

# Title V

## Implementation Plan

Proposed

September, 2017



Division of Air Pollution Control  
Workload Analysis  
Fiscal Years 2017-2018 and 2018-2019

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## **Executive Summary**

Title V Implementation Plan  
By the  
State of Tennessee  
Department of Environment and Conservation  
Division of Air Pollution Control

Title V of the Clean Air Act (CAA) and its implementing regulations in 40 CFR Part 70 require the Division of Air Pollution Control to operate a Title V Operating Permit Program. Paragraph 502(b)(3) of the CAA and 40 CFR 70.9 require the collection of fees sufficient to fully fund the program. The proposed methods for implementation and the evidence of financial adequacy to implement and operate a federally approved CAA Title V Operating Permit Program (Title V Program) are described herein.

The CAA Amendments of 1990 included many changes and substantive differences in the body of regulations that comprise the CAA. None are as far reaching in effect as the regulations that detail the procedures for an operating permit program for air contaminant sources and for assessment and collection of fees to allow the regulated sources to pay for the permitting related activities. Each permitting authority identifies, inventories, assesses, and issues permits to all affected sources. Title V fee collection must provide the means for each state air pollution program or permitting authority to fully fund Title V work efforts.

The Division of Air Pollution Control (the Division or APC) within the Tennessee Department of Environment and Conservation (TDEC) is responsible for permitting air contaminant sources in Tennessee. Upon review and acceptance of the Title V permitting program by the Environmental Protection Agency (EPA) on August 28, 1996, the Division became the State's major source Title V permitting authority in 91 of 95 counties in Tennessee. Davidson, Hamilton, Knox and Shelby counties have local air pollution control programs that operate under Certificates of Exemption from the Tennessee Air Pollution Control Board. These agencies regulate the Title V sources within their jurisdictions that are not owned by the State of Tennessee. Their activities are not addressed in this plan. TDEC retains the permitting authority for state-owned sources in these counties.

Title V related activities are projected to require 64.9 full-time equivalent (FTE) positions in fiscal years 2017-2018 and 2018-2019. It is anticipated that revenues generated by the Division's Title V related activities, along with a fund balance that existed at the end of fiscal year 2016-2017, will be sufficient to fund the necessary positions, including direct and indirect operating costs, for fiscal year 2017-2018. However, the fund balance is projected to be entirely consumed before the end of fiscal year 2018-2019 due to decreased collections and the Division is proposing changes to the fee structure for that fiscal year.

In 2016, the Division initiated a stakeholder process to assist in the development of revisions to our Title V fee regulations. Title V permit fees are largely based on the amount of actual and allowable emissions from Title V sources. Due to a number of factors, including tighter air quality regulations, retirement of a small number of very large emitters of air pollutants, and the general trend towards cleaner-burning fuels, actual and allowable emissions from sources in Tennessee have dropped significantly in recent years and are projected to continue to do so for at least the next few years. Unfortunately, this drop in emissions does not equate to a similar reduction in workload required of the Division and an increase in revenue is needed. In addition, the fee rule was revised to allow facilities to switch their fee calculation method from allowable to actual emissions (and vice-versa) starting with 2017 fees. This resulted in a significant decrease in fee collections without any decrease in actual emissions.

This Implementation Plan consists of ten (10) separate functional units within the Division, plus the Small Business Environmental Assistance Program<sup>1</sup>, which have various responsibilities and functions related to Title V. Briefly, these units are:

- Administrative Services
- Director's Office
- Small Business Environmental Assistance
- Compliance Validation
- Enforcement
- Environmental Field Offices
- Mobile and Air Resources Management (through 9/30/17)
- Permitting, Regulatory Development, and Emissions Inventory
- Technical Services
- Quality Assurance (beginning 10/1/17)

The activities of each of these units are described in this Implementation Plan, which is attached. Each functional unit has identified that portion of its total workload that can be attributed to Title V activities. In addition to the activities described in this plan, support services are provided to the Division by other Bureaus, Divisions, and Offices within the Department of Environment & Conservation (TDEC) and the Bureau of Environment. Each of the Divisions and Offices within TDEC are charged for these services in accordance with formulae established by TDEC and the Bureau. A portion of these overhead costs are charged to Title V fees. Further descriptions of these support services are described in the section of this plan entitled "Overhead Costs".

An accounting statement is included to address revenues and expenses in the plan. For the 2012-2013 fiscal year, the Division, for the first time, charged a higher fee for sources in a specific source category, electric utility generating units (EGUs).

For 2017-2018, the Division has retained the \$7,500 minimum fee and the following dollar/ton amounts for all source categories:

The minimum estimated Allowable Emission Fee rates to accomplish this goal is:

- \$32.50 / Chargeable Ton of Emissions for non-EGU sources
- \$39.00 / Chargeable Ton of Emissions for EGU sources

The minimum estimated Actual Emission Fee rate to accomplish this goal is:

- \$43.00 / Chargeable Ton of Emissions for non-EGU sources
- \$49.50 / Chargeable Ton of Emissions for EGU sources

The Division projects these revenues and this level of staffing will continue to be adequate to implement and operate a federally acceptable Title V Permitting Program in Tennessee under current EPA guidance.

For 2018-2019, the Division is proposing to retain the \$7,500 minimum fee and to revise the following dollar/ton amounts for all source categories as follows:

- \$49.00 / Chargeable Ton of Allowable Emissions for non-EGU sources
- \$69.00 / Chargeable Ton of Allowable Emissions for EGU sources

- \$65.00 / Chargeable Ton of Actual Emissions for non-EGU sources
- \$91.00 / Chargeable Ton of Actual Emissions for EGU sources<sup>2</sup>

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<sup>1</sup> Subparagraph 502(b)(3)(A) of the CAA requires that the costs of programs established to fulfill the requirements of section 507 of the CAA (i.e., Small Business stationary source technical and environmental compliance assistance programs) be funded by Title V fees.

The Division is also taking comments on the following alternate dollar per ton rates:

\$45.00 / Chargeable Ton of Allowable Emissions for non-EGU sources

\$64.00 / Chargeable Ton of Allowable Emissions for EGU sources

\$73.00 / Chargeable Ton of Actual Emissions for non-EGU sources

\$102.00 / Chargeable Ton of Actual Emissions for EGU sources

The Division is also proposing a \$4000 base fee that will apply to all Title V facilities. If a facility's base fee plus dollar per ton fee is less than \$7500, the facility will pay a \$7500 minimum fee.

The Division is also proposing a lower Title V fee for sources that have taken enforceable emission limits to reduce all regulated pollutants below major source thresholds but remain subject to Title V permitting, and thus Title V fees, due to EPA's "one in, always in" policy.

The part 70 presumptive minimum fee rate (\$/ton) effective for the 12-month period of September 1, 2016 through August 31, 2017 is \$48.88 per ton of actual emissions. The part 70 presumptive fee rate (\$/ton) effective for the 12-month period of September 1, 2017 through August 31, 2018 is \$xx.xx<sup>2</sup>. This fee rate represents an increase of 0.xxxx% (or \$0.xx) from the fee rate in effect for the prior 12-month period (\$48.88). This increase is based on a calculation of the average monthly change in the Consumer Price Index (All Urban Consumers) for the 12-month period of September 2016 through August 2017 as reported by the U.S. Bureau of Labor Statistics. This information is included for reference purposes only, since Tennessee's Title V fees are not currently based on the federal presumptive minimum fee rate.

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<sup>2</sup> These rates are based on a EGU to non-EGU ratio of 1.4 to 1 and an Actual-to-Allowable ratio of 1.325 to 1. The alternate rates based are based on an Actual-to-Allowable ratio of 1.6 to 1.

<sup>3</sup> This information will not be available until September, 2017.

