back, Mr. Chairman.

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

Mr. {Terry.} Thank you, Mr. Chairman. I appreciate you being up here. It is always interesting.

I have a public power in my district, and they have, for the metropolitan area, two different coal-fired plants, both of which will have to be upgraded for the MACT rule, and then of course later on, the inclusion in CASPER, but I just want to talk about the MACT rule right now.

They estimate--again, they are just guessing a range of 450 to 500 million per unit, two units, so we are talking about $1 billion. They estimate in their published documents that they have given both the press and me, that would relate to about a 12 percent or little over 12 percent rate increase. So I just lay that out because it is completely--I mean, from 3 percent to 12 percent rate increase is a huge difference in swing between the EPA’s estimates.

The other issue that seems--from them and other utility

companies that they have expressed to me is the 3 years. Not only in the fact that there is a limited number of companies that have the expertise and the trades people necessary to do that, but now they have to compete against each other and that drives up the cost of the bids. Have you taken that into account at all, that by trying to compact all of the construction into a 3-year period that you are actually driving up the costs, and if we extended it out maybe 3 or 4 years or 4 or 5 years that we could eliminate some of the angst and anxiety?

Ms. {McCarthy.} We looked at--actually at both issues. We looked at costs associated with the rule, and what impact that might have on retail electricity prices. We are more than happy to work with--through the APPA, which we have met with and with those companies in that region. We provided a lot more flexibility in the final rule because of comments that we received in the proposal. We think there is a lot more flexibility in terms of controls and compliance strategies that should significantly lower the costs associated with compliance.

We also looked at the timing. We are forward-leaning in the fourth year for States. We have also provided an additional fifth year opportunity for reliability critical units. We know that this is a challenge, and we will work

with the regions as well as the local communities to make sure that we can get this done well.

Mr. {Terry.} Yeah, and on the reliability critical units, which are the only ones that are eligible for the fifth year, as I understand, is that right?

Ms. {McCarthy.} Yes.

Mr. {Terry.} Okay, and the EPA issues an Administrative Order that the plant can operate for a fifth year. The EPA guarantee that the plant will not be subject to citizen suits?

Ms. {McCarthy.} No, that--you are asking a very complicated question. We cannot guarantee that; however, this is an administrative vehicle that we have used many thousands of times, and we believe that because it is a year that--the process that we are going through for the Administrative Order will be transparent and will be rigorous, that we believe that there would be limited opportunity or likelihood of civil suits that would follow.

Mr. {Terry.} When could these companies that are requesting a fourth year or a fifth year if it is a reliability critical unit, when will they know that they have got that extra time?

Ms. {McCarthy.} That is a very good question as well, and what we tried to signal in the enforcement policy was

that the sooner we have these discussions, the better. We are working with the RTOs and the planning agencies to gather the compliance plans and to assess what will be necessary for reliability. The agency has indicated that we will provide a signal to that company about the eligibility of that Administrative Order so that they would be able to rely on it with certainty to make their investments as soon as possible, while in advance--

Mr. {Terry.} Would that be this year?

Ms. {McCarthy.} Well, it will take a while for the compliance plans to be done and for the reliability assessments, but as soon as they are ready, we are ready and working with DoE and FERC to assess those applications and make those decisions quickly.

Mr. {Terry.} All right. Again, on getting some extra time, there is also a phrase in the rule or the order that said that--disclaims that anything can change at any time. And so if somebody is even granted an extra year or a fifth year if it is a reliability critical unit, they already know that anything can change without even public notice. I don’t think that provides a level of certainty, and I would like the EPA to go back and look at that disclaimer.

Ms. {McCarthy.} Let me look at that qualification. I think we are trying to make sure that we communicate

effectively and we work with folks to provide a certain investment path forward. We will do everything we can to be able to do that.

Mr. {Whitfield.} Thank you, Mr. Terry, and I think we have concluded with questions. Ms. McCarthy, thank you very much for taking time to join us, and we look forward to seeing you again real soon.

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

Mr. {Whitfield.} As soon as possible.

Ms. {McCarthy.} Thank you, members.

Mr. {Whitfield.} And now I would like to call up the second panel. We have seven witnesses on the second panel. First, Dr.--Mr. Darren MacDonald, Director of Energy, Gerdau Long Steel North America; Mr. Harrison Tsosie, Attorney General, Navajo Nation; Dr. Julie Goodman from Harvard School of Public Health; Dr. Anne Smith, Ph.D., Economist with NERA Economic Consulting; Mr. Ralph Roberson, President of RMB Consulting and Research; Reverend Michael Hescox, President and CEO, Evangelical Environmental Network; and Dr. Josh Bivens, Acting Research and Policy Director of the Economic Policy Institute.

So we appreciate all of you being with us this afternoon, and I will recognize--I am going to recognize each one of you for the period of 5 minutes for you to give your

opening statements, and then at the end of that time we will have questions for you or some of you.

So once again, thanks for being with us, and Mr. MacDonald, we will begin with you, so I will recognize you for a period of 5 minutes for an opening statement, and I would just remind all of you to be sure and pull the microphone close and push the button to make sure that it is on, because the transcriber has difficulty hearing if it is not on.

So Mr. MacDonald, you are recognized for 5 minutes.

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^STATEMENTS OF DARREN MACDONALD, DIRECTOR OF ENERGY, GERDAU LONG STEEL NORTH AMERICA; RALPH E. ROBERSON, PRESIDENT, RMB CONSULTING AND RESEARCH, INC.; HARRISON TSOSIE, ATTORNEY GENERAL, NAVAJO NATION; REVEREND MITCHELL C. HESCOX, PRESIDENT AND CEO, EVANGELICAL ENVIRONMENTAL NETWORK; JULIE E. GOODMAN, PH.D., PRINCIPAL, GRADIENT AND ADJUNCT LECTURER, HARVARD SCHOOL OF PUBLIC HEALTH; JOSH BIVENS, PH.D., ACTING RESEARCH AND POLICY DIRECTOR, ECONOMIC POLICY INSTITUTE; AND ANNE E. SMITH, PH.D., SENIOR VICE PRESIDENT, NERA ECONOMIC CONSULTING

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^STATEMENT OF DARREN MACDONALD

} Mr. {MacDonald.} Thank you. I would like to thank the Chairman of the Subcommittee, Mr. Whitfield, for the opportunity to testify here regarding EPA’s Utility MACT rule and its impact on our company, the steel sector, and the manufacturing sector in general as we all attempt to recover from the great recession.

I ask that my full written statement be placed in the record.

My name is Darren MacDonald. I am the Director of Energy for Gerdau’s 17 steelmaking facilities in the U.S.

Gerdau employs 10,000 people in the U.S. and is the second-largest steel recycler in North America. My responsibility at Gerdau is to secure a reliable, cost effective energy supply, and manage the company's energy efficiency strategy. Like all energy intensive manufacturers, energy is a significant input cost for Gerdau, and a key consideration when making investment decisions.

The steel sector is concerned about the tremendous disagreement regarding the increased costs and reliability impacts that may result from the Utility MACT. The simple fact is that all of the reliability risks and all of the compliance costs will be ultimately passed on to us, the consumers.

Let me be clear. The U.S. manufacturing sector is doing everything that we can to be energy efficient and reduce our costs. In fact, in a recent DoE study, they concluded the U.S. steel industry was the most energy efficient in the world, and only a new breakthrough technology could make a significant improvement in energy intensity. So there is no silver bullet for us to address increased energy costs or reliability impacts associated with the rule.

Although the EPA has projected the Utility MACT will not have a significant impact on reliability and only have a modest impact on the price of electricity, other reputable

organizations disagree with these estimates. NERA has looked at the full suite of EPA's proposed regs on the utility sector, and have estimated that electricity prices in some regions will increase by double digits. Others, such as Credit Swiss and NERC, have found that there will be significant costs and reliability issues.

To give you some idea of the sensitivity of the manufacturing sector to an increase in electricity costs, a 1 cent per kilowatt hour increase in the cost of electricity imposes an additional cost of approximately $9 billion per year on the manufacturing sector.

Reliability is also a significant concern. Please recognize that large manufacturers with interruptible contracts are the first to be called upon if there is a reduction in reliability. There was a case in February of 2012--2011 when Texas had an ice storm and our operations in Texas were curtailed far beyond our contracted limits to provide reliability so hospitals and residential consumers could maintain reliability. So if reliability is impacted, there will be direct costs on--and those will have an impact on our bottom line, our ability to meet our customer orders, but also our ability to operate safely.

From the private sector perspective, we wonder if the pace of change makes sense. The timeline required by the

Utility MACT rule will put a significant demand on suppliers and installers of pollution control equipment, and utilities will have no choice but to pay these heightened market rates, and these extraordinary costs will simply be passed through to rate payers.

We believe that it is in the best interest of the manufacturing sector for the EPA to phase in the Utility MACT rule over a longer period of time to alleviate the combined impact that regulations will have on electricity costs, and on reliability. A delay will also give time for utilities to avoid what appears to be an over-reliance on natural gas. Natural gas has had a history of volatility, but itself is the subject of potential new regulation that could drive up those costs.

So let me be clear. I am not here today to say that the EPA should do nothing with respect to improving environmental regulations. We share the environmental goals involved in many of the regulatory efforts, but the timeline is too tight and the potential extensions for utility compliance are too uncertain. If the regulation is implemented in a thoughtful and systematic way with sufficient time, then compliance and environmental gains will impose less of a concentrated impact on reliability and on the economy.

Policymakers must understand that we are exposed to

global competition. Risks of higher prices and reliability impacts will inevitably affect the economy, investment decisions, and the levels of employment that are sustainable in the U.S. If our customers can't afford the products made here in the U.S., the replacement products will come from somewhere else with a larger emissions footprint.

Thank you for the opportunity to testify.

[The prepared statement of Mr. MacDonald follows:]

********** INSERT 2 **********

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Mr. {Whitfield.} Thank you, Mr. MacDonald.

At this time, I recognize Mr. Ralph Roberson, President of RMB Consulting, for 5 minutes.

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^STATEMENT OF RALPH E. ROBERSON

} Mr. {Roberson.} Thank you. Chairman Whitfield, Ranking Member Rush, and members of the Committee, thank you for the opportunity to appear before you and speak to you about the American Energy Initiative. My name is Ralph Roberson and I am President of RMB Consulting and Research. I personally have over 40 years of experience in measuring air pollution and evaluating the ability of pollution control technologies to meet emission limits.

Let me begin by saying that I am not representing any of RMB's clients today, and the views that I express are mine and not necessarily indicative of any of my clients, and I am not receiving any compensation for this testimony.

