



PennFuture Submitted Testimony Regarding Senate Democratic Policy Committee Hearing on Clean Air and Clean Water

Good afternoon, Chair Miller and Members of the committee, and thank you for the opportunity to provide testimony today. My name is Adam Nagel, and I am the Director of Government Affairs for PennFuture.

PennFuture is a statewide environmental advocacy nonprofit. We envision a Commonwealth in which all people enjoy a stable climate, clean air, and pure water. Today's hearing comes at an auspicious time for Pennsylvania and the Lehigh Valley in so many ways. The Lehigh Valley has seen tremendous growth and change recently that have had myriad impacts on residents and provided lessons to learn from as the next wave of potential development comes in the form of data centers. At the state level, lawmakers only recently completed a budget process that stretched through most of 2025 and presented numerous challenges in the Commonwealth's pursuit of clean air and pure water, which places an even greater emphasis on the fiscal year 2026-27 budget proceedings that will formally start in a matter of days.

Like so many parts of Pennsylvania, this area possesses a rich industrial legacy that still elicits pride from residents. That same legacy, however, has also left scars due to negative impacts on public health and the environment that we are still working to remediate to this day. The decline in American manufacturing has since forced many areas, including the Lehigh Valley, to continuously adapt to a changing global economy and been left vulnerable to new industries that have sometimes exacerbated historic environmental impacts or created new issues altogether.

Today, Allentown possesses one of the highest asthma rates in the country. In 2025, it ranked third in the nation according to a [report](#) from the Asthma and Allergy Foundation of America. This represented a slight improvement for the city as it previously ranked first in 2021, 2023, and 2024. It is worth noting that the 2025 rankings include three Pennsylvania cities in the top 20 (Philadelphia is ranked fourth and Harrisburg comes in at 15) and five cities in the top 50 (Scranton comes in at 24 and Pittsburgh is ranked forty-fourth in the nation).

The Lehigh River, which was once privately owned for approximately 150 years, has seen improvements in water quality in recent decades but remains vulnerable to industry and the explosion of development as warehouses and distribution centers quickly sprang up in the years immediately preceding and following the COVID-19 pandemic. In fact, the Lehigh River was [named](#) one of the nation's most endangered rivers in 2023 due to this rapid development.

At the time, PennFuture said: "Distribution centers, in their scale and speed paving over land in the Lehigh River watershed, are permanently altering how the water flows across the landscape. By recognizing how these land use changes endanger the Lehigh – a river that has long suffered

from harmful industry impacts – we can focus on prioritizing solutions to protect it from further degradation.”

PennFuture engaged with concerned residents, local organizations, and municipal officials throughout the Lehigh River watershed to try to protect its pristine headwaters in the Poconos region and mitigate flooding in the downstream communities in the Valley. We crafted a model local ordinance to provide guidance to municipal officials on how to anticipate warehouse and distribution center development to mitigate some of the worst environmental outcomes associated with these massive structures.

There are lessons to be learned from the Lehigh Valley’s recent and distant past just as there remain lessons to be learned across Pennsylvania. Pennsylvania remains one of the nation’s leading emitters of greenhouse gases and nearly forty percent of our rivers, creeks, and streams are so polluted that they’re [designated](#) as “impaired” by the Department of Environmental Protection.

Urgent action from state lawmakers is required at a time when the federal government is retreating from a leadership role in helping Pennsylvanians face these challenges. 2026 brings with it opportunities to chart a path towards a cleaner and more sustainable future through increasing investment to critical departments, passing common sense policies to address emerging forms of development, and embracing cleaner forms of energy to reduce greenhouse gas emissions and improve affordability for consumers.

The Budget

The FY25-26 budget agreement featured several pieces that render the pursuit of clean air and pure water far more challenging. The FY26-27 budget process presents a significant opportunity to correct some of the issues created by last year’s deal.

It is no secret that Pennsylvania has fallen short of providing necessary fiscal support for the Department of Environmental Protection for decades. Over the past 25 years, the department has lost hundreds of positions due to severe funding cuts. As such, it has become more challenging for DEP to effectively enforce environmental laws and regulations despite the best efforts of its tireless and dedicated employees. While successive recent budgets, including the FY25-26 budget, have not seen further reductions to DEP’s workforce, they have not gone far enough at all to reverse the damage of previous cuts.

Stagnant funding for DEP in last year’s budget was, unfortunately, made far worse by the significant reduction in general fund dollars to the Department of Conservation and Natural Resources (DCNR). Although those funds were replaced by revenue from the Oil and Gas Lease Fund, relying on special accounts to fund necessary government functions is not sustainable. DCNR serves a critical role in promoting conservation, sustainability, and outdoor recreation. Failing to provide proper resources to the department could hinder its ability to continue operating state parks and forests as we have all come to expect, which would have dire consequences for surrounding communities that rely on these sites as economic engines.

