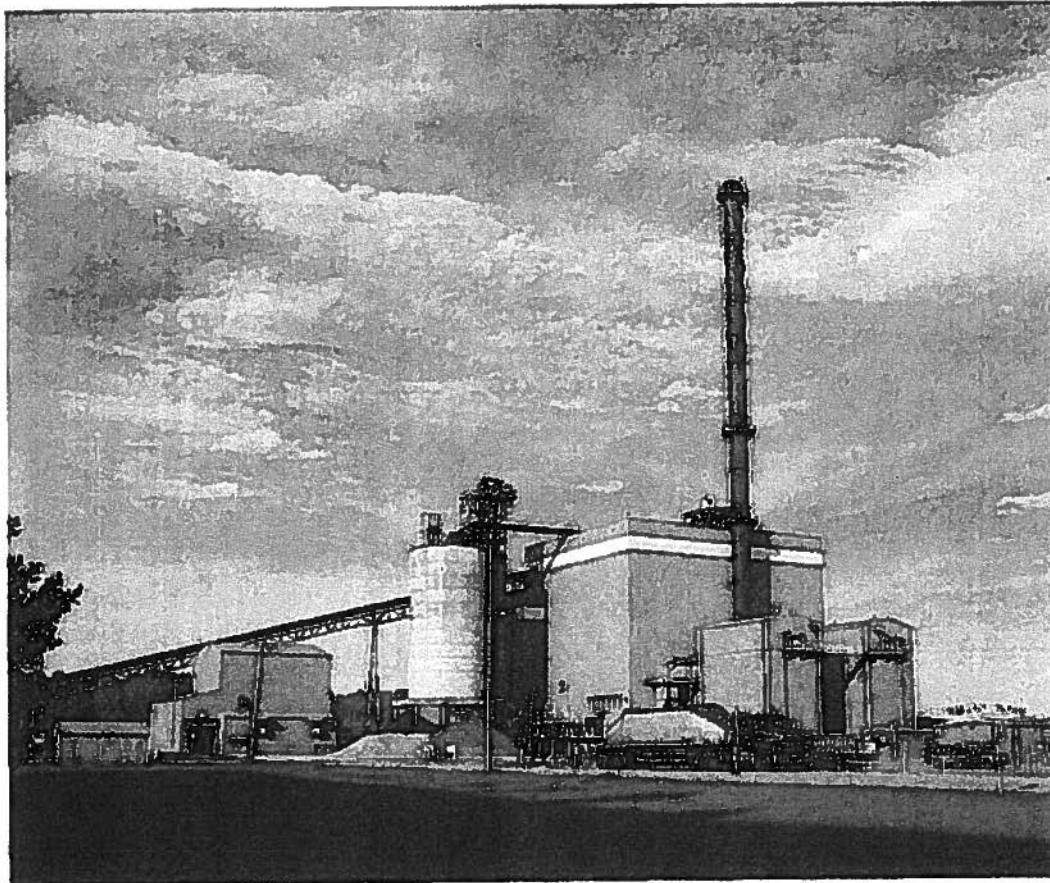


**Testimony before
The Pennsylvania House of Representative's
Transportation Committee**

**Peter E. Rigney
On Behalf of Scrubgrass Generating Plant
June 17, 2010**



1 Good afternoon, Chairman Markosek, Chairman Sturla and members of both the Transportation
2 and Policy Committees. My name is Peter E. Rigney, and I am General Manager of the
3 Scrubgrass Generating Plant which is located in Venango County.

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5 As a resident and voter of this area, I am obviously concerned with transportation and some of
6 the recent plans that would have negatively affected this area and our company.

