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Water Utility Council of the
PA-Section, American Water
Works Association (PA-AWWA)



GOVERNMENT RELATIONS UPDATE

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June 23, 2014 -- Issue 897

*PA- Section, American Water Works Association
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Governor Corbett Signs Historic Chesapeake Bay Agreement; Pennsylvania renews commitment to protect and restore the Chesapeake Bay

On June 17, 2014, Governor Tom Corbett joined executives from Delaware, Maryland, New York, Virginia, West Virginia, Washington, D.C., and the U.S. Environmental Protection Agency to sign the latest iteration of the Chesapeake Bay Agreement. "This agreement is a sensible way to approach improving both the water quality and the environment of a region that means so much to all of us," Corbett said. "I applaud the cooperative efforts of all bay watershed entities that have made this historic agreement possible."

The signing took place at the Chesapeake Bay Executive Council Meeting, an annual gathering that promotes cooperative partnership between the states in the Chesapeake Bay Watershed.

Goals in the agreement address the following: sustainable fisheries, vital habitats, water quality, toxic contaminants, healthy watersheds, stewardship, land conservation, public access, environmental literacy and resiliency of the bay ecosystem.

Since 1985, Pennsylvania has directed more than \$3.9 billion by way of grants, loans and program investments toward Chesapeake Bay restoration efforts and has continued to see a downward trend for all three pollutants of concern: phosphorous, nitrogen and sediment. Since 1985, Pennsylvania has reduced phosphorous loadings by 25 percent, nitrogen by 10 percent and sediment by 15 percent, while experiencing significant growth in the Chesapeake Basin.

The Pennsylvania departments of Environmental Protection (DEP), Agriculture (PDA), State Conservation Commission and individual county conservation districts have worked together the last three decades to successfully reduce nutrient and sediment loading into the bay watershed. Since July 2011, local conservation districts have conducted more than 12,000 farm visits to help farmers identify BMPs best-suited for their properties.

"Pennsylvania's commitment to the bay watershed is evidenced by the significant amount of

financial and technical resources allocated to this issue over the past 30 years," DEP Secretary E. Christopher Abruzzo said. "The new bay agreement renews our responsibility to protecting this vital water resource."

DEP efforts include updating nitrogen and phosphorous limits in permits for wastewater treatment plants, issuing municipal stormwater system permits with nutrient planning requirements, and fostering a successful nutrient credit trading program that incentivizes best management practices.

Since 1985, farms in Pennsylvania have reduced nitrogen pollution by over 13 million pounds per year. Nineteen percent of all nitrogen reductions made in restoring the Chesapeake Bay have been made by Pennsylvania's agriculture community. Farmers have also spent nearly \$15 million for BMP installation and equipment, including no-till planters and drills.

"Pennsylvania's farmers know firsthand how best management practices improve their operations and the environment," said PDA Secretary George Greig. "They reduce input costs, increase crop yields and improve local waterways, which in turn ensure a healthier Chesapeake Bay."

This is the fourth agreement over the program's 30 year history. The first Chesapeake Bay Agreement was signed in 1983 by Governor Thornburgh. Governor Casey signed the second agreement in 1987, and Governor Ridge signed the third agreement in 2000.

The current members of the Chesapeake Executive Council include the signatories to the 2000 Chesapeake Bay Agreement: the Governors of Pennsylvania, Virginia and Maryland, the Mayor of Washington, D.C., the Chair of the Chesapeake Bay Commission and the Administrator of the EPA. With this new agreement, the "headwater" states of New York, Delaware and West Virginia were added as signatories.

For more information, or to view the milestones visit www.dep.state.pa.us, keyword "Chesapeake Bay Program," or call 717-772-4785.

Source: DEP Press Release, 6/17/2014

PENNVEST, DEP Announce Results of Forward Nutrient Credit Trading Auction; Next Auction Planned for Sept. 10

The Pennsylvania Infrastructure Investment Authority (PENNVEST) and the Department of Environmental Protection (DEP), along with financial information services company Markit, have held the second "forward" auction in 2014 for the sale and purchase of nutrient credits in Pennsylvania's Chesapeake Bay Watershed.

A "forward" auction means that the certified credits sold on June 11 will be delivered later and applied to the 2014-15 compliance years. The auction affords wastewater treatment plants and other regulated entities the opportunity to purchase credits to meet their nitrogen and phosphorus discharge limits for these compliance years.

