

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES,

1993-1994

983

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AIR QUALITY LEGISLATIVE WORKING COMMITTEE

December 28, 1992

Mr. John Sandor
Commissioner
Alaska Department of Environmental Conservation
410 Willoughby Ave., Suite 105
Juneau, AK 99801-1795

Dear Commissioner Sandor:

Upon request of your office, the Air Quality Legislative Working Committee has collectively drafted language to address all statutory provisions necessary to obtain federal approval of an air quality permit program in Alaska pursuant to Title V of the 1990 Clean Air Act.

The Committee respectfully requests that the enclosed Attachment # 1 entitled DRAFT AIR QUALITY PERMIT BILL be used to introduce a bill by the Governor to the Alaska Legislature when it convenes in January. The purpose of our collective endeavor was to provide a committee work product that would aid you, the Governor and the Alaska Legislature in deliberating and enacting laws that will continue state jurisdiction of the air quality permit program. It is our opinion that the enclosed draft bill meets the requirements of federal law in a manner that considers the needs of all Alaskans.

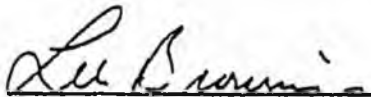
The draft bill is in-part a compromise among the many diverse interests of the constituents represented by individual committee members. Further, this language is the product of a diligent effort to keep the deliberations focused and limited only to elements essential for federal approval of the air permit program. In this regard, we respectfully request that any bill that may be introduced to the Alaska Legislature be limited in content and subject to that contained within this draft.

The many attachments to this correspondence are provided to inform you of the committee's procedures and the substance of our deliberations. Attachment # 4, entitled SUMMARY OF PRINCIPAL ISSUES OF DEBATE, should be of special value to you and others interested in the committee's work. It was drafted to highlight important deliberations, minority positions, compromises of noted significance and to express the intent of the committee in implementing selected provisions of the draft bill.


Although review of the material contained in these attachments will provide a comprehensive understanding of the committee's activities, the following statements

Each member of the committee appreciates the opportunity you and the department have provided to enable the affected parties of this federal mandate to work together in helping to shape this legislative proposal. The committee wishes to continue at your service, provided such effort will assist you and the Alaska Legislature in deliberations of this subject during the forthcoming legislative session. In addition, if a bill is enacted into law, we would welcome the opportunity to assist the department in shaping the supporting regulations.

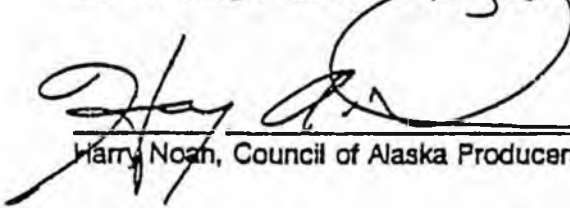
SINCERELY,




Lee Browning, Alaska Municipal League



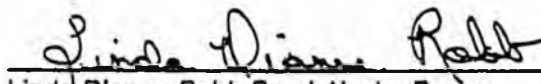
Steven Taylor, Alaska Oil & Gas Assoc.



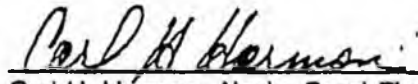
Harry Noah, Council of Alaska Producers



Rick Lauber, Pacific Seafood Processors Association




Linda Dianne Rabb, Rural Alaska Power Association



Carl H. Harmon, Alaska Rural Electric Cooperative Association



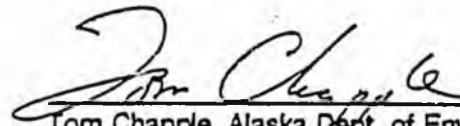
Larry Opperman, U.S. Air Force



Arnee Boulanger, Alaska Center for the Environment/Alaska Environmental Lobby



Eric Myers, General Public



Tom Chapple, Alaska Dept. of Env. Conservation

cc: Mr. Kris Lethin, Legislative Liaison, Office of the Governor, w/enclosures
 Ms. Janice Adair, Assistant Commissioner, ADEC, w/enclosures
 Members of the Alaska State Legislature w/enclosures 1-6
 Members of the Air Quality Legislative Working Committee w/enclosures

Enclosures:

- Attachment #1: Draft Air Quality Permit Bill
- Attachment #2: Mission Statement
- Attachment #3: Meeting Protocol
- Attachment #4: Summary of Principal Issues of Debate
- Attachment #5: Committee Voting Record
- Attachment #6: Excerpts of Transcript Text
- Attachment #7: Meeting Transcripts (available upon request)

MISSION STATEMENT

for

AIR QUALITY LEGISLATIVE WORKING COMMITTEE

The Department's air quality management goal is to safeguard public health and the environment by fostering the use of technology and education which enables economic development with minimal degradation to the air and preserves the high level of existing air quality for the enjoyment and well being of all Alaskans.

The mission of this committee is to work cooperatively to recommend to the Administration and the Legislature proposed changes to state law that: comply with the provisions of the 1990 Clean Air Act; foster air quality programs based on sound science; and retain accountability and responsiveness to the guidance and direction of our citizens through recognition that the state and local governments are the appropriate entities to manage and protect the air resources of Alaska.

adopted 9/22/92

FINAL REPORT
OF THE
GOVERNOR'S TASK FORCE
ON
REGULATORY REFORM

MARCH 19, 1993

FOREWARD

The Task Force on Regulatory Reform was appointed by Governor Walter J. Hickel October 1, 1992. The charge was:

"...to review state regulations that inhibit economic opportunity and productivity and to propose changes to those regulations."

Finalized recommendations were to be provided by the middle of the 1993 legislative sessions.

Task Force members are:

Bonnie Williams, Chair. Director of Advance College Tuition program, University of Alaska statewide system. Fairbanks.

Charlie Boddy. Government Relations Vice President of Usibelli Coal Mine, Inc., responsible for federal and state permitting, regulatory compliance.

Ed Bostrom. Farmer, North Pole-Salcha.

Craig Ingham. President of Mt. McKinley Bank, Fairbanks. Formerly Vice President, then involved with federal and state regulatory compliance.

Sandra Jacques. Chiropractor and partner, big game guides, Anchorage.

Gloria McCutcheon. President of Alaska Fish and Farm wholesale food distributorship, Anchorage.

Representative Carl Moses. Unalaska.

Ronald Ricketts. Executive Director of Fairbanks Industrial Development Corporation, attorney.

Senator Bert Sharp. Fairbanks.

Wayne Stevens. Kodiak Chamber of Commerce.

Kathleen A. Weeks. Attorney in Anchorage, specialist in private property rights.

James J. Haselberger, ex officio. Representing the Governor's Office.

Support staff included M. Susan Logue and Nanette Woodman of the Fairbanks Governor's Office.

GENERAL PRINCIPLES

In widely divergent industries and businesses, centralizing themes emerged, which revealed basic flaws in the underlying foundations of the regulatory drafting process, or in the administrative process itself. These led to broad, general recommendations which, if adopted, could lead to rectification of a wide spectrum of regulations that currently are "bad servants" of Alaskans, and to the promulgation, in the future, of regulations that will work well.

ADMINISTRATIVE PROCEDURES ACT : AS 44.62

The Task Force developed six recommendations for changes to the Administrative Procedures Act, the statute which determines how regulations shall be prepared. These recommendations restore policy decisions to the Legislature, call for the proper role of science, and seek to remove barriers to efficiency while requiring that attention be paid to costs and benefits.

GP 1. No State regulation may exceed standards established by federal statute or regulation.

When the interests of Alaska call for a higher or greater standards than that contained in federal law or regulations, that determination must be made by the Alaska Legislature through statute.

GP 2. State regulations must set specific performance standards, and cannot call for "state of the art" technology as a standard to be met for compliance.

When specific performance standards are cited, a business can obtain the necessary equipment and procedure, and meet the standard, thereafter having minimal ongoing expenses in maintenance of the equipment. Capital costs are one-time. When "state of the art" is specified, capital costs are constant at each minuscule change, and can ultimately cause a business to close.

GP 3. State regulations calling for specific scientifically measurable performance standards must have survived scientific peer review.

This statutory change is necessary to prevent the addition, and cause the elimination of, performance standards in regulations that are unsupported and unsupportable by scientific data. Had such a statutory requirement been in place on the federal level, Congress would not have passed the Acid Rain legislation a month after federal scientists reported that acid rain did not in fact exist and was not a product of the industrial revolution.

Interested Parties

March 4, 1993

465-3600

A brief review of
"Standing" in the context
of AS 46.03.163.

Robert Reges, AAG 

All three Air Quality bills provide an opportunity for judicial review to persons who did not participate in the public comment process but who have a "private, substantive, legally protected interest" that is impacted by the challenged decision. Many persons have asked what is meant by "private, substantive, legally protected interest". This paper explores the concepts embodied in those words.

The federal Clean Air Act requires that Alaska provide judicial review of a permit action to "any person who could obtain judicial review of that action under applicable law."¹ EPA has interpreted the phrase "applicable law" to include state law.² Accordingly, federal regulations require that every state program provide judicial review to "any person who could obtain review of such action under State laws."³

Accepting EPA's interpretation of the statutory term "applicable law", the question is: who can obtain judicial review of permit actions under Alaska "laws"? The answer is, "anyone with 'standing'". In Alaska, "standing" is neither a statutory law nor a constitutional doctrine. Rather, it is a rule of judicial self-restraint developed by the courts. State v. Enserch Alaska Construction Inc., 787 P.2d 624, 629 (Alaska 1989). The doctrine has been developed by courts in their written opinions. Those are the only "state laws" on this topic.

The judicial opinions tell us that the doctrine of standing is based on the principle that courts should not resolve abstract questions or issue advisory opinions. Enserch, supra at 629. An interest that merely calls for an advisory opinion is not "legally protected."

¹ Clean Air Act § 502(b)(6).

² See the preamble to 40 CFR Part 70. 57 Fed. Reg. 32250 (July 21, 1992), Section III. Summary of Final Rules; E. Permit Issuance and Review; 3. Judicial review and Public Petition.

³ 40 CFR 70.4(b)(3)(x).

These opinions also recognize two types of standing. One recognized type is known as "citizen-taxpayer" standing. A person (the plaintiff) has "citizen-taxpayer" standing only if the plaintiff has raised a question of public significance which directly affects the plaintiff. That is, the plaintiff's interest must be "private." Alaska's courts have also recognized "interest-injury" standing. Interest-injury standing is bestowed upon a plaintiff who has an interest adversely affected by the conduct complained of. Enserch, supra at 630. Again, this is another way of saying that standing is bestowed upon a person who has a "private" interest.

One could argue that, under present law, an interest need not be "substantive." Justice Matthews has stated that "an identifiable trifle is enough for standing to fight out a question of principle." Trustees for Alaska v. State, 726 P.2d 324, 327 (Alaska 1987). Nonetheless, in that same opinion Justice Matthews spoke of "sufficient interest" and of an instance where standing was denied because the matter at issue was not "significant." Id. at 328-329. He concluded by noting that "taxpayer-citizen standing cannot be claimed in all cases as a matter of right."

We would be splitting hairs to argue that the word "significant" is more or less inclusive than "substantive". It appears to this writer that the two are simply different ways of saying the same thing. In sum, Alaskan judges have not specifically used the words "private, substantive and legally protected" but they have iterated maxims that sound synonomous.

Federal courts, on the other hand, have used those exact words. The federal concept of standing is predicated upon article III, § 2 of the United States Constitution. Federal courts, which are "article III courts", cannot exercise jurisdiction over a case unless it involves justiciable "controversy". Federal judges have interpreted this to mean that they do not have jurisdiction unless the plaintiff shows that the conduct complained of "invades or will invade a private substantive legally protected interest of that plaintiff citizen." Associated Industries of New York State, Inc. v. Ickes, 134 F.2d 694, 700 (2nd Cir. 1943), vacated for mootness by Ickes v. Associated Industries of N.Y., 320 U.S. 707, 64 S.Ct. 74, 88 L.Ed. 414 (1943).

In the federal regime, a "private" interest is one in which the plaintiff has a "personal stake and interest that imparts concrete adverseness". Barlow v. Collins, 397 U.S. 159, 164, 90 S.Ct. 832, 25 L.Ed.2d 192 (1970). To establish that a claim is "substantive", a plaintiff must show that the challenged action has caused him injury-in-fact. Association of Data Processing Service Organizations v. Camp, 397 U.S. 150, 152, 90 S.Ct. 827, 25 L.Ed.2d 184 (1970). Finally, the plaintiff must show that there is a legitimate "case" or "controversy"; which is to say that his

interest must be legally protected. Id. One could also say that a "legally protected interest" is demonstrated if the plaintiff shows that he was within the zone of interests to be protected by the statute or constitutional guarantee in question. Barlow v. Collins, supra. at 164.

Having examined the state and federal caselaw it is obvious that they use different terms to describe standing. But, it is equally obvious that both employ the same concept. The question is whether the person seeking judicial review is a proper party to request an adjudication of a particular issue. Trustees, supra, at 327. This is an evolving concept. Courts had taken an expansive view of "proper parties" during the 1970's, See United States v. Students Challenging Regulatory Agency Procedures (SCRAP), 412 U.S. 669, 93 S.Ct. 2405, 37 L.Ed.2d 254 (1973). The recent trend is to more narrowly define "standing". See Lujan v. National Wildlife Federation, 497 U.S. 871, 110 S.Ct. 3177, 111 L.Ed.2d 695 (1990); Air Courier Conference of America v. American Postal Workers Union, AFL-CIO, 498 U.S. 517, 111 S.Ct. 913, 112 L.Ed.2d 1125 (1991). In any event, it seems clear to this lawyer that every permutation of "standing" is simply a variation on a theme: standing is bestowed upon a person with a private, substantive, legally protected interest. For that reason, I submit that proposed Clean Air Bills do provide judicial review to any person who could obtain it under applicable law.

APR 13 1993

Eugene Alan Levine
7343 Linden Drive
Anchorage, Alaska 99502
(907) 248-0742

April 8, 1993

Senator Mike Miller, Chair
Senate Resource Committee
Alaska State Legislature
Juneau, Alaska

Dear Senator Miller,

As a resident of Alaska, and a registered civil engineer, I wish to express my concern regarding Senate Bill 103/House Bill 167, relating to air quality. While I am pleased that the Senate is addressing this important issue, I have some serious reservations regarding the following portions of the bill:

Section 46.14.010 - Emission Control Regulations: I do not feel there is any need for this section, as the State is always required to hold the Federal regulation as a minimum. We should not voluntarily waive our state right to exceed a minimum standard. If we determine that a standard is adequate, then we are not under any obligation to exceed that standard. However, in some very important instances, such as the benzene concentrations on Government Hill, and in Valdez, some very serious policy issues exist, which federal law does not adequately address. Also, this section of the bill places the burden of proof on the state, which is very expensive, to show that public health is being compromised. Since funding is not being provided to the department for this amount of oversight, I feel it is only fair that the burden of proof be placed on the shoulders of those who profit from our public resource, clean air. Tourists will soon stop traveling to Alaska if they realize the air in Valdez has as high a benzene concentration as the Los Angeles Basin in California.

