



Senate Environment & Public Works Committee Testimony - Nov. 19, 2019

Hearing titled: "The Water Quality Certification Improvement Act of 2019, and Other Potential Reforms to Improve Implementation of Section 401 of the Clean Water Act: State Perspectives"

Chairman Barrasso, Ranking Member Carper, and senior member Senator Inhofe, thank you for inviting me here today to testify on why it is important for my state of Oklahoma to have clarity and certainty around Section 401 of the Clean Water Act.

As you may be aware, I am 11 months in to being governor of the great state of Oklahoma. Less than one year ago, I was in the private sector building a business in two of the most regulated sectors in the United States – banking and mortgage lending. I started that company from scratch and built it into 41 states and 1,300 employees.

I say this, because I want to share that, as a former CEO, I understand the importance of common-sense regulations. I know what motivates and incentivizes businesses to come into compliance in a timely fashion. I believe businesses want to do the right thing and they welcome baseline rules where necessary. They want to take care of their employees and the communities where they do business.

Efficiency and certainty from state and federal regulators allow a CEO to put more of his or her focus on creating jobs and growing an economy. Anything short of regulatory certainty and predictability stifles job creation, chills capital markets and slows down innovation for advances that make us a better and stronger society.

Today, serving as governor of the great state of Oklahoma, I have had the honor and opportunity to view the regulatory environment from the side of the government. I can speak with great assurance that regulations are best left to the states as often as possible. We know our people. We know our geography. We know our economies. And we know best when innovation demands regulatory flexibility and when protecting our citizens requires action.

Oklahoma is a huge success story for state's rights and federal partnership, and I am here today to share with you why we must continue to strike this balance by modernizing and clarifying Section 401 of the Clean Water Act.

As you all know, Oklahoma has a long and storied history of leadership and innovation in the production of traditional fossil energy. We are proud to claim that we discovered hydraulic fracturing in 1949 in Duncan, Oklahoma, and we are proud of our pioneering spirit that has allowed our natural resources to fuel and feed the world and to make America energy independent. We are grateful to Senator Inhofe who has been a champion for our state on these issues.

Today, Oklahoma is #3 in natural gas production, #4 in oil production, and a leader in natural gas liquids that form the building blocks for the products Americans use every day. We are home to the largest oil reserves in the world and we are considered the pipeline capitol of the world with hundreds of oil and natural gas liquid pipelines running through our state.

Oklahoma is Top Ten in all aspects of energy as well as in the environment. We are enjoying some of the cleanest drinking water in our state's history. We have the most practical regulatory framework and some of the most efficient permitting review times in the country. We are meeting our obligations and certifying water quality standards within 60 days of the application, well under the one-year timeline proposed by the Environmental Protection Agency (EPA).

Thanks to Oklahoma-produced natural gas, and the shale revolution, my state has also reduced emissions in SO₂, NO_x, and CO₂ at more than double the national average. The national average for CO₂ reduction is nearly 15% since 2005, while Oklahoma has reduced its CO₂ emission in the power sector by more than 37% since only 2011 and made even greater reductions in SO₂ and NO_x.

We have made major advancements in environmental quality while also maintaining our #1 ranking for delivering the cheapest electricity to the customer.

As a result, Oklahoma is the leading generator and exporter of power in the Southwest Power Pool (SPP), which is our Regional Transmission Organization (RTO). In fact, 28% of the power produced in Oklahoma is sent out across transmission lines in the SPP exporting Oklahoma's emissions-reducing energy to our neighboring states.

Oklahoma is the epicenter of America's energy dominance. And we want our success to be shared with our neighbors and our fellow states as far north as Maine and as far south as the ports of Houston, Texas, and beyond.

Unfortunately, the misuse of Section 401 threatens Oklahoma's potential and the endless opportunities for her 4 million residents. It prevents Oklahoma from achieving all it can be because a loophole within Section 401 is allowing a small handful of coastal states to dictate the future for all 40-plus states. That is unacceptable.

This point was absurdly exemplified last winter when a Russian tanker of liquified natural gas was sitting in the Boston Harbor providing for the Northeast U.S. – where pipeline development has been stalled – from losing its heat during last winter's Polar Vortex. Those needs could have been met safely and reliably with a steady supply of clean burning natural gas from Oklahoma. Imagine what that picture communicates to hard-working residents in my state? Do we really want our jobs and tax dollars to needlessly be given to Russia?

For that purpose, I support the actions taken by EPA and members of this committee to restore certainty to the Clean Water Act permitting process and certification under Section 401. A clear scope and a reasonable timeline are not invasive to states' rights. The current proposed rule, and the opportunity to strengthen it legislatively, does nothing to prevent Oklahoma's regulators from properly and scientifically considering whether a project negatively affects water quality in our state.

It has been almost 50 years since this regulation has been reviewed, and I support creating a reasonable baseline for Clean Water Act permitting and certification of interstate infrastructure, whether it be transmission line, pipeline or an interstate highway, to get Oklahoma's products to market.

Once again, I want to thank you for this wonderful opportunity to speak to you today and to highlight the great state of Oklahoma. I look forward to taking your questions.