My testimony addresses EPA's recently promulgated by now we know MATS rule. That rule addresses emissions of hazardous air pollutants from electric generating units. My testimony is that the emissions limits in the MATS rule, which EPA developed under the Maximum Achievable Control Technology provisions, or MACT provisions of the Clean Air Act, are so stringent that no new coal-fired generating unit can be built. The stringency of these new unit standards means that no generating unit can built in this country. In

effect, EPA has adopted standards that prevent our country from building any new coal units; thus, coal-fired units will no longer be an option for the utility industry's generation portfolio.

Note that my comments and testimony do not include the category of facilities called integrated gasification combined cycle, as they are regulated under a different rule. I am addressing conventional coal-fired units.

Power companies have always relied on a diverse set of resources in order to ensure that the industry can provide electricity to their customers at stable prices. Coal has always played a role in that because it is a domestic fuel, and over the long-term, it has always been available at predictable cost. Banning new coal generating units would represent a significant shift in U.S. energy policy and the way that utilities have planned their portfolios, with potential significant consequences for us, the electric consumers.

As I explained in my comments on the proposed rule, there are several reasons why I believe what I am telling you. First, no unit actually achieves all of the emission--all of the new unit emission limits. Second, EPA based its new unit limits on selected short-term stacked tests that are not representative of long-term performance, and are

inconsistent with the 30-day rolling average provisions that the rule requires. Third, some of the emission limits in the final rules are so low that they are below our ability to measure them accurately. In the final rule and in response to comments on the proposed rule that no existing unit met all of the new unit limits, EPA said it has identified a source that did meet all the limits, even though that source was not identified in the preamble of the final rule. We have heard Ms. McCarthy say it today, and my testimony is that that unit is Logan Generating Unit 1. EPA used Logan 1 to set the new unit limits for HCl and mercury, and EPA now says that Logan can, in fact, meet all the new unit limits.

But please consider the following facts. Publicly available data show the results of six separate HCL tests for Logan. In only one of those tests did Logan meet the limits that EPA has set for HCl. It failed the other five times. In other words, EPA is requiring all new units to meet an HCL standard based solely on the performance of Unit 1, when that unit itself failed to meet the standard in five out of six tests.

An identical situation exists for the Chambers Cogeneration Unit 2. Unit 2 was selected by EPA to support the final filterable PM limit, or particulate matter. However, six publicly available stacked test results for

Chambers exist, and only one out of those six meet the limits. EPA's selective use of these test results undermines EPA's conclusion that new units can meet the new unit limits.

If the best performing unit for HCl fails the test five out of six times and the best performing filterable limit--unit fails the filterable limit five out of six times, how can it be concluded that these standards are achievable?

Taking all of these problems together, I am convinced that no air pollution control vendor will provide guarantees that its equipment can meet these stringent limits. Absent those guarantees, developers will not be able to obtain the huge amount of financing that it takes to build one of these projects, and absent such financing, no units will go forward.

In sum, the standard set forth for new coal units in the MATS rule are so stringent that new units, even using the best technology available on the market, cannot comply. These standards therefore prevent new coal-fired units from coming into existence.

Thank you.

[The prepared statement of Mr. Roberson follows:]

********** INSERT 3 **********

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Mr. {Whitfield.} Thank you.

At this time, Mr. Tsosie, Attorney General for the Navajo Nation, you are recognized for 5 minutes.

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^STATEMENT OF HARRISON TSOSIE

} Mr. {Tsosie.} Ya'at'eeh, Chairman Whitfield, Ranking Member Rush, and distinguished members of the Committee. Thank you for allowing the Navajo Nation an opportunity to present its views concerning the recent EPA Utility MACT rule pertaining to mercury emissions from electric generating facilities.

My name is Harrison Tsosie, and I am the Attorney General for the Navajo Nation. As the Chief Legal Officer for the Navajo Nation, I have an extensive background in matters pertaining to the implementation of various federal laws and regulations on the Navajo Nation.

In order to fully understand the effects of the MACT rule on the economy and its impact on consumers, I will provide a brief history of the Navajo Generating Station to illustrate how complex these issues can be.

NGS was authorized by Congress to provide power for the pumps of the Central Arizona Project. Congress authorized the Central Arizona Project in 1968 through the Colorado River Basin Project Act. The purpose of the CAP is to provide the State of Arizona with access to the annual 2.8 million acre feed of entitlement to the Colorado River.

Simultaneously, the Act authorized the Department of Interior to enter into cooperative agreements with non-federal entities to build a power plant to provide power to the Central Arizona Project and to augment the lower Colorado River Basin Development Fund, which is used to fund Indian Water rights settlement claims. The result is a 24.3 percent ownership in the Navajo Generating Station by the U.S. Government.

NGS is unique because of its federal ownership stake and the plant being sited on Indian lands and uses Indian resource as a fuel source. Therefore, the Federal Government has certain trust responsibilities to safeguard the economy of the Navajo Nation. The U.S. EPA held no tribal consultation prior to ruling on the MACT as required by the Administration’s Executive Order on tribal consultations. Further, there are no health studies on the Navajo Nation regarding mercury. There are no mercury-based land studies to determine if there will be health improvements by the rule.

The cost of compliance with the regulations has a cumulative impact. While the U.S. EPA says the MACT rule will not force closure of power plants, it is the sum of all its regulations that could do just that. The Navajo Nation has already experienced impact of the Mojave Generating

Station closure, resulting in job and revenue loss to the Navajo Nation. Roughshod regulatory policies and implementation without full analysis and tribal consultation will result in the possible closure of other facilities. Closures mean massive job losses on the Navajo Nation, which is already faced with an unemployment rate of 50 percent. A closure of NGS would also mean the forfeiture of $20.5 billion in gross State products to the Arizona economy, and just under $680 million in adjusted State tax revenues during the years 2011 to 2044, according to recent studies.

The U.S. Federal Government set up the Navajo Nation economy as a natural resource economy. The Federal Government holds title to Indian lands, therefore, they control the economy on the Navajo Nation. As a result of the federal over-regulation and control of Indian lands, there is no economy existing on hardly any Indian lands. Indian nations are often cited as being pockets of poverty throughout this great Nation, and the one common denominator is the pervasive federal control. The United States EPA MACT ruling is no exception, and adds yet another regulatory burden tribes are left to contend with.

While some testifying today might espouse the affordability of the MACT rule implementation and the net job creation following EPA’s regulatory action, the facts on the

ground do not support these assertions and provide little comfort for the 1,000 plus workers employed by the various plants and the mines, in addition to the over 7,000 Navajo Nation employees that are funded in part by the revenues created by these operations. When the barrage of regulatory burdens hits home, the Navajo Nation is left with little recourse but to investigate the exportation of our abundant coal reserves to outside interests like China and India. This will only be--be the only method by which the Navajo Nation in the short-term can maintain its economy.

The Navajo Nation supports the goal of reducing hazardous emissions. We recommend a tailored implementation of any environmental rule. In the case of the MACT ruling, appropriate analysis and consideration of the economic impacts to the Navajo Nation did not occur. The MACT implementation should be fair and reasonable, taking into account compliance timelines, and must consider impacts on the Navajo economy, Indian water rights settlements, and the overall price tag that will be passed on to the electric utility consumers in the Southwest and the CAP water users throughout the State of Arizona.

[The prepared statement of Mr. Tsosie follows:]

********** INSERT 4 **********

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Mr. {Whitfield.} Thank you.

At this time, Reverend Hescox, who is President of the Evangelical Environmental Network, you are recognized for 5 minutes.

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^STATEMENT OF MITCHELL C. HESCOX

} Rev. {Hescox.} Thank you, Chairman Whitfield and Ranking Member Rush, and all the members of the Committee. I must say, my biggest challenge here this morning, being an old preacher, is to keep this to 5 minutes.

``Life, especially protecting our unborn children and infants, should not be a matter of party or economic commodity.'' Speaker Boehner spoke those words just a couple of weeks ago in my hearing at the March for Life rally. He suggested protecting life and providing the opportunity for abundant life must be a matter of principle and morality. Children are a precious gift from God. They are among the most vulnerable members of our society, and our scripture demands that we protect the vulnerable. And yet, we gather here today to choose if protecting our unborn children and newborns from mercury emitted from coal-burning power plants is in our national interest in keeping with our national character.

Are we, as a Nation, willing to protect our children or hinder them? Mercury is an neurotoxin whose impacts on the unborn and newborn children pose significant costs to both them and society. A recent medical paper states that mercury

is a highly toxic element, and there is no known safe level of exposure.

In the past year, the National Association of Evangelicals, the United Conference of--United States Conference of Catholic Bishops, and us, the EEN, Evangelical Environmental Network, have joined together to support a federal mercury standard that would protect our unborn children and infants across the country. Two different Christian traditions united to protect a sacred gift from God, a gift before and after birth, and anything that threatens or impedes life or unborn infants is contrary to our common belief an exacts a moral cost on the Nation’s character.

Approximately one in six children in the United States are born with threatening levels of mercury. Mercury impairs neurological development, lowers IQ, and has a potential list of other health impacts. There are over 1,000 documented published medical journals that support these conclusions. These conditions result from eating food containing methyl mercury, primarily contaminated fish, and the source of 50 percent of our domestic mercury emissions remain coal-fired utilities.

Unborn children and infants are at risk. Pregnant women who consume fish contaminated with mercury transmit such

mercury to their unborn children. They also give it to them in their breast milk. Unlike adults, unborn children have no way to excrete mercury. The toxin keeps circulating inside their mother's womb, increasing their exposure. Medical research indicates that mercury cord blood is twice that of the mother's blood. Therefore, even if a mother's blood remains below toxic levels, risk levels, the unborn child may not.

Right now, according to the latest survey, over 50 percent of our fresh waters in the United States have mercury fish eating advisories. It is simply not safe to eat freshwater codfish in most of the United States. An example of that is one of my employees, one of my staff, Ben Lowe who lives in Illinois, many of his neighbors fish regularly to provide protein for their families. Ben tells a story of one day he was fishing in the Chicago River. He knew it was polluted, knew it was filled with mercury, and he was about ready to throw his catch back in when a man came up to him and asked him if he could have it. Ben tried to explain to him that it was full of mercury and other toxins, but the man said I need to feed my family. They are hungry. Ben gave him the fish, but it is not right. Nowhere in America should a man have to choose to feed his family or to feed them poison.

Our children pay the greatest cost to mercury pollution, but such costs also accrue to society. One study estimate that the cost of methyl mercury alone was $5.1 billion in 2008. The authors of that study compare the economic benefits of eliminating mercury pollution to the benefits gained from past lead regulation.

We have heard today over and over again that MATS will cost $9.6 billion a year, but I believe with these kinds of benefits that aren't even included in the EPA studies that for every $1 spent, we will see 5 to $10 in return. It is going to be expensive. We estimate in an internal EEN Study that it could cost in the high area $7 a month to electricity bills. You have heard the averages here before. But I think that $84 a year is worth protecting our families.