## INTRODUCTION

Title V of the CAA mandates that states develop a major source operating permit program, commonly called the Title V Operating Permit Program. The federal Act further mandates that the program be funded solely through fees collected from affected sources. Additionally, the CAA requires that the activities of a Small Business Assistance Program must be paid through these fee collections. Subparagraph 502(b)(3)(A) of the CAA requires that a state must establish a fee schedule that results in the collection and retention of revenues sufficient to cover the permit program costs. Subparagraph 502(b)(3)(B) of the CAA states that a fee program shall be deemed adequate if the amount of fees collected is be no less than \$25 per ton of actual emission, as adjusted by the percentage, if any, by which the Consumer Price Index for the most recent calendar year ending before the beginning of such year exceeds the Consumer Price Index for the calendar year 1989 (i.e., the “presumptive minimum” fee). Should a state elect not to establish a fee schedule based on the presumptive minimum fee approach, the state must provide a detailed accounting that its fee schedule meets the requirements of 502(b)(3)(A). The Tennessee Air Pollution Control Board has historically elected to prepare an annual workload analysis and set the fees for the current and upcoming year instead of using the presumptive minimum approach.

EPA regulations promulgated to implement and more thoroughly describe Title V may be found at 40 CFR Part 70. Section 70.9 of the federal regulations describes the requirements for the fees in detail.

The workload analysis is prepared in accordance with Tennessee Air Pollution Control Regulation (TAPCR) 1200-03-26-.02(9)(d) to provide justification of fees to the public, the regulated community and the EPA. Additionally, disclosure of this information leads to the development of informed consent and, therefore, acceptance of the program by stakeholders.

Many complex requirements are mandated in the CAA and the Part 70 regulations that serve to demonstrate that the State-permitting agency will be able to carry out its responsibilities. Section 70.4(b)(8) calls for a description of the program, a demonstration of fiscal soundness of the planned program based on fee projections, and planning for adequate personnel to administer the program.

Several things could happen to require that the workload analysis be revised and subsequently modified. These possibilities include but are not limited to:

- Changes in the actual or allowable emissions base upon which the fee rate was calculated;
- Changes in the air contaminant source population will alter both the emission base and the workload. Many sources have obtained “conditional major” status wherein they opt out of Title V by limiting their potential to emit via a federally enforceable limitation. The Division views the work effort to make a Title V source a conditional major source as Title V work. These sources require more frequent inspections and record reviews to verify that they are operating below the Title V thresholds; and
- Changes in applicable requirements mandated by EPA will also alter the workload.

The workload analysis is provided for each functional unit of the Division. The work of each unit plus the Title V work from the Small Business Environmental Assistance Program is described as it relates to the requirements of Title V. The activities are then converted to estimated hours necessary to accomplish the task and the numbers of tasks to be completed per year are projected.

Combining the hours projected to complete the Title V work and dividing it by 1,609 hours per employee available work time yields the total number of full-time equivalents (FTEs) needed to conduct Title V work.

The 1,609 hours of work time per employee was derived as follows:

Scheduled Payroll Hours per Year	=	1,950
Less: Holiday, Vacation & Sick Leave Hours (12.5 Days + 21 Days + 12 Days) X 7.5 hrs./day	=	<u>- 341</u>
Total Work Hours per Employee	=	<u>1,609</u>

For many of the work units described in the following sections, the Title V eligible work associated with members of each work unit are estimated as a percentage of total time. For most of these associated, Title V, as well as non-Title V, work is tracked on a daily basis using the Division's database known as Smog Log and that same information is entered into the Department's personnel management system known as Edison for payroll purposes. However, work that is not directly tied to Title V or non-Title V facilities, including annual leave, sick leave, and holiday time, have been entered into Smog Log and Edison using a various methods based on internal policies set by the Division or that work unit<sup>4</sup>.

Starting on July 1, 2017, the Division implemented a new financial accounting system that, in addition to requiring all personnel to charge time and other expenses, such as travel expenses, directly to the appropriate funding source, will allow the Division to track time and expenses on a program and location level. The new system will also assign time that is not directly related to Title V or non-Title V activity, such as training, administrative functions, and leave, to a pre-set Title V/non-Title V "split" ratio. The split ratio has initially been set based on a historical ratio of 52% Title V/48% non-Title V. As data is acquired through the new accounting system, split ratios will be adjusted for each work unit based on actual, known Title V and non-Title V activities. This new system will result in a significant improvement in assessing the percentage of each work unit's time that is associated with Title V work. This new system could, however, result in Title V personnel expenses that vary significantly from historical expenses, thus creating some uncertainty in future personnel related expenses. In order to assure that sufficient funding is available for FY2018-2019 expenses, the proposed Title V fee system has been developed with a goal of having a sufficient reserve available for FY2018-2019 to account for this uncertainty.

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<sup>4</sup> Such policies include directing expenses to Title V or non-Title V budgets based on available fund balances and allocating management and support costs based on the workload of the remainder of the Division.

## ADMINISTRATIVE SERVICES

### CALCULATION BASIS

Actual data compiled from Division activities documented during the past fiscal year can be used as a guide for projecting the Administrative Services Program workload for this fiscal year and the next. It is estimated that the manager of this program spends about 80% of her time on Title V activities. The other employees spend about 50% of their time on Title V activities.

### ASSUMPTIONS

Administration involves activities both directly and indirectly associated with support of the Title V program. These activities include permit and report tracking, personnel activities, training coordination, processing travel claims, purchasing, receptionist, website management, APC board support, etc. In addition, the manager of Administrative Services, along with other Division leadership, will continue to prepare and manage the Division's budget and grant activities until a Business Administrator position is created and filled in the Director's Office.

Permit fee program administration includes assisting with the Title V Workload Analysis and regulatory changes associated with changes to the annual emissions fees.

Administration includes nine positions, all of which are currently filled. Two of the administrative positions deal strictly with the Division's vehicle inspection and maintenance program (not a Title V expense), leaving seven positions in this part of the analysis. Available work time per FTE is 1,609 hours per year.

Administration Manager	1,287 hours
Seven Administrative Positions	4,827 hours
Total Estimated Hours	6,114 hours
<b>Total FTE</b>	<b>3.8 FTE each year</b>



## DIRECTOR'S OFFICE

### CALCULATION BASIS

Time spent by the Director, Central Office Deputy Directors, Environmental Fellow, Business Administrator, and the technical lead for environmental measurements and compliance assurance are allocated to Title V and non-Title V based on the percentage of the entire Division's time dedicated to those activities. These actual percentages are used to estimate the amount of time they will likely spend on Title V activities. The Business Administrator and technical lead positions are currently vacant and are expected to be filled sometime in FY2017-2018. Expense estimates are based on these two positions being filled half-way through this fiscal year.

### ASSUMPTIONS

The office of the Director is responsible for overseeing the operation of the functions necessary for the development and performance of the Division, including the Title V program.

The Director's office is also responsible for coordinating and providing technical support to the Air Pollution Control Board, as well as providing support to the Tennessee Emergency Management Agency during emergency events, both natural and manmade, that impact ambient air quality.

The Director's office provides program direction and oversight, coordinating Departmental goals with Division programs and providing support documents and informational documents for the Department and legislature concerning the operation of the Division.

For purposes of this Workload Analysis, the Director's Office includes the Director, the Chief Deputy Director, the Deputy Director of Permitting and Regulatory Development, the Environmental Fellow, the Business Administrator, and the technical lead for environmental measurements and compliance assurance are included here. Time for the Deputy Director for Field Services is included in the Field Services portion of this analysis.

The Business Administrator position will be responsible for all budget and financial oversight and implementation for the Division as well as all grant activity including grant applications, grant management, and grant compliance. The responsibilities of the Business Administrator are currently being carried out on a part-time basis by the Director, Deputy Directors, and Administrative Services manager. Creation of the Business Administrator position (through reallocation of an existing vacancy) will provide dedicated staff to oversee and implement the financial matters of the Division. This should result in an overall cost savings to the Division.

The technical lead for environmental measurement and compliance assurance is also being created through reallocation of an existing vacancy. This position will be

responsible for providing technical leadership for the Division's ambient monitoring, compliance validation, and enforcement programs. Some of this work is currently being carried out by the Chief Deputy Director of Central Office Operations and the Environmental Fellow, but a significant amount of this positions responsibilities will involve tasks necessary to improve the efficiency and effectiveness of these programs that are currently not being carried out.