"PENNVEST's and DEP's commitment to helping Pennsylvania meet its nutrient discharge goals for the Chesapeake Bay watershed were further enhanced by this auction," PENNVEST executive director Paul Marchetti said. "We continue to work together and with all parties interested in trading to create a cost-effective and useful tool for Pennsylvania communities, farmers and, most importantly, our rivers, streams and ultimately the Bay."

PENNVEST hosts the auctions to encourage the trading of nutrient credits in the Susquehanna and Potomac watersheds. DEP's nutrient credit trading program offers a cost-effective way for facilities that are subject to nitrogen and phosphorus limits to meet those limits by working with other facilities, non-point sources or both.

Nutrient credit auctions are one of many programs in Pennsylvania that aid in the effort to protect and restore the Chesapeake Bay.

For its auctions, PENNVEST is supported by Markit, which provides the platform for enrollment and eligibility, auctions and registry services. Markit provides operations and infrastructure services to environmental programs worldwide.

The auction was a two-round auction, with the first round being held in the morning and the second in the afternoon. In the first round, the following credits were bought and sold:

- Susquehanna nitrogen, 2014: 18,000 credits for \$2.27 per credit.
- Susquehanna nitrogen, 2015: 12,000 credits for \$2.27 per credit

In the second round, the following credits were bought and sold:

- Susquehanna nitrogen, 2014: 5,000 credits for \$2.01 per credit.
- Susquehanna nitrogen, 2015: 5,000 credits for \$2.01 per credit

PENNVEST encourages the trading of nutrient credits by acting as a clearinghouse in the credit market, entering into contracts to buy and sell credits. By participating in these transactions, PENNVEST provides market certainty to buyers and sellers, which encourages more activity in the market. Hosting periodic auctions is one way for PENNVEST to facilitate these nutrient credit trades.

PENNVEST's next auction is scheduled for Sept. 10. This will be a forward auction of certified credits to be applied towards meeting nutrient discharge limits during the 2014-15 compliance years. The enrollment period for that auction is expected to begin on July 14 and close on Aug. 6.

For more information, visit www.pennvest.state.pa.us or call 717-783-4493.

Source: DEP Press Release, 6/18/2014

CBF-PA: Any Severance Tax Should Help PA Meet Clean Water Commitments

On June 17, 2014, Harry Campbell, Director of the PA Office of the [Chesapeake Bay Foundation](#), wrote to members of the House and Senate urging them to remember the commitments Pennsylvania has made to cleaning up its rivers and streams if they enact a natural gas severance tax. The text of the letter follows--

With Budget negotiations currently underway and a looming deficit around \$1.4 billion in our midst, discussions have begun, once again, on the introduction of a severance tax in the Commonwealth.

While the legislature wrestles with the necessity of a severance tax, the amount of the tax rate, whether or not the impact fee should remain intact, and funding apportionment, one crucial, ongoing endeavor must not be forgotten—restoring Pennsylvania's rivers and streams.

The promise of hundreds of millions of dollars generated through an unconventional natural gas tax could easily appear to be the answer the Commonwealth needs to fill gaps and patch holes in the state budget.

While no one doubts the state has numerous priorities, we must not neglect the fundamental necessity of clean water.

Last fiscal year, the state collected nearly \$220 million from the impact fee, with approximately only \$28 million going to address Pennsylvania's most serious environmental problems.

Clean water, according to Article I, Section 27 of the Pennsylvania Constitution, is a right bestowed upon the residents of the Commonwealth, and it has lasting impacts on the health and economic well-being of all the citizens of Pennsylvania.

Yet, the Commonwealth has roughly 19,000 miles of rivers and streams that do not meet water quality standards due to the impacts of certain

agricultural operations (5,802 miles), the legacy of abandoned mine drainage (5,584 miles), and urban and suburban polluted runoff (4,325 miles) as the top three causes.

While these numbers may seem daunting, in the majority of cases we know how to fix the problems and clean up our local rivers and streams. Every day, successes in pollution reduction occur on farms, infrastructure is being updated, and trees are being planted.

But, in order to achieve a legacy of clean water, we must invest in the programs that result in the solutions.

Any severance tax which is passed in the General Assembly and signed by the Governor into law must place a significant share of the revenues into protecting and restoring natural resources, specifically clean water.

Making certain the Commonwealth prevents continued environmental legacy issues, such as abandoned mine drainage, demands funding from the enactment of a severance tax.

In order to address these issues, the General Assembly and the Governor must ensure that any severance tax passed into law keeps more in mind than just the education of future generations, but also leaves our Commonwealth an economically robust, healthy, clean, and beautiful place to live.

Source: PA Environmental Digest, 6/23/2014

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