I know I am probably running out of time, so I would just like to say and conclude by as this stance bill was released earlier this year. We stood together with the U.S. Catholic Conference. Bishop Blair stated upon the MATS release that the U.S. Catholic bishops welcome this important move by the Administration to adopt long-awaited standards to reduce mercury and air toxic pollution from power plants and to protect our children's health. We believe together that this is a fair and uniform standard to address a powerful threat. We can take 90 percent of the mercury out away from

coal-burning power plants without the fear of diminished electricity reliability or job loss, and with great economic ability.

It is well past time to act. No more delays, no more special treatment of one industry over another. Not caring for our children simply diminishes our Nation. And as the Psalmist says, give justice to the weak, and maintain the rights of the afflicted.

Thank you, Mr. Chairman.

[The prepared statement of Rev. Hescox follows:]

********** INSERT 5 **********

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Mr. {Whitfield.} At this time, we recognize Dr. Julie Goodman from the Harvard School of Public Health, and you are recognized for 5 minutes for your opening statement.

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^STATEMENT OF JULIE E. GOODMAN

} Ms. {Goodman.} Good afternoon, Mr. Chairman and members of the Subcommittee, and thank you for the opportunity to testify. I am Dr. Julie Goodman, a board-certified toxicologist and Principal at Gradient, which is--

Mr. {Whitfield.} Is your microphone on?

Ms. {Goodman.} Is it--can you--should I start again?

Mr. {Whitfield.} Yes.

Ms. {Goodman.} Thanks. All right. Good afternoon, Mr. Chairman and members of the Subcommittee, and thank you for the opportunity to testify. I am Dr. Julie Goodman, a board-certified toxicologist and Principal at Gradient, which is an environmental consulting firm in Cambridge, Massachusetts. I also teach a graduate level epidemiology class at the Harvard School of Public Health. I am presenting testimony this morning on my own behalf, and as an independent scientist.

I want to start by stressing how important clean air is. there is no doubt that high levels of pollution can be detrimental to human health and the environment. But considering everything from infant mortality to life expectancy, negative impacts from air pollution are at their lowest levels in recent history in the United States.

EPA has estimated that the Mercury and Air Toxics Standards, also known as the Utility MACT, will lead to benefits from reductions in health effects ranging from bronchitis to mortality, and that these benefits translate to tens of billions of American dollars saved. But the methods use to derive these benefits are fraught with large uncertainties, which will likely result in a large overestimation of benefits.

Despite its name, the vast majority of the benefits from the Mercury and Air Toxics Standards reported by EPA are not from mercury reductions, but rather, from highly imprecise estimates of mortality reductions from decreasing emissions of fine particulate matter, or $PM_{2.5}$. Importantly, these estimates are not based on an evaluation of all available relevant science. Rather, EPA relied on two observational epidemiology studies conducted when air pollution levels were generally above current standards.

Epidemiology studies investigate statistical associations or correlations between estimated levels of air pollutants and health outcomes in human populations. The two studies on which EPA relied report statistical associations between $PM_{2.5}$ reductions and health benefits and assumed a causal relationship, but dozens of other epidemiology studies are available, and many report no such correlations.

The fact that EPA only considered studies that suggested an association means that it conducted a biased assessment of the available data. And even if it were appropriate to rely only on these two studies, just because two factors are correlated does not mean that one caused the other. Study outcomes can depend on many factors. For example, health risk factors such as smoking, exercise, and diet may have contributed to the increased mortality some studies attributed to $PM_{2.5}$. In addition, most epidemiology studies, including the two on which EPA relied, estimated personal exposure for monitors at central sites, even though most people spend the majority of their time indoors. These monitors do not accurately capture daily variations in $PM_{2.5}$ concentrations or composition that are experienced by individuals, particularly indoors. This also leads to inaccurate results in epidemiology analyses.

Finally, in addition to ignoring much of the epidemiology evidence, EPA did not consider other lines of evidence in its benefits estimations. Experimental studies have demonstrated that the physiological impacts of inhaling $PM_{2.5}$ are only observed when very high doses overwhelm the lungs natural defense mechanisms. In other words, the body's natural defenses can effectively deal with a certain level of $PM_{2.5}$. Above that level, called the threshold, additional

$PM_{2.5}$ can perturb normal function. Indeed, some level of $PM_{2.5}$ in ambient air is unavoidable and has been present on Earth for eons, but humans have evolved the means to cope with these exposures without major health consequences.

Despite this, EPA assumed that there is no level of $PM_{2.5}$ below which health effects, including mortality, would not be observed. Although EPA acknowledged that the benefits estimate would be significantly overestimated if a threshold was incorporated in its analysis, it nonetheless calculated benefits without one. If a threshold were accounted for, mortality estimates would be much less and could be zero.

In conclusion, the largest benefits from the Mercury and Air Toxics Standards are derived not from reducing mercury, but from reducing $PM_{2.5.}$ Despite the vast array of peer reviewed scientific literature on the topic, EPA based its calculations on only two epidemiology studies. These two studies had several methodological limitations, including the inability to assess alternative causes of the observed health effects and the reliance on central monitors to estimate personal exposures. These studies were not consistent with many epidemiology studies, indicating no correlation between reducing $PM_{2.5}$ in health benefits, nor experimental studies indicating an exposure threshold below which $PM_{2.5}$ is not likely to overwhelm the body’s natural defenses.

All of these factors indicate that the benefits estimates from the Mercury and Air Toxics Standards are grossly inflated and not realistic. Because there is arguably very limited evidence that these standards would reduce the disease burden more than pollution standards already in place, resources should be used towards other measures that would more clearly benefit society..

Thank you again for the opportunity to testify, and I look forward to answering your questions.

[The prepared statement of Ms. Goodman follows:]

********** INSERT 6 **********

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Mr. {Whitfield.} Thank you, Dr. Goodman.

At this time, I recognize Dr. Josh Bivens, who is Acting Director at the Economic Policy Institute, for 5 minutes.

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^STATEMENT OF JOSH BIVENS

} Mr. {Bivens.} I thank the House Subcommittee, and especially the Chairman and ranking member for the invitation to testify today. I am Josh Bivens, an economist at the Economic Policies Institute in Washington, D.C. I am going to focus on a relatively narrow slice of the issue, which is the short run job impacts of the toxics rule.

This is the narrowest part of the issue, but it has started to become a major part of the debate. And this is understandable. Far too many Americans remain jobless nearly 4 years after the bursting housing bubble led to what is now known as the Great Recession. Further, I think it is--the entangling of this debate of the toxics rule with this current crisis of joblessness is why I actually began writing about this rule. On the topic of job creation and economic performance, especially in the short run, this is my area of expertise.

Further, I think it is safe to say that no other research institute in Washington, D.C. has worried more loudly and publicly about the current crisis of joblessness than the Economic Policy Institute. Nobody has stronger bonafides in demanding the policymakers address the

unacceptably high unemployment rates in the past couple years. So in short, I take very seriously any claim that economic policy could actually inflict some harm in the labor market.

But looking at the toxics rule with an eye towards making sure that the current crisis of joblessness is not exacerbated, I found nothing to concern me on the jobs front. In fact, I found that the jobs impact of the toxics rule in the next couple of years is going to be modest positive. It is not a jobs bill, it is a bill to improve health and quality of life. It also happens to have modest positive job impacts.

In my testimony, my written testimony which I request be submitted into the record, draws heavily on research I authored for EPI. I sketch out how regulatory changes in general and the toxics rule specifically can impact unemployment.

I concluded a couple of things. One, the air toxics rule, like almost all regulated regulatory changes, will have only negligible impacts on job growth over the longer run, and that in the shorter run, especially in an economy plagued by too high rates of unemployment like the American economy today, its impact is very likely to be positive. The major findings in my research is I do a couple different

methodologies. My best estimate is that the impact of the rule will be to create about 100,000 jobs between now and 2015. And so for the rest of my testimony, I am just going to briefly describe some of the economic mechanisms that I take into account in making this, and then, of course, I am happy to take questions.

So basically, if you want to think about the effect of regulatory changes on job creation, you really want to separate two things, you know, the long run when the economy is functioning pretty well, versus the short run, when the economy is not functioning well. Employment over the long run and in a well-functioning economy, basically regulatory changes are going to have no impact on unemployment in that case. The reason is pretty simple. When the economy is functioning well, the Federal Reserve has a great ability to neutralize any boost or reduction in job growth through its conventional monetary policy. We may criticize the Fed for their specific unemployment or inflation targets, but when the economy is functioning well, they hit them. So whatever the effective regulation does to the unemployment rate when the economy is functioning well, the Fed can just push back on it, either way.

Further, the impact of the regulatory changes on the first round impacts even before the Fed gets involved, they

are going to be pretty modest because they are cross-cutting. Basically you are going to see some job growth because of the investments, the need to be undertaken to install the pollution abatement and control equipment that is going to clean the air, and then on the other side, you are going to see a slight rise in the overall price level as energy costs are then perhaps passed on in the form of higher prices to consumers. But they are cross-cutting effects, they are going to be modest. It isn't even going to be that hard for the Fed to push back against them. In a well-functioning economy, the Fed will be able to do so.

We know that is not the case of the economy today. The Fed is unable to push the unemployment rate lower. It has been trying for a long time and it can't. And so that means, you know, in the jargon we call it the economy is stuck in a liquidity trap. We have very high rates of unemployment, even with short-term interest rates absolutely stuck at zero. The Federal Reserve has essentially disarmed its conventional policy and that changes the analysis of regulatory changes.

So basically you have got, I would say, a positive, a negative, and a neutral effect of this rule on unemployment. The positive is jobs gained through investments and pollution abatement and control equipment. The roughly neutral is jobs in the utility sector themselves, and then the negative is

the job impacts of higher energy costs being passed on to higher prices, and that is reducing consumer demand.

I am just going to tell you a couple reasons why in an economy with a very large unemployment rate and large output gaps, that that last negative factor is not going to be as strong. I mean, first the bulk of cost impacts of the toxics rule and electricity prices are temporary, reflecting the need for utilities to make up for investments and cleaner generation. The vast body of economic research says households don’t respond very much to temporary price increases. Second, it is likely that any upward price pressure stemming from regulatory changes in the current environment are going to be very blunted because of the very large output gap in the economy. Basically, firms don’t have pricing power. When they are not running factories full bore, when they are not selling enough stuff, they just don’t have much pricing power to pass on the higher cost to consumers. We know that they have very large profit margins today, pre- and post-tax profit margins are at their highest rates in over 40 years. They have a very large buffer with which they can absorb any cost increase, especially when it is modest as that stemming from the toxics rule.

And lastly, even if prices do rise slightly in response to the toxics rule, this could actually be of benefit in the

current economy. What we have right now is nominal interest rates that the Fed controls, they are stuck at zero, and so as prices fall, that actually makes real interest rates rise. That is the last thing we want in the economy right now. We don’t want to increase borrowing costs for firms, and so anything that pushes back against disinflationary pressures could actually be good for the economy.