Both departments are key in Pennsylvania's pursuit of clean air and pure water and must be adequately funded to fulfill their missions.

Better Anticipating the Impact of Development

The warehouse and distribution center boom in the Lehigh Valley and across Pennsylvania brought with it numerous challenges for municipalities and residents. Increased truck traffic strained local roads that were not necessarily built with that use in mind. Increased traffic has also potentially [increased](#) fine particle pollution that further threatens air quality and public health. The significant increase in the amount of impervious surface strained water infrastructure due to more stormwater runoff, which created a higher risk of flooding and decreased water quality. As the Commonwealth enters a new phase of development driven by the potential proliferation of data centers, a more proactive approach is required to help ensure that negative impacts are anticipated and policies are in place to ameliorate those impacts as best as we can.

Like any large-scale land use, data centers have potential benefits and drawbacks. They may create jobs and bring in tax revenue, but they can also cause significant environmental and quality of life issues if not sited and regulated properly. There are three major concerns with data centers from an environmental perspective: impervious coverage, water usage, and power usage. With hyperscale and multi-building campuses becoming more common, the conversion of large areas of forest or other natural ground cover to building and pavement risks dramatically altering wildlife habitat, stormwater runoff, and ecosystems. Data centers often use water-based cooling systems that can consume hundreds of thousands of gallons of water per day, potentially depleting aquifers and surface waters. These facilities also use enormous amounts of electricity, putting strain on our electric grid and driving demand for more power, often generated from harmful fossil fuels like fracked gas.

Building on its work around warehouses and distribution centers and anticipating the challenges presented by data centers, PennFuture [created](#) a model local ordinance to assist municipal officials in planning ahead for potential development. We appreciate the interest shown on this topic by the committee in a previous hearing last year and recognize that several members of the Democratic Caucus have put forth multiple policy proposals to provide resources to municipalities, increase transparency and accountability around data center development, promote clean energy and energy efficiency, and help ensure that associated costs are not passed on to consumers.

Updating Aging Water Infrastructure

There is no doubt that data centers will further strain Pennsylvania's water infrastructure and further highlight the urgent need for municipalities of all sizes to move with all possible speed to update aging infrastructure that can be 100 years old or more. The need is greatest in communities that maintain a combined sewer system (CSS) which is a remnant of the nation's earliest infrastructure.

A CSS is designed to collect both stormwater runoff and household and commercial wastewater (raw, untreated sewage) into a single pipe. In dry periods, this flows directly to treatment plants. During heavy rainfall or snowmelt, however, a CSS can reach its maximum capacity and then discharge untreated wastewater into local waterways. These events are called Combined Sewer Overflows (CSOs).

Pennsylvania has the largest CSO problem in the United States, with 120 permitted CSS communities creating a combined 1,540 outflows that release untreated sewage and wastewater directly into the Commonwealth's waters. CSOs often contain high levels of suspended solids, pathogenic microorganisms, toxic pollutants, organic compounds, excess nutrients, oil and grease, and other pollutants. These can pose risks to human health, threaten aquatic life and habitat, and impair the use and enjoyment of Pennsylvania's rivers, creeks, and streams by its residents.

It is critically important to the health of the Commonwealth's waters and residents that CSOs be brought under control, and so these challenges must be recognized and then addressed. However, reducing CSOs can pose significant logistical and financial challenges.

On the funding side, a variety of mechanisms are available to CSO communities, but one key source is Clean Water and Drinking Water State Revolving Funds (SRFs). The SRFs are funded by the federal EPA and managed by states. In Pennsylvania, the SRF is managed by PENNVEST, which can distribute SRF funds as grants, "principal forgiveness" loans, or low-interest loans. Grants and principal forgiveness loans can be obtained when the rate impact of loans on low-income households would be too great. However, low-income communities who might otherwise qualify for grants or principal forgiveness loans currently encounter several significant impediments to accessing these funds.

The barriers to access are multilayered and intersectional. First, it is key to recognize that municipalities are often reluctant or unable to add to their debt service burdens. This may be for policy reasons within a municipality's control, but it may be due to more fundamental structural legal limits, such as being written into a city charter. In both cases, the outcome is that low-interest and principal forgiveness loans are a non-starter for these communities. Even though the loans would seem to provide a good deal that should enable infrastructure projects, adding debt burden is simply not an option. These effects can be exacerbated for low-income communities.

Certain prerequisites written into state law also make it impossible for some municipalities to access grants or forgivable loans. For example, Pennsylvania state law currently requires that a utility have a separate rate for water and sewer charges. This prevents municipalities who have a single combined rate for drinking water, sewer, and stormwater services from obtaining grants. This barrier can and should be dismantled: PENNVEST is legally able to modify its regulations to allow waivers of this requirement.