TITLE V ACTIVITY

Direction of Program  
Oversight of Responsibilities  
Technical Secretary Activities  
Budget and Grant Management

Total Estimated Hours 5,020

**Total FTE 3.2 FTE each year**

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## SMALL BUSINESS ENVIRONMENTAL ASSISTANCE PROGRAM

### Program Overview

Section 507 of the CAA requires an environmental compliance assistance program in each state to support small businesses in understanding and complying with air quality regulations. Section 502 of the CAA requires that this program be funded with Title V fees. Tennessee's Program provides confidential assistance free of charge to small businesses. Services include permitting assistance, onsite visits, training, a toll free hotline, regulatory notifications, outreach, and preventing and eliminating non-compliance situations. A small business is defined as one that has 100 or fewer employees, is not a major stationary source, and meets the federal Small Business Act's definition of a small business. TDEC policy has expanded the definition of Small Business to be any source that does not have an employee dedicated to environmental compliance.

### Required Program Components

#### (1) State Ombudsman (Advocate)

The Small Business Advocate represents small business in regulatory matters, identifies, and proposes solutions to small business technical and compliance problems.

#### (2) Environmental Technical Assistance

Technical Assistance staff members provide technical, administrative, and permitting assistance. Staff members inform businesses of regulatory requirements in easy-to-understand language. When needed, staff members conduct on-site visits and provide training opportunities.

#### (3) Compliance Advisory Panel (CAP)

An advisory panel comprised of individuals appointed by the Governor and the legislature, plus one Department representative, is required. The Panel advises and provides technical, administrative and evaluation assistance to the program. The CAP is a seven member panel. Currently five positions are filled. New appointments have been requested through the TDEC Legislative Liaison as the appointments are required to be from members of the legislature.

### Program Activities

#### New Regulations/Sources

- Staff members review regulations, determine potentially impacted sources, develop a strategy for notification and assistance, develop compliance assistance tools, conduct training programs, and work with regulatory programs on outreach activities. .
- Staff members assist potentially new companies in understanding regulatory requirements
- Staff members participate in monthly conference calls on regulations with other SBEAPs and EPA.

#### Existing Sources

- Staff members respond to small business compliance and permitting questions.
- Staff members monitor enforcement reports to determine sectors with compliance problems and develop compliance assistance strategies.
- Staff members assist companies in meeting permit conditions, including developing tools to meet recordkeeping requirements.
- Staff members assist companies in resolving non-compliance issues, as well as assisting companies in utilizing the Department's self-disclosure audit policy.

Estimated Workload for FY2017-2018 and FY2018-2019

**Table 1 – SBEAP Title V Workload**

<b>ACTIVITIES</b>	<b>ESTIMATED HOURS/YR</b>	<b>ESTIMATED FTE/YR</b>
Compliance assistance	1609	1
Workshops/training events	804.5	0.5
Material development	402.25	0.25
Regulatory Development/Notification	201.125	0.125
Administration/Other	201.125	0.125
<b>TOTAL</b>	<b>3218</b>	<b>2.0</b>

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## COMPLIANCE VALIDATION

The Compliance Validation Program is an enforcement tool for the Division. Compliance Validation provides a key component in the Division of Air Pollution Control's quality assurance program that insures the accuracy of the data being submitted by Title V Sources certifying compliance. Continuous Emission Monitoring Systems (CEMS) are utilized by some Title V sources to determine compliance on an on-going basis. Compliance Validation will conduct audits of CEMS data to insure the data submitted is accurate. Compliance Validation conducts Visible Emission Evaluator Certification (VEE) schools to train state and industry personnel to certify compliance with visible emission standards, and the Compliance Validation Program utilizes its source testing capabilities to determine compliance of Title V sources with respect to mass emission standards. Sources with control equipment are periodically checked to assure that control equipment is being maintained and monitoring parameters are sufficient. Responsibility for asbestos renovation and demolition activities was moved to this program in FY17, but this time is not considered Title V time. With the exception of asbestos, the majority of the work done by this group involves facilities subject to Title V. The miscellaneous category includes such things as activities in support of the permitting program, regulatory development, State Implementation Plan (SIP) support, and assigned special projects previously incorporated into major work duties. The Compliance Validation Program has eight filled positions.

### Summary

The major work functions performed by Compliance Validation are listed below and estimates are provided for the FTEs needed to adequately maintain the workload created by the permit requirements of Title V sources.

**Table 2 – Compliance Validation Title V Workload**

<b>ACTIVITIES</b>	<b>ESTIMATED HOURS/YR</b>	<b>ESTIMATED FTE/YR</b>
Title V CEM Activities	1,800	1.1
Title V VEE School Activities	500	0.3
Title V Source Testing Activities	6,450	4.0
Miscellaneous Activities	300	0.2
Program Management	800	0.5
Additional Training <sup>5</sup>	700	0.4
<b>TOTAL</b>	<b>10,550</b>	<b>6.6</b>

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<sup>5</sup> Beyond the hours deducted from total available hours, see page 4

## ENFORCEMENT

The Enforcement program is responsible for processing violations discovered in Tennessee by individuals, government agencies, and facilities. Processing of violations includes responding to the regulated community when a violation occurs, issuing Technical Secretary's Orders, issuing letters resolving noncompliance, and tracking penalties and compliance schedules in orders. Additionally, Enforcement staff track and QA compliance-related data using the Division's internal compliance database (Smog Log). Much of this data is available to the public via the departmental dataviewer website. Enforcement also serves as a point of contact in enforcement matters between the Division and EPA Region 4.

The Enforcement program is also responsible for managing Smog Log. This includes writing and modifying code in development and then implementing revisions with the assistance of TDEC's Information Systems Division (ISD). Enforcement staff members review requests from Division staff for additional features to help determine which requests should be implemented as time and resources allow. (This was previously part of the MARM program.)

Enforcement staff members update EPA's Compliance and Enforcement database (Integrated Compliance Information System [ICIS-Air]) on a weekly basis, ensuring the data in the Smog Log database is properly reflected in ICIS-Air. Enforcement is also responsible for entering and quality assuring all data entered in ICIS-Air. The data reported to ICIS-Air includes inspections, report reviews, stack tests, continuous emission monitoring audits, formal and informal enforcement actions, penalties assessed and collected, Federally Reportable Violations, High Priority Violations, facility status (T5, non-T5, CM), applicable air programs, facility operational status, etc. The data reported to ICIS-Air is available to the public via EPA's ECHO website. (The primary responsibility for these activities was previously part of the MARM program.)

The program has seven positions, all of which are currently filled.

### **CALCULATION BASIS**

Actual data compiled from activities documented during the previous fiscal year has been used as a guide for projecting the Enforcement Program Workload Analysis for State Fiscal Years 2017-2018 and 2018-2019. Previous data indicates Title V enforcement activity for enforcement staff performing only Enforcement work at 4,384 hours per year.

### **ASSUMPTIONS**

Title V noncompliance issues should not increase much as the semiannual and annual reports are reviewed timely. Additional Title V noncompliance issues include working with staff as they review the Annual Compliance Certifications for Title V sources to determine which violations are High Priority Violations (HPVs) or Federally Reportable Violations (FRVs).

**Table 3 – Enforcement Title V Workload**

<b>ACTIVITIES</b>	<b>ESTIMATED HOURS/YR</b>	<b>ESTIMATED FTE/YR</b>
Administration	10	0.01
Case Processing	839	0.52
Enforcement Related Activities	295	0.18
Program Management	59	0.04
Special Projects	60	0.04
Training	229	0.14
ICIS-Air Data Management	1461	0.91
APC Data Management (Time/Activity, APEX, etc.)	1192	0.74
Computer Hardware/Software	205	0.13
Other	34	0.02
<b>TOTAL</b>	<b>10,550</b>	<b>2.7</b>

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## FIELD SERVICES

Field Services Program staff are located throughout the state in seven Environmental Field Offices: Johnson City, Knoxville, Chattanooga, Cookeville, Nashville, Columbia, and Jackson. Major duties accomplished by field services staff that are associated with the Title V program include compliance inspections at major stationary sources, review of the majority of Title V semi-annual reports and annual compliance certifications, operation and maintenance of the state’s ambient air monitoring network, and investigation and resolution of complaints.

Other duties include responding to inquiries from citizens, local officials, and the regulated community; review and discussion of draft permits; follow-up on enforcement related issues; staff training; involvement in emergency response incidents; participation in public meetings and hearings, and various special projects; providing support to individuals and companies with fleets about mechanical issues related to the Motor Vehicle Inspection and Maintenance program (not Title V work); and maintenance of reports, records and other correspondence.