I would just conclude by saying the claim that regulatory changes in general are responsible for today’s continued economic weakness don’t have an empirical foundation. The claim that regulatory changes should be expected to slow economic and employment growth in the future lacks any basis in economic theory or evidence, and normally, regulatory changes are pretty neutral in their impacts on employment. Actually, the poor performance of the economy today is a reason to make sure that the toxics rule is actually implemented as planned.

[The prepared statement of Mr. Bivens follows:]

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Mr. {Whitfield.} I let you go over a minute, so next our witness is Dr. Julie--Dr. Anne Smith, I am sorry, Anne, from the NERA Consulting Group, economic consulting, and you are recognized for 5 minutes.

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^STATEMENT OF ANNE E. SMITH

} Ms. {Smith.} Mr. Chairman, members of the Committee, thank you for inviting me. I am Anne Smith. My statements today are my own opinions and do not reflect the views of my company, NERA Economic Consulting.

The MATS rule is costly and will create net harm to the economy without providing any meaningful reduction of risk from the hazardous air pollutants, or HAPs, that are its sole purpose. No matter how costly, EPA must set MACT rules based on the assessed risks from the HAPs. However, EPA lacks evidence that the utility HAPs pose meaningful risks. EPA is masking that fact in its regulatory impact analysis, or RIA, with estimates of so-called co-benefits from coincidental reductions of $PM_{2.5,}$ which is not a HAP, and which EPA is already required to regulate to safe levels.

EPA estimates the MATS rule will void up to 11,000 premature deaths and many other respiratory and heart ailments, creating benefits of 33 billion to 90 billion per year, which compared to EPA’s cost estimate of about 10 billion per year.

First, those benefits have nothing to do with the HAPs at all. All of the lives saved and virtually all of the

dollar benefits are from coincidental reductions of already save levels of $PM_{2.5.}$ The estimated benefits from HAP reductions are 10,000 times smaller than the $PM_{2.5}$ co-benefits, lost to rounding error. It is solely due to the mercury reductions under this complex rule as well. The mercury related benefit is so low because EPA estimates the rule will improve IQ of exposed children by an average of only 0.002 IQ points. That change is not even measurable in actual IQ testing. EPA nevertheless assumes it reduces their lifetime earnings to generate those tiny mercury benefits.

The story is even worse for requiring MACT on acid gases from utilities. This rule--this part of the rule accounts for about half of the $10 billion price tag, and EPA has not identified any actual health risk associated with current emissions of acid gases from power stations.

That leaves only co-benefits. In a report I completed last December, I explained why EPA’s practice of justifying new rules using co-benefits is wrong, and showed how the $PM_{2.5}$ co-benefits are overstated to the point of implausibility. For example, EPA’s estimates of 11,000 lives saved under the MATS rule from coincidental $PM_{2.5}$ reductions is based on assumptions that also imply that about 25 percent of all deaths nationwide were due to $PM_{2.5}$ back in 1980. Those assumptions stretch the bounds of credibility.

Further, as I said, EPA must identify the safe level of $PM_{2.5}$ when setting the $PM_{2.5}$ national ambient air quality standard. EPA's MATS RIA shows that all of its estimated lives saved are in areas where $PM_{2.5}$ is already below that safe level.

Even if EPA tightened its $PM_{2.5}$ standard to a lower level, given the range it is willing to consider for that new standard right now, 94 percent to nearly 100 percent of those 11,000 lives will still be from areas where EPA deems the $PM_{2.5}$ levels to be safe. If EPA considers those PM levels unsafe, it would have to set an even lower standard for $PM_{2.5}$. It is thus not valid to use those risk estimates to instead justify non-PM regulations, such as the MATS rule.

Without any meaningful risks from the HAPs themselves and with the co-benefits both non-credible and inappropriate to consider, the economic impact of the MATS rule becomes relevant. EPA does not fully analyze the implications of spending $10 billion per year for MATS compliance. I have. Using NERA's new era model, I project that EPA's $10 billion costs per year implies a net loss in worker income, GDP, and consumption. Even accounting for spending on workers who will install the controls, the new era analysis projects a reduction in worker income that is equivalent to about 200,000 full-time jobs in 2015.

RIAs are intended to provide transparency about the impacts and merits of regulations. Even when a benefit cost justification is not the legal basis for setting the standard, the MATS RIA fails to serve that purpose. EPA's use of highly dubious co-benefits in its RIA for the MATS give it a shield to justify a costly rule that it cannot justify on its own risk merits.

[The prepared statement of Ms. Smith follows:]

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Mr. {Whitfield.} Thank you, Dr. Smith, and I thank all of your for your testimony.

Mr. Tsosie, Dr. Bivens in his testimony indicated that he would anticipate maybe 100,000 jobs gained in the U.S. as a result of this regulation, maybe more, maybe a little less. What did you tell me the unemployment rate was in the Navajo Nation right now?

Mr. {Tsosie.} Based on our studies--

Mr. {Whitfield.} Turn your microphone on, please.

Mr. {Tsosie.} Based on our studies in 2009, the unemployment rate on the Navajo Nation hovers about 50 percent unemployment.

Mr. {Whitfield.} And do you anticipate from the analysis that you all conducted and from your own personal knowledge working with others, that your unemployment rate is going to go down as a result of this regulation?

Mr. {Tsosie.} No, we anticipate there may be some preliminary jobs during the installation of the technology; however, there may be, at the most, eight jobs that are created as far as operating the technology. But the offset is not only with the MACT but with the BART, there will be substantial costs on the generating facility, which in my mind, will force the owners to shut down the plant.

Mr. {Whitfield.} And if that happens, how many jobs do you lose?

Mr. {Tsosie.} If that happens at the Navajo Generating Station, I believe we estimated 438 jobs at the plant. There is also an associated mine that employs close to 400 people also, and that also will have a devastating effect. So we are talking approximately 1,000 jobs, in addition to the additional jobs that it creates by--

Mr. {Whitfield.} So you are potentially really going to be hurt economically?

Mr. {Tsosie.} That is correct. We also have two facilities. The Navajo Generating Station is one example that I used. We have the Four Corners Power Plant located near Farmington and the San Juan Generating Station also right across the river from that that are going to be impacted by these regulations.

Mr. {Whitfield.} Now Ms. McCarthy testified that EPA has been working very closely with the Navajo Nation to try to address your concerns. Are you all satisfied with the assistance you are getting from EPA?

Mr. {Tsosie.} Not on this particular rule.

Mr. {Whitfield.} Okay. Now Dr. Goodman in her testimony and Dr. Smith in her testimony and others had indicated that in all the analyses, even the EPA’s analysis,

shows that the benefit from mercury reduction is almost nil, and yet, the advocates of this regulation, that is all they talk about is the benefits of mercury reductions. From your perspective as the Attorney General of the Navajo Nation, are you--do you feel like the benefit of the mercury reduction from this bill will outweigh the negative impacts of losing jobs, or are you more concerned about mercury reduction or the jobs in the Navajo Nation?

Mr. {Tsosie.} We are concerned about both, and the difficulty in the MACT rule is there is no data available that we can analyze to make an assessment. That is the ongoing difficulty. We have studied the impacts of the BART, the Best Available Retrofit Technology, on the power plants that exist, but as far as the MACT implications, we haven’t generated any data, so we can’t make a determination as to whether or not it is going to be good or bad.

Mr. {Whitfield.} Well Dr. Goodman, in your analysis, did you--you did a pretty thorough analysis on this. Did you find any dollar value in the reduction of the mercury emissions as a result of this rule?

Ms. {Goodman.} I am not an economist--but I can tell you that--sorry about that. I am not an economist, so I can’t speak too much to the dollar value, but what I can say is that the science used to evaluate the mercury benefits,

the evaluation had similar issues as the PM analysis in that there were many steps getting from the beginning to the ultimate calculation of risks and each step had uncertainties and these uncertainties were compounded, so by the very end, this ended up being a large overestimate, even though it is still on the accounts for whatever it is, .01 percent of the benefits.

Mr. {Whitfield.} Well my understanding, Dr. Smith, and you can tell me if you disagree, and Dr. Goodman, that the benefits certainly did not come from mercury reduction, the primary benefits were coming from reduction of $PM_{2.5.}$ Is that correct?

Ms. {Goodman.} Oh, absolutely.

Mr. {Whitfield.} Okay. So I think they are very misleading about focusing on the mercury, because there is no benefit in the mercury reduction.

Mr. Roberson, you made some quite startling comments, and I know that you have worked with electric generating utilities for a long time. Are you saying that conventional coal plants cannot really be built in this country as a result of this rule because of guarantees and financing issues? Did I understand you correctly?

Mr. {Roberson.} Yes, that is my testimony. The emission limits, the numerical emission limits in the final

rule for new coal-fired units are so low that an equipment vendor could not possibly guarantee that they could meet those numbers on a consistent basis.

Mr. {Whitfield.} Yeah. Well, that is really a concern because we expect electricity demand to go up by 2035 by maybe 50 percent, and we are reducing our base load, and I am concerned about our ability to compete in the global marketplace.

My time is expired, and at this time I recognize the gentleman from Illinois, Mr. Rush, for 5 minutes.

Mr. {Rush.} I want to thank you, Mr. Chairman.

Reverend Hescox, I am glad that you are here. It is really refreshing for me. I am a pastor of a church on the south side of Chicago, so it is so refreshing to me to hear the voice of the priests on this particular issue. I want to thank you for being here.

Why did you decide to get involved on this particular issue?

Rev. {Hescox.} I am an Evangelical, and I am concerned about life. To me, the threat of 600,000, 15 percent of our unborn children suffering IQ brain damage from the result of mercury is a significant problem to me. I mean, I believe that we should stand up and protect our unborn, the least of these, and we know that mercury is a problem. You know, it

has been going on for a long time, this amount of IQ damage and other things. Our waters are filled with it. I have pastors in Pennsylvania where I live. I live in the State that produces the third amount most of mercury who used to fish for their children who won’t even take their children fishing anymore because they are scared of the mercury poisoning.

So I am here because it is a life issue. For us, creation, care--I mean, I am not an environmentalist. I am a Christian who believes that God gave us a planet, the Creation, for sustainable life, and things like mercury pollution are making the planet not sustainable. It especially impacts those we can’t protect at all.

Mr. {Rush.} Well, your organization is not the only religious organization that is involved on this issue. Can you talk about the other organizations?

Rev. {Hescox.} Sure, and with us together, I have a representative from the U.S. Catholic Conference of Bishops is right behind me, at least I hope she is still here. Also the National Association of Evangelicals have joined us, and there are probably other Christian groups involved. We happen to be two groups that are pro-life groups, and so it is very easy for the NAE and the Catholic Bishops to join together with us to stand up for the rights of the unborn.