Section 46.14.015 - Special Procedures for More Stringent Regulations: Again, this section places the burden of proof upon the department to show that public health is being compromised. In these times of fiscal restraint and budget cutting, the state does not have the finances to put together a peer review panel for special considerations. Since the EPA is requiring this program to be funded by permit fees, even the industries agree that this provision is too expensive. Remember, if we ruin our air quality, we will have traded off one industry for another, and will have degraded our own quality of life in the process.

Section 46.14.200 - Review of Permit Action: I feel this is a very serious breach of public trust. In a Democratic society, everyone should have the right to a hearing and to have the representation of their choice. This section as written puts a very difficult burden upon the general public to establish what type of harm they may occur from an action, and to require the harmed person to personally attend a meeting. As a working person, I find it very difficult to find the time to attend a meeting such as a hearing. Also, I generally find that I lack the expertise to adequately express my concerns in a hearing type of forum.

Section 46.14.210 - General Operating Permits: I am quite surprised to see a provision to allow a general permit to be established statewide. As large and diverse as Alaska is, it is impossible to imagine a situation that may arise in a remote village to be in any way similar to a situation which would arise in one of our cities. Each facility is unique, as is each community, and every community should be allowed to decide for themselves if they want to allow a particular business to operate in their area.

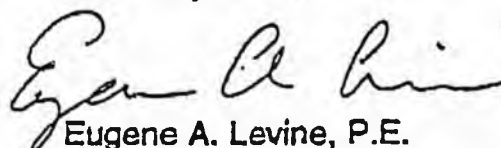
Section 46.14.230 - Duration of Operating Permits: An operating permit issuance of five years should only be allowed for those businesses which comply with the regulations. Those businesses which violate their permit should be required to renew their permit annually. This would reward those companies that are in compliance, and penalize those that are out of compliance.

Section 46.14.400 - Local Air Quality Control Programs: It is imperative that local municipalities and boroughs be given the autonomy to establish stricter requirements than either the state or federal governments. The public should be allowed to decide for themselves if they wish their area to have better air quality than other areas of the state. As previously stated, this is a very large and diverse state, and while some areas may depend upon resource extraction for a main industry, some other areas may depend upon a pristine environment for their main industry. The state government should not be dictating an unwelcome regulation to a local entity.

Section 46.14.560 - Unavoidable Malfunctions and Emergencies: An unavoidable malfunction does not require a special section of this bill. If an excess emission is caused by an unavoidable malfunction, it will occur only once, and will truly not effect the overall compliance with the permit. However, if the unavoidable malfunction occurs periodically, then it is not unavoidable, and should be repaired.

Thank you for this opportunity to express my concerns regarding this important piece of legislation.

Sincerely,



Eugene A. Levine, P.E.

copies:

All committee members of:

Senate Resources

House Finance



Council of Alaska Producers

P.O. Box 22653 Juneau, Alaska 99802

April 13, 1993

Honorable Ron Larson
Honorable Eileen MacLean
House of Representatives
Finance Committee
State Capitol, Room 519
Juneau, Alaska 99801-1182

Dear Representatives MacLean and Larson:

This letter concerns CS for HB 167 (Judiciary), An Act Relating to Air Quality Control, now pending before the House Finance Committee.

The federal Clean Air Act Amendments of 1990 dramatically expanded regulatory controls over air emissions in the United States and put into place a revolutionary user fee system that requires the regulated community to pick up the tab for the costs of regulation. These are significant steps in the environmental arena that will have far reaching impacts on many sectors of our society, public and private.

Under the federal law, each state must assume responsibility for administration of the new air program or be subject to significant sanctions. Initial program submittals, including appropriate enabling legislation, are due in November 1993. Once in place, the regulatory regime applicable to air emissions in Alaska will take a quantum leap and the public interest in clean air will be enhanced, even under a program that simply meets minimum federal requirements.

During the summer and fall of 1992, The Council of Alaska Producers (Producers Council) actively participated in the DEC sponsored Air Quality Legislative Working Committee (AQLWC) process that led to the introduction of two other Clean Air Act vehicles, Sponsor Substitute for HB 39 and SB 103. After this experience (and our experience last year where similar legislation died in the final hours of the session following extensive ad hoc negotiations) we are convinced that a deliberative working group effort which includes a wide cross section of affected interests is the best way to set the stage for resolving complex issues. We would like to formally express our appreciation to committee chairman Tom Chapple, DEC and the other members of the AQLWC for a job well done.

Since the AQLWC proposal was introduced at the beginning of the session, Clean Air Act proposals have received extensive legislative scrutiny in conjunction with additional AQLWC

Representatives MacLean & Larson
April 13, 1993
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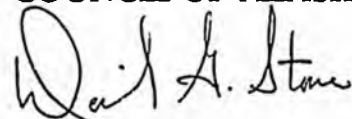
review and comment. The net result of these cooperative efforts is CS for HB 167 (Judiciary), a technically refined product that incorporates many provisions recommended by the AQLWC, provides clear policy direction to the department and reasonably balances competing interests. We also would like to thank Representative Hanley and aide Michelle Toohey for their considerable efforts on this issue.

While some important provisions in CS for HB 167 are different from those initially proposed by the DEC Working Committee and supported by the Producers Council, we feel they reflect a fair compromise. This endorsement extends to the sometimes misunderstood and always controversial sections regarding proposed standards exceeding federal minimum requirements. In our opinion, these provisions address all reasonable concerns by authorizing more stringent regulation if the Commissioner demonstrates that a particular proposal is feasible and based on good science.

CS for HB 167 is ready for passage. It has been subject to detailed analysis by many interested Alaskans over a two session period. It is the product of vigorous debate and reasonable compromise. We urge the Legislature to enact this or similar legislation before adjournment to assure our bottomline - state control over the air quality program in Alaska.

Sincerely,

COUNCIL OF ALASKA PRODUCERS



David G. Stone
President

Alaska Forest Association, Inc.



111 STEDMAN SUITE 200
KETCHIKAN, ALASKA 99901-6599
Phone 907-225-6114
FAX 907-225-5920

April 13, 1993

Representative Ron Larson, Co-Chairman
House Finance Committee
State Capitol
Juneau, Alaska 99801-1182

Dear Representative Larson,

On behalf of the Alaska Forest Association, I submit this letter of support for the Committee Substitute for House Bill 167.

A great deal of hard work has been put into this very complicated bill to get it to the product you have before you today. The Association would like to compliment the Air Quality Advisory Committee, the Senate Resources sub-committee, Tom Chapple from DEC, Representative Hanley and many others who have worked in a cooperative effort to craft this legislation.

Although 95% of the bill is supported by all parties, there are a few areas where disagreement still exists. One of those areas is duration of operating permits. Some feel it should be left to DEC's discretion, others feel it should be a 3 or 5 year permit. This bill provides for a 5-year permit duration as provided in Federal Law.

We are in full support of the 5 year period. The primary reason for wanting the longer period is the expense of permitting. It has been industry's experience that work to renew a permit often has to begin before the earlier permit has been issued. A shorter cycle could mean that industry would be in a constant permitting mode.

Regarding the ability for DEC to go beyond federal standards we support a process that would subject the more stringent standards to a scientific peer review. Although our original thought was not to go beyond federal standards at all -- we do recognize that there may be situations where it may be warranted.

Again, the Alaska Forest Association supports the Committee Substitute for House Bill 167 and urge it's passage.

Sincerely,

Bud Stewart
Alaska Forest Association President

BEGIN

Thank you for the opportunity to testify, Mr. Chairman. My name is Leann Ferry and I am a member of the Valdez staff of the Prince William Sound Regional Citizens' Advisory Council. I am speaking today on behalf of the RCAC and in particular on behalf of the RCAC Terminal Operations and Environmental Monitoring Committee. The TOEM Committee is responsible for monitoring chronic pollution emitted from the Alyeska Marine Terminal and the environmental effects of this pollution.

As you probably know, the Alyeska Terminal emits more volatile organic compounds into the air than any other facility in North America. On the average, a quarter million pounds of VOCs are released from the terminal every day of the year, most of it as tankers are loaded with crude oil from the TransAlaska Pipeline. These emissions include air toxics like benzene and hexane.

It was unclear to us whether the bill would allow ADEC to regulate air toxics and VOC emissions from tank vessels such as the oil tankers that call at the Valdez Terminal. It was unclear whether emissions from vessels could be attributed to the Alyeska facility and regulated under this bill. We were concerned about this, so we wrote ADEC and asked the department to tell us whether this bill would allow the department to regulate tanker vessel emissions. The department wrote us back, but they didn't answer our question. So we are still worried, and if your committee can answer this question, Mr. Chairman, it would be very helpful.

We have other concerns as well. As you know, the bill would preclude the state from enacting air pollution rules more strict than the minimum required under the federal Clean Air Act -- unless the state meets an unusually high standard for scientifically demonstrating a need for the rules.

We can tell you from our own experience here in Valdez, where we have participated in the assessment of health risks from benzene emitted at the Alyeska Marine Terminal, that the process of scientifically demonstrating a health risk can be a protracted and messy one and it can take a very long time. It is difficult to conclusively demonstrate a health or environmental hazard and it is very easy to cast doubt on such a demonstration.

That is why technology-based standards are the norm in many other states, and that is why much of the federal Clean Air Act amendments are devoted to technology-based emission standards. Technology-based standards require polluters to control emissions over certain threshold amounts if such controls are feasible and economically reasonable. But this bill would tie ADEC's hands in adopting any such standards if they were stricter than federal standards.

In this light, I would like to remind the committee that the Alyeska Marine Terminal is the third-largest source of benzene air pollution in the United States, and that there currently are no federal standards regulating these benzene emissions. Such standards are anticipated in the Clean Air Act amendments but they are probably years away. In the interim, this legislation would make it very difficult for the state to impose restrictions on these cancer-causing emissions.

The EPA itself advised the ADEC to move ahead quickly with rules to restrict on these emissions, back when the ADEC drafted such rules in 1990. But those rules have been shelved and with this legislation they would be moved from the shelf to the dumpster.

So what this legislation does is shift the burden of proof to the victims of pollution. Under this bill, industry can pollute until there is evidence the pollution is hurting someone or something. It should be the other way around.

Similarly, the legislation would preclude local entities like cities and boroughs from enacting clean air regulations without jumping through the same hoops. In reality, local entities won't be able to meet these criteria, so they would be robbed of the right they presently have to pass their own clean air rules based on their specific situations.

We understand the Alaska Air Quality Advisory Committee to have been a forum in which industry, regulators and the public could work together to come up with a consensus for state clean air legislation. This group worked long and hard to come up with the compromises necessary to achieve such a consensus.

But now it appears that, since the advisory committee completed its work, the clean air bill has been changed to such an extent that it does not represent the wishes of the group or the public. We believe it now represents the interests of one industry that chose not to participate in the committee process. This is not the oil industry, by the way, which did have representatives on the advisory committee.

The RCAC is a citizens' group dedicated to public participation in environmental protection, so we are quite disappointed that the work of this advisory committee has been set aside. We agree with members of the advisory committee who have said they would rather have no bill rather than this bill. In light of the Legislature's current action to slash ADEC's budget, it's questionable whether the department would have the funding or staff to administer new clean air regulations in any case.

Alaska Wilderness Recreation and Tourism Association

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Stan Stephens Charters

Eruk Williamson
Eruk's Wilderness
Float Trips

To: House Finance Committee
From: Nancy R. Lethcoe, President
Re: HB 167(JUD) 8-LSO492\O

Thank you representatives Larson and Maclean, committee members, for the opportunity to speak before you today. For the record, my name is Nancy Lethcoe. I am president of the Alaska Wilderness Recreation and Tourism Association.

The Alaska Wilderness Recreation and Tourism Association promotes the recognition and use of Alaska's recreation and tourism resources including scenic qualities, wildlife, fisheries, wilderness, wildlands and rivers. Our over 300 statewide members depend upon and market Alaska's natural resources. Most of our members are small businesses with fewer than 10 employees. They are often family operations. The majority live in the rural communities where they operate lodges, tours, and guided hunts or fishing trips. As such, they play an important role in enhancing the economic diversity and community stability of small towns. In addition to our members, AWRTA maintains a data base of over 2000 other guides, outfitters, and charter boat operators who are also economically dependent on the wise management of Alaska's natural resources.

When the Alaska Wilderness Guides Association recognized the threats to the natural resources on which our businesses depend and reformulated our purpose last year, I asked members to identify the major threats to the success of their businesses. To my surprise, air pollution has consistently been mentioned. Tour and lodge operators at Denali National Park are concerned about the proposed Healy Power Plant. Fairbanks based tour guides and outfitters are concerned about the Healy Plant because most of Fairbank's visitors come via Denali National Park. Any activities that would

reduce visitors to Denali would have an adverse economic impact on tourism to Fairbanks. Other tour operators, lodge owners, outfitters and guides listed threats to the Kenai National Moose Refuge, Glacier Bay National Park, Wrangell St.-Elias National Park, Port Valdez, and the Nikiski area. d in outdoor activities breathe more toxins and have a greater health risk from air pollution. They are naturally concerned about clean air.

In August 1992, we contacted DEC and asked to have a seat on their Air Quality Advisory Committee. Our request was refused in September on the ground's that "because the new aspects of this law relate to air permit reform, the decision was made at the outset to limit participation to those entities reequired to have permits under the Act (Letter from Janice Adair, Sept. 8, 1992)." This policy failed to recognize that one point of regulations is to manage our resources so that one sector of the business community does not adversely affect other sectors. The total business climate will be enhanced by regulations which provide for maximum use of our resources and the creation of more jobs. After several more letters and phone calls, we were finally put on their mailing list. But, in effect, our segment of the business community has not been a party to the discussions.

Consequently, the bill tries to minimize the cost to polluters rather than looking to ways to use the permit structure to encourage reductions in pollution and increased business activity in all sectors of the economy. In particular, this bill is a "big business bill."

1. The effects of polluters on small, non-polluting businesses was not considered by the drafters. Unlike other states which consider the total business picture and used permits to reduce reductions in pollution, the bills drafters have made no efforts to encourage the reduction of air pollution. *We request that the bill be amended to encourage polluters to reduce their pollution.* Recently, MIT, a prestigious engineering university, conducted a study to determine if environmental regulations retard economic growth. Their study, *Environmentalism and Economic Policy*, found that "States with stronger environmental policies consistently outperformed the weaker environmental states on all matters." According to project leader Stephen Meyer, "If stringent environmental policies have negative economic effects, they are so marginal and transient that they are completely lost in the noise of much more powerful domestic and international economic influences." (Source: *The Nature Conservancy of Alaska Newsletter*, Spring, 1993, p. 8).

2. The bill is a big business bill because it makes it difficult and virtually impossible for small non-polluting businesses to participate in the public process. Last January, DEC

published a notice on revisions to Alyeska's Air Quality permit. The notice was so vague that businesses affected by the modifications, AWRTA and RCAC all missed the importance of the notice. Later we discovered that major modifications in Alyeska's permit were proposed. *Under Section .285 on page 20 public participation is made even more difficult. We request that the word "may" at line 19 be changed to "shall."*

3. Section 200 on page 12 makes it difficult for us to appeal decisions. The words "private" and "substantive" have not been defined in environmental law. They are not used in state laws concerning standing. Would tour operators at Denali have standing? Would the Alaska Wilderness Recreation and Tourism Association have standing? It is very unclear whether tour operators or organizations like AWRTA would have standing. It is clear that they would probably face not only the costs of an appeal, but also the costs of finding out how these terms are defined. And, if we lose our case, we would under legislation working its way through the legislature now, also bear the costs of the winning party. We request that this section be changed to make guarantee that other businesses and business organizations which could be adversely affected by a permit be allowed to appeal. (Please note: Subsequent testimony during the House Finance Committee meeting by Mr. Regis indicated that AWRTA would not have standing.)

