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Thousands Call on Drexel University to Repudiate Skewed PennEast Economic Impact Analysis

UGI Chairman/Former CEO's Role as LeBow School Advisory Board Member Raises New Question of Conflict of Interest

More than 3,700 people called on Drexel University today to repudiate a flawed "Economic Impact Report and Analysis" it was commissioned to co-author by the PennEast Pipeline Company. The report issued on February 9th was widely criticized for its exaggerated claims of economic gains and its lack of a single mention of any economic downsides. The discovery that UGI's former CEO and current Non-Executive Chairman of the Board serves on the advisory board of the university's LeBow School of Business Corporate Governance Center suggests a concerning conflict of interest.

The signatures accompanied a letter submitted by 20 organizations, including the Delaware Riverkeeper Network, Berks Gas Truth, Bucks County Concerned Citizens Against the Pipeline, Clean Air Council, ClimateMama, Concerned Citizens Against the Pipeline - Holland Township, Damascus Citizens for Sustainability, Durham Township – Concerned Citizens Against the Pipeline, Environmental Action, Environment New Jersey, Gas Drilling Awareness Coalition, Hopewell Township Citizens Against the PennEast Pipeline, MaineToMiami, NJ Sierra Club, Pipeline Safety Coalition, Protect Orange County, Sourland Conservancy, StopPennEast.org, Stop MCS, and Williams Township Citizens Against the Pipeline making the appeal to Drexel University president John A. Fry for abrogation of this misleading report.

“Drexel University is helping PennEast use bad economic analyses to advance a bad project and is damaging its own credibility in the process,” said **Maya van Rossum, the Delaware Riverkeeper**. “That Drexel would not repudiate this report now that it has been made aware of the bad analytical practices used in this report and now that it can see this report is simply another bought and paid for pipeline marketing piece designed to skew the perception of a damaging pipeline that will inflict major harm to the properties, natural lands, public lands, streams, wetlands, forests and communities through which it passes, does a disservice to the public, policymakers, and Drexel students past and present,” **van Rossum**, concluded.

“We started the petition because we felt very strongly that it was inappropriate for an academic institution to participate in such a misleading report. However, we were particularly concerned to learn after we launched the petition that UGI’s former CEO and current Chairman of the Board Lon Greenberg serves on the Advisory Board for the university’s LeBow School of Business Corporate Governance Center. The LeBow school co-authored the report. It raises the spectre of a disturbing conflict of interest that could explain a lot,” said **Karen Feridun, Founder, Berks Gas Truth**.

"Instead of being an independent college doing independent work, they seem to be for sale. The Chairman of the Board and former CEO of UGI on the advisory board is a conflict of interest that makes this report a sham. Drexel University is acting more like Drexel Burnham Lambert the disgraced former Wall Street firm. The only difference between them is, instead of peddling junk bonds, they are peddling a junk report. It is disgraceful that a university is willing to sell its integrity to the highest bidder. If they actually look at the real economics of the PennEast Pipeline the negative financial impacts far outweigh 98 permanent jobs. The economy of the region tourism, farming, fisheries and property are at risk," said **Jeff Tittel, Director, NJ Sierra Club**.

"While the Drexel study does exactly what it purports-- 'quantify the economic benefits'-- it fails to consider the negative economic impacts to the housing market, mortgage industry, property insurance and loss of tax revenue from lower property values, all of which directly impact the landowners who will bear the burden of impact in their communities," said **Tara Zrinski, Local Coordinator, Food & Water Watch, Lehigh Valley**. Academia has long been criticized for industry collusion and the Drexel study represents the blatant endorsement of the PennEast Pipeline, failing once again to either empower the community or foster public trust in either academia or the industry."

The PennEast Pipeline is a proposed gas transmission project of six companies: UGI Utilities (\$UGI), AGL Resources (\$AGL), NJR Pipeline Company (\$NJR), Public Service Enterprise Group (\$PEG), South Jersey Industries (\$SJI), and Spectra Energy (\$SEP). The

project has faced tremendous opposition from community groups, ratepayers, and landowners along the proposed route. Twenty-two townships in Pennsylvania and New Jersey have passed resolutions opposing the PennEast Pipeline and more are expected to pass resolutions in the near future. Residents and elected officials at all levels of government, including school districts, counties and conservation groups, have overwhelmingly called for the six companies financing the PennEast pipeline to drop the project.

The day after the report's release, the Federal Energy Regulatory Commission commenced a series of public scoping meetings. Among the impacts the Commission considers in determining the scope of its Environmental Impact Statement is the human environment, including economic impacts. The 11th hour announcement of the report gave members of the public little time to thoroughly study the report and counter the analysis. PennEast has touted the report's findings at public meetings and press events, and on its website that now displays an infographic highlighting what are actually some of the most specious statistics from the report.

Among the questionable findings is the claim that the pipeline would support over 12,000 jobs. A closer look reveals that the number refers to every job that could be related in any way during the seven-month construction period. Using the same formula that counts all ancillary jobs, the number of permanent jobs across the six (6) impacted counties in (2) two states, would be 80.