Mr. {Rush.} Now, you have been very patient with us, and you have been here from the beginning and I am sure you probably pay attention to the discourse, the debate on both sides over a number of months, if not years. We seem to be going back and forth, never moving forward, just going back and forth in what I may call a firing squad. We just look forward and--what do you think we are missing here in terms of the point? Why can’t we move forward? What is the element that we are missing here, in your opinion, that we are failing to appreciate that we have lives that don’t see and ears that don’t hear? What are we missing here?

Rev. {Hescox.} I mean, the flippant answer would be a miracle, but I think the reality is that we--I know--I live in southern York County, Pennsylvania. I am a Republican. I have been a Republican since I was born. York County is a Republican place. But we talk about that we need to come together as a people to solve these problems. I think that is what I would urge us all to do. It is why the Catholics--Catholics and Evangelicals don’t agree on everything, but we have this common issue of protecting unborn that is very important to us. And so I guess how do we solve it? I would like to get you and Mr. Whitfield in a room together and say let us work it out and not go forward until we agree. There has to be a way to find a common interest to go forward on

all these issues, and quite honestly, our country needs it. Our country needs the men and women of this Congress to really--to find a way to work together. I mean, that is my prayer every day that we could--I mean, Speaker Boehner put it right. I was at the March for Life rally and walked up the Hill. When he said those words that, you know, life should not be a party or an economic issue, I stood up and cheered. Somehow we found that in 1990 when the Clean Air Act was first put into place, and I am just asking let us find a way to come back together again to find that. Let us find a way to work together to solve these problems.

Mr. {Rush.} I just want to, you know, as a pastor and a believer--7:14, would that have meaning for us here?

Rev. {Hescox.} I think that we just need to come together to be people to recognize that there are problems. We need to solve the problems, we need to get on with it, and really establish America as a great place again. I think we can do that by working together.

Mr. {Whitfield.} Thank you, Mr. Rush.

At this time, I recognize the gentleman from Texas, Mr. Barton, for 5 minutes.

Mr. {Barton.} Thank you. Amen. We all want to work together. Brother Rush and myself want to work together. We just have differences of opinion on what the problem is, but

we definitely want to work together. I hope someday that I come to your church and get to sit out in the congregation, if I am allowed in the door.

Mr. {Rush.} No, you are allowed in the door.

Mr. {Barton.} I hope so.

Mr. {Rush.} Not only allowed, but you will be welcome.

Mr. {Barton.} I will help the collection plate a little bit.

Mr. {Rush.} No, you will be welcome.

Mr. {Barton.} I want to ask Dr. Goodman some questions. I think you were in the audience when I questioned the Deputy Administrator. I am going to read you the sentence that I read her that is in the footnotes of their ruling that says ``The negative estimates for certain endpoints are the result of the weak statistical power of the study used to calculate the health impacts, and do not suggest that increases in air pollution exposure result in decreased health impacts.'' Is that sentence basically stating in one sentence what your testimony stated, that these--that their conclusions really can’t be confirmed by the true facts of the case?

Ms. {Goodman.} Yes, I think if you look at the science as a whole, so it is epidemiology, toxicology, mechanistic studies, they don’t support that reducing $PM_{2.5}$ levels, when you are already starting with low levels, reducing them even

more is going to necessarily have any health benefits.

Mr. {Barton.} And I know that--I mean, you are the only toxicologist on the panel here. The gentleman next to you on your right, who I have great respect for because of his right to life beliefs, which I am about a 96 percent right to life lifetime voting record Congressman, he is concerned about mercury poisoning in the unborn. Is it your belief as a toxicologist that the exposure levels resulting from smokestack emissions of power plants in terms of mercury does impact the unborn?

Ms. {Goodman.} I would say that the--in terms of this rule, the impact on mercury emissions is going to be so negligible that it will not have a measurable impact.

Mr. {Barton.} A measurable impact, okay.

I am going to ask the Attorney General for the Navajo Nation, you seem to be a pretty level-headed guy and you seem to understand the real world and the impacts on your tribe. Dr. Bivens, if I understood him correctly, I was listening in my office, says that higher electricity prices are good for the economy because it has a deflationary impact and since factories aren’t working anyway, they can’t raise prices so we ought to just go with it. I am paraphrasing, but I think that is a pretty close paraphrase. What is your reaction to that?

Mr. {Tsosie.} For us, for the Navajo Nation, the reaction is that it is a little different than what he is stating. The Navajo Nation is generally not the end customer for electric utility facilities.

First of all, most of our people lived without electricity for a long time, and we just recently made an effort to get electricity into our households, so that is not a luxury that we have enjoyed for a long time. In addition to that, we site the facilities on Navajo lands. Our coal is used to fuel the power plants, and historically, the Federal Government has taken the initiative to negotiate deals on behalf of the Navajo Nation. So in essence, we have always subsidized the Southwest with the low rate prices for our resources, our water, our air shed, and exemptions from our taxes.

Now it has come to a point where the leases are expiring and we are renegotiating our leases. So we have come to a timeframe where we will enjoy greater benefits than we have in the past. And the very economy that was established for us by the Federal Government is now under threat by the Federal Government.

Mr. {Barton.} My time is expiring and I want to go back to Dr. Goodman.

Can I paraphrase your testimony to say that you don’t

think these new rules when implemented will have a measurable positive impact on public health?

Ms. {Goodman.} I think that is a definite possibility.

Mr. {Barton.} Thank you, Mr. Chairman.

Mr. {Whitfield.} At this time, I recognize the gentleman from Michigan, Mr. Dingell, for a period of 5 minutes.

Mr. {Dingell.} Mr. Chairman, I thank you for your courtesy. My questions are to Darren MacDonald, Director of Energy at Gerdau Long Steel in North America.

Mr. MacDonald, you have a fine manufacturing facility in Monroe, Michigan, which is in my district. I have been there and seen it. Now, what have the Michigan utilities told you about the potential effects of the new rules on the rates that they will charge your company in Monroe for electricity?

Mr. {MacDonald.} I don’t have an exact impact on the cost for--from Detroit Edison or from consumers. One of the challenges is to understand what the cost will be and what technical solution they are going to be able to implement to meet the compliance deadlines, so--

Mr. {Dingell.} Let us take a quick look at this, though. Electricity costs go up and they are going to have significant problems, are you not?

Mr. {MacDonald.} Well yes. Yes, we will.

Mr. {Dingell.} That is very clear. And if these matters are handled improperly by the regulatory agencies, the practical result will be that the rates for electricity sold to your company will go up, is that not so?

Mr. {MacDonald.} That is correct.

Mr. {Dingell.} Would you have your rate people take a look at these matters and give us an answer as to how these things are going to affect you under the different possible scenarios? If the EPA hurries matters unduly, or if it treats the utilities in a proper fashion, we would like to see how you are projecting your electrical utility costs.

Now, next question. What steps will you take if rates for your Monroe facility rise excessively?

Mr. {MacDonald.} What we do on a regular basis, routine monthly basis is look at the costs--

Mr. {Dingell.} You buy your electricity in bulk, is that right?

Mr. {MacDonald.} Well, we are a regulated utility in the State of Michigan, both locations, so we buy it from the utility under a contracted rate. However, if the rates go up, what we do is look at the cost--our cost structure at each of those mills, 20 in North America, and we decide where it is least cost--

Mr. {Dingell.} So you are going to go build somewhere

else where the rates are cheaper?

Mr. {MacDonald.} Lowest cost, yes, sir.

Mr. {Dingell.} Is that a danger to us in Monroe?

Mr. {MacDonald.} Oh, it is a decision that is made for every State that we operate in.

Mr. {Dingell.} Okay. Now in your testimony, you recommend that legislative action be taken to phase in the requirements of the new rule over a period of time, is that correct?

Mr. {MacDonald.} That is correct.

Mr. {Dingell.} Do you--what do you think an appropriate period of time would be for phasing in these regs?

Mr. {MacDonald.} Well, we have been told that 3 years is too quick and that the fourth and fifth year are subject to some application process at that time, so you get to the fourth year, you need to apply, you get to the fifth year, you need to apply. So we are looking for--utilities have told us that they were looking for a much longer window in order to properly plan and avoid the--

Mr. {Dingell.} You are looking for them to phase it in over 4 or 5 years and hoping that that would be so, is that right?

Mr. {MacDonald.} Could you repeat the question?

Mr. {Dingell.} I am sorry?

Mr. {MacDonald.} Could you repeat your question? I didn't hear it.

Mr. {Dingell.} I said you are looking for them to phase in the new rules over 4 or 5 years as opposed to doing it in 3, is that right?

Mr. {MacDonald.} At least 5 years.

Mr. {Dingell.} All right, and the consequences of phasing in over 3 years would be a rapid and difficult rate increase for you, is that right?

Mr. {MacDonald.} That is right, plus unnecessary costs because of the rush for the same resources and the same suppliers.

Mr. {Dingell.} Now, how many people do you have at your Monroe plant?

Mr. {MacDonald.} Roughly in the 300 range.

Mr. {Dingell.} Okay. Do you have any plans for expansion?

Mr. {MacDonald.} Yes, we are currently planning an expansion at Monroe.

Mr. {Dingell.} Now what would that order of magnitude be?

Mr. {MacDonald.} From a capacity perspective? We are looking to nearly double it.

Mr. {Dingell.} Okay. And if the rate increases go up

too fast, you might find that you are going to have to rethink those plans, is that right?

Mr. {MacDonald.} We always consider the price of electricity. Is it one of the key investment decisions.

Mr. {Dingell.} All right. Now, are there other recommendations you would make besides a longer period of time for the utilities to be able to comply with the changes that EPA is suggesting?

Mr. {MacDonald.} Yeah, we would like to see more consideration given to alternatives for fuel diversity. We are concerned about all the eggs in a single natural gas basket.

Mr. {Dingell.} Thank you. Mr. Chairman, you have been very gracious. Thank you.

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

Mr. {Shimkus.} Thank you, Mr. Chairman. I want to direct most of my questions and comments to Reverend Hescox. It is interesting how in this profession and in this Committee that I am always drawn to theological debates and discourse, which I think my friends on the other side like to draw me into. But I am not afraid, and so with that, let us--Dr. Hescox, the phrase ``conceived and bore'' is used

repeatedly in Genesis 4:1 and Genesis 4:17, and the individual has the same identity before and as after birth, ``in sin my mother conceived me'' the repentant Psalmist says in Psalm 51:7. The same word is used for the child before and after birth, that word is brethos, that is infant. It is used in Luke 1:41 and Luke 18:15. The--do you agree with that?

Rev. {Hescox.} Yes.

Mr. {Shimkus.} Thank you. God knows the preborn child--I also quote--``You met me in my mother’s womb, nor was my frame unknown to you when I was made in secret,'' Psalm 139:13-15. God also helps and calls the preborn child, and I quote, ``You have been my guide since I was first formed from my mother’s womb. You are my God.'' Psalm 22:10-11. And I also quote, ``God, from my mother’s womb, had set me apart and called me through His grace.'' And that is from Saint Paul to the Church Ecclesia 1:15.