4. This bill is a big business bill that hurts smaller businesses in the way it assesses fees. Currently, indirect costs are born by all polluters through the permit fees rather than by those who pollute the most. We recommend the following changes:

Sec. 015. p. 3. We suggest either deleting the section or covering the costs through emission fees. At the moment, it is unclear to us whether the costs would be covered by the general fund or permit fees. We also suggest that section .240 on page 15, item 1 be amended to shift the costs to the emission fees. In this way, those who pollute the most would pay the most. It also encourages companies to reduce their pollution, which would reduce conflict with their business neighbors.

5. Small businesses in local communities have the best chance of protecting their natural resources through local ordinances. *However, the fee structure established on page 24 under (d) places an undue financial burden on local communities. Studies envisioned in section 010 could cost millions of dollars. Local communities would have to wait perhaps a year or more to recover these costs from the state. They should be allowed to bill the*

polluter directly. Without the power to bill polluters directly and recover their costs in a more timely manner, local governments and hence local business communities are effectively deprived of their right to set regulations.

6. Finally, we support section 010 on page 2, but would like to see the words "written findings" inserted after the word "demonstrate" one line 26.

Thank you.

NFIB Alaska

National Federation of
Independent Business

POSITION PAPER

OF

NATIONAL FEDERATION OF INDEPENDENT BUSINESS
(NFIB/ALASKA)

ON

CLEAN AIR LEGISLATION

9159 Skywood Lane
Juneau, AK 99801



The Guardian of
Small Business

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, MY NAME IS RESA JERREL, AND I REPRESENT THE NATIONAL FEDERATION OF INDEPENDENT BUSINESS - NFIB/ALASKA. ON BEHALF OF OUR 5,000 MEMBERS, I WOULD LIKE TO THANK YOU FOR THE OPPORTUNITY TO COMMENT ON THE CLEAN AIR BILL.

FOR SOME BACKGROUND INFORMATION: NFIB/ALASKA IS COMPRISED OF 5,000 SMALL AND INDEPENDENT BUSINESS OWNERS. THE LEGISLATIVE AGENDA OF NFIB/ALASKA IS DETERMINED BY OUR BALLOT. THE BALLOT IS OUR ANNUAL POLL OF OUR MEMBERSHIP ON A SERIES OF ISSUES DEEMED CRITICAL TO SMALL BUSINESS. A MAJORITY VOTE, OF THE MEMBERS IN RESPONSE TO THE POLL, SETS OUR POLICY AND POSITION ON LEGISLATIVE ISSUES.

THE FOLLOWING IS THE RESULT OF ONE OF THE QUESTIONS ON OUR 1991 POLL:

SHOULD LEGISLATION BE PASSED TO PROHIBIT THE DEPARTMENT OF ENVIRONMENTAL CONSERVATION FROM IMPOSING ENVIRONMENTAL STANDARDS AND LIMITATIONS THAT ARE STRICTER THAN FEDERAL STANDARDS?

61% YES 33% NO 6% UNDECIDED

IN OCTOBER 1992 THE GOVERNOR APPOINTED A TASK FORCE ON REGULATORY REFORM. THEIR CHARGE WAS TO REVIEW STATE REGULATIONS THAT INHIBIT ECONOMIC OPPORTUNITY AND PRODUCTIVITY AND TO PROPOSE CHANGES TO THOSE REGULATIONS. PUBLIC TESTIMONY WAS TAKEN AT FOUR MEETINGS. THEIR FINAL REPORT WAS RELEASED ON MARCH 19. ATTACHED IS A PORTION OF THEIR RECOMMENDATIONS.

THEIR RECOMMENDATION NUMBER GP 1 STATES:

"NO STATE REGULATION MAY EXCEED STANDARDS ESTABLISHED BY FEDERAL STATUTE OR REGULATION."

"WHEN THE INTERESTS OF ALASKA CALL FOR A HIGHER OR GREATER STANDARDS THAN THAT CONTAINED IN FEDERAL LAW OR REGULATIONS, THAT DETERMINATION MUST BE MADE BY THE ALASKA LEGISLATURE THROUGH STATUTE."

WE WANT TO MAKE SURE THERE IS LANGUAGE IN ANY CLEAN AIR BILL TO RESTRICT THE DEPARTMENT TO THE FEDERAL STANDARDS.

WE ARE HAPPY TO SEE THE INCORPORATION OF THE SMALL BUSINESS ASSISTANCE PROGRAM AND COMPLIANCE ADVISORY PANEL. HOPEFULLY, THESE PROGRAMS WILL PROVIDE HELP FOR SMALL BUSINESSES TO COMPLY WITH THE NEW REQUIREMENTS.

THANK YOU FOR THE OPPORTUNITY TO COMMENT ON THIS VERY IMPORTANT ISSUE.

Attachment



Department of Environmental Conservation

Position Paper

Bill No: CSHB 167 (Jud)

Approved: John A. Sandor

Name: John A. Sandor

Title: Commissioner

Date: April 2, 1992

Bill Title: Air Quality

CSHB 167 (Jud) as proposed reflects the diligent efforts of many individuals in the public and private sectors representing the concerns of a large number of the groups who will be affected by this legislation.

Although some may contend that there is no overall benefit to be achieved, it is of the utmost importance to retain state jurisdiction of air quality control, not because the department desires more regulatory programs, but because to take no action will have severe consequences for all Alaskans. The federal Clean Air Act was designed by Congress to be administered by the states, and thus many flexibilities have been built in which are specifically not allowed to EPA. In addition, the Act has specific time certain actions that must occur; missing those deadlines will result in the withdrawal of federal highway grants funds and the imposition of federal control of air quality permits.

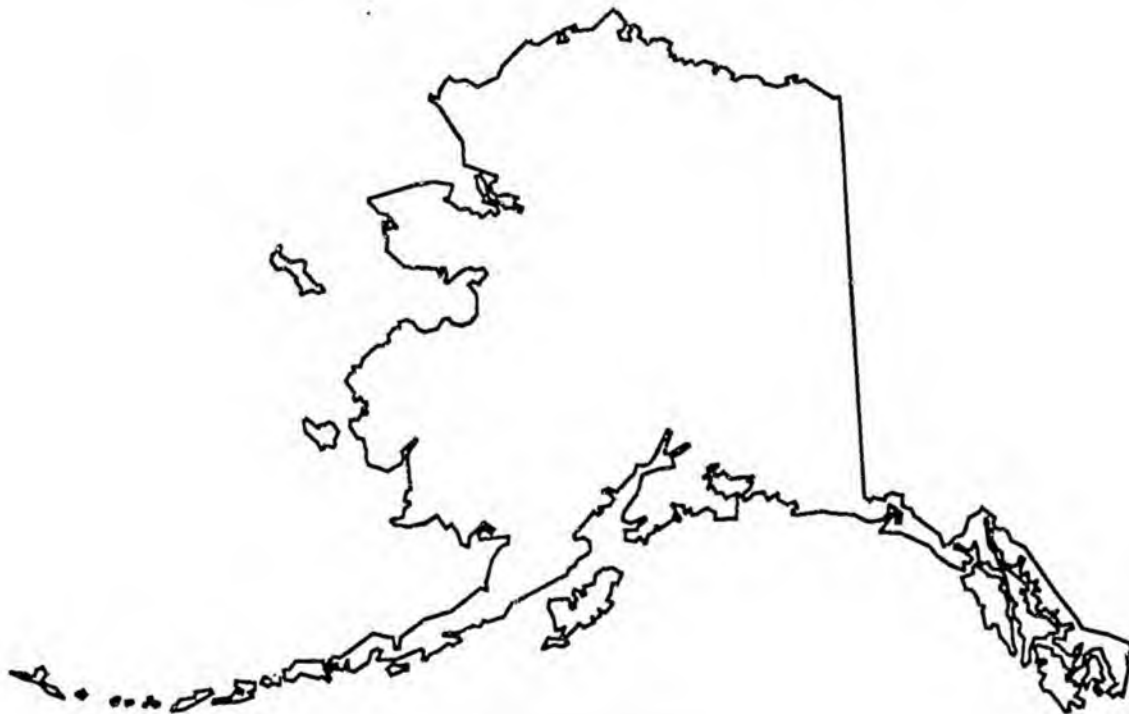
Federal preemption of permits will disenfranchise the state from being responsive to the needs of our citizens, businesses, and industries. The cost of federal permits will be higher to the regulated community and time delays will be common. If the state retains jurisdiction, the department can continue to serve a role in assuring that new federal regulations, mandated by the Act, are responsive to and considerate of Alaskan conditions, to the greatest degree afforded under the federal laws.

The department is encouraged by the manner in which this bill has been developed - both prior to the start of the legislative session and after - with the work of the Senate Resources Subcommittee and the sponsor of HB 167. The bill as proposed is a very workable product for the agency to implement, and with which industry can comply. It provides a clear policy direction from the Legislature regarding the design features and principal mechanisms for issuing air permits in an efficient and cost effective manner while maintaining public health goals.

The department endorses the proposed CSHB 167 (Jud) and respectfully requests the Legislature enact this or similar legislation this session.

For further information contact: Janice Adair, Assistant Commissioner/Legislative Liaison at 465-5010 or Tom Chapple, Project Manager at 465-5100

ALASKA
&
THE CLEAN AIR ACT



TITLE V
Proposed Permit Program
Estimated Budget and Staffing
JANUARY, 1993

Prepared by:
Alaska Department of Environmental Conservation
Air Quality Management

I. PURPOSE OF DOCUMENT

The Alaska Department of Environmental Conservation conducted this analysis to provide estimates of staffing and associated costs necessary to assume delegation and implement a federally-approved Title V air quality permit program. In addition, estimates of fees to recover the direct and indirect costs of the permit program are presented using the format proposed by the Air Quality Legislative Working Committee. ADEC's existing permit program and costs are also provided to illustrate the impact of assuming this new permit program.

Persons wishing to comment upon this document or requesting additional information should contact:

Mr. Leonard D. Verrelli, Chief
Air Quality Management Section
Alaska Department of Environmental Conservation
410 Willoughby Avenue, Suite 105
Juneau, Alaska 99801-1795
(907) 465-5100

II. EXECUTIVE SUMMARY

Title V of the 1990 Clean Air Act (Act) requires the U.S. Environmental Protection Agency to develop a uniform, nationwide permitting program for selected sources of air contaminants. Congress also directed each state or local air management authority to develop and manage a permit program under the approval and direction of EPA. This new permit program is intended to provide an improved administrative framework to maintain healthful air in areas currently meeting federal air quality standards and to improve air quality in areas not meeting federal air quality standards.

Though Alaska currently maintains an air quality permit program, major revisions are necessary to incorporate the many changes mandated by the Act and the executing regulations. Some of the additional major functions that ADEC must provide include:

- a. permitting many facilities which are not currently permitted;
- b. establishing a Small Business Assistance Program;
- c. assessing and collecting fees necessary to recover the direct and indirect costs of the permit program; and
- d. adopting and implementing all applicable federal emission standards.

These and other important mandates are expected to substantially increase the workload of the permit program.

There are approximately 175 facilities subject to Alaska's existing permit program. ADEC needed 21.5 full time personnel (FTE) at a total cost of \$1.95 million to implement the air quality permit program during FY 93.

ADEC undertook an analysis to estimate the workload associated with implementing a Title V permit program approvable by EPA. The workload analysis provided information to derive the number of FTE and the costs necessary for program implementation.

The projected number of facilities which are required to obtain Title V permits is a crucial factor in the analysis. During the summer of 1992, ADEC conducted a statewide survey and determined that approximately 450 facilities will be subject to the Title V permit program. This is a 150 percent increase in permitted facilities over the current permit program.

To estimate the future workload, ADEC divided the proposed permit program into separate elements. One element, which is directly associated with permit issuance, includes the permitting, compliance assurance, and ambient monitoring functions. The workload of these functions is estimated using the projected number of permittees and

the anticipated administrative requirements for each permittee. The other element is indirectly associated with permit issuance, and includes the program planning and development, administrative, and the small business assistance functions. The workload of these functions is estimated from staff experience with the projected administrative requirements.

ADEC estimates the implementation of an approvable program will require 46 FTE at an annual cost of \$3.74 million. The increase over the FY 93 appropriation is 24.5 FTE at an annual cost of \$1.79.

Approximately 31 FTE are required to perform the permitting, compliance assurance, and ambient monitoring tasks during the first year after EPA approval of the permit program. The estimated annual cost for these functions is \$2.64 million.

An estimated 15 FTE are required to perform the program planning and development, administrative, and small business assistance tasks at a cost of \$1.10 million during the first year after program approval.

The Act requires each permitting authority to assess and collect fees from permittees necessary to recover the direct and indirect costs of the permit program. The Air Quality Legislative Working Committee devised a preferred fee concept which is embodied in draft statute before the Alaska State Legislature. This concept establishes a system for billing permittees on an hourly basis for direct costs and on a per ton basis for indirect program costs using facility-specific assessable emissions. ADEC estimates the quantity of assessable emissions in the state are approximately 218,000 tons per year.

Tasks performed by the Permitting, Compliance Assurance, and Ambient Monitoring Groups are considered direct costs subject to the hourly fee. The estimated hourly cost for the first year after program approval is \$78.02. Tasks performed by the Program Planning and Development, Administrative, and Small Business Assistance Groups are considered indirect costs subject to the per ton fee. The estimated per ton fee for the first year after program approval is \$5.07. Annual fee estimates are attached for several typical facilities operating in the State of Alaska.

Section 502 of the Act requires the permitting authority to either collect a minimum fee of \$25.00 per ton of each regulated pollutant or demonstrate to EPA that a lesser amount adequately reflects the costs of administering an approvable program. The \$25 per ton fee is adjusted annually on September 1 by the previous 12 month average consumer price index. The adjusted fee rate for September 1, 1992 is \$28.25 per ton.

ADEC estimates that facilities subject to the Title V permit program will emit 152,000 tons per year of regulated pollutants according to the Act's definition. ADEC's proposed permit program results in fee rate of \$24.62 per ton based upon the Act's method of calculation. This is about 13% less than the amount EPA presumes is adequate, and therefore, the State must provide EPA with a detailed demonstration of program adequacy.