7
8 First I would like to give a little background on our power plant in Scrubgrass Township,
9 southern Venango County. The power plant is fueled by bituminous waste coal, also known as
10 gob. The plant is relatively new; it started operating in June of 1993. We currently employ a
11 total of 53 people, 48 at the plant and 5 at a waste coal pile site near Westover PA in Clearfield
12 County. Additionally we contract with a trucking firm that employs approximately 50 additional
13 people. These are family wage jobs with great benefits and hopefully a long term security. Our
14 waste coal comes from a variety of sites in not only Clearfield County but also in Allegheny
15 County, Armstrong County and Butler County. Our Clearfield site which is 93 miles from the
16 plant can supply up to 40% of the waste coal the plant requires to produce electricity for sale to
17 Penelec (First Energy). Trucks haul waste fuel from the Clearfield site to Scrubgrass get on at
18 exit 42 and get off at exit 78 on I-80.

19
20 In addition to the waste coal that we burn, we operate at low temperatures and utilize SNCR to
21 minimize NOx emissions and we also feed crushed limestone into the two circulating fluidized
22 bed (CFB) boilers at Scrubgrass to minimize sulfur emissions. So we mix low quality waste coal
23 which has a high (45%) ash content with crushed limestone. The result is we produce
24 approximately 85 Megawatts of low cost electricity and a lot of beneficial use ash, with very low
25 emissions. Beneficial use ash because it contains a significant amount of un-reacted limestone
26 which is then used in coal mine reclamation and other beneficial uses where permitted by the PA
27 Dept of Environmental Protection.

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1 Next, a little bit of information about our industry. Facilities such as the one I manage provide a
2 unique environmental benefit in Pennsylvania by burning waste coal as fuel and utilizing CFB
3 technology. We utilize coal refuse from both past and current mining activities, and thereby
4 reclaim abandoned strip mines and abate acid mine drainage from waste coal piles at no
5 additional cost to Pennsylvania taxpayers. By combusting waste coal piles, plants such as
6 Scrubgrass are removing one of the principal sources of contamination to surface water and
7 groundwater in Pennsylvania. This is due to the fact that in the past, coal that was very low in
8 heat content (BTU's), and accordingly undesirable in the marketplace, was randomly discarded
9 all across Pennsylvania's landscape. This "waste coal" accumulated and lay idle on thousands of
10 acres of land, land that possessed a variety of aesthetic, useful, and beneficial qualities. Over
11 time, wind, rain and other naturally occurring environmental conditions caused the piles of
12 "waste coal" to alter and/or expand their "environmental fingerprint" on the Commonwealth's
13 limited land resources.

14
15 A few decades ago with technological advancements and support from both government and
16 investors a beneficial use was finally developed to utilize "waste coal" in quantity. This
17 beneficial use today generates electricity to meet the energy needs of hundreds of thousands of
18 Pennsylvania households. Utilizing waste coal from current and past mining activities, and
19 returning thousands of acres of our land (formerly hidden under tons of an "idle waste") back to
20 its natural beauty and usefulness makes electricity generated from waste coal truly unique. The
21 CFB industry began in Pennsylvania in response to the oil and gasoline shortages during the
22 1970s, and the passing of the Public Utility Regulatory Policies Act (PURPA) in 1978. This act
23 required that electric utilities buy the electricity produced by facilities that met certain
24 qualifications, such as the use of nontraditional fuel. The piles of coal mine refuse (otherwise
25 generically referred to as "waste" coal, culm in anthracitic fields, or gob in bituminous fields) in
26 Pennsylvania met the criteria for nontraditional fuel under PURPA. At about the same time, the
27 CFB technology was being developed which was capable of burning a low-heating-value
28 carbonaceous material and had emission controls that met regulations mandated by the Clean Air
29 Act of 1970. The first CFB plant in Pennsylvania became operational in 1987, and since that
30 time, waste coal plants in Pennsylvania have collectively converted 195 million tons of refuse
31 into alternative electricity and produced over 98 million tons of CFB beneficial use ash for

1 reclamation of abandoned mine lands. In 2004, it was estimated that the state's CFB plants
2 burned approximately 10 million tons of waste coal annually and produced approximately 7.9
3 million tons of alkaline-rich by-products per year. More than 90% of these by-products are used
4 for mine reclamation projects, filling mine pits, and the reclamation of coal refuse areas. Another
5 5%–8% is used as a replacement for lime for acid mine drainage prevention or as a soil
6 amendment/replacement at mining sites. The remaining 2%-5% is used for other beneficial uses
7 such as antiskid applications for roadways, pipe bedding, and other uses.