**CALCULATION BASIS:**

- Program management based upon percentage of Title V time for entire program
- Inspection workload based on number of Title V sources and assumptions listed below
- All other activity based on historical actual workload

**ASSUMPTIONS:**

- Each Title V inspection is projected to take 35.5 hours average, based on previous year’s inspections
- There are 228 Title V sources + 9 additional Eastman inspections
- Projections use July 1, 2016 – June 30, 2017 actual time

**Table 4 – Environmental Field Office Title V Workload**

ACTIVITIES	ESTIMATED HOURS/YR	ESTIMATED FTE/YR
Title V Inspections	7,935	4.93
Complaint Investigations	242	0.15
Ambient Monitoring	5,246	3.26
Program Management	659	0.41
Other Title V Activities	1,054	0.66
<b>TOTAL</b>	<b>15,136</b>	<b>9.41</b>



## MOBILE & AIR RESOURCES MANAGEMENT PROGRAM

Some re-organization of MARM program responsibilities occurred in early FY2017.

<u>Task Description</u>	<u>New Program</u>
Asbestos-related activities	Compliance Validation
Management of the Division's internal compliance databases	Enforcement
Updating EPA's Compliance and Enforcement database - Integrated Compliance Information System (ICIS)	Enforcement
Management of some internal APC databases	Enforcement
Computer hardware/software inventories	Enforcement
Management of all aspects of the Division's computer hardware including purchasing, troubleshooting, training, and problem resolution	Enforcement
Primary Responsibility for Vehicle Emission testing (Inspection and Maintenance)	Administration

The program will be completely disbanded by September 30, 2017, moving all remaining responsibilities to the Regulatory Development Program in Permitting, Regulatory Development, and Emission Inventory.

**For July 1, 2017, through September 30, 2017, the staff remaining in MARM will have the following responsibilities:**

- Managing all aspects of the Middle Tennessee and Hamilton County Vehicle Emission Testing Programs and their associated functions including contract negotiation and administration, public outreach, vehicle exemptions, waivers/variances, rule development and Mobile model analyses.
- Transportation Conformity involving the development of mobile emission budgets, calculating emission credits associated with mobile sources using the latest version of the EPA Mobile model, and producing periodic emission inventories of the sources for submission to the EPA. Conformity responsibilities include implementation of any new rules or guidance, as well as being an active participant in the Interagency Consultation Procedures. Consultation Procedures involve EPA, FHWA, TDOT, State & local air agencies, and Metropolitan Planning Organizations.
- Alternative Fuels/Diesel Retrofit Program provides technical statewide support to interested groups (i.e. industries, municipalities, counties, universities, alternative fuel advocates and individuals) as to the environmental advantages of alternative fuel usage both statewide and regionally. Coordinates funding for fuel and retrofit grants which include the writing of proposals for competitive grants, oversee grant process, and fulfillment of grant requirements.
- Assisting with all aspects of the division's computer hardware including troubleshooting, training, and problem resolution.
- Assisting with various aspects of the division's computer software including purchasing, troubleshooting, training, and problem resolution.
- Various special projects, usually technology related, on an as-needed basis.
- Local Program Coordination with the four local air programs (Nashville/Davidson, Memphis/Shelby, Chattanooga/Hamilton, and Knoxville/Knox) to ensure local air regulations are as stringent as State requirements, as well as other oversight and coordination duties.

Vehicle Emission Testing, Transportation Conformity, and Alternative Fuel activities are exclusively non-Title V. All other aspects of the MARM Program responsibilities have Title V components.

The analysis below is only for the period July 1, 2017 through September 30, 2017.

**Table 5 – MARM Title V Workload**

<b>ACTIVITIES</b>	<b>ESTIMATED HOURS/YR</b>	<b>ESTIMATED FTE/YR</b>
Local program coordination	12	0.007
Computer Hardware/Software	3	0.002
Special Projects	6	0.003
Other (Training, Board Support, etc.)	25	0.016
<b>TOTAL</b>	<b>46</b>	<b>0.03</b>

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## PERMITTING, REGULATORY DEVELOPMENT, AND EMISSIONS INVENTORY

**Staffing:** Permitting, Regulatory Development, and Emissions Inventory staff are located in the Nashville Central Office (with the exception of one permit writer and one modeler in the Knoxville Environmental Field Office) and are divided into five (5) programs – East Tennessee Permitting, West Tennessee Permitting, Sector-Based Permitting, Regulatory Development, and Emissions Inventory and Special Projects. These programs are currently undergoing re-organization to sector-based permitting, and the re-organization is anticipated to be completed sometime during Fiscal Year 2017-2018. A Deputy Director oversees all five programs, with the technical assistance of a TDEC-Environmental Consultant 4 (EC4). The Deputy Director's time is included in the Director's office and the EC4 time is included here. These programs have a total of forty-four (44) positions (excluding the Deputy Director and EC4), thirty-six (36) of which are currently filled. In January, 2017, the number of permitting programs was changed from two programs and two sub-programs, each supervised by an Environmental Manager, to three separately managed programs. This change occurred due to retirement of one of the sub-program managers. Staff from the sub-program without a manager was reassigned to the existing programs. As part of the Permitting Program's reorganization the four separate permitting programs will be organized into a single permitting program with four separate. Effective October 1, 2018, two filled positions currently in the Mobile and Air Resources Management Program will be transferred to the Regulatory Development Program. Projections for the 2017-2018 and 2018-2019 fiscal years were made using data for July 1, 2016 through June 30, 2017, the current permit backlog, and historical trends.

Permitting staff time spent on enforcement activities related to Title V facilities is included in this section (report review, issuance of Notices of Violation). Enforcement support provided by permitting staff is also included here.

### **Responsibilities:**

The Permitting program has the following responsibilities:

- Issuance of minor source construction and operating permits; issuance of minor source operational flexibility determinations; issuance of general permits and Notices of Coverage; issuance of Notices of Authorization to operate under permit-by-rule. (funding for minor source permitting is not included in this analysis)
- Issuance of conditional major source construction and operating permits. (only funding of the first conditional major operating permit that must undergo Title V public notice procedures for a facility is included in this analysis)
- Issuance of construction permits and Title V operating permits to Title V facilities
- Issuance of administrative amendments, minor modifications, and significant modifications to Title V operating permits, as well as operational flexibility determinations
- Issuance of Prevention of Significant Deterioration (PSD) and Non-Attainment New Source Review (NSR) construction permits
- Review of most MACT and NSPS reports, some Title V semi-annual reports (SARs), some annual compliance certifications (ACCs), and review of plans required by MACT and GACT (the remaining MACT and NSPS reports, SARs, and ACCs are reviewed by the Environmental Field Offices)
- Issuance of Notices of Violation; assisting the Office of General Counsel with appeals of Orders; assisting EPA's Office of Enforcement and Compliance Assurance
- Review of Title V fee Actual Emissions Analysis Report (AEAR) calculations
- Special projects as assigned. (Only those projects related to Title V issues are included here.)
- Attendance at training sessions to stay knowledgeable of federal and state requirements, and to be familiar with source types and new emission control devices
- Management of the sections to ensure that the permitting program operates efficiently

The Regulatory Development program has the following responsibilities:

- Regulatory development and development of State Implementation Plan (SIP) submittals
- Computer modeling (dispersion modeling) to support the Division's permitting program