III. ALASKA'S CURRENT PERMIT PROGRAM

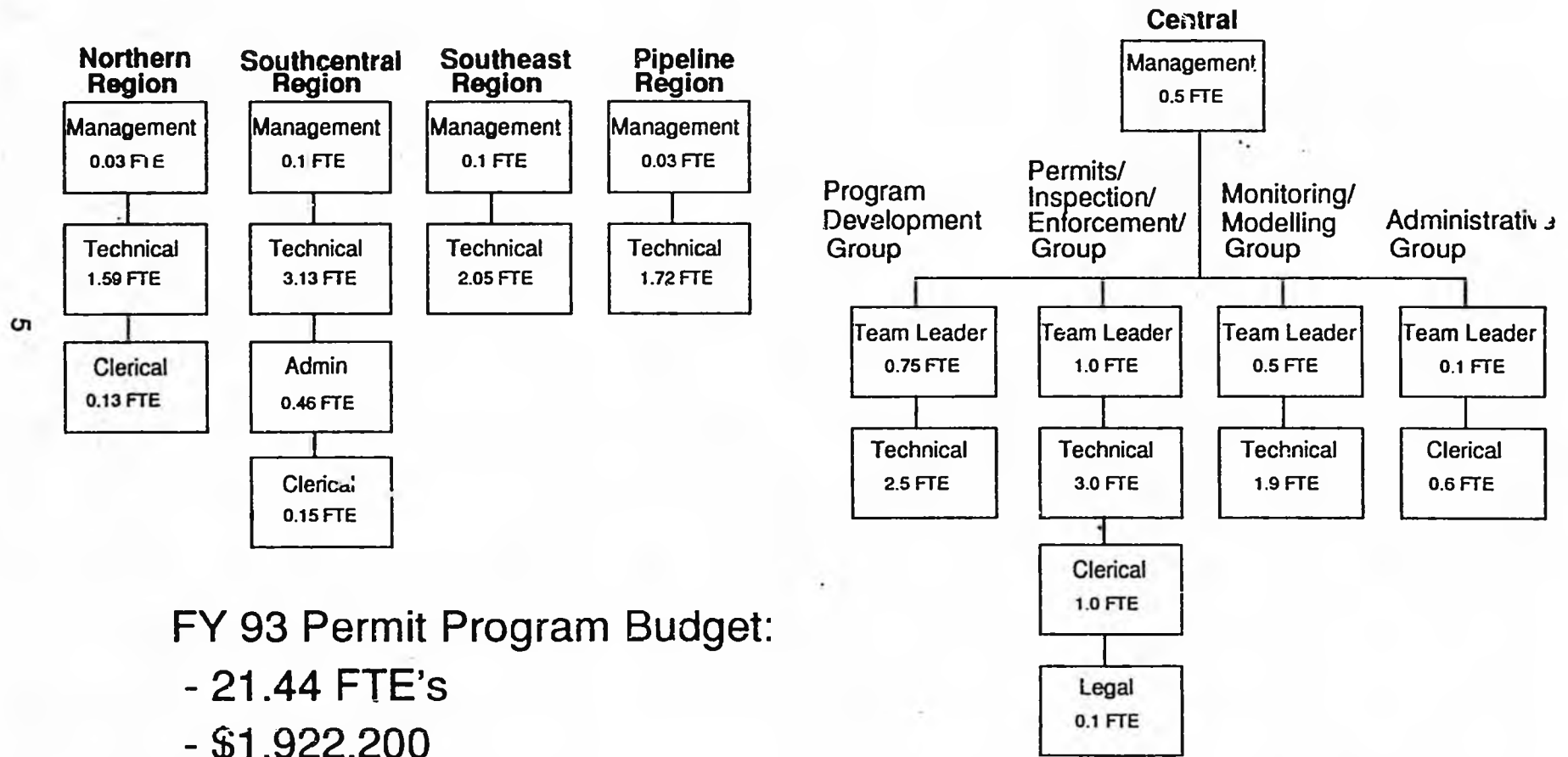
Alaska's current air quality control management program started in the early 1970's. The permitting portion of the program has experienced moderate growth over the past two decades, and currently employs 21.44 full time equivalent (FTE) personnel, with a budget of \$1.922 million. The organizational structure is presented in Figure 1, and the estimated FY 93 personnel and costs dedicated to permitting functions are detailed in Table 1.

The responsibilities of the air program staff are divided, as are most of the Department's programs, into Central Office and Regional Office functions. The Central Office performs PSD permitting (often the most technical and difficult type of permit), facility inspection and compliance assurance management, air quality computer modeling, ambient air quality monitoring, program planning and development, and technical and compliance assurance support to the regional offices. The Regional Offices (Northern, Southcentral, Pipeline Corridor, and Southeast) perform minor source permitting, inspect the majority of the State's permitted facilities, and manage regional specific situations including enforcement.

Within the Central Office, there are four program groups: the Permits, Inspection & Enforcement; the Program Planning and Development; the Monitoring & Modeling; and the Administrative Groups. A total of 12.0 FTE are allocated in the Central Office. Regional allocations total 9.5 FTE and include 1.8 FTE in the Northern Region, 3.8 FTE in the Southcentral Region, 2.15 FTE in the Southeastern Region, and 1.72 FTE in the Pipeline Corridor.

Regional air permit staff report directly to a Regional Administrator, who reports directly to the Commissioner. Central Office staff report to the Chief of the Air Section, who reports to the Director of Environmental Quality, who reports to the Commissioner.

AIR QUALITY MANAGEMENT PERMIT STAFF FY 93



FY 93 Permit Program Budget:

- 21.44 FTE's
- \$1,922,200

Figure 1

ESTIMATED PERMIT PROGRAM FY93 COSTS

Office Position/Class	% Time (% FTE)	Salary (\$1,000)	Travel (\$1,000)	Contractual (\$1,000)	Supplies (\$1,000)	Equipment (\$1,000)	Total Cost (\$1,000)
CENTRAL OFFICE							
	Management						
Chief EMIII	0.50	44.0	7.1	5.0	5.0	0.0	61.0
	Permit/Inspections/Enforcement Group						
Team Leader EEII	1.00	77.8	4.0	9.9	4.0	0.0	97.7
EE I	2.00	132.6	8.0	19.8	0.0	0.0	160.4
EE Assistant	1.00	46.0	4.0	9.9	0.0	7.5	67.4
Assistant Attorney	0.10	7.6	0.0	1.0	0.0	0.0	8.6
CT III	1.00	33.4	0.0	9.9	0.0	0.0	43.3
	Program Development Group						
Team Leader EE II	0.75	71.1	3.2	7.4	2.0	0.0	83.7
EE Associate	2.50	160.8	10.0	24.8	0.0	0.0	195.5
	Monitoring/Modeling Group						
Team Leader EE II	0.50	39.1	7.2	5.0	13.0	0.0	64.2
Chemist IV	0.30	23.9	0.9	3.0	3.8	0.0	31.6
Chemist II	0.30	16.0	2.7	3.0	2.1	0.0	23.7
EE Associate	1.00	70.6	7.0	9.9	0.0	0.0	87.5
Elec Tech II	0.30	19.5	3.6	3.0	1.5	0.0	27.6
	Administrative Group						
Team Leader ESIV	0.10	7.8	0.0	1.0	0.0	0.0	8.8
CT III	0.60	23.1	0.0	5.9	0.0	0.0	29.0
CO TOTALS	11.95	775.2	57.6	118.3	31.3	7.5	989.9

ESTIMATED PERMIT PROGRAM FY93 COSTS

Office Position/Class	% Time (% FTE)	Salary (\$1,000)	Travel (\$1,000)	Contractual (\$1,000)	Supplies (\$1,000)	Equipment (\$1,000)	Total Cost (\$1,000)
REGIONAL AND DISTRICT OFFICES							
Southeast Region							
Management EMII	0.10	9.1	16.0	21.3	2.5	2.5	51.4
EE I	1.05	67.9	0.0	0.0	0.0	0.0	67.9
EE Associate	1.00	51.1	0.0	0.0	0.0	0.0	51.1
Southcentral Region							
Management EMII	0.10	80.3	21.0	38.1	12.0	12.5	163.9
EE I	1.10	83.4	0.0	0.0	0.0	0.0	83.4
EPA\IPA EE	1.00	0.0	0.0	82.0	0.0	0.0	82.0
Env. Specialist III	0.43	27.4	0.0	0.0	0.0	0.0	27.4
EE Assistant II	0.60	34.7	0.0	0.0	0.0	0.0	34.7
ST I	0.13	5.0	0.0	0.0	0.0	0.0	5.0
PIO II	0.08	4.7	0.0	0.0	0.0	0.0	4.7
DP IV	0.25	11.9	0.0	0.0	0.0	0.0	11.9
Clerk Typist III	0.15	5.1	0.0	0.0	0.0	0.0	5.1
Pipeline Corridor Region							
Management EMI	0.03	2.3	12.0	17.3	2.0	32.0	65.6
EE II	0.15	9.9	0.0	0.0	0.0	0.0	9.9
EE I	0.95	60.5	0.0	0.0	0.0	0.0	60.5
Env. Specialist III	0.03	1.9	0.0	0.0	0.0	0.0	1.9
EE Assistant II	0.59	34.0	0.0	0.0	0.0	0.0	34.0
Northern Region							
Management EMII	0.03	2.6	24.3	17.3	1.7	2.7	48.6
EE II	0.01	0.8	0.0	0.0	0.0	0.0	0.8
EE I	0.87	69.6	0.0	0.0	0.0	0.0	69.6
Env. Specialist III	0.18	11.8	0.0	0.0	0.0	0.0	11.8
EE Assistant II	0.53	36.4	0.0	0.0	0.0	0.0	36.4
Admin. Assistant III	0.03	1.7	0.0	0.0	0.0	0.0	1.7
Clerk Typist III	0.10	3.1	0.0	0.0	0.0	0.0	3.1
RO TOTALS	9.49	615.2	73.3	175.9	18.2	49.7	932.3
PROGRAM TOTALS	21.44	1390.4	130.9	294.3	49.5	57.2	1922.2

ESTIMATED PERMIT PROGRAM FY93 COSTS

Office	# Positions (FTE's)	Salary (\$1,000)	Travel (\$1,000)	Contractual (\$1,000)	Supplies (\$1,000)	Equipment (\$1,000)	Total Cost (\$1,000)
Central Office	11.95	775.2	57.6	118.3	31.3	7.5	989.9
Sub-totals	11.95	775.2	57.6	118.3	31.3	7.5	989.9
SERO	2.15	128.1	16.0	21.3	2.5	2.5	170.4
SCRO	3.84	252.4	21.0	120.1	12.0	12.5	418.0
PCRO	1.75	108.6	12.0	17.3	2.0	32.0	171.9
NRO	1.75	126.1	24.3	17.3	1.7	2.7	172.0
Sub-totals	9.49	615.2	73.3	175.9	18.2	49.7	932.3
Program Totals	21.44	1390.4	130.9	294.3	49.5	57.2	1922.2

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IV. PROPOSED TITLE V PERMIT PROGRAM

A. MANDATORY FUNCTIONS

The Act requires states to perform many new permit-related tasks. Alaska's current air statutes and regulations must be substantially revised to incorporate these new concepts. Tasks necessary to obtain EPA-approval of a permit program in addition to those tasks currently performed by ADEC's permit program include:

- a. permitting many additional facilities;
- b. establishing a Small Business Assistance Program;
- c. establishing an exclusive fund dedicated for permit fees collected to implement and operate the program;
- d. demonstrating periodically to EPA that the permit fee system is adequate to support an approvable permit program;
- e. assuming delegation of all NSPS and NESHAPS federal emission standards including procedures to implement emission standards for hazardous air pollutants established on a case-by-case basis;
- f. developing standard permit application forms;
- g. expanding the monitoring, reporting, and compliance certification requirements applicable to permitted facilities;
- h. enhancing the compliance assurance procedures;
- i. terminating, modifying, or revoking permits for cause;
- j. providing for operational flexibility at permitted facilities without requiring a permit amendment;
- k. enhancing enforcement authority;
- l. enhancing the public participation procedures;
- m. providing the opportunity for judicial review in State court of the final permit action by any person who participated in the public participation process of a permit action;

- n. providing for EPA review and veto of permit actions; and
- o. enhancing State reporting to EPA.

These tasks will substantially increase the workload of ADEC's permit program.

B. WORKLOAD ANALYSIS

1. INTRODUCTION

In order to prepare an accurate workload analysis for Alaska's Title V permit program, it was necessary to know the number of sources within Alaska that will require a Title V permit. In anticipation of the need for this information, a Permittee Search Project was launched in mid-1992. Over 8,000 businesses were surveyed for information on air contaminant sources. Based upon the responses, between 425 and 450 facilities must obtain Title V permits. There are currently 175 permitted facilities within the State.

The new permit program is divided into six groups that are considered necessary to implement the tasks of an approvable program. These include the Permitting, Compliance Assurance, Ambient Monitoring, Small Business Assistance, Program Planning and Development, and the Administrative Groups.

The workload of the Permitting, Compliance Assurance, and the Ambient Monitoring Groups is estimated using the projected number of permitted facilities and the time required to perform the tasks associated with each permitted facility. The workload for the Small Business Assistance Program, the Program Planning and Development, and the Administrative Groups is estimated by Air Quality Management staff based on the anticipated administrative requirements.

2. PERMITTING GROUP

The Department envisions the two main categories of permits in the new permit program to include construction permits and operating permits. A construction permit will be issued to any facility meeting the requirements of the PSD, NSR, or MACT provisions of the Act or requirements for new source review under the state implementation plan (SIP). A construction permit must be obtained prior to beginning construction of the facility. The permit can be issued substantially in accordance with the Title V provisions, but will not necessarily include the EPA review and veto provisions. Prior to beginning operation, the facility operator must obtain a Title V operating permit. This staged permit issuance procedure is expected to abbreviate the required administrative review prior to commencing construction while providing for the protection and maintenance of the ambient air quality standards.

Operating permits will be issued to non-PSD/NSR/MACT facilities subject to the Title V program. This task includes phasing-in existing sources which currently hold an Alaska Air Quality Control Permit to Operate, the less complex Title V sources, and sources eligible for general permits. Other miscellaneous permit actions such as reissuance, revocation, and permit amendments not subject to new source review are also included in this task.

The permit issuance workload is categorized into tasks based upon the specific type of permit review. ADEC staff provided time estimates for each type of review based upon past experience. The number of technical FTE is computed by dividing the total workload by 1400 hours per FTE per year. 1400 hours is selected as a reasonable assumption for the number of hours per year an employee can be expected to directly work on permits. Clerical and supervisory support was added at a ratio of 1 to 5 and 1 to 8 respectively.

A summary of the permit issuance workload is presented in Table 2. The Permitting Group workload and staffing varies between the three year implementation phase (in which all Title V permits must be issued), and the continuation phase beginning four years after program initiation. A total of 22.3 FTE statewide is projected for each year of the three year implementation phase. Thereafter, 13.1 FTE are projected for statewide permit issuance. A staff diagram for this group is presented in Figure 2.