"The Econsult/Drexel Assessment claims that the PennEast project would create 6 times as many jobs in the area as the company has said it would hire. This is utterly misleading. No respectable economic analysis would give a result this large and the best recent work suggests there would be little if any net employment gains beyond the direct hires, most of whom would be recruited from outside the area. The report also claims to be an economic analysis while failing to take any account of substantial economic and environmental costs that the pipeline would impose on the communities affected," said **Jeffrey R. Shafer, Ph.D. in economics and former Undersecretary of the US Treasury.** ([See his full FERC comment](#))

Opponents of the pipeline prefer sustainable solutions for the environment and the jobs market.

"Renewable and sustainable energy is the wave of the future and that future is now! The energy sector would greatly improve its own job security and sustainability by investing in renewables. Fossil fuels are a dying industry and we do not want their graveyards buried in our backyards," said **Arianne Elinich, Bucks County Concerned Citizens Against the Pipeline.**

The jobs claims are simply misleading. The glaring flaws with the report show up in the analysis of the pipeline's economic boost, estimated by the analysts to be \$1.6 billion. The finer print says that it is a possible one-time boost. The estimated boost is impossible to justify without taking into account economic downsides like lost property values, environmental damage, emergency response costs in the event of an accident, long term lost tax revenue due to loss of use in expansive ROWs and many others.

"Two thousand or 12,000, temporary jobs over a period of seven months can never outweigh the permanent affects that the burning of more fossil fuels will have on climate change and the potential extinction of the necessary biosphere. By participating in this propaganda, Drexel is directly contributing to the destruction of human, animal, and plant life in the Northeast and beyond," said **Laura Pritchard, representative of Williams Township Citizens Against the Pipeline.**

"I sought the raw data and assumptions that were used in the model to generate the report from Econsult Solutions and was told that they were proprietary. Keeping the data proprietary from which you publish a study is not consistent with academic standards of research in which you share your data for your peers to review. I was surprised that this corporate "partnership" between Econsult Solutions and Drexel changed standard research practice," said **Lorraine Crown, Organizer, StopPennEast.org.**

PennEast has declined to respond to questions from the press about how much it paid Drexel University's School of Economics and its co-author, Econsult, for the report. Four days before the report's release, Econsult issued a similarly positive report about the Mariner East hazardous liquids pipeline.

"We sincerely hope that Drexel will reconsider its endorsement of this report which is a direct parallel to the discredited Penn State jobs reports (first in 2009 and others after) that were a real embarrassment for Penn State. According to [Bloomberg News](#), that 2009 report, 'was characterized as advocacy for producers by groups such as the nonprofit Pennsylvania Budget and Policy Center in Harrisburg' ...Drexel does not need to repeat this mistake," said **Barbara Arrindell, Director, Damascus Citizens for Sustainability.**

"The Drexel report reflects the tendency of pipeline companies to whisper negative impacts and shout benefits of pipeline projects. Truth be known, if Operators produced a pragmatic report of pros and cons of a pipeline project, communities would likely oppose more projects," said **Lynda Farrell, Executive Director of Pipeline Safety Coalition.** "The strategically timed release of this misleading report is an unconscionable use of Drexel's reputation as a well respected local university. But the blatancy of the selection of Drexel is a secondary affront to that of Drexel's acquiescence in this conspiracy to belie the public.

Farrell noted, "Impacts are defined as "the effect or influence of one person, thing, or action, on another" As such a study on the "Economic *Impact Report and Analysis*" (*emphasis added*) conducted by academia should be expected to evaluate both positive and negative effects. Drexel Niki Gianakaris' statement that, "It was a straightforward, standard analysis of the potential employment, fiscal and price effects of the project," is a disappointing media spin unbecoming of Drexel, and as an analyst, Vibhas Madan's statement that the report was never intended to be a cost benefit study leads one to question why, then, Drexel produced a study solely of cost benefits?"

"This is an opportunity for Drexel University to be honest with communities that would be impacted by the proposed PennEast Pipeline," said **Joseph Otis Minott, Esq., Executive Director of the Clean Air Council**. "As it currently stands, Drexel's economic report on PennEast is a not a worthwhile and honest assessment of the impact—good and bad—of this proposed pipeline. It totally ignores the impact on business owners that would lose their business because they are in the proposed right-of-way, farmers whose land would never return to productivity, and ratepayers who would have price hikes in order to cover the cost of the project. Drexel should re-release the report after they have conducted a fair and accurate assessment of the potential positive and negative economic impacts of the project."

"Drexel's study is clearly designed to bolster PennEast, not be an independent, objective analysis," said **Doug O'Malley, director of Environment New Jersey**. "An independent analysis would have looked at the economic impact of the expected environmental damage, which Drexel clearly didn't do. This study puts a false happy face on a potential environmental disaster."

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