- Photochemical computer modeling to support the development of State Implementation Plans (this responsibility is shared with the Emissions Inventory and Special Projects Program)
- Providing technical support to the Department's Division of Fiscal Services pertaining to air permit-related fee invoicing and tracking of fee payment (this work will transition to the Emissions Inventory and Special Projects Program Starting October 1, 2017)
- Title V fee AEAR report tracking, review, data management, and, when necessary, enforcement (this work will transition to the Emissions Inventory and Special Projects Program starting October 1, 2017)
- Special projects as assigned. Only those projects related to Title V issues are included here.
- Attendance at training sessions to stay knowledgeable of federal and state regulatory and SIP requirements, and technical training related air pollution sources and controls
- Management of the program to ensure it operates efficiently
- Beginning October 1, 2017:
  - Managing all aspects of the Middle Tennessee and Hamilton County Vehicle Emission Testing Programs and their associated functions including contract negotiation and administration, public outreach, vehicle exemptions, waivers/variances, rule development and Mobile model analyses. (non-Title V only)
  - Transportation Conformity involving the development of mobile emission budgets, calculating emission credits associated with mobile sources using the latest version of the EPA Mobile model, and producing periodic emission inventories of the sources for submission to the EPA. Conformity responsibilities include implementation of any new rules or guidance, as well as being an active participant in the Interagency Consultation Procedures. Consultation Procedures involve EPA, FHWA, TDOT, State & local air agencies, and Metropolitan Planning Organizations. (non-Title V only)
  - Alternative Fuels/Diesel Retrofit Program provides technical statewide support to interested groups (i.e. industries, municipalities, counties, universities, alternative fuel advocates and individuals) as to the environmental advantages of alternative fuel usage both statewide and regionally. Coordinates funding for fuel and retrofit grants which include the writing of proposals for competitive grants, oversee grant process, and fulfillment of grant requirements. (non-Title V only)
  - Assisting with all aspects of the division's computer hardware including troubleshooting, training, and problem resolution.
  - Assisting with all aspects of the division's computer software including purchasing, troubleshooting, training, and problem resolution.
  - Local Program Coordination with the four local air programs (Nashville/Davidson, Memphis/Shelby, Chattanooga/Hamilton, and Knoxville/Knox) to ensure local air regulations are as stringent as State requirements, as well as other oversight and coordination duties.

The Emissions Inventory and Special Projects program has the following responsibilities:

- Collecting, quality assuring, and reporting annual and triennial emissions inventories from stationary sources
- Developing and submitting triennial emissions inventories for on-road mobile, non-road mobile and area source inventories (non-Title V work not included in this analysis)
- Managing the Division's Air Emission Inventory databases and updating EPA's databases
- Development and implementation of the Division's on-line system for collecting annual and triennial emissions inventories and AEAR reports including training of regulated sources
- Requesting and collecting annual NO<sub>x</sub> and VOC emission statements from sources in applicable counties and technical assistance to those sources
- Photochemical computer modeling to support the development of State Implementation Plans (this responsibility is shared with the Regulatory Development Program)
- Providing technical support to the Department's Division of Fiscal Services pertaining to air permit-related fee invoicing and tracking of fee payment (this work will transition from the Regulatory Development Program Starting October 1, 2017)

- Title V fee AEAR tracking, review, data management, and, when necessary, enforcement (this work will transition from the Regulatory Development Program Starting October 1, 2017)
- Providing technical analysis for the review of Title V and non-Title V fee collections and revisions to those fee systems (only work relating to Title V fees is included in this analysis)
- Special projects as assigned. (Only those projects related to Title V issues are included here.)
- Attendance at training sessions to stay knowledgeable of federal and state requirements emissions inventory requirements and technical training related air pollution sources and controls
- Management of the program to ensure it operates efficiently

**Reorganization of the Permitting, Regulatory Development, and Emissions Inventory Programs:** In Fiscal Year 2016-2017, reorganization of the Permitting, Regulatory Development, and Emissions Inventory Programs began. Prior to that time, these operations were organized into three separate programs, each containing an Environmental Manager 3 (EM3), an Environmental Manager 2 (EM2), and several Environmental Protection Specialists (EPS) and Environmental Consultants (EC). A portion of the EPSs and ECs plus one EM2 reported to each EM3. The three programs were: West Tennessee Permitting, East Tennessee Permitting, and Regulatory Development. The EM2 and staff that reported directly to the EM3 in the West and East Permitting Programs functioned similarly to the rest of the staff in the West and East Permitting programs, respectively. The EM2 that reported to the Regulatory Development EM3 as well as her staff were in charge of emission inventories for the state. Some of the staff in the Regulatory Development Program also had some permitting responsibilities. Each of the EM3s as well as the EC4 technical lead for all three programs reported directly to the Deputy Director of Permitting & Regulatory Development. The remaining EPSs and ECs reported to the EM2s. This organizational structure is shown on the following page.

In October, 2016, the Emissions Inventory Program and her staff were reassigned so that the EM2 now reports directly to the Deputy Director and was renamed the Emissions Inventory and Special Projects Program. In January of 2017, following retirement of the West Permitting Program EM2, the two remaining EM2s and their respective staff were reorganized to report directly to the Deputy Director. The staff that had reported to the now-vacant West Permitting Program EM2 was reassigned to report directly to either the West Permitting or East Permitting EM3. With the East Permitting EM2 no longer reporting to the East Permitting EM3, the Division began the process of restructuring that program to sector-based permitting and it was renamed the Sector Based Permitting Program. (See below for additional information on sector-based permitting.)

The permitting programs are now in the initial stages of restructuring from geographical-based permitting. With geographical-based permitting, permit applications and reports are assigned to either the West or East Permitting Program based on the county in which the facility is located<sup>6</sup>. This organizational structure resulted in inconsistency between the two programs, especially for companies that have similar facilities in different locations within the state. The initial part of the reorganization will be to combine the three existing permitting programs and the current vacant permitting program into a single permitting program with four sector-based sections.

As part of this reorganization, the Division is reclassifying three existing vacant positions to Environmental Consultant 3's (EC3s). Each of these reclassified EC3s as well as an existing vacant EC3 position will be assigned to what will become one of the four permitting sections<sup>7</sup> and filled. The new EC3 and Environmental Manager of each permitting section will work as a team to ensure permit consistency, quality, and timeliness for each section, with the EC3 responsible and accountable for permit quality and

<sup>6</sup> Prior to formation of the Regulatory Development Program, Tennessee was organized into three permitting programs roughly organized according to the three Grand Divisions of Tennessee: West Tennessee, Middle Tennessee, and East Tennessee.

<sup>7</sup> The vacant West Permitting EM2 has been reclassified to an EM3. Once this position is filled, a portion of the permitting staff will be reassigned to form a fourth permitting section. Until this EM3 position is filled, the Permitting Program will remain with three permitting sections and only three of the four EC3 positions will be filled.

consistency, and the Environmental Manager responsible for timeliness, productivity, workload distribution, performance management, and other management responsibilities.

As mentioned in other sections of this plan, the two remaining positions from the previous MARM program, along with their responsibilities will transfer to the Regulatory Development Program effective October 1, 2017. At the same time, Title V and non-Title V permit fee responsibilities, along with one staff position, will be transferred from the Regulatory Development Program to the Emissions Inventory and Special Projects Program.

**Sector-Based Permitting:** Sector-based permitting is an organizational structure in which permit applications and reports are assigned to permitting sections according to the industry type. Sector-based permitting sections are organized so that sources subject to similar state and federal regulations and with similar processes are grouped into a single section. This will promote specialization by the management and staff of each of these sections, allowing for the development of skills and the training of staff to be targeted based on the types of industries and regulations that each section manages. This type of organization leads to permitting consistency for similar source types, efficiency in the permitting process, and a deeper understanding of sources and their applicable regulations by the permitting staff.