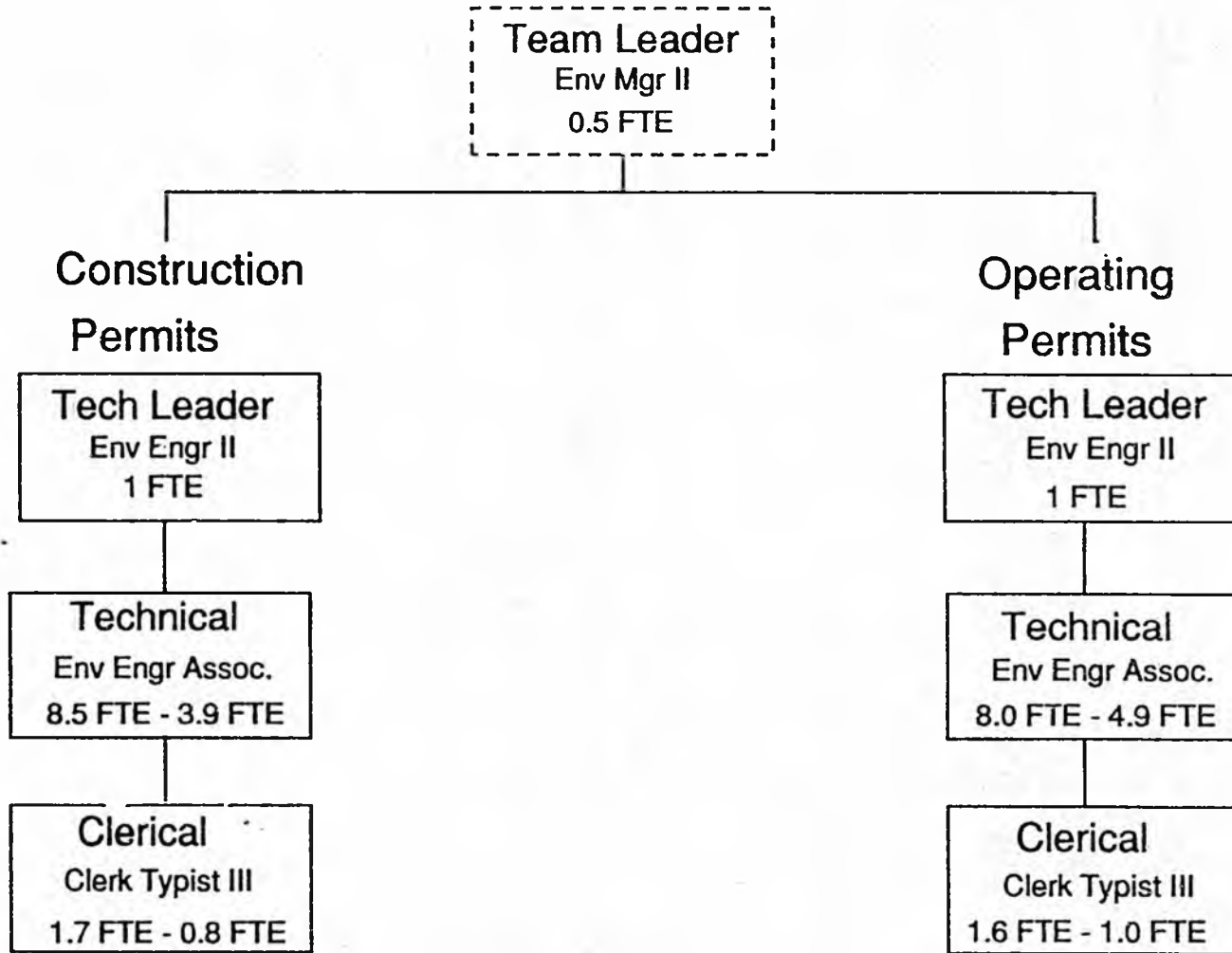
ESTIMATED PERMIT ISSUANCE WORKLOAD

TASK	HRS/PERMIT	TOTAL PERMIT ACTIONS (YEARS 1-3)	ANNUAL* PERMIT ACTIONS (YEARS 1-3)	ADDITIONAL** PERMIT ACT:ONS (YEARS 1+)	WORKLOAD: HRS/YR (YEARS 1-3)	ANNUAL WORKLOAD (YEARS 4 +)
CONSTRUCTION PERMITS						
PSD/NSR	350	26	9	8	5950	2800
MACT 112(g)	300	2	1	2	900	600
TITLE V PRECON REVIEW	110	8	3	1	440	110
SYNTHETIC MINOR	200	43	14	10	4800	2000
SUBTOTAL		79	26	21	12090	5510
OPERATING PERMITS						
PHASE IN EXSITING PERMITS	50	131	44	0	2200	0
NON-PERMITS/NON PRECON	110	32	11	0	1210	0
GENERAL PERMITS	4	112	37	2	156	8
SUBTOTAL		275	92	2	3566	8
TOTAL PERMITS		354				
TITLE V AVOIDANCE	7.5	94	31	3	255	22.5
ADDITIONAL PERMIT ACTION						
ADMIN AMEND:						
NSR	15	79	26	11	555	165
OTHER	3		0	18	54	54
MINOR AMEND	25		0	53	1325	1325
SIG MODS (NOT NSR)	75		0	25	1875	1875
REOPENINGS FOR CAUSE	50		0	18	900	900
PERMIT REISSUANCE	35		0	71	2485	2485
SUBTOTAL					7194	6804
GRAND TOTAL TECHNICAL HOURS					23105	12344.5
TOTAL CLERICAL HOURS (1:5)					4621.0	2468.9
TOTAL SUPERVISOR HOURS (1:8)					2888.1	1543.1
TECHNICAL FTE'S					16.5	8.8
CLERICAL FTE'S					3.30	1.80
SUPERVISORY FTE'S					2.10	1.10

* DUE TO PART 70 PROGRAM (Including Exsiting Facilities)

** ANNUAL GROWTH (Including New Facilities & Major Modifications)

Air Quality Permitting Group



14

H:\AIR\BOB\TITLE\PERMTGRP.DRW

Figure 2

3. COMPLIANCE ASSURANCE GROUP

The Compliance Assurance Group will be charged with the responsibility of assuring that all permitted sources within the State are in an optimal state of compliance. The Group will perform all facility inspections and reporting activities statewide, and will train inspectors.

As summarized in Table 3, an estimated 3.0 FTE are necessary during the first year of implementation to perform the facility inspections. Additionally, one FTE is necessary for all reporting and inspector training activities, 1.2 FTE dedicated as training time necessary for all inspectors, one FTE for clerical support, and 0.5 FTE for management.

The inspection team is projected to double in size during the second year of program implementation in order to accommodate the second third of permits issued. An additional increase is necessary to accommodate the permits issued during the third year of implementation. The Compliance Assurance staff will stabilize during the continuation phase beginning at year four. Table 4 presents the anticipated staffing for the continuing program. 8.9 technical FTE are required for facility inspections, one FTE for inspector training and reporting activities, 1.2 FTE dedicated as training time necessary for all inspectors, one FTE for clerical support, and 0.5 FTE for management.

The staff diagram of this group is presented in Figure 3, and the task and estimated time assumptions for both the implementation and continuation phase are presented in Appendix 1.

**COMPLIANCE ASSURANCE TASK SUMMARY
(YEAR # 1)**

TASK	TECHNICAL	OVERHEAD	
	FTE REQUIREMENT	TRAVEL	SUPPLIES
A. INSPECTIONS			
1. OPERATING REPORT REVIEW	0.17	\$0.00	\$0.00
2. SOURCE TEST REVIEW	0.17	\$0.00	\$0.00
3. AMBIENT & PSD MONITORING	0.07	\$15,000.00	\$600.00
4. FACILITY INSPECTIONS	1.69	\$65,175.00	\$1,530.00
5. GENERAL PERMIT AUDITS	0.06	\$3,600.00	\$90.00
6. COMPLIANCE DETERMINATIONS	0.29	\$0.00	\$0.00
7. COMPLIANCE ACTIONS	0.46	\$0.00	\$0.00
8. COMPLIANCE FOLLOW-UP	0.10	\$0.00	\$0.00
SUBTOTAL	3.01	\$83,775.00	\$2,220.00
B. REPORTING	0.50		
C. TRAINING			
1. INSPECTOR TRAINING	1.21	\$37,000.00	\$4,550.00
2. INSPECTOR TRAINER	0.50	\$4,000.00	\$1,000.00
SUBTOTAL	1.71	\$41,000.00	\$5,550.00
TOTAL	5.22	\$124,775.00	\$7,770.00

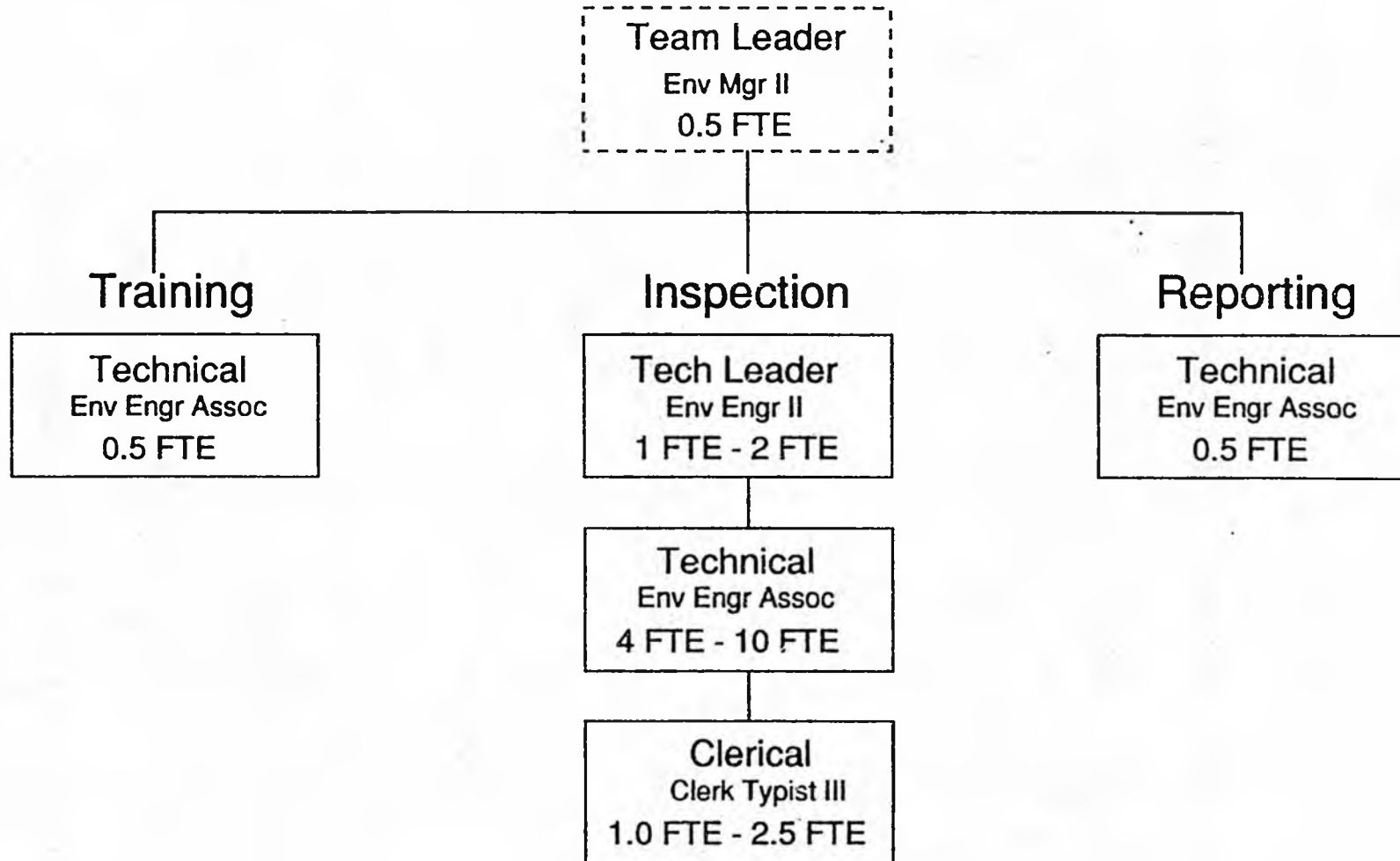
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**COMPLIANCE ASSURANCE TASK SUMMARY
(YEAR # 4+)**

TASK	TECHNICAL FTE REQUIREMENT	OVERHEAD	
		TRAVEL	SUPPLIES
A. INSPECTIONS			
1. OPERATING REPORT REVIEW	0.51	\$0.00	\$0.00
2. SOURCE TEST REVIEW	0.53	\$0.00	\$0.00
3. AMBIENT & PSD MONITORING	0.19	\$15,000.00	\$600.00
4. FACILITY INSPECTIONS	4.98	\$113,325.00	\$3,990.00
5. GENERAL PERMIT AUDITS	0.19	\$10,185.00	\$270.00
6. COMPLIANCE DETERMINATIONS	0.86	\$0.00	\$0.00
7. COMPLIANCE ACTION	1.31	\$0.00	\$0.00
8. COMPLIANCE FOLLOW-UP	0.29	\$0.00	\$0.00
SUBTOTAL	8.86	\$138,510.00	\$4,860.00
B. REPORTING			
	0.50		
C. TRAINING			
1. INSPECTOR TRAINING	1.20	\$37,000.00	\$4,550.00
2. INSPECTOR TRAINER	0.50	\$4,000.00	\$1,000.00
SUBTOTAL	1.70	\$41,000.00	\$5,550.00
TOTAL	11.06	\$179,510.00	\$10,410.00

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Compliance Assurance Group



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Figure 3

4. SMALL BUSINESS ASSISTANCE PROGRAM

The Act requires each state to develop a Small Business Assistance Program (SBAP) to help small businesses comply with the complex provisions of the Act. The primary focus of the SBAP in Alaska will be to provide technical assistance to non-major sources subject to the New Source Performance Standards under Section 111 of the Act, and area sources subject to hazardous air pollutant standards developed under Section 112 of the Act.

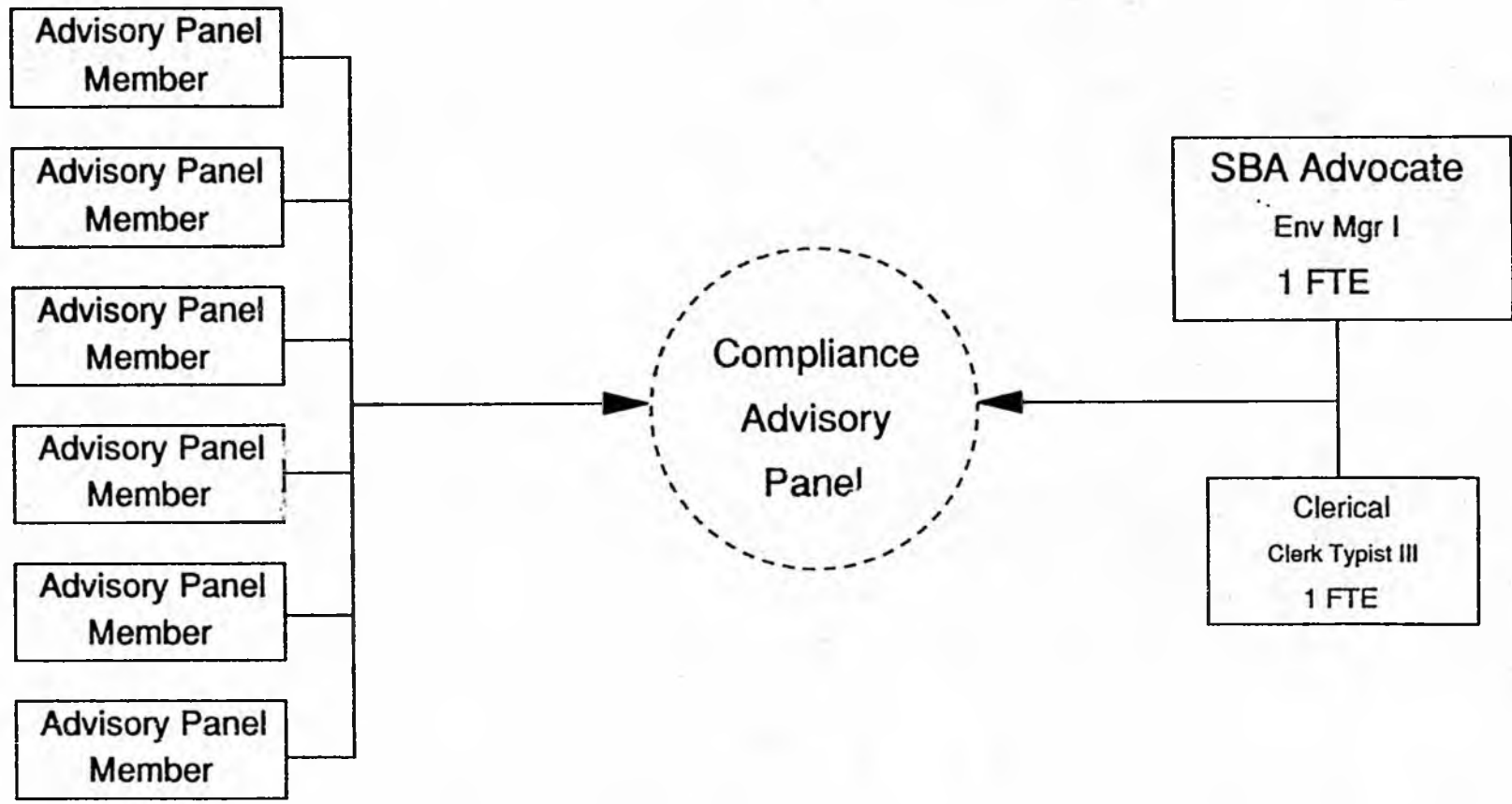
The SBAP must provide small businesses with:

- a. information on Title V permit compliance and air pollution control technologies;
- b. information on pollution prevention, and accidental release detection and prevention, including information concerning alternative technologies, process changes, products, and methods of operation that help reduce air pollution;
- c. information on their rights and obligations; and
- d. information regarding qualified contractors who can perform operational audits relating to air pollution control and pollution prevention.

