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Planning and Research Consultants

Thomas J. Shepstone

August 23, 2019

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Secretary Bureau
Pennsylvania PUC
Commonwealth Keystone Building - 2nd Floor
400 North Street
Harrisburg PA 17120

Tom Shepstone, Shepstone Management Company, Inc.
Public Comment: Pennsylvania Public Utility Commission's Possible Pipeline Regulation Enhancements

For docket: L-2019-3010267

Pennsylvania Public Utility Commission:

The proposal before the Commission to add even more stringent regulations on Pennsylvania's pipeline developers poses a danger to our economy and energy security. It is a solution in search of a problem that simply doesn't exist, and which will ultimately undo many of the gains achieved over the past two decades by prudent policies that prioritize growth alongside public safety.

Vast shale energy resources have quietly, and quickly, established Pennsylvania as the country's second-largest natural gas producer. Our state now supplies nearly 20 percent of the United States' natural gas, and over the past ten years Pennsylvania production has accounted for more than half of all new supply.

That growth has been good for consumers, businesses and manufacturers. More than half of households here rely on natural gas as their primary heating fuel. Another 17 percent depend on oil, according to the federal Energy Information Agency. Increasing production has helped to reduce costs, which the National Fuel Gas Distribution Corp. reports are expected to continue to decrease.

The oil and gas industry contributes nearly \$44.5 billion to Pennsylvania's economy and supports some 322,600 jobs. That owes largely to critical infrastructure projects, like the Mariner East pipelines, which are necessary to move products from the field to refineries and finally on to consumers. Research shows the Mariner East will invest \$122 million into our state's economy during construction, support over \$9 billion in economic activity and generate over \$46 million in personal income taxes during construction.

Reliable access to affordable fuels created more than \$30 billion in savings for Pennsylvanians between 2006 and 2016, the Consumer Energy Alliance reported recently. That included more than \$17 billion of savings for businesses and over \$13 billion for consumers—which is particularly meaningful for families living at or below the poverty line, which spend more than a quarter of their income on energy expenses, on average.

Pennsylvania currently complies with the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) regulations, which are intentionally rigorous to mitigate risks of incidents. Adding even greater requirements on developers will not only discourage investment, it may actually undermine the regulatory process by creating greater bureaucracy, redundancies and potential conflicts.

There is also little to no evidence that adding more rules and regulations will improve the safety of pipeline construction or operations. PHMSA regulations are designed to account for the conditions and circumstances unique to each project. All projects must demonstrate compliance with those requirements, which often takes years of planning and consultation. Many developments, including the Mariner East, voluntarily exceed those standards to ensure public safety.

As a planning and research consultant, I have closely monitored the effects of regulatory policy on energy development. I encourage you to consider our neighbors in New York. There, policymakers have taken a hard line to stop infrastructure deployment, often by abusing state-level regulatory controls. As a result, utility providers in New York City have stopped accepting new hook-ups due to capacity shortages. One Long Island resident suspended his service while renovating his business, only to learn that it couldn't be turned back on.

Pennsylvania's push for more renewable energy sources is an admirable cause, however it shouldn't be used as an argument against shale development, as many have. In 2017, alternative fuels accounted for less than five percent of Pennsylvania's electricity generation, far below the 18 percent goal set for 2021.

Screaming by environmentalists whose real goal is to keep all fossil fuels in the ground in no way warrants increased regulations on a process that is working. Less red tape would be nice, but increased regulations could spur a transition to more unsafe methods of transport, which is in nobody's best interest.

Shale oil and natural gas development is critical to our state's economic and energy security. It depends on a robust pipeline network to safely and efficiently transport products. The regulatory system is not broken; in fact, it's working well. Rather than adding even more rules and requirements, policymakers, including this Commission, should partner with developers to enforce and implement those in place.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas J. Shepstone". The signature is fluid and cursive, with the first name "Thomas" and last name "Shepstone" clearly legible.

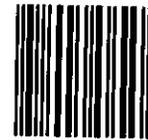
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