Now, the term--the prolife community--well, first of all, there is one, two, three, four, five, six, seven, eight, nine, ten, eleven, twelve, thirteen pieces of legislation promoted by the prolife community in this Congress. Has your organization endorsed any of them?

Rev. {Hescox.} We endorse the whole effort and do that as part of the right to life--

Mr. {Shimkus.} So you have officially endorsed H.R. 3?

Rev. {Hescox.} Not officially.

Mr. {Shimkus.} H.R. 374? Have you officially endorsed any defined prolife legislation in this Congress? I mean, it is a simple yes or no. Have you or have you not?

Rev. {Hescox.} No.

Mr. {Shimkus.} Okay, that is not unexpected. Why do I ask that question?

Rev. {Hescox.} Yeah, why do you?

Mr. {Shimkus.} The life in prolife denotes not the quality of life, but life itself. The term denotes opposition to a procedure that intentionally results in dead babies. So that is why we in the prolife community take great offense when an Evangelical movement tries to usurp the meaning of prolife when it is defined. Those in the prolife community believe life is distinct, unique, at conception to natural death. That is what the prolife community stands for, and in--and I would like to submit for the record testimony of Dr. Timothy D. Terrill, Associate Professor of Economics, Wilford College, and Senior Fellow at Cornwall, and I would also like to submit a statement--I have quoted some of it--``Protecting the Unborn and the Prolife Movement from Misleading Environmentalist Tactic,'' a joint statement by prolife leaders. I would like to submit that into the

record.

Mr. {Whitfield.} Without objection.

[The information follows:]

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Mr. {Shimkus.} Because as has been testified here by the toxicologist, you are basing your religious movement and assuming the prolife mantle when even a toxicologist testifies that there is little to no harm. Little to no harm. Now the prolife community is about life. It is not about levels of harm or no harm. We are there to protect the life of the unborn child.

Rev. {Hescox.} Mr. Shimkus, are you going to allow me to respond?

Mr. {Shimkus.} I think I am doing pretty good right now, thank you.

Rev. {Hescox.} I figured as much.

Mr. {Shimkus.} First and foremost, truly prolife issues are issues of actual life and death. That is the prolife community, which you are masquerading for an environmental cause which I reject and which many in the prolife community--and I am sorry that I have had to take this time to take the record straight.

And with that, I yield back my time.

Rev. {Hescox.} I feel that you have just attacked my--and I really--

Mr. {Shimkus.} Mr. Chairman? Mr. Chairman? Regular order.

Mr. {Whitfield.} Just a minute. What did the gentleman say?

Mr. {Shimkus.} I just called for regular order.

Mr. {Whitfield.} Okay.

Mr. {Rush.} Mr. Chairman?

Mr. {Whitfield.} Yes.

Mr. {Rush.} These are some very heated words here and some accusations that I think that this witness has come from far and he is sitting there very patient. Unfortunately, my friend from Illinois threw some real harsh charges at him that goes to the core of what he believes in and what he works for. So I think this heated--the Committee should, out of common courtesy, allow him to respond.

Mr. {Whitfield.} Well, I am not going to allow him to respond because we ask questions all the time. Sometimes we give people an opportunity to respond, sometimes we don’t.

Mr. {Rush.} Mr. Chairman--

Mr. {Whitfield.} We have five or six members that are here. I recognize Mr. Waxman--

Mr. {Rush.} Mr. Chairman, a point of order. I would like to then officially request that we have a second round of questioning.

Mr. {Whitfield.} I don’t--no, okay. I don’t have any objection to that. That is fine.

Mr. Waxman, you are recognized for 5 minutes.

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

According to EPA, the Mercury Air Toxics Standards will generate up to $90 billion in health benefits each year, far outweighing the costs of compliance. EPA estimates that this rule will create jobs as well.

Dr. Bivens, in your testimony, you state that ``There is no better time than now from a job creating perspective to move forward with these rules.'' Can you explain to us in layman’s terms what you mean by this?

Mr. {Bivens.} Yeah. I think in the longer run, in economies that are working well, regulatory changes are going to have essentially no impact on employment, because basically the Federal Reserve has unemployment targets that in normal, well-functioning times they can hit so they can neutralize any change to employment coming from regulatory changes. That is not true right now. We have got the Federal Reserve--its conventional monetary policy is maxed out, and yet we still have very high rates of unemployment. What that means is the economy needs more spending, more investment, more consumer spending, more government spending, anything to increase spending will increase jobs. These regulatory changes will actually kick out some corporate investment. It will make them undertake some pollution

abatement and control investments they wouldn’t have otherwise.

Mr. {Waxman.} Well, many of my Republican colleagues talk about the cost of complying with EPA’s rules as if the money spent on pollution controls and upgrades goes into a black hole. That is simply not the case, is it?

Mr. {Bivens.} That is right. I mean, one person’s cost is another person’s income, and so what is compliance costs from the perspective of the industry is incomes and jobs from the perspective of people installing the pollution abatement and control equipment.

Mr. {Waxman.} How does spending on pollution control activities create jobs, both at a power plant and up the supply chain?

Mr. {Bivens.} Basically, it is investments that firms would not have undertaken, absent the mandates to the regulatory change, and so in order to make sure that they are emitting less of the hazardous air pollutions, they install things like filters and scrubbers and bag houses. These are additions to the capacity they have. They have to hire construction workers and skilled workers to install them onsite. That creates jobs down in supplier industries and steel in order to make the bag houses and the scrubbers, and so it creates jobs that way. It just basically makes a lot

of economic activity that wouldn’t have happened because now it is mandated.

Mr. {Waxman.} EPA estimated that the Mercury and Air Toxics Standards will create 46,000 short-term construction jobs and 8,000 long-term utility jobs. You argue that this a conservative estimate and likely undercounts the job creation benefits of the new rule. How does EPA underestimate the employment benefits of the air toxics rule?

Mr. {Bivens.} I think the biggest underestimate is that when they looked at jobs created through the pollution abatement and control investments, they didn’t capture anywhere near all of the supplier jobs. So basically, you have the equipment that needs to be installed, they capture the jobs that install the equipment, but the supplier jobs, the steel that goes into the equipment, the drivers that are needed to bring it to site, the accountants that work for the firms that supply the equipment, they missed a lot of those supplier jobs and I think that is the biggest source of understatement.

Mr. {Waxman.} This Committee has had numerous hearings to examine the question--the big picture question of whether new regulations harm economic growth, and what we have heard from the Republicans is that regulations are slowing down the economic recovery. You conclude that this argument has not

merit. Can you briefly describe why regulations are not a drag on the economy?

Mr. {Bivens.} Sure. I would first urge people--the president of my institute had a very good paper on this about regulatory change not being the source of slow job growth. People should look for that on our website.

The biggest evidence are if you look at profit margins for firms today, they are highest in 45 years, and so it is really hard to make the case that anything, regulatory change or anything else, is sort of destroying the cost structure of firms and making them unprofitable. Yet with very high profit margins, you don’t see them producing a lot. Why don’t they produce a lot? Because there is just not that many customers coming in the door. And so to me, that says when you have got very high profit margins and let some out, you cannot exploit those and sell more stuff. That is not the sign that something has ruined your cost structure, the way the argument the regulatory change would be, it is a sign that the economy lacks demand.

Mr. {Waxman.} Reverend Hescox, I just came in in the middle of your questioning. My colleague--how do you--and I don’t know how much we can get into this, but--or whether we want to or whether I want to--but how do the real people you talked to feel about exposing children or unborn children to

mercury and other toxic air pollution?

Rev. {Hescox.} They are scared. They want to protect their children. How many people in this room want to have their children or grandchildren have two or three points lower on their IQ? I don’t. I have a 9-year-old--9-month-old grandson who was born in Pennsylvania. We won’t know for 48 months whether his IQ will be normal or not. We stand a good chance because of my work in mercury and--I mean, who hasn’t gone to their physician when pregnant and told what fish not to eat and to watch your fish consumption.

So I think he stands a pretty good chance, but there are a lot of people that don’t stand that chance in protecting their kids. And for me, it is a prolife issue, along with many Evangelicals, that we are totally prolife. Prolife against poverty, prolife against air pollution. Certainly first prolife against abortion. Number one, won’t deny that in a bit, but we are totally whole life, and there is a growing, growing number of Evangelicals and Roman Catholics, and that is why we are sitting here together.

Mr. {Waxman.} I think the Catholic Bishops--Catholic Council of Bishops has endorsed the EPA rule. That is my understanding, Mr. Chairman. I just wanted to put that on the record. I yield back my time.

Mr. {Whitfield.} Gentleman’s time is expired. At this

time, I recognize the gentleman from Texas, Dr. Burgess, for 5 minutes.

Dr. {Burgess.} Thank you, Mr. Chairman.

Mr. Roberson, you were in the audience when I was questioning Administrator McCarthy and brought up to her that under the new rule, that the EPA was effectively taking coal of the table for our future energy portfolio. She was very dismissive of me in her answer. It seems like you offered additional information that perhaps that question was not one that should be so easily dismissed.

Mr. {Roberson.} Well, it is certainly my opinion that it is not easy to dismiss. I think EPA was looking--

Mr. {Whitfield.} Is your microphone on?

Mr. {Roberson.} Is that better?

Dr. {Burgess.} Much better.

Mr. {Roberson.} I don’t think that is a very easy issue to dismiss at all. I think EPA was looking for a simple answer that they had found a unit that meets the new unit limits and therefore everything is fine. I think they failed to look much--as far as they should have, because it is their own data of the tests that I am talking about. It is not five or six tests that I have in my attic, it is in the EPA’s own spreadsheets that shows that the Logan unit fails the HCl limit five out of six tests. The Chambers Co-Gen unit fails

the particulate test five out of six times.

Dr. {Burgess.} And these were the units that she was referencing in her answer to me, that we already have new plants that meet the standard?

Mr. {Roberson.} The Logan unit is the one she claims meets all of the new unit limits, and I am saying the Logan unit is the basis for the HCl limit, but it itself doesn’t even meet that limit when you look at multiple tests.

Dr. {Burgess.} Very well. Thank you. Thank you for that answer.

Reverend Hescox, let me ask you a question. It says on my information sheet about the witnesses that your group is called the Evangelical Environmental Network, is that correct?

Rev. {Hescox.} That is correct.

Dr. {Burgess.} And currently, are you all involved in any sort of media campaign or advertising campaign?

Rev. {Hescox.} We have done some important--not currently, we did last year.

Dr. {Burgess.} And what was your budget for that advertising?

Mr. {Hescox. We had a total of around $250,000.

Dr. {Burgess.} Do you have--is it--would it be available to the Committee who has provided you the funding

for that advertising?

Rev. {Hescox.} Sure, the money came from--I mean, it will be piled on whatever the right form is this year.