In addition to the SBAP, the Act requires the creation of a seven member Compliance Advisory Panel to monitor the activities of the SBAP. The anticipated organizational structure of the SBAP is presented in Figure 4. One FTE is dedicated to the position of Small Business Advocate, and one FTE is needed for clerical support. The estimated budget for the SBAP is presented in Table 5.

Small Business Assistance Program Group

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Figure 4

**PERMIT PROGRAM
"PER TON" STAFFING & COSTS SUMMARY**

POSITION	FTE	RANGE	SALARY (ea) thousands	SALARY COST thousands	Overhead	Travel / Direct Cost	Per Ton Billable
AIR PROGRAM MANAGEMENT							
Environmental Manager III	0.75	22J	81.2	60.9	16.1	10.5	87.5
PROGRAM PLANNING & DEVELOPMENT GROUP							
Environmental Manager II	0.8	21C	74.9	59.9	16.2	3.2	79.3
Environmental Engineer Assoc.	3	18C	61.8	185.4	53.2	12.0	250.6
Attorney III	0.5	22C	79.2	39.6	10.5	2.0	52.1
Paralegal Asst. II	0.9	16C	54.3	48.9	14.7	3.6	67.2
Clerk Typist III	0.9	8C	34.3	30.9	11.3	0.0	42.1
SUBTOTAL	6.1			\$364.7	\$105.9	\$20.8	\$491.3
ADMINISTRATION GROUP							
Environmental Manager II	0.5	21C	74.9	59.9	14.4	5.0	79.3
Account Tech III*	1	16C	0.0	0.0	0.0	0.0	**
Account Tech II*	1	14C	0.0	0.0	0.0	0.0	**
Analyst Programmer III	0.9	17C	58.0	52.2	15.3	0.0	67.5
Data Entry Clerk II	0.9	9C	36.1	32.5	11.6	0.0	44.1
Admin Asst. II	0.8	14C	50.6	40.5	12.5	0.0	53.0
SUBTOTAL	5.1			\$185.1	\$53.8	\$5.0	\$243.8
SMALL BUSINESS ASSISTANCE PROGRAM							
SBA Advocate (Envr Mgr I)	1	20A	65.7	65.7	18.5	40.3	124.5
Clerk Typist III	1	8C	34.3	34.3	12.5	0.0	46.8
Compliance Advisory Panel	0	0	0.0	0.0	0.0	25.4	25.4
SUBTOTAL	2.0			\$100.0	\$31.0	\$65.7	\$196.7

** Included in administrative indirect costs

**PERMIT PROGRAM
"PER TON" STAFFING & COSTS SUMMARY**

POSITION	FTE	RANGE	SALARY (ea) thousands	SALARY COST thousands	Overhead	Travel / Direct Cost	Per Ton Billable
NRO Environmental Manager II	0.2	21C	74.9	15.0	4.0	2.0	21.0
PCRO Environmental Manager II	0.2	21C	74.9	15.0	4.0	2.0	21.0
SCRO Environmental Manager II	0.2	21C	74.9	15.0	4.0	3.0	22.0
SERO Environmental Manager II	0.2	21C	74.9	15.0	4.0	2.0	21.0
TOTALS	14.7			\$770.6	\$222.9	\$111.0	\$1,104.5

**TPY
218,000 Operational Allowable Emissions = 65% of Allowables, no cap**

**Dollars per TPY
\$5.07**

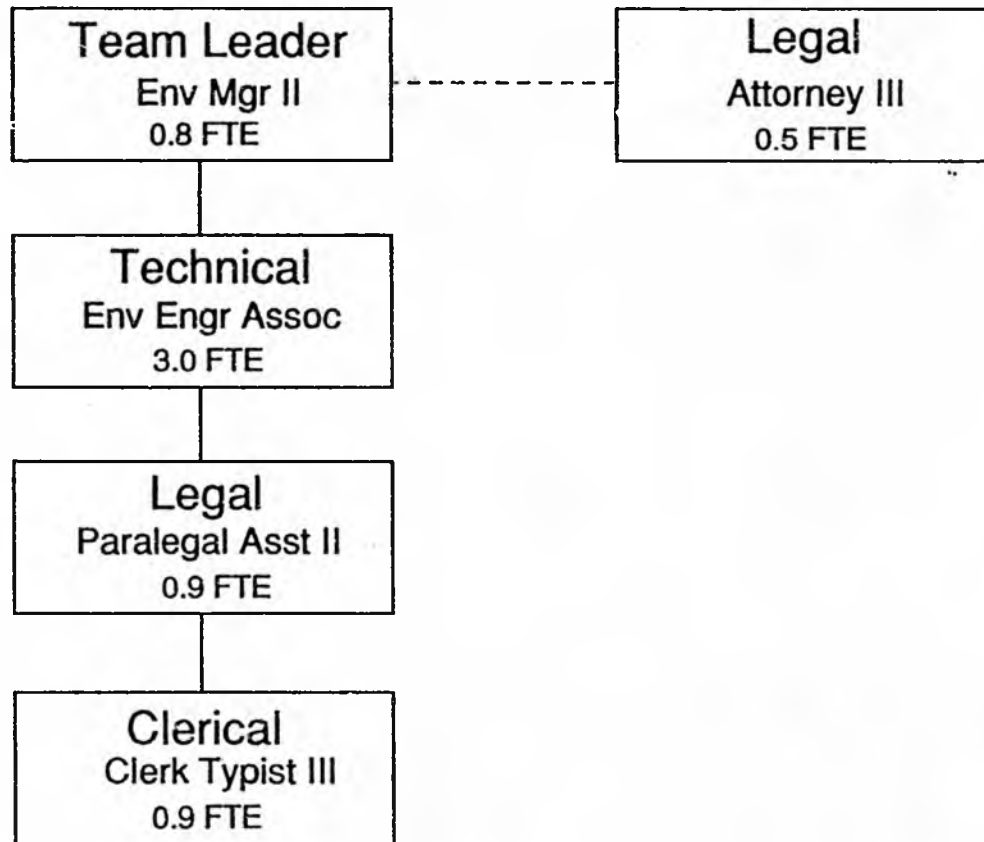
5. PROGRAM PLANNING & DEVELOPMENT GROUP

The Program Planning and Development Group is slated to:

- a. review and comment upon proposed federal regulations as they may apply to facilities within Alaska;
- b. revise Alaska's air quality control regulations as necessary to meet federal requirements;
- c. develop procedures to implement Alaska's regulations including standard permit application forms;
- d. maintain and revise Alaska's State Implementation Plan to ensure compliance with federal requirements;
- e. improve and streamline, as necessary, Alaska's regulations and procedures;
- f. develop general permits and SIP/permit avoidance systems;
- g. ensure statewide consistency in the implementation of the permit system regulations and procedures; and
- h. provide guidance and interpretation of Alaska's regulations to staff and permit applicants, and the public.

The staff diagram of the Group is presented in Figure 5, with budget and staffing summarized in Table 5. Staffing requirements are derived from estimates provided by Department senior staff. Legal assistance is provided for regulation development, evaluation, and interpretation.

Program Development Group



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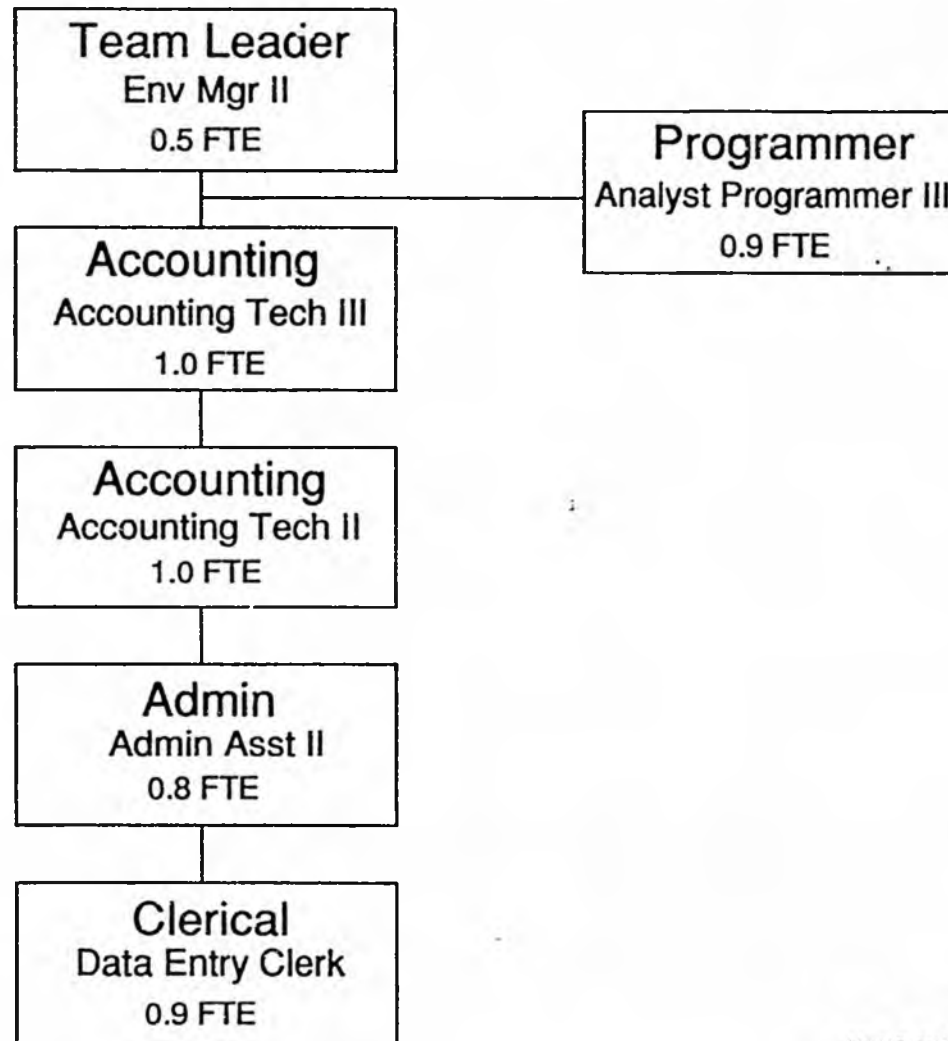
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Figure 5

6. ADMINISTRATIVE GROUP

The Administrative Group will establish and maintain the complex cost recovery and permit fee tracking system. In addition, the services of a programmer are needed develop and maintain a computer tracking system and the permit program's computer network. The accounting staff will assess, bill, and collect fees from permitted facilities. The staff diagram is presented in Figure 6, and the anticipated budget and staffing are summarized in Table 5. Staffing requirements are derived from estimates provided by senior staff in conjunction with the Department's Director of Administrative Services.

Administrative Group



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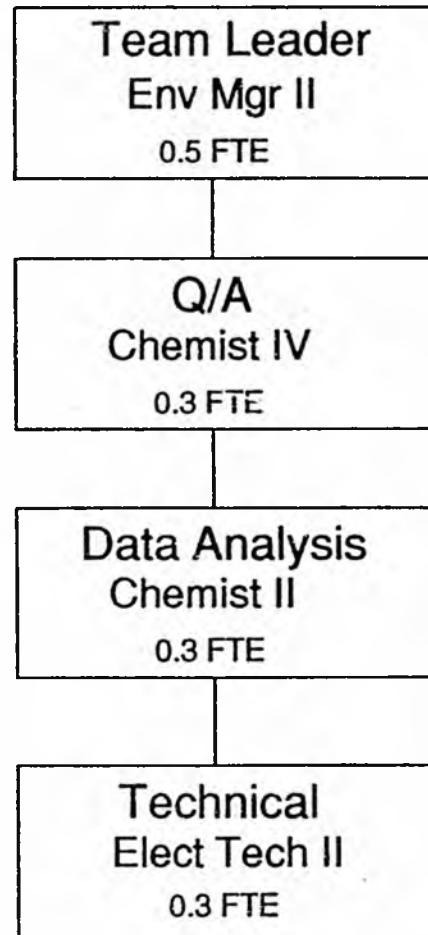
Figure 6

7. AMBIENT MONITORING GROUP

The Ambient Monitoring Group will continue to review the ambient air quality demonstrations of complex permitting activities. The Group will also aid in reviewing and developing post-construction monitoring strategies and performing quality assurance auditing of required ambient monitoring activities. Though the number of less-complex permits will increase with implementation of the Title V Permit Program, the number of complex permits requiring the services of this group is anticipated to remain the same. The required services of this Group are dependent upon future development in the State.

The organization of this Group, which is similar to the current structure, is presented in Figure 7. The estimated budget and staffing are summarized in Table 6.

Monitoring Group



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Figure 7

C. FEE ANALYSIS

The State program must provide for the collection of fees from permitted facilities that are sufficient to cover the costs of the permit program. Fee estimates are provided based upon the system devised and approved by the Air Quality Legislative Working Committee. This system requires operators of permitted facilities to pay both an annual permit maintenance fee based on the tons of air emissions and an hourly fee attributable to direct permit and compliance assurance costs. The annual maintenance fee is generally representative of those services not directly billable to a single permittee or group of permittees, and can be considered the major overhead costs of the permit program. The hourly fee is directly billed to a permittee as services are rendered.

