

June 14, 2017 Stakeholder Meeting

Location: Tennessee Chamber of Commerce & Industry Office – Nashville, Tennessee

Moderator: Michelle Owenby, Jimmy Johnston

APC Attendees: Michelle Owenby, Jimmy Johnston, Lacey Hardin, Paul LaRock, Randy Powers

Public Attendees:

In the Room

Charles Schneider, TN Chamber of Commerce & Industry
Stacey Cothran, Waste Management
Drew Goddard, Bass Berry Sims
Michael Stagg, Waller
Don Houston, TVA
Darlene Marsh
Don Haynes, Florim USA
Bry Roberson, Ensafé
Mike Haverstick, Nissan
Duncan Kimbro, Franklin Engineering
Tony Ren, Carlex

By Phone

Richard Holland, Packaging Corp.
Wayne Cropp, Baker Donelson
Amy Spann, Ensafé
Donna Clark, Arconic

On May 3, 2017, the Division received a request from the Tennessee Chamber of Commerce and Industry Air Subcommittee to meet with that subcommittee to discuss fees. That meeting was held on June 14th, following the two scheduled stakeholder meetings. This document contains the questions raised at that meeting and APC's responses.

Questions & Comments:

1. What is wrong with the current fee process? ***There is nothing wrong with the current fee structure other than the fact that the revenue at the current dollars/per ton rates is not sufficient to fund the Title V program in FY2019 and beyond. This projected revenue shortfall is due primarily to a decrease in emissions from large sources. In fact, utilizing the same fee structure with increases in dollars/per ton rates is one of the many options that are being evaluated by APC. However, given the pending increase in Title V fees APC management felt it was imperative to evaluate a variety of potential fee structures and to provide opportunities for stakeholders to offer their ideas and comments. The purpose of the stakeholder meetings is to provide transparency to the evaluation of different fee options.***
2. Will we have to go through this fee change process each year? ***APC is in the process of implementing improved accounting methodologies to better track and predict Title V fee expenditures. As the new fee data is reviewed for the upcoming fiscal year it is expected that there will be refinement of fee calculations based on an improved data set. This process was presented as "Phase II" in the introductory webinar presentations. It is also expected that the significant reductions in emissions will be leveling out, thus providing a more stable baseline on which to***

predict future fees. The “Phase II” of the fee revision process will incorporate these and other factors is determining the necessity of additional fee changes, with the hope that yearly changes to fees will not be needed in the future. Phase II will also include discussions of a CPI increase, subject to approval by the APC Board, that would allow for small increases necessitated by inflation without having to go through the entire rulemaking process.

3. The ability to review and comment on the Title V Workload Analysis is important. When can we expect to see the Workload Analysis and can we get it earlier in the process to allow more time for review? **The Title V Workload Analysis is a detailed report of projected Title V fee expenditures and revenue for the Division of Air Pollution Control and presented to the Air Board as part of any Title V fee increase. It is required as part of the proposed rule changes associated with the change in fee structure. APC will try to get the Workload Analysis out as early as possible to allow for stakeholder review. However, some of the data on which the Workload Analysis is based does not become available until after the end of the fiscal year on June 30, 2017. Proper evaluation of this data along with the time constraints of the rule making process limits the ability of APC to make the Workload Analysis available at the current time.**

4. The “Once-in-always-in” requirement creates fiscal and administrative challenges for many small companies. Is it possible to do a Title V “carve out” for these companies? **APC has a clear recognition of the “Once-in-always-in” issue for some small companies. APC has and will continue to engage with EPA Region 4 and headquarters on this policy. APC has also worked through various national associations to encourage the new EPA administration to change the Once-in-always-in policy. In the interim, as part of this fee revision process APC is evaluating some form of fee relief for companies that are impacted by the Once-in-always-in policy.**

5. **General Comments:**
Bracketed Fees: There was consensus from stakeholders that the bracketed fee method presented in the introductory webinars was too complex and “not ripe” for consideration. **APC has evaluated the bracketed fee structure and agrees regarding the complexity. The initial evaluation of fees under the bracketed approach indicates no significant difference in broad fee patterns. APC will continue to evaluate fee options with an effort to balance benefits to fee payers with the complexity of fee calculations.**