Dr. {Burgess.} Maybe you could provide that to the Committee?

Rev. {Hescox.} I would be happy to provide that.

Dr. {Burgess.} All right, I have got up on the screen a slide, because Mr. Barton asked a question of Administrator McCarthy about the contribution of the United States to the global mercury emissions, and this slide is from the EPA from their reference on the Federal Register, and they referenced this source from this paper from the atmospheric--the Journal of Atmospheric Chemistry and Physics, which is the global mercury emissions to the atmosphere from anthropogenic and natural sources, manmade and natural sources.

[Slide]

Dr. {Burgess.} If you look at that slide, it looks like we could cut out of all mercury production in the United States, and we have made a miniscule effect upon global mercury production. So I would also suggest from hearing from the other witnesses that knocking out the entire United States contribution of mercury, which means shuttering all coal-fired power plants, could have a devastating effect upon certainly Mr. Tsosie’s constituents. Mr. Roberson has

implied that it would be hard on people in his area, certainly the people in Texas last winter who had the gas-fired plant shut down for a brief period of time during an ice storm would argue that there were some health effects of that.

But you keep referencing the effects of mercury. I have a brief film clip that I would like to play. It is not from a right-wing group, it is from NOAA, the National Oceanic and Atmospheric Association. Perhaps we could key that up and play that. Let us just take a listen here. This is from NOAA.

[Video]

Dr. {Burgess.} Go ahead and stop that. Mr. Chairman, this is an excepted portion from the NOAA film, and if it is okay with the Committee, I would like to put a link to the entire 25 minute segment on the Committee’s website so people can view that for themselves.

Mr. {Whitfield.} Absolutely.

Dr. {Burgess.} And I yield back the balance of my time.

Mr. {Whitfield.} At this time, the Chair recognizes the gentleman from Texas, Mr. Olson, for 5 minutes.

Mr. {Olson.} I thank the Chairman, and welcome to all the witnesses. Thank you all for testifying today. Unfortunately with such a large panel, I will have to ask my

questions in a form that requires a yes or no answer. I ask you as a former Naval aviator, so please cover your buddy. If they are not hitting the microphone button, just reach over there and tap it for them.

And as I mentioned the first panel, my home State of Texas is still suffering a significant drought. The district I represent, Texas 22, went through the hottest August in history, over 100 degrees every single day in August, and still we had 100 percent humidity that makes people love Houston weather in the summer. Experts predict that we are going to have the same conditions recurring this summer. ERCOT, which is the company, the organization that controls our grid for most of the State, is worried about capacity shortages if the weather reoccurs as expected. If it does happen, real lives will be lost if we have blackouts. Not projected lives, say, as EPA uses. Real lives, real people. This proportionally impacting the young and elderly if they lose power in this excessive heat.

EPA calls the proposed rule we are talking about today the ``Mercury and Air Toxics Standard,'' and I want to make clear that I realize that mercury is a dangerous toxin. As a 6-year-old, I broke a thermometer with mercury in it in the bathroom. We almost moved out of the house because of my carelessness. EPA claims that there is going to be $90

billion per year in health benefits, and yet the benefits from decreased mercury standards is going to be $500,000,. One half of 1 percent of the total health benefits come from the reduction of mercury.

Here is the question the people in Texas 22 want me to ask you all. If the EPA is using miniscule benefits--mercury benefits from--I apologize. If the EPA is using miniscule benefits from reduction of mercury to increase reductions in particulate matter, $PM_{2.5,}$ is that what they are doing? I will start at the right there, Mr. MacDonald, yes or no?

Mr. {MacDonald.} Was the question--

Mr. {Olson.} The question basically is EPA--as I said, EPA says it is going to be $90 billion in health benefits, but the benefits from mercury reduction--I have got a chart here I can go into, but the benefits of mercury production are going to be $500,000. So one-half of 1 percent of all EPA benefits are going to come from mercury reduction, so the other benefits have to be coming from, in my opinion, particulate matter reductions. That is what the people at home want me to ask you. Do you think this is coming--these mercury reductions seem as a guise to get to particulate matter reduction, yes or no.

Mr. {MacDonald.} Yes.

Mr. {Olson.} And Mr. Roberson, yes or no?

Mr. {Roberson.} Yes, I do.

Mr. {Olson.} Okay, Mr. Tsosie?

Mr. {Tsosie.} Yes, it appears that way.

Mr. {Olson.} Reverend Hescox?

Rev. {Hescox.} No.

Mr. {Olson.} And Dr. Goodman?

Ms. {Goodman.} Yes.

Mr. {Olson.} Mr. Bivens?

Mr. {Bivens.} No.

Mr. {Olson.} And finally, Dr. Smith?

Ms. {Smith.} Yes.

Mr. {Olson.} Okay, five yeses and two nos.

Another question. This chart, just so you understand this, have you seen--and another yes or no, real quickly, did you see this chart or have this information before you came here today? First Mr. MacDonald, have you seen this before, these numbers?

Mr. {MacDonald.} I haven’t seen it.

Mr. {Olson.} Haven’t seen it before. How about you, Mr. Roberson?

Mr. {Roberson.} I have not seen the chart, but I am very familiar with the numbers.

Mr. {Olson.} There we go. Mr. Tsosie?

Mr. {Tsosie.} No, I haven’t.

Mr. {Olson.} Reverend Hescox?

Rev. {Hescox.} Not seen your particular chart, but seen many numbers.

Mr. {Olson.} Okay, Dr. Goodman?

Ms. {Goodman.} The same.

Mr. {Olson.} The same numbers, okay, you guys got the information. Mr. Bivens--Dr. Bivens?

Mr. {Bivens.} No.

Mr. {Olson.} And Dr. Smith?

Ms. {Smith.} I have not seen the chart, but I have seen the data.

Mr. {Olson.} And just--okay. Basically just to show you, these are three organizations and this is their level of mercury exposure, and I apologize to my colleague from Washington for trashing APEC, but the bottom line is here. Here is the World Health Organization and the vertical axis there, the Y axis, is the blood mercury levels at micrograms per liter. European Food Safety Authority and Environmental Protection Agency, you can see that over a 10-year period, we have been under the EPA’s limit set the standards here, 3.8 milliliters in blood level mercury.

One final question. I want to talk to the one representative here who actually works in the manufacturing industry. This is for you, Mr. Gerdau. Has the

affordability of energy in the United States been a factor in attracting manufacturing in the United States, and will increases in electricity costs due to EPA regulation potentially deter new investment in U.S. manufacturing? Yes or no.

Mr. {MacDonald.} Yes, it will.

Mr. {Olson.} Yes, okay. One more. Are higher energy costs for manufacturers passed on to consumers in the form of higher costs for goods and services?

Mr. {MacDonald.} Absolutely.

Mr. {Olson.} Absolutely. And one final question. You said, and this is a quote, ``With a 1 cent kilowatt increase in the cost of electricity imposes additional costs of approximately $9 billion per year on factories and manufacturing plants.'' Will those costs--will you swallow those costs, or will you pass them on to families and individuals?

Mr. {MacDonald.} Oh, those will be passed on.

Mr. {Olson.} Pass them on, okay. I am out of time. Thank you all. Yield back.

Mr. {Whitfield.} Thank you, Mr. Olson.

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

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

I would like to begin by--there has been some testimony throughout the day and from--comments from the other side that the companies shutting down these plants are doing so to enhance their bottom line, rather than facing up to the reality, so I would like to introduce into the record some reports that have come from the Britel Group and others about the costs, the actual costs of energy.

Mr. {Whitfield.} Without objection.

[The information follows:]

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

Please understand, where I am coming from is a coal-fired State. We create coal, we mine coal in West Virginia. Ninety-nine or 98 percent of the power generated in West Virginia is produced by coal, so when the EPA goes after the coal industry, you are attacking the very fabric--much like your Navajo Nation, you are coming at the very fabric of our community. So I am very sensitive to it. I take it very personally. But I think because the EPA is truly a group that we have to rely on, how sensible are they going to approach things. I have learned here in my first year that there is a real credibility gap, and I heard that in the overall discussion here. The numbers that they have been presenting are really subject to question pretty seriously, and if we are making decisions based on false information, it is only going to hurt a State like West Virginia and this Nation that is relying on coal fire.

So I--do any of you agree, given the fact that FirstEnergy just spent $1.8 billion on a facility to bring it into compliance? For one facility, is it reasonable to suggest that with the 700 we have across the country that we are going to be able to do this for 9.4 billion annually? I mean, if any of you think that we can do it for 9.4, let me

know. Do any of you agree? I am not--do you think they can do it for 9.4?

Ms. {Smith.} If I can explain, that 9.4 billion is annualized. It is incurred over many, many, many years, and so, in fact, the cost that needs to be spent prior to 2015 to come into compliance is more like 100 billion.

Mr. {McKinley.} That is going to put a real strain, I think, if we are going to be spending that on all 700, or whatever number that they are going to have with it.

And another question, do you agree with the idea that the only reductions--although I showed you that chart, we are only going to reduce less than half of 1 percent of our energy capacity? Is that reasonable to suggest? That is what they are representing to us and that is what we are making decisions, based on that information. Do any of you agree that it is not going to have an impact on our energy production? And last, Dr. Goodman, let me go to you on a very direct question, because I raised it during the earlier testimony against--with Ms. McCarthy. What about indoor air quality, because what the Reverend is talking about is providing help for the unborn. What about the indoor air quality? Is that--do you agree that the indoor air quality, being our homes and our offices, is worse than in our playgrounds and parks? Our workplace environment, is that--

testimony seems to show that, but I would like to hear it from you, from a toxicologist.

Ms. {Goodman.} Well really, my point was more that--

Mr. {McKinley.} Can you speak closer?

Ms. {Goodman.} Sorry. My point was really that in estimating health benefits, the estimates were only based on outdoor concentrations at a fixed point, whereas people don’t stand at a fixed point and they spend most of their time indoors. So this--these calculations don’t take into account indoor exposures at all, so we have no--

Mr. {McKinley.} But that is what they keep testifying to. What are we missing? How can we get them to separate the two so that we can deal with the real problem, where we are spending 90 percent of our life is indoors? How do we deal with that?

Ms. {Goodman.} Well, we need to put the money into conducting studies where we actually measure the indoor exposures, and then look at health effects based on people’s actual exposures, rather than these surrogates for exposure that aren’t very precise.

Mr. {McKinley.} Thank you. I yield back my time.

Mr. {Whitfield.} Thank you. At this time, Mr. Pompeo of Kansas is recognized for 5 minutes.

Mr. {Pompeo.} Thank you, Mr. Chairman.

Mr. Roberson, I heard your testimony. Isn’t it fair to say that this new rule is a ban on new coal-fired power plants, in effect?

Mr. {Roberson.} In my view it is a ban because I don’t see how anyone can go forward with a new coal-fired project.