Descriptions of the typical services attributable to each type of fee, the method of fee calculation, and the estimated fees are as follows:

Fee per Ton Services

1. Administrative Group services including all billing and collection activities, and computer system development and maintenance activities
2. Program Planning and Development Group services, with the exception of services rendered to develop general permits
3. Small Business Assistance Program services
4. Management services of the Chief of Air Quality Management and the Regional Administrators

All costs associated with the staff in these groups are part of the fee per ton basis. These costs include staff salaries, travel, and indirect costs of administration, rent, utilities, and equipment. Approximately 14.7 FTE are included within this section at an annual cost of \$1.10 million. Staffing and costs are summarized in Table 5.

The Air Quality Legislative Working Committee established a system providing for quantification of billable emissions, referred to in the draft statute as assessable emissions. Using this system, the Department estimates that approximately 218,000 tons per year of assessable emissions will be emitted by permitted facilities during the first year after permit program approval.

The Department estimates the fee per ton cost at \$5.07 which is calculated by dividing the total cost of services by the estimated assessable emissions.

Fee per Hour Services

1. Permitting Group services including permit application assistance, review and issuance costs
2. Compliance Assurance Group services including facility inspections, facility operating and testing report review, and facility compliance tracking
3. Monitoring Group Services including permit application review and compliance assurance auditing

Inspector training, EPA reporting, and portions of the team leaders' costs not directly billable to a permittee are treated as an overhead cost in the fee per hour calculation. In addition, travel and indirect costs are also treated as an overhead cost. This serves to equitably distribute these program costs over the users of the program.

The estimated fee per hour is derived by summing the total annual costs of the three groups divided by the expected number of direct billable hours per year. This method of calculation arrives at a single per hour billable rate. Please note that the hourly costs within a group and between employees may vary. A single per hour billable rate is selected for administrative simplicity.

The Department estimates a direct per hour billable rate at \$78.02 for the first year after program approval. This estimate is based upon the anticipated workload and an assumed number of billable hours per employee. The anticipated workload is based upon projections of facilities subject to the permit program, the type of activities required for these facilities, and the amount of time it takes to perform the activities. The estimated number of billable hours per employee is based upon staff experience in the private consultant sector, and varies according to employee classification. The staff and costs are summarized in Table 6 for the first year after program approval, and in Table 7 for the fourth year after program approval.

It is important to note that less permittees requires less FTE, resulting in less cost impact to the state on the whole. But, the hourly rate is primarily dependent upon the salary costs and the billable hours of individuals within the groups, and does not appreciably vary according to the workload. Therefore, the cost to an individual permittee will generally remain the same irrespective of statewide workload variation. In summary, the hourly cost can be considered representative of the Department performing these services. Based on the draft statute presented by the Air Quality Legislative Working Committee, this fee structure will be revisited within two years after program approval.

PERMIT PROGRAM
"HOURLY" STAFFING & COSTS SUMMARY
(YEAR # 1)

POSITION	FTE	RANGE	SALARY (ea) thousands	SALARY COST thousands	Overhead*	Travel / Direct Cost	Hours Billing	Per Hour Billable	Comment	
PERMITTING GROUP										
Environmental Manager II	0.5	21C	74.9	37.5	10.1	2.0	100.0	49.6		
Environmental Engineer II	1	20C	69.7	69.7	19.2	7.0	1120.0	95.9		
Environmental Engineer Assoc.	8.5	18C	61.8	525.3	150.8	34.0	11900.0	710.1		
Environmental Engineer Assoc.	2.2	18C	61.8	136.0	39.0	8.8	3080.0	183.8		
Environmental Engineer Assoc.	1.7	18C	61.8	105.1	30.2	6.8	2380.0	142.0		
Environmental Engineer II	1	20C	69.7	69.7	19.2	4.0	1120.0	92.9		
Environmental Engineer Assoc.	3.1	18C	61.8	191.6	55.0	12.4	4340.0	259.0		
Environmental Engineer Assoc.	1	18C	61.8	61.8	17.7	4.0	1400.0	83.5		
Clerk Typist III	3.3	8C	34.3	113.2	41.3	0.0	0.0	154.5		
SUBTOTAL	22.3			\$1,309.7	\$382.7	\$79.0	25,440.0	\$1,771.4		
COMPLIANCE ASSURANCE GROUP										
Environmental Manager II	0.5	21C	74.9	37.5	10.1	2.0	100.0	49.6		
Environmental Engineer II	1	20C	69.7	69.7	19.2	10.0	1120.0	98.9		
Environmental Engineer Assoc.	0.5	18C	61.8	30.9	8.9	46.6	0.0	86.4	TRAINING	
Environmental Engineer Assoc.	4	18C	61.8	247.2	71.0	76.0	5800.0	394.2	COMPLIANCE	
Environmental Engineer Assoc.	0.5	18C	61.8	30.9	8.9	0.0	0.0	39.8	REPORTING	
Clerk Typist III	1	8C	34.3	34.3	12.5	0.0	0.0	46.8		
SUBTOTAL	7.5			\$450.5	\$130.6	\$134.6	6,820.0	\$715.6		
MONITORING GROUP										
Environmental Manager II	0.5	21C	74.9	37.5	10.1	10.0	350.0	57.6		
Chemist IV	0.3	20E	74.9	22.5	6.1	7.7	420.0	36.2		
Chemist II	0.3	16C	53.3	16.0	4.8	7.8	420.0	28.6		
Elect Tech II	0.3	WG-52	65.0	19.5	5.5	8.1	420.0	33.1		
SUBTOTAL	1.4			\$95.4	\$26.5	\$33.6	1,610.0	\$155.5		
SUMMARY	31.2			\$1,855.6	\$539.8	\$247.2	33,870.0	\$2,642.6		
				Dollars per Hour						
				\$78.02						

* Overhead - direct & indirect expenses associated with office operations, including rent, utilities, phones and administrative indirect costs not associated with fee collection, the Office of the Commissioner, and accounts payable or receivable.

PERMIT PROGRAM
"HOURLY" STAFFING & COSTS SUMMARY
 (YEARS # 4+)

POSITION	FTE	RANGE	SALARY (ea) thousands	SALARY COST thousands	Overhead*	Travel / Direct Cost	Hours Billing	Per Hour Billable	Comment	
PERMITTING GROUP										
Environmental Manager II	0.5	21C	74.9	37.5	10.1	2.0	100.0	49.6		
Environmental Engineer II	1	20C	69.7	69.7	19.2	7.0	1120.0	95.9		
Environmental Engineer Assoc.	3.9	18C	61.8	241.0	69.2	15.6	5460.0	325.8		
Environmental Engineer Assoc.	1.3	18C	61.8	80.3	23.1	5.2	1820.0	108.6		
Environmental Engineer Assoc.	1	18C	61.8	61.8	17.7	4.0	1400.0	83.5		
Environmental Engineer II	1	20C	69.7	69.7	19.2	4.0	1120.0	92.9		
Environmental Engineer Assoc.	2	18C	61.8	123.6	35.5	8.0	2800.0	167.1		
Environmental Engineer Assoc.	0.6	18C	61.8	37.1	10.6	2.4	840.0	50.1		
Clerk Typist III	1.8	8C	34.3	61.7	22.5	0.0	0.0	84.3		
SUBTOTAL	13.1			\$782.4	\$227.3	\$48.2	14,660.0	\$1,057.9		
COMPLIANCE ASSURANCE GROUP										
Environmental Manager II	0.5	21C	74.9	37.5	10.1	2.0	100.0	49.6		
Environmental Engineer II	2	20C	69.7	139.4	38.5	10.0	2240.0	187.9		
Environmental Engineer Assoc.	0.5	18C	61.8	30.9	8.9	46.6	0.0	86.4	TRAINING	
Environmental Engineer Assoc.	10	18C	61.8	618.0	177.4	133.4	14000.0	928.8	COMPLIANCE	
Environmental Engineer Assoc.	0.5	18C	61.8	30.9	8.9	0.0	0.0	39.8	REPORTING	
Clerk Typist III	2.5	8C	34.3	85.8	31.3	0.0	0.0	117.0		
SUBTOTAL	16			\$942.4	\$275.1	\$192.0	16,340.0	\$1,409.5		
MONITORING GROUP										
Environmental Manager II	0.5	21C	74.9	37.5	10.1	25.2	650.0	72.8		
Chemist IV	0.3	20E	74.9	22.5	6.1	7.7	420.0	36.2		
Chemist II	0.3	16C	53.3	16.0	4.8	7.8	420.0	28.6		
Elect Tech II	0.3	WG-52	65.0	19.5	5.5	8.1	420.0	33.1		
SUBTOTAL	1.4			\$95.4	\$26.5	\$48.8	1,910.0	\$170.7		
SUMMARY	30.5			\$1,820.2	\$528.8	\$289.0	32,910.0	\$2,638.1		
				Dollars per Hour						
				\$80.16						

* Overhead - direct & indirect expenses associated with office operations, including rent, utilities, phones and administrative indirect costs not associated with fee collection, the Office of the Commissioner, and accounts payable or receivable.

V. COST ESTIMATES

Attachment 1 provides cost estimates for specific stationary sources within Alaska based on their permit issuance classifications and operating history. Each estimate reflects an initial permit issuance fee based on the standard hourly rate and the estimated time to prepare the initial Title V permit, an annual overhead fee based on the standard emission rate and the source-specific billable emissions, and an annual compliance fee based on the standard hourly rate and the time required to review operating reports and perform facility inspections.

Operators of facilities which currently maintain an Alaska Air Quality Control Permit to Operate should expect the Department to spend approximately 50 hours preparing their Title V permit. Operators of non-permitted facilities should expect approximately 110 hours to process their applications, while a routine Prevention of Significant Deterioration (PSD) permit application will take approximately 350 hours to process. General Permit development costs will be shared by all General Permit applicants.

Each permitted facility will be charged an annual overhead fee based on the source's assessable emissions.

ADEC will perform periodic inspections of all permitted facilities and operators must submit operating reports. A fee based on the time to review the reports and perform and document the facility inspections will be assessed at the standard hourly rate.

In order to assist facility operators in determining the costs associated with the Title V permit program, the estimated annual costs are provided. This estimate accounts for distributing the initial permit issuance fee over the projected five year permit life.

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ATTACHMENT 1

COST ESTIMATES

ESTIMATED TITLE V PERMIT COSTS

Facility: Alaska United Drilling, Inc.
Existing Permit Number: N/A
Potential Emissions: 1275 TPY
Estimated Billable Emissions: 1162 TPY

Initial Permit Issuance Fee

(Estimated 5 Year Permit Duration)

350 hrs x \$78.02/hr = \$ 27,307.00

Annual Overhead Fee

1162 TPY x \$5.07/ton = \$ 5,891.34

Annual Compliance Fee

Operating Report Review

4 Reports x 1.5 hrs/report x \$78.02 = \$ 468.12

Facility Inspection & Report

1 Insp x 40 hrs x \$78.02 = \$ 3,120.80

Estimated Total Annual Fee

$27,307/5 + 5,891.34 + 468.12 + 3,120.80 = \$ 14,941.66/\text{Yr}$

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ESTIMATED TITLE V PERMIT COSTS

Facility: Alyeska Pump Station #3
Existing Permit Number: 9036-AA018
Permitted Emissions: 1198.3 TPY
Estimated Billable Emissions: 778.9 TPY

Initial Permit Issuance Fee

(Estimated 5 Year Permit Duration)

50 hrs x \$78.02/hr = \$ 3,901.00

Annual Overhead Fee

778.9 TPY x \$5.07/ton = \$ 3,949.02

Annual Compliance Fee

Operating Report Review
4 Reports x 1.5 hrs/report x \$78.02 = \$ 468.12

Facility Inspection & Report
1 Insp x 40 hrs x \$78.02 = \$ 3,120.80

Estimated Total Annual Fee

3,901.5 + 3,949.02 + 468.12 + 3,120.80 = \$ 8,318.14/Yr

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ESTIMATED TITLE V PERMIT COSTS

Facility: Kennecott Greens Creek Mine
Existing Permit Number: 9111-AA001
Permitted Emissions: 508.7 TPY
Estimated Billable Emissions: 407.0 TPY

Initial Permit Issuance Fee

(Estimated 5 Year Permit Duration)

50 hrs x \$78.02/hr = \$ 3,901.00

Annual Overhead Fee

407.0 TPY x \$5.07/ton = \$ 2,063.49

Annual Compliance Fee

Operating Report Review

2 Reports x 1.5 hrs/report x \$78.02 = \$ 234.06

Facility Inspection & Report

1 Insp x 40 hrs x \$78.02 = \$ 3,120.80

Estimated Total Annual Fee

3,901.00 + 2,063.49 + 234.06 + 3,120.80 = \$ 6,198.55/Yr

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ESTIMATED TITLE V PERMIT COSTS

Facility: AEL&P - Haines Light & Power
Existing Permit Number: 9011-AA009
Permitted Emissions: 249.0 TPY (NOx)
Estimated Billable Emissions: 280 TPY (Total)

Initial Permit Issuance Fee

(Estimated 5 Year Permit Duration)

General Permit Development
[110 hrs x \$78.02/hr]/15 Sources = \$ 572.15
General Permit Issuance
4 hrs x \$78.02/hr = \$ 312.08

Annual Overhead Fee

280 TPY x \$5.07/ton = \$ 1,419.60

Annual Compliance Fee

Operating Report Review
2 Reports x 1.5 hrs/report x \$78.02 = \$ 234.06
General Permit Audit
[15 hrs x \$78.02/hr] x 2/15 Sources = \$ 156.04

Estimated Total Annual Fee

$(572.15+312.08)/5+1,419.60+234.06+156.04 = \$ 1,986.55/\text{Yr}$

ESTIMATED TITLE V PERMIT COSTS

Facility: Nome Joint Utilities/Snake River
Existing Permit Number: N/A
Potential Emissions: 2,586.4 TPY
Estimated Billable Emissions: 1140 TPY

Initial Permit Issuance Fee

(Estimated 5 Year Permit Duration)

50 hrs x \$78.02/hr = \$ 3,901.00

Annual Overhead Fee

1140 TPY x \$5.07/ton = \$ 5,779.80

Annual Compliance Fee

Operating Report Review
4 Reports x 1.5 hrs/report x \$78.02 = \$ 468.12

Facility Inspection & Report
1 Insp x 40 hrs x \$78.02 = \$ 3,120.80

Estimated Total Annual Fee

$3,901.5 + 5,779.80 + 468.12 + 3,120.80 =$ \$ 10,148.92/Yr

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ESTIMATED TITLE V PERMIT COSTS

Facility: Aleutian Constructors (Asphalt Plant)
Existing Permit Number: 9011-AA009
Permitted Emissions: N/A
Estimated Billable Emissions: 1 TPY

Initial Permit Issuance Fee

(Estimated 5 Year Permit Duration)

General Permit Development
[110 hrs x \$78.02/hr]/30 Sources = \$ 286.07
General Permit Issuance
4 hrs x \$78.02/hr = \$ 312.08

Annual Overhead Fee

1 TPY x \$5.07/ton = \$ 5.07

Annual Compliance Fee

Operating Report Review
2 Reports x 1.5 hrs/report x \$78.02 = \$ 234.06
General Permit Audit
[15 hrs x \$78.02/hr] x 2/15 Sources = \$ 156.04

Estimated Total Annual Fee

$(286.07+312.08)/5+5.07+234.06+156.04 =$ \$ 514.80/Yr

ESTIMATED TITLE V PERMIT COSTS

Facility: CBJ Sewage Sludge Incinerator
Existing Permit Number: 9011-AA004
Permitted Emissions: N/A
Estimated Billable Emissions: 281 TPY

