TENNESSEE CHAMBER
of Commerce & Industry
TENNESSEE MANUFACTURERS ASSOCIATION

June 29, 2016

Mr. James Johnston
Air Pollution Control Division, Director
TN Dept. of Environment and Conservation
15th Floor, TN Tower
312 Rosa L. Parks Avenue
Nashville, TN 37243

Subject: Comments on the strawman scenarios for 2019 Title V Fee proposals included in recent public meetings and the APC's webinar held June 16, 2017.

Dear Mr. Johnston,

The Tennessee Chamber of Commerce & Industry (*The Chamber*), on behalf of member industries, appreciates this opportunity to present comments on the scenarios for proposed Title V Fee increases. Overall, The Chamber and its members appreciate the Department's efforts to look at ways to run Title V program more efficiently and effectively. The following items comprise our agreed upon comments at this time.

1. The Chamber does not support Strawman scenario #3 (graduated brackets) at this time. That proposal was offered by a Chamber member as a method to follow if it has been demonstrated that the fees historically paid by the few higher emitters in the state have not been covering the costs of the services the Division provides those sources.
2. The Chamber recommends changing the ratio of EGU-to-non-EGU from 1.2 to 1.4. Chamber member TVA has been consulted and they do not object to this change. The Chamber believes this is more equitable to its members. Using the Division's spreadsheet, this change would shift $150,000 from non-EGUs to EGUs from the Division's Strawman scenario #1.
3. The Chamber recommends changing the ratio of Actual-to-Allowable from 1.3 to 1.6. The 1.6 ratio was the original ratio used when the first Title V fees were established. Over the years as the rates increased, each rate was increased the same dollar increment, resulting is a degradation of the ratio to the current ~1.3. This inadvertent change has caused the actual fee rate to become more attractive relative to the allowable fee rate. The Chamber does not believe there is any reason to deviate from the original ratio set by the Air Board. Since fee determinations based on actual emissions require a measurement methodology and added complexity compared to allowable emission based fees, this higher ratio is warranted. We estimate using the Division' spreadsheet that this change would shift an additional $55,000 from non-EGUs to EGUs.

4. The Chamber encourages the Division to prepare and distribute a Workload Analysis as soon as possible; this analysis is the appropriate tool for determining the amount of fees needed to run the program. Since the Division is preliminarily proposing substantial fee increases on the regulated community, we suggest the analysis should include an evaluation of cost reduction efforts by the Division.

5. The Chamber has no comment on the minimum fee of $7500 to $8000 suggested by the Division at this time other than to state it should be not be lower than $7500. However, we do encourage the Division to ensure that the minimum fee does cover the basic minimum costs to service a simple Title V permit. An analysis of this estimate should be included with part of the formal public comment package.

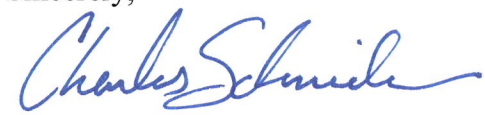
6. The Chamber supports the Division's suggested re-instatement of a base fee. The base fee had been added to fee structure for fees paid in 2014 and 2015, but was removed for 2016. In hindsight, the Chamber believes it would have been best if the base fee had not been eliminated as that change has contributed significantly to a reduction in current fund balance and the forecasted deficit. In the Division's webinar presentation, the statistics shown are somewhat misleading, since the numbers show a significantly higher percent increases for the average fee payers and those payers close to the minimum because the comparisons are made to 2016 fees, which did not include the base fee. The Chamber reserves comment on the Division's suggestion of a $4,000 base fee until the formal comment period and review of the Workload Analysis.

7. The Chamber would support a reduced fee for Once-In-Always-In sources, considering that there are only a few (probably less than 10) according to the Division's presentation. We suggest the Division include a proposed fee and documentation to support that fee in the formal public comment package.

Based on the above comments, the Chamber has concerns about the fee scenarios presented. We recognize the Title V program to be mandated and is established to be self-supporting. Presently, without the benefit of reviewing the Division's Workload Analysis or knowing the fund balance we find it difficult to submit more detailed comments at this time. A substantial concern is that we do not desire the Division to generate and accumulate excess fund reserves, which may become the target for some other administrative use by government.

We appreciate the opportunity to present these comments and we appreciate your consideration.

Sincerely,



Charles Schneider
Director of Government Affairs

CC: Drew Goddard, Co-chair Chamber Air Subcommittee
Richard Holland, Co-chair Chamber Air Subcommittee
Michelle Owenby, Division of Air Pollution Control