Mr. {Pompeo.} And we talked to--I think you were here when I spoke to Ms. McCarthy about the existing plants. We talked about Logan 1. In fact, there is really no power plant in existence today that can consistently meet the requirements that the new rule would require.

Mr. {Roberson.} I believe that is correct.

Mr. {Pompeo.} Thank you.

Mr. MacDonald, when you talk about your electricity rates going up, where--if rates go up to the level that you have hypothesized, that your data suggests, and that folks have told you, what does that mean on a relative basis to other countries?

Mr. {MacDonald.} Well, we are already seeing imports of steel into the U.S. economy, so what it means is that we will undoubtedly have a competitive pressure against our own domestic production. We will lose production, which is going to be a loss of jobs. It is a direct interaction.

Mr. {Pompeo.} And electricity costs are a very relevant, very significant portion of the cost of goods sold

for those businesses?

Mr. {MacDonald.} That is correct.

Mr. {Pompeo.} Thank you.

Mr. Bivens, I am fascinated by your testimony. I want to make sure I have got it right before I ask you questions. You said that regulatory policy in the long run has no net impact on jobs.

Mr. {Bivens.} Yes.

Mr. {Pompeo.} And then you also said that one person’s costs are someone else’s income.

Mr. {Bivens.} Yes.

Mr. {Pompeo.} So if we had a regulation that costs someone to take a stack of dollar bills, a million bucks, and burn them, that would be a cost to that business, correct?

Mr. {Bivens.} Sure.

Mr. {Pompeo.} And would that--whose income would that be?

Mr. {Bivens.} Whoever set them on fire, if they got paid for it. It is a weird--

Mr. {Pompeo.} Okay, they got paid a dollar, so there would be a net loss to the--if they got paid a dollar to burn them. But the million dollars that was burned, that regulation, it is not true that regulations have a one-to-one correlation between costs and income. That regulation would-

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Mr. {Bivens.} That is right.

Mr. {Pompeo.} --generate a million dollars of cost, and if we paid them $3 an hour and it took them hour to do it, it would generate $3 of income, so there would be a net loss associated with that regulation. Is that not right?

Mr. {Bivens.} That is right, but--

Mr. {Pompeo.} So it is--so that is right, so--

Mr. {Bivens.} But every bit of compliance costs are somebody else’s income.

Mr. {Pompeo.} Excuse me?

Mr. {Bivens.} Every bit of compliance costs is somebody else’s income.

Mr. {Pompeo.} That was a compliance--

Mr. {Bivens.} The EPA separates them out, compliance costs versus social costs, and the difference between the two is economic activity foregone, that is what you are talking about, and the vast majority of the total social class is in compliance--

Mr. {Pompeo.} So where did this money go? This regulation required them to--that was a compliance cost. They were forced to burn the million dollars.

Mr. {Bivens.} That hypothetical on the ratio would different.

Mr. {Pompeo.} Okay, so if we made somebody build a building and we said no power tools could be used, your answer is no impact on jobs whatsoever?

Mr. {Bivens.} Actually that would create jobs, because that would be a very inefficient way to do it and it would take a lot more manpower.

Mr. {Pompeo.} So the costs would far exceed the benefits associated with that.

It is fascinating. Your experience set in running a manufacturing business that has profit and loss responsibility is exactly what?

Mr. {Bivens.} None.

Mr. {Pompeo.} So your views of this are--come from books?

Mr. {Bivens.} Looking at actual economic data.

Mr. {Pompeo.} And data, but you, unlike some of the other folks who are testifying today, haven’t actually had responsibility for hiring people and making sure at the end of the day that those checks cleared the bank and you could grow your business and keep all your stakeholders, your shareholders, your employees, your community--keeping all of them happy. Your sum total experience there is precisely zero.

Mr. {Bivens.} Manufacturing, that is correct.

Mr. {Pompeo.} Ms. Smith, I want to ask you your views of this notion that regulatory policy has no impact on jobs.

Ms. {Smith.} It is simply not possible to spend money on investments that don’t increase the productivity of the economy and expect to get a net increase in the economy, or even a net zero. It will always have a net drag on the economy if the investment that is somebody’s income and somebody’s spending also doesn’t increase the productivity, and that is really what is happening with investments in retrofit controls, or more expensive energy.

Mr. {Pompeo.} Indeed, another way to look at Mr. Bivens’s economic error is if I sell something for $5, it is not a zero sum gained, right?

Ms. {Smith.} Yes.

Mr. {Pompeo.} You are happier with the $5 and I am happier with the product. We both gained from that. It is not the case that there was just an exchange, we created value through trade in that process. Mr. Bivens suggests it is a zero sum deal and we are stuck in the new school of research beliefs about economic processes.

Ms. {Smith.} Correct.

Mr. {Pompeo.} Thank you. I yield back the balance of my time.

Mr. {Whitfield.} Thank you, Mr. Pompeo.

Mr. Griffith of Virginia is recognized for 5 minutes.

Mr. {Griffith.} I guess my thoughts on the comments of Mr. Pompeo are that, you know, one of the problems that we have in my area where we have lost a lot of jobs is that even if we accept some of the policies of Dr. Bivens, the people who are gaining are not Americans. They are foreign countries that are gaining at our expense because we can no longer make the goods here. We are shipping coal to China and other places so they can make the products that we used to make. So even if I accept some of your principles, it seems to me that what is happening is the gainers are not people who are producing jobs in the United States, they are people in other countries. And one of the concerns I have, and when we look at this chart and you have got, you know, 3 percent--it looks like .3 percent of global mercury air emissions--and we had this chart up earlier--come from U.S. power plants, according to the EPA. One of the concerns I have is that the facilities that use a lot of electricity to provide jobs in my district and in other districts, Mr. McKinley’s district, lots of places, where we are heavily dependent on coal, you raise that price and the estimate from AEP itself, which is a major supplier, although there are others in my district, is 10 to 15 percent for the consumers. When those jobs go away, there are health impacts on people

in my district who no longer have jobs. When that increase in the electricity rate goes up 10 to 15 percent, there are health impacts on the folks who can’t afford to heat their home at the level they want to, who isolate themselves during the wintertime because unlike--and I am going to mispronounce the name--Tsosie--Mr. Tsosie, a lot of my folks have been on electricity for quite a while, but they can’t afford to pay the bill. They isolate themselves in one room and try to keep the heat to a minimum. Not to a healthy level, but to keep the pipes from freezing and to keep themselves from freezing at night. That has a negative impact on health.

And when we look at this mercury, I would submit when we ship jobs because we have made electricity so expensive in this country, we ship jobs to other countries where they will make the goods with the products that we are not--with the coal that we are not willing to use any longer, we actually increase, in my opinion, and I don’t have a study to back it up but it is--common sense tells me if we are shipping that coal to be burned in places where they don’t even have the reasonable regulations that we currently have where they don’t have anything to clean up the mercury and it is in the Northern Hemisphere, that air is coming back to us, and a NASA study has actually shown us that it takes 10 days for the air from the central part of the Gobi Desert to reach the

eastern shore of Virginia. That means that it is a significant part and part of the reason you look at this, and you are saying wait a minute, what are we doing? It looks like to me that while we may be trying to positively affect health, we are making some decisions that don’t look at the world as a whole, that only look at what is happening in a particular neighborhood.

I guess I would ask, would you agree that we need to look at the whole world situation and make sure that we are not destroying American jobs, which also, by killing those jobs, has a negative health impact? Would you agree with that, Mr. MacDonald, that if we are going to make these decisions, we have to do them in a global sense and not just look at the United States?

Mr. {MacDonald.} Absolutely. The term leakage, which was abundantly used during the cap and trade discussions, isn’t brought up now but it is just as important.

Mr. {Griffith.} And would you explain that to me? I wasn’t here for the cap and trade discussion, but I clearly talk about cap and trade all the time.

Mr. {MacDonald.} Leakage is exactly what you are suggesting if our costs go up here and force the product to be made in a less regulated jurisdiction. The emissions will be higher net globally, and the product production won’t

happen here, it will happen somewhere else.

Mr. {Griffith.} All right. Regrettably, I would probably prefer and I would probably have time to get each one of you to answer that, but I am going to decline because I also don’t like to miss votes on the Floor. If you heard those bells going off about--I don’t know how much time we have left, but about 5 minutes ago they called for votes on the Floor, so I am going to yield back my time, Mr. Chairman.

Mr. {Whitfield.} Thank you very much, Mr. Griffith.

Mr. Rush, you wanted to ask a second round, so as you--

Mr. {Rush.} Yes, I am going to be quite brief, Mr. Chairman. I know we have got to go for a vote.

But I want to--Reverend Hescox, there is a pretty popular spiritual song around that says in effect, please be patient with me. He is not finished with me yet. And I just--I am sorry that my friend from Illinois is not here, but I kind of have to apologize. You are our invited witness, and so therefore I feel some responsibility for the fact that he threw out some charges and you didn’t have a chance to refute the charges or to address the charges. And there is a record, so my only--I am going to offer you an opportunity, either verbally or on the record now, to address the charges or you--in writing in the future. You can do--you can choose your option, how you want to deal with that.

But I just think that you should have an opportunity to respond to those, I think, pretty unfair characterizations of you and your motivations and your understanding of this issue.

Rev. {Hescox.} Well, I can share it in about 1 minute or less.

First up, the reason we don’t take formal actions on prolife bills is we are members of the National Association of Evangelicals. We don’t take up policy issues on everything because they are not our expertise, so we leave that with our partner, the larger agency, the National Association of Evangelicals, number one.

Number two, you know, for me, and I wish I would have brought my sign from this year’s prolife walk, it just says, you know, prolife is anti-abortion and a whole lot more about environmental things. So we have a consistent stream of being life. I think what I mentioned to Congressman Waxman was true. There is a tremendous growing movement of Evangelicals and Roman Catholics across this country who support us, that understand that being prolife is totally prolife, environmental health, anti-poverty, and all those issues.

So I thank you, Mr. Rush, for your comments, but I also know that I have been a man of God and have had lots of

parking lot conversations as a pastor for 20 years, so I know how it goes. Thank you.

Mr. {Rush.} I yield back.

Mr. {Whitfield.} That concludes today's hearing. The record will be kept open for 10 days, and I am also going to ask that we submit into the record an analysis by David Gwinnett, who is wit the Air Toxics Assessment Group at EPA, in which they looked at specifically two electric utility steam-generating units and the impact that those units had on mercury emissions into a nearby lake, and its impact on fish. They concluded that based on their analysis, that the risk associated with those mercury exposures were insignificant. So I will put that in the record.

[The information follows:]

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Mr. {Whitfield.} Thank all of you very much for joining us this afternoon, and we look forward to working with you as we continue to move forward on these issues.

With that, the hearing is adjourned.

[Whereupon, at 1:47 p.m., the Subcommittee was adjourned.]