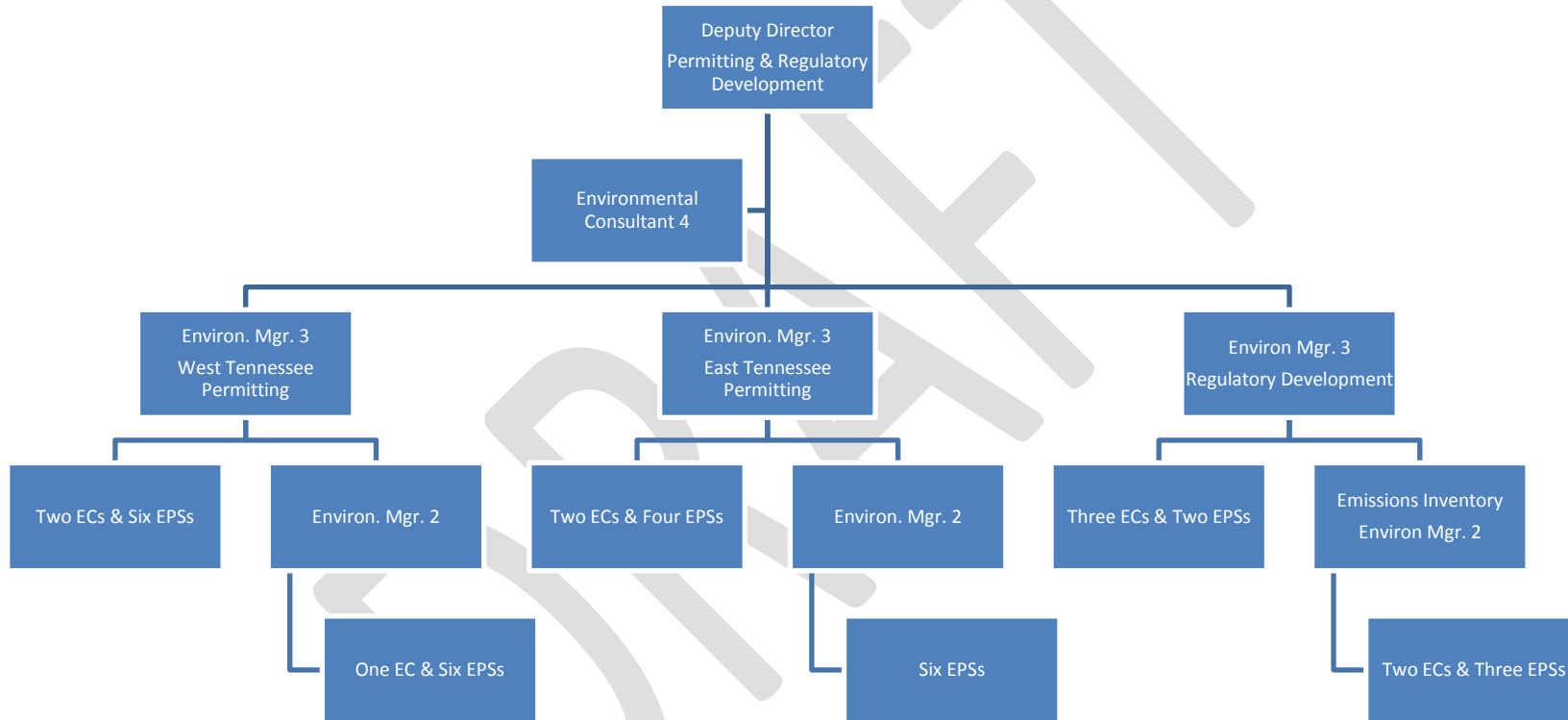
The Division began exploring sector-based permitting in 2015 with the formation of cross-program pilot sector-based teams for the following sectors: expanded polystyrene, human and animal crematories, cotton gins, wood furniture, and fiberglass reinforced plastic parts. With the adoption of the first general permits and first permit-by-rule category, two more sectors were created and assigned to the new Sector Based Permitting Program: dry cleaners, and gasoline dispensing facilities. Two additional sector-based teams have been developed by the manager of the East Tennessee Permitting Program to better serve the regulated community and support economic development needs: landfills (a cross-program sector team which also includes a representative from TDEC's Solid Waste Division) and tire manufacturing (contained entirely within the East Tennessee Permitting Program).

The Sector Based Permitting Program has identified the following sectors to be handled by that program: nonmetallic mineral processing, asphalt plants, boat manufacturing, reinforced plastic composites, human and animal crematories and natural gas compressor stations. The Sector Based Permitting Program is currently in the process of transitioning to this new structure and all sources within those sectors are expected to be handled by that program starting some time in fiscal year 2017-2018.

Permitting leadership has also identified 18 additional sectors from among Title V permitted facilities. As part of the transition to sector-based permitting, permitting managers and staff will identify additional sectors from amongst conditional major facilities and true minor facilities. It is anticipated that several dozen sectors will eventually be identified and reassigned to each of the permitting programs, so that industries with similar processes that are subject to similar state and federal regulations, and require similar technical skill sets, are assigned to the same program. Facilities that do not fit into any particular sector will be assigned to a permitting section based on the skills and experience of the managers and staff and workload distribution needs.

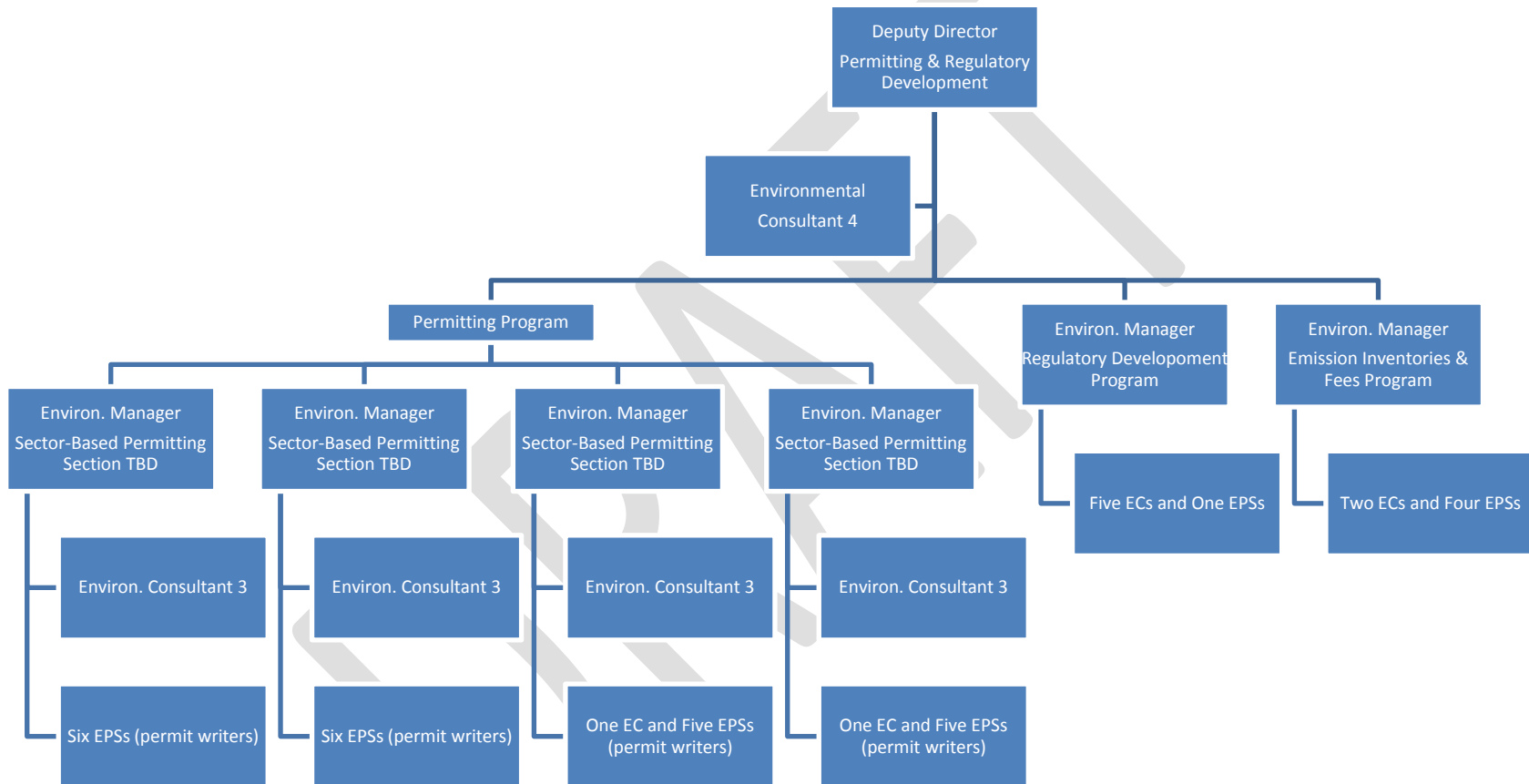
When the reorganization is complete, the manager of each sector based permitting section will then manage permitting assignments based on the skills and abilities of his or her assigned staff and workload distribution needs, similar to how workload is managed now. The length of time it will take to complete this reorganization is unknown, but the Division hopes to complete a significant amount of the reorganization tasks during fiscal year 2017-2018.