Another requirement preventing access is that applicants must demonstrate a proposed project's funding will result in a 15 percent rate reduction in customer rates. As noted before, CSO infrastructure is old and expensive to fix; the cost of a project that would result in a 15 percent

rate reduction in a large or mid-sized city would exceed the entire PENNVEST funding budget by itself. The effect of this requirement is thus the outright disqualification of these large and mid-sized cities, whose residents are no less deserving of equal access to clean water than those who live in smaller cities and towns. There are several options to address this barrier: two simple solutions would be to amend the statute either to a proportional limitation, or to allow waivers that would give equal access to this critical funding to all Pennsylvanians.

The Clean Water Act and Philadelphia Water Infrastructure

One other potential solution to assist larger municipalities access more favorable financial terms via the SRF lies in an underutilized provision of the Clean Water Act, which permits PENNVEST to provide additional subsidy to communities like Philadelphia that do not meet state affordability criteria if that additional subsidy will be passed on directly to residential customers who would experience financial hardship without the subsidy or if the additional subsidy is awarded to projects that will mitigate the impacts of stormwater runoff.

Philadelphia has been working for more than a decade to reduce CSOs and improve water quality in the Delaware River. The Philadelphia Water Department has been adept at obtaining low-cost financing via SRF despite the constraints highlighted above. However, Philadelphia residents bear the brunt of these low-interest loans as water utility rates rise ever higher due to debt service obligations.

Additional subsidization provides an opportunity that would allow Philadelphia to unlock more favorable financial terms under authority that is already provided to PENNVEST and does not require further changes to state law or regulation.

PennFuture strongly believes that PENNVEST should use this provision to minimize debt service obligations for cities like Philadelphia to help fund critical infrastructure projects to improve water quality and better maintain affordable water utility rates for residents.

Clean Air Through Affordable, Clean Energy

As mentioned above, Pennsylvania consistently ranks as one of the largest emitters of greenhouse gases in the United States. The Commonwealth was responsible for approximately 253 million metric tons of carbon dioxide equivalent being emitted into the atmosphere in 2022, according to the most recent [Greenhouse Gas Inventory](#). Production and consumption of energy accounted for nearly 90 percent of these emissions with the industrial and electricity production sectors bearing the largest responsibility.

There is a link between the energy that Pennsylvania produces and the air that we all breathe. Certainly, progress has been made over the past two decades, but so much more can be done to improve air quality and public health, reduce our reliance on fossil fuels, increase affordability for residents, and power Pennsylvania's entry into the 21st century energy economy.

To that end, PennFuture and Conservation Voters of PA recently released our [Energy Affordability Agenda](#). Pennsylvania's outdated pro-fossil fuel policy is not only hitting people's wallets. Pennsylvania is also losing out on the next generation of energy infrastructure—from solar and storage to transmission—to neighboring states. Even large fossil-fuel-producing states like Texas are successfully adding renewable energy to the mix and seeing costs go down.

Pennsylvania can either cling to a fossil fuel-dominated past that is growing more expensive and less reliable—or chart a bold new path that prioritizes tested, affordable clean energy solutions that put residents first, protect working families from skyrocketing energy bills, and build a more affordable future for everyone.

Many of the ideas contained within the Energy Affordability Agenda are not necessarily new, but they have grown more urgent as concerns around affordability and grid reliability have become more acute. There are steps that the General Assembly must take to promote clean energy sources:

1. Update and diversify Pennsylvania's "Alternative Energy Portfolio Standards" to increase renewable energy sources from 4% to 35% Pennsylvania's energy portfolio by 2035, increase energy production, and reduce price volatility.
2. Establish fast-track permitting for clean energy infrastructure, with clear environmental safeguards, for new renewable energy production, storage, and transmission.
3. Incentivize battery storage deployment while establishing producer responsibility for recycling and safe end-of-life disposal.

Conclusion

Article I Section 27 of the Pennsylvania constitution states: The people have a right to clean air, pure water, and to the preservation of the natural, scenic, historic and esthetic values of the environment. Pennsylvania's public natural resources are the common property of all the people, including generations yet to come. As trustee of these resources, the Commonwealth shall conserve and maintain them for the benefit of all the people.

Clean air and pure water are attainable. Achieving these goals will require leadership from state lawmakers in the face of federal retrenchment on these important issues. We should embrace this challenge and recognize that there is a great opportunity here. Pennsylvania is uniquely positioned to advance policies that will protect our natural resources, improve public health and environmental outcomes, diversify our energy portfolio, and prioritize affordability for residents. The time to act is now.

Thank you again for the opportunity to provide testimony here today.