Initial Permit Issuance Fee

(Estimated 5 Year Permit Duration)

50 hrs x \$78.02/hr = \$ 3,901.00

Annual Overhead Fee

281 TPY x \$5.07/ton = \$ 1,424.67

Annual Compliance Fee

Operating Report Review
2 Reports x 1.5 hrs/report x \$78.02 = \$ 234.06

Facility Inspection & Report
1 Insp x 19 hrs x \$78.02 = \$ 1,482.38

Estimated Total Annual Fee

$3,901/5 + 1,424.67 + 234.06 + 1,482.38 =$ \$ 3,921.31/Yr

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ESTIMATED TITLE V PERMIT COSTS

Facility: APC Wrangell Sawmill
Existing Permit Number: 9013-AA010
Permitted Emissions: 620.0 TPY
Estimated Billable Emissions: 310 TPY

Initial Permit Issuance Fee

(Estimated 5 Year Permit Duration)

50 hrs x \$78.02/hr = \$ 3,901.00

Annual Overhead Fee

310 TPY x \$5.07/ton = \$ 1,571.70

Annual Compliance Fee

Operating Report Review

2 Reports x 1.5 hrs/report x \$78.02 = \$ 234.06

Facility Inspection & Report

1 Insp x 40 hrs x \$78.02 = \$ 3,120.80

Estimated Total Annual Fee

3,901.00 + 1,571.70 + 234.06 + 3,120.80 = \$ 5,706.76/Yr

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ESTIMATED TITLE V PERMIT COSTS

Facility: Sitka Sound Seafoods (Yakutat)
Existing Permit Number: N/A
Permitted Emissions: 404 TPY
Estimated Billable Emissions: 182 TPY

Initial Permit issuance Fee

(Estimated 5 Year Permit Duration)

General Permit Development

[110 hrs x \$78.02/hr]/15 Sources = \$ 572.15

General Permit Issuance

4 hrs x \$78.02/hr = \$ 312.08

Annual Overhead Fee

182 TPY x \$5.07/ton = \$ 922.74

Annual Compliance Fee

Operating Report Review

2 Reports x 1.5 hrs/report x \$78.02 = \$ 234.06

General Permit Audit

[15 hrs x \$78.02/hr] x 2/15 Sources = \$ 156.04

Estimated Total Annual Fee

$(572.15+312.08)/5+922.74+234.06+156.04 = \$ 1,489.69/\text{Yr}$

ESTIMATED TITLE V PERMIT COSTS

Facility: Westward Seafoods, Inc.
Existing Permit Number: 9121-AA001
Potential Emissions: 299 TPY
Estimated Billable Emissions: 299 TPY

Initial Permit Issuance Fee

(Estimated 5 Year Permit Duration)

50 hrs x \$78.02/hr = \$ 3,901.00

Annual Overhead Fee

299 TPY x \$5.07/ton = \$ 1,515.93

Annual Compliance Fee

Operating Report Review

4 Reports x 1.5 hrs/report x \$78.02 = \$ 468.12

Facility Inspection & Report

1 Insp x 40 hrs x \$78.02 = \$ 3,120.80

Estimated Total Annual Fee

$3,901/5 + 1,515.93 + 468.12 + 3,120.80 =$ \$ 5,885.05/Yr

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ESTIMATED TITLE V PERMIT COSTS

Facility: Alyeska Pipeline - Valdez Terminal
Existing Permit Number: 9024-AA006
Potential Emissions: 45,832.6 TPY
Estimated Billable Emissions: 44,840 TPY

Initial Permit Issuance Fee

(Estimated 5 Year Permit Duration)

50 hrs x \$78.02/hr = \$ 3,901.00

Annual Overhead Fee

44,840 TPY x \$5.07/ton = \$ 227,338.80

Annual Compliance Fee

Operating Report Review

4 Reports x 1.5 hrs/report x \$78.02 = \$ 468.12

Facility Inspection & Report

1 Insp x 40 hrs x \$78.02 = \$ 3,120.80

Estimated Total Annual Fee

$3,901/5 + 227,338.80 + 468.12 + 3,120.80 = \$ 231,707.92/\text{Yr}$

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ESTIMATED TITLE V PERMIT COSTS

Facility: Fort Yukon LRRS
Existing Permit Number: N/A
Potential Emissions: 327 TPY
Estimated Billable Emissions: 35 TPY

Initial Permit Issuance Fee

(Estimated 5 Year Permit Duration)

110 hrs x \$78.02/hr = \$ 8,582.20

Annual Overhead Fee

35 TPY x \$5.07/ton = \$ 177.45

Annual Compliance Fee

Operating Report Review

2 Reports x 1.5 hrs/report x \$78.02 = \$ 234.06

Facility Inspection & Report

1 Insp x 19 hrs x \$78.02 = \$ 1,482.38

Estimated Total Annual Fee

$8,582.20/5 + 177.45 + 234.06 + 1,482.38 = \$ 3,610.33/\text{Yr}$

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APPENDIX 1
COMPLIANCE ASSURANCE
INSPECTION TASKS

**COMPLIANCE ASSURANCE INSPECTION TASKS
(YEAR # 1)**

					TECH FTE	OVERHEAD*
A. Operating Report Review						
	# Report	Freq.	T Time ea	T FTE		
General Permits	39	2	0.33	0.02	0.02	\$0
Title V	82	2	0.50	0.06	0.06	\$0
Complex Title V	20	4	1.50	0.09	0.09	\$0
Title V Avoidance	34	1	0.50	0.01	0.01	\$0
					<hr/> SUBTOTAL	<hr/> \$0
B. Source Test & CEM Certification Report Review						
	# Report	Freq.	T Time ea	T FTE		
General Permits	0	1	0	0.00	0.00	\$0
Title V	16	1	8	0.09	0.09	\$0
Complex	9	1	12	0.08	0.08	\$0
					<hr/> SUBTOTAL	<hr/> \$0
Ambient Monitoring and PSD Monitoring Audits						
	# Audits	T Time	T FTE			
Ambient Monitor Audits	2	20	0.03	6000	0.03	\$6,000
PSD Monitors Audits	3	20	0.04	9600	0.04	\$9,600
					<hr/> SUBTOTAL	<hr/> \$15,600
C. Facility Inspections						
	# of Insp	T Insp.	T Reprt	T FTE		
Title V	82	16	3	1.11	1.11	\$0
Complex	20	32	8	0.57	0.57	\$0
Travel Costs						
	# Insp.	Cost ea	Travel Time (T FTE)			
SCRO local	17	\$25	\$425		0.00	\$425
SCRO remote	35	\$600	\$21,000		0.00	\$21,000
NRO local	20	\$75	\$1,500		0.00	\$1,500
NRO remote	26	\$600	\$15,600		0.00	\$15,600

* Includes travel, inspection supplies & audit equipment

**COMPLIANCE ASSURANCE INSPECTION TASKS
(YEAR # 1)**

					TECH FTE	OVERHEAD*
SERO local	12	\$100	\$1,200		0.00	\$1,200
SERO remote	9	\$300	\$2,700		0.00	\$2,700
PCRO remote	37	\$250	\$9,250		0.00	\$9,250
Aleut. local	9	\$500	\$4,500		0.00	\$4,500
Aleut. remote	10	\$900	\$9,000		0.00	\$9,000

Equipment Costs, Inspection materials

Cost	Insp	Total			TECH FTE	OVERHEAD*
	15	102	1530		0.00	\$1,530

D. General Permit Audits (assuming 15% audit of all General Permit Sources)

# of Gen Permits	Audited	T Insp.	T Reprt	T FTE		TECH FTE	OVERHEAD*
39	6	12	3	0.06		0.06	\$0

Travel + equip

(600/trip) + 15 ea	\$3,690						\$3,690
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TOTAL FACILITY INSPECTIONS 1.75 \$70,395

E. Compliance Determinations (183 cases)

		T Time	T FTE		TECH FTE	OVERHEAD*
Review Followup Letter-In Compl. (40%)	74	0.5	0.03		0.03	\$0
Review Followup Letter-Minor Non Comp (50%)	93	1	0.07		0.07	\$0
Review Followup Letter- Major Non- Compl. (10%)	19	8	0.11		0.11	\$0
Investigate Citizen Complaint	40	3	0.09		0.09	\$0

[Number of cases based on # of inspections, source tests, and op reps for generals & avoiders]

SUBTOTAL 0.29 \$0

F. Compliance Action

	Cases	T FTE			TECH FTE	OVERHEAD*
Issue NOV	20	0.11			0.11	\$0
Change Comp Plan- Minor Am	5	0.18			0.18	\$0
Change Comp Plan- Sig Am	2	0.17			0.17	\$0

SUBTOTAL 0.46 \$0

**COMPLIANCE ASSURANCE INSPECTION TASKS
(YEAR # 1)**

				TECH FTE	OVERHEAD*
G. Compliance Followup Action					
	Cases	T Time	T FTE		
Resolve NOV	20	2	0.03	0.03	\$0
Track Comp Plan	7	12	0.06	0.06	\$0
S/V Reporting	27	0.5	0.01	0.01	\$0
				<hr/>	
SUBTOTAL				0.10	\$0
H. Reporting					
	Hrs/Occ	Occ/Yr	FTE	(PERMIT ACTIVITY RELATED)	
AIRS/ AFS	39	12	0.33		0.33
EPA Enforcement	1	12	0.01		0.01
Annual Insp. Sched.	64	1	0.05		0.05
SEA	150	1	0.11		0.11
				<hr/>	
SUBTOTAL				0.50	\$0
I. Training					
	Number	T Time	T FTE	Cost	Travel
Visible Emissions Training (cheechakos)	5	44	0.16	\$650	\$3,000
Visible Emissions Training (sourdoughs)	30	32	0.69	\$3,900	\$18,000
Inspector Certification Training (air)	8	62.5	0.36		\$16,000
Inspector Trainer	0.5	1400	0.50	\$1,000	\$4,000
				<hr/>	
SUBTOTAL				1.70	\$46,550
				T FTE	OVERHEAD
TOTAL				5.21	\$132,545

**COMPLIANCE ASSURANCE INSPECTION TASKS
(YEARS 4+)**

					T FTE	OVERHEAD*	
A. Operating Report Review							
	# Report	Freq.	T Time ea	T FTE			
General Permits	118	2	0.33	0.06	0.06	\$0	
Title V	249	2	0.50	0.18	0.18	\$0	
Complex Title V	56	4	1.50	0.24	0.24	\$0	
Title V Avoidance	103	1	0.50	0.04	0.04	\$0	
					<hr/> SUBTOTAL	<hr/> 0.51	<hr/> \$0
B. Source Test & CEM Certification Report Review							
	# Report	Freq.	T Time ea	T FTE			
General Permits	0	1	0	0.00	0.00	\$0	
Title V	50	1	8	0.29	0.29	\$0	
Complex	28	1	12	0.24	0.24	\$0	
					<hr/> SUBTOTAL	<hr/> 0.53	<hr/> \$0
Ambient Monitoring and PSD Monitoring Audits							
	# Audits	T Time	T FTE	Travel			
Ambient Monitor Audits	5	20	0.07	6000	0.07	\$6,000	
PSD Monitors Audits	8	20	0.11	9600	0.11	\$9,600	
					<hr/> SUBTOTAL	<hr/> 0.19	<hr/> \$15,600
C. Facility Inspections							
	# of Insp	T Insp.	T Reprt	T FTE			
Title V	249	16	3	3.38	3.38	\$0	
Complex	56	32	8	1.60	1.60	\$0	
Travel Costs							
	# Insp.	Cost ea	Travel Time (T FTE)				
SCRO local	30	\$25	\$750		0.00	\$750	
SCRO remote	60	\$600	\$36,000		0.00	\$36,000	
NRO local	37	\$75	\$2,775		0.00	\$2,775	
NRO remote	46	\$600	\$27,600		0.00	\$27,600	

* Includes travel, inspection supplies, & audit equipment

**COMPLIANCE ASSURANCE INSPECTION TASKS
(YEARS 4+)**

				T FTE	OVERHEAD*
SERO local	20	\$100	\$2,000	0.00	\$2,000
SERO remote	15	\$300	\$4,500	0.00	\$4,500
PCRO remote	64	\$250	\$16,000	0.00	\$16,000
Aleut. local	15	\$500	\$7,500	0.00	\$7,500
Aleut. remote	18	\$900	\$16,200	0.00	\$16,200

Equipment Costs, Inspection materials

Cost	Insp	Total		T FTE	OVERHEAD*
	15	266	3990	0.00	\$3,990

D. General Permit Audits (assuming 15% audit of all General Permit Sources)

# of Gen Permits	Audited	T Insp.	T Reprt	T FTE		T FTE	OVERHEAD*
118	18	12	3	0.19		0.19	\$0

Travel + equip

(600/trip) + 15 ea	\$10,455						\$10,455
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TOTAL FACILITY INSPECTIONS 5.17 \$127,770

E. Compliance Determinations (558 cases)

		T Time	T FTE		T FTE	OVERHEAD*
Review Followup Letter-In Compl. (40%)	223	0.5	0.08		0.08	\$0
Review Followup Letter-Minor Non Comp (50%)	279	1	0.20		0.20	\$0
Review Followup Letter- Major Non- Compl. (10%)	56	8	0.32		0.32	\$0
Investigate Citizen Complaint	120	3	0.26		0.26	\$0

[Number of cases based on # of inspections, source tests, and op reps for generals & avoiders]

SUBTOTAL 0.86 \$0

F. Compliance Action

	Cases	T FTE		T FTE	OVERHEAD*
Issue NOV	60	0.34		0.34	\$0
Change Comp Plan- Minor Am	15	0.54		0.54	\$0
Change Comp Plan- Sig Am	5	0.43		0.43	\$0

SUBTOTAL 1.31 \$0

**COMPLIANCE ASSURANCE INSPECTION TASKS
(YEARS 4+)**

G. Compliance Followup Action				T FTE	OVERHEAD*
	Cases	T Time	T FTE		
Resolve NOV	60	2	0.09	0.09	\$0
Track Comp Plan	20	12	0.17	0.17	\$0
S/V Reporting	80	0.5	0.03	0.03	\$0
				<hr/>	
SUBTOTAL				0.29	\$0

H. Reporting					T FTE	OVERHEAD*
	Hrs/Occ	Occ/Yr	FTE	(PERMIT ACTIVITY RELATED)		
AIRS/ AFS	39	12	0.33		0.33	\$0
EPA Enforcement	1	12	0.01		0.01	\$0
Annual Insp. Sched.	64	1	0.05		0.05	\$0
SEA	150	1	0.11		0.11	\$0
					<hr/>	
SUBTOTAL					0.50	\$0

I. Training							T FTE	OVERHEAD*
	Number	T Time	T FTE	Cost	Travel			
Visible Emissions Training (cheechakos)	5	44	0.16	\$650	\$3,000	0.16	\$3,650	
Visible Emissions Training (sourdoughs)	30	32	0.69	\$3,900	\$18,000	0.69	\$21,900	
Inspector Certification Training (air)	8	62.5	0.36		\$16,000	0.36	\$16,000	
Inspector Trainer	0.5	1400	0.50	\$1,000	\$4,000	0.50	\$5,000	
							<hr/>	
SUBTOTAL							1.70	\$46,550

	T FTE	Dollars
TOTAL	11.04	\$189,920