**Organizational Structure Prior to October, 2016**



Note: not all of the positions indicated above were filled at the time of reorganization

## Organizational Structure Following Reorganization



Note: not all of the positions indicated above will be filled at the time of reorganization



**Table 7 – FY16-17 Title V Permitting Activity<sup>8</sup>**

ACTIVITY	Issued, Canceled, or Acknowledged	Received
Construction Permits – Major NSR (PSD and NA-NSR)	1	1
Construction Permits – T5 Non-Major NSR	37	36
Title V Permits – Initial	3	5
Title V Permits – Renewal (includes CAIR/Acid Rain)	30	37
Significant Modifications	24	21
Non-Significant Modifications	272	237
Initial Conditional Major Sources	3	1
Semi-annual Reports	85	62
Annual Compliance Certifications	33	30
T5 MACT/NSPS Reports	386	379

\* Note: In some cases, the issuance of a single construction permit or permit modification may actually address two or more separate requests. Applications are canceled for many reasons: a determination that the source does not need a permit, combining the permits for several sources into one permit, withdrawal of the application by the applicant, and failure of the applicant to respond to a request for additional information are examples. The majority of Title V semiannual reports and annual compliance certifications are reviewed as part of the annual inspection conducted by the Environmental Field Office staff. This table only reflects those reports reviewed by permitting staff.

**Construction Permits:** The time required to draft construction permits for new Title V facilities, existing facilities undergoing modifications that will increase their emissions above Title V thresholds, and for Title V facilities undergoing modifications is considered Title V time. Applications must be reviewed for completeness, public notices must be prepared, and the information must be reviewed for accuracy. Permit writers must then apply the rules of the Division and EPA and prepare the permit(s). In some cases this may require modeling. Modeling and review of modeling performed by the subject facility is performed by Regulatory Development Program staff.

The time required to draft construction permits for facilities subject to major New Source Review (NSR) is also included in this analysis. Major NSR includes Prevention of Significant Deterioration (PSD) permits and non-attainment NSR permits (these sources are subject to the provisions of the Growth Policy in the Tennessee Air Pollution Control Regulations [TAPCR]). These are some of the most complex permits the Division issues, and require significantly more time to prepare the permit for issuance. Best Available Control Technology (BACT) and/or Lowest Achievable Emission Rate (LAER) must be applied to these permits. Facilities are frequently required to conduct detailed modeling, and review and replication of this modeling is performed by Regulatory Development Program staff.

**Initial Title V Operating Permits:** Initial Title V permits must undergo extensive processing, but the number of initial Title V permits is relatively low, averaging about four (4) per year. Initial Title V permit time includes a review of the application to determine if it is complete. If considered incomplete, the permit writer works with the company representatives to resolve any issues discovered during the completeness review. All new and existing Title V sources must be reviewed to determine if the source is subject to new or existing MACT (major source and/or area source) requirements. EPA in recent years has promulgated many new and revised MACT requirements. Due to these additional requirements and deliberations, more review time is needed and additional permit language may be needed in the Title V permit. Reviewing the MACT rules and ensuring that all applicable requirements are included have added significantly to the processing time involved in Title V permitting, especially for the more extensive MACT requirements. The permit writer works with the applicant to ensure that the draft permit properly reflects the facility’s processes and air pollution control devices and contains appropriate monitoring, recordkeeping, reporting, and testing conditions that provide a reasonable assurance of compliance with applicable state and federal

<sup>8</sup> Previous Title V Implementation Plans have included conditional major permit renewals and non-significant modifications at non-Title V facilities. Thus, previous plans may show higher numbers in these two categories.

regulations before it is made available for public comment. Environmental field office staff also review and may comment on the permit draft. In some cases, permit writers visit the facility to verify the operations, control devices and systems, and compliance assurance methods. One of the more important aspects of the permit involves the determination of appropriate parametric monitoring to assure compliance. Once prepared and internal and applicant review is complete, the draft permit is sent to a local public depository in the county or community of concern as well as to EPA for review. All draft permits are sent for public notice, and a public hearing may be requested during the 30-day public comment period. If such a request is made, a public hearing is then scheduled. This adds additional time requiring another public notice with an additional 30-day wait period. The second public notice states the date and location of the public hearing. Comments that result must be summarized in writing, and responses must be prepared. All comments must be addressed to the satisfaction of EPA. Once this is accomplished the final permit is prepared.

Depending on the complexity of the facility, size of the source, and amount of involvement by the public, the permit processing time can be significant. Title V permits for complex sources, large facilities, those subject to MACT, and those subject to public hearings often require an extended processing time compared to that of other Title V permits.

**Title V Operating Permit Renewals:** Renewal of a Title V permit generally requires less processing time than initial issuance, provided no new requirements apply. Most of the original Title V requirements will still apply to a renewed permit. However, existing Title V conditions must be reviewed and, if necessary, revised to ensure consistency with current state and federal regulations, revised standard conditions, and to update source-specific monitoring, recordkeeping, and reporting requirements when determined necessary by the applicant and Field Services inspectors. Renewal applications are examined for completeness, and complete, incomplete, or additional information required letters are sent to the applicant. Title V renewal applications received after April 20, 1998, are subject to Compliance Assurance Monitoring (CAM) review of the air pollution control devices and maintenance plan if CAM is applicable to the facility. Revisions are frequently needed to update the permit and incorporate all previous permit revisions such as significant modifications, minor modifications, operational flexibility, and administrative permit amendments. Also, some Title V facilities will become subject to new requirements during the permit term resulting in longer processing times than other renewal permits. Permit language may be more involved depending on the complexity of the MACT, any associated compliance options, and review and approval or disapproval of the proposed CAM plan submitted by the applicant. Interaction between the Division, the applicant, consultants, and the public to resolve these issues can also add to the permit processing time. Renewals involve facility visits (in most circumstances), environmental field office review, and responding to comments on the permit draft, as well as public hearings if requested. The EPA review period of the permit draft may be shortened due to the provision of concurrent processing within 45 days in certain cases. EPA Region 4 may target certain types of sources based on EPA directed initiatives. Also, acid rain permits (CAA Title IV) must also be renewed and incorporated in some Title V permit renewals. The majority of the acid rain permits are at TVA facilities although a few other industrial facilities may require an acid rain permit. Based on the facility and the complexity of the issues, the permit processing time may increase for the reasons listed above.

**Title V Permit Modifications:** Title V permit modifications are available to Title V facilities which hold a current major source (Title V) operating permit. Five or more permit modifications are not unusual during the 5-year Title V permit period. The facility owner or operator may request changes or modifications to the Title V operating permit in accordance with provisions of the Tennessee Air Pollution Control Regulations (TAPCR). Depending on numerous factors, the requested permit changes are made through one of four permit modification procedures.

- Significant permit modification procedures of TAPCR 1200-03-09-.02(11)(f)5.(iv)
- Minor permit modification procedures of TAPCR 1200-03-09-.02(11)(f)5.(ii)
- Operational flexibility provisions of TAPCR 1200-03-09-.02(11)(a)4.
- Administrative amendment provisions of TAPCR 1200-03-09-.02(11)(f)4.

It is noted that the amount of staff time required for the various types of permit modifications will vary from one type to another. However, the greatest variation is evident between the significant permit modification and the other three categories. Only significant permit modifications require the completion of public participation procedures and (often) the issuance of a construction permit.

The public participation procedures for significant permit modifications require that a public notice be published with an associated 30-day public comment period. After the public comment period has ended, the Division response to comments is prepared (if necessary), followed by proper notification and draft permit(s) to EPA, with an associated 45-day EPA review period.

The need for public participation and construction permits, along with the additional complexity associated with most significant permit modifications, causes them to require a longer timeframe and significantly more staff time when compared to the other three categories. Therefore, for the purposes of this study, the latter three categories were combined under the title of “non-significant modifications”.