8
9 As mentioned, Government investment and PUC regulations helped start our industry. In fact,
10 the state for the most part has been a great working partner over the years. They have recognized
11 the benefit projects like Scrubgrass provide in cleaning up hazardous sites and in providing
12 reliable low cost electricity. Venango Industrial Development Authority helped issue some of the
13 financing for the project, with benefit to the local economy and future development.

14
15 However, the tolling of Interstate 80 would definitely have a negative impact on our business in
16 particular. We looked at what it cost to ship goods on the Pennsylvania Turnpike currently and
17 given our class of truck, Class 7, and the number of trips, distance we currently travel on I-80 we
18 came up with an estimated cost of our shipments at \$267,782 per year. Also this number as I
19 understand it could have escalated at a fixed 3% per year under the Act that proposed tolling I-
20 80. Our Clearfield county site which is the furthest from our plant would have become
21 uneconomical. We would have either shifted the route onto State Route 208 and State Route 322
22 or we close the Clearfield site completely.

23
24 If I-80 were built and paid for as a turnpike it would have been factored into our business plans
25 when we developed the plant back in the late 1980s but to ask a business with 53 employees to
26 pay almost \$300,000 per year in additional taxes is unfair and bad government. At the
27 Commonwealth's current performance rates on increasing taxes and fees, we will be taxed and
28 tolled out of existence. One person's toll is another person's tax. As we have seen in the past
29 Tolling of Interstate 80 was a contentious and divisive event that pitted one part the of the state
30 against the other for a plan that did not come to fruition.

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1 Each time a bridge is shutdown or de-rated to a lower weight it impacts someone or some
2 business. In the case of business the impact may be very substantial and costly. Most times in
3 our experience the de-rating is only noticed when the new signs are installed and the police car is
4 stations near it to issue tickets.

5

6 Additionally when work is being planned PennDOT will terminate any special haul permit. We
7 utilize such permits for our site in Allegheny County. On the face of it that seems like an
8 acceptable action however by terminating the permit the hauling company must re-apply for the
9 same permits when the work is completed even if it is a short time maintenance activity. They
10 must pay a new fee even if they have had an annual permit. Again adding unnecessary cost to
11 the business. This practice may be changing given our most recent experience. However my
12 point is that well meaning agencies that are performing their routine functions inflict un-intended
13 expense on businesses in the Commonwealth.

14

15 In our case the de-rating of one bridge on Route 366 would have cost us an additional \$350,000
16 a year for two years; \$750,000 for one business. In that case we were able to work with other
17 affect parties and PennDOT and pay for a temporary fix that cost \$7,000 for some material plus
18 labor. Another bridge which was de-rated in Butler County resulted in us having to re-route
19 trucks from route 38 to route 8. This was only a 15,000 lbs de-rate but it was enough to re-route
20 trucks. The evaluation of bridges condition by PennDOT engineers seems to be ultra
21 conservative.

22

23 I agree that we need a solution for our mass transit problem and road maintenance problems
24 which are a state-wide problem that require state wide a solution through better management
25 and leadership of agencies and shared burden of funding. In fact, our company is prepared to
26 pay our fair share to help solve these problems, but again we are adamantly opposed to such high
27 fees just applied to our area as was seen with the tolling of I-80 plan was proposed.

28

29 Increases in vehicle registration fees and the gas tax is potentially a more fair solution. Tolling
30 around the major population center that have underutilized mass transit system may also help by
31 giving people an incentive to use mass transit thereby reducing wear and tear on the road ways

1 and improving the bottom line of the mass transit system. (if you want to get folks to use mass
2 transit in the urban area then don't make automobile usage so convenient). Public Private
3 partnerships for infrastructure are also an intriguing solution and one that seemingly has
4 benefited other states.

5
6 Whatever the solution, we hope that this committee and the legislature look at plans that are
7 more fairly distributed across the state and population.

8
9 In closing, I want commend this committee for seeking input on this very important issue.
10 Thank you