**Initial Conditional Major Permits:** The time required for initial issuance conditional major (CM) permits (permits that are required to undergo the same public and EPA review process as Title V permits) is considered Title V work. After a source receives a CM permit, subsequent work is designated as non-Title V. Conditional major facilities may be new sources or existing sources. Sources “opting-out” of Title V are “bumped down” and processed as CMs. True minor sources that increase emissions, such as production increases or plant expansion, may have an increased potential to approach Title V thresholds of 100 tons/year from criteria pollutants, 10 tons/year of an individual hazardous air pollutant (HAP), or 25 tons/year of a combination of HAPs. Such facilities can then agree to limit their potential emissions and obtain a Conditional Major permit. An updated application for all emission sources at the facility is then prepared and submitted to the Division for review. The application must address all the emissions sources at the plant with the most recent and corrected information, including sources deemed insignificant or exempt from permitting. A careful review of the application is conducted by the permit writer and notification of an incomplete application is sent to the facility when necessary. This requires additional processing time until the application is deemed acceptable. Agreed limits are then taken to ensure the emission levels do not exceed the applicable thresholds that would make such a source subject to Title V. This is accomplished by adhering to the enforceable permit conditions that limit the pollutant(s) of concern that would result in a source being classified as a Title V source. The facility must propose appropriate yearly recordkeeping measures to verify that the on-going data will be adequately and accurately compiled for each 12-month period. Once the Division concurs with such recordkeeping, the permit conditions are then included in the permit to ensure a CM status is being maintained on an on-going basis.

Initial CM operating permits, also known as Federally Enforceable State Operating Permits (FESOPs) and synthetic minor operating permits, must have a public notice and 30-day public comment period if they do not have construction permits with adequate limits and recordkeeping to ensure emissions remain below major source thresholds. Permit drafts for initial issuance CM permits are also sent to EPA Region 4 and surrounding states and local programs for their review and follow a review path identical to that of Title V permits.

If a facility receives a construction permit that includes permit conditions that keep pollutants of concern below Title V thresholds and recordkeeping to verify emissions, this construction permit, once issued, will shorten the time frame for processing a CM operating permit. Since the requirement for a public notice has already been met, the CM operating permit will not need to undergo a second public notice nor require EPA review to be issued.

**Non-Title V Permit Alternatives:** The Division has been working the last several years to develop alternatives to traditional permits for certain categories of sources that could be considered insignificant except for the fact that a federal rule (MACT or NSPS) applies. Two new permit categories have been created through rulemaking, general permits and permit-by-rule. The permit-by-rule alternative requires adoption of the federal rule(s) into the Division’s regulations. These traditional permit alternatives are currently only available to true minor sources, but as a result of the adoption of the federal rules some Title V and conditional major facilities will benefit by gaining the ability to classify some sources currently included in their permits as insignificant activities or insignificant emission units. Only work related to Title V insignificant activity or insignificant emission unit determinations are charged to Title V. Additional information on this topic can be found in the Regulatory Development discussion.

**Reports, Certifications, and Plans:** Title V semiannual reports and annual compliance certifications are submitted to the Division by Title V permitted facilities. The semiannual reports contain compliance assurance periodic monitoring data and related recordkeeping documentation. Most permitted facilities are allowed to summarize the collected data. Division personnel must carefully review these reports to identify any deviations (exceedances or excursions) from permit requirements. Annual compliance certifications summarize the compliance status of the

permitted facility with each permit condition and contain a listing of the deviations from permit requirements for the past two semiannual reporting periods (12 month period).

The review of semiannual reports and annual compliance certifications may involve detailed review of numerous recordkeeping documents (e.g., log sheets and calculations), and on occasion, Division personnel may be required to request additional supporting information to complete the report review. In addition, the permitted facility's compliance with NESHAP/MACT (National Emissions Standards for Hazardous Air Pollutants/Maximum Achievable Control Technology), NSPS (New Source Performance Standards), and CAM (Compliance Assurance Monitoring) requirements, if applicable, must be determined. When deviations from permit requirements are identified from review of the semiannual report or annual compliance certification or the report submittal is determined to be late or deficient, Division personnel will issue a Notice of Violation (or compliance warning letter depending upon the case) to the permitted facility. The Notice of Violation will be followed by the preparation of an enforcement order (see enforcement category).

Most of the semiannual reports and annual compliance certifications submitted by Title V sources in 2017-2018 and 2018-2019 will be reviewed by staff in the seven (7) Environmental Field Offices. Most MACT and NSPS reports will be reviewed by the Division's Central Office Permit Programs. This analysis addresses only the Permit Programs' portion of the Title V semiannual report, annual compliance certification, and MACT and NSPS report review responsibilities.

Permitting staff also review plans submitted by Title V facilities as required by MACT and/or GACT regulations. These plans include Operation, Maintenance, and Monitoring Plans; Startup, Shutdown, and Malfunction Plans; and Continuous Monitoring System plans.

**Enforcement:** Permitting staff issue Notices of Violation and assist the Enforcement Program and/or EPA as needed during the processing of Enforcement Orders.

**Regulatory Development and SIP Submittal Preparation:** Regulatory development and State Implementation Plan (SIP) submittals that affect or are affected by Title V and major NSR are included in this plan. The Knoxville ozone non-attainment area for the 2008 standard was re-designated to attainment effective August 12, 2015. The Hamilton County portion of the Chattanooga 1997  $PM_{2.5}$  standard was re-designated attainment effective November 4, 2015. The Shelby County portion of the Memphis 2008 ozone non-attainment area was re-designated attainment effective July 25, 2016. The portion of Sullivan County previously non-attainment for the 2008 lead standard was designated as attainment effective November 17, 2016. The Knoxville non-attainment area for the 1997 and 2006  $PM_{2.5}$  standards was re-designated attainment effective August 29, 2017, and September 27, 2017, respectively. The remaining Tennessee non-attainment area is a portion of Sullivan County for the 2010  $SO_2$  standard. The Department submitted the required SIP for the Sullivan County area on May 12, 2017; this SIP includes the plan to attain the standard and the plan to maintain the standard once attained. Additionally, the Division has ongoing commitments pertaining to Regional Haze requirements, with significant work occurring in Fiscal Years 2017-2018 and 2018-2019.

The Division has begun the process of adopting some federal New Source Performance Standards (NSPS) and National Emission Standards for Hazardous Air Pollutants (NESHAP, including Maximum Achievable Control Technology [MACT] standards and Generally Available Control Technology [GACT] standards) into our regulations by reference. This will enable the Division to enforce these requirements before they are added to permits and lessening the likelihood that EPA will enforce these requirements because we cannot do so. It will also allow additional emission units to be considered Title V insignificant activities.

In addition to the rulemaking and SIP work mentioned above, the Regulatory Development program develops rules and SIP revisions when required by federal regulation, statute, or court decisions or as otherwise necessary to attain and maintain air quality in the state of Tennessee<sup>9</sup>.

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<sup>9</sup> In FY2016-2017, this included the following: amendments to Chapter 1200-03-09 regarding stature of limitations; revisions to Chapters 1200-03-14 and 1200-03-27 regarding EPA's Clean Air Interstate Rule and  $NO_x$  SIP Call; revisions to Chapters 1200-03-05 and 1200-03-20 in response to EPA's SIP call regarding Startup, Shutdown, and Malfunction; revisions to Chapter

In addition to the specific rule and SIP revisions listed above, the Division routinely updates and revises existing rules in order to correct errors, add clarification, or to make them consistent with federal regulations. It is the Division's intention to bundle these type of "housekeeping" rules into a single rulemaking package on a yearly basis to maximize efficiency of the rulemaking process.

SIP activities also include the presentation and adoption of local program regulations to the APC Board for adoption and submittal to EPA for inclusion in Tennessee's SIP. (See Local Program Coordination, below)

**Motor Vehicle Inspection and Maintenance:** Tennessee's current SIP commitments include the operation of motor vehicle emissions testing programs in Davidson (operated by the Davidson County Health Department), Rutherford, Sumner, Williamson, and Wilson counties (middle Tennessee) and Chattanooga/Hamilton County. The Board awards vendor contracts for the actual vehicle emissions testing, but the Division is responsible for managing other aspects of these programs. Most day-to-day operations are handled by Administrative staff, but effective October 1, 2017, management of the program, including contract negotiation and administration, public outreach, vehicle exemptions, waivers/variances, rule development, and mobile model analyses, will be moved from MARM to the Regulatory Development Program. Expenses related to the operation of these programs are not charged to Title V.

**Alternative Fuels/Diesel Retrofit Program:** MARM staff who currently provide technical statewide support to interested groups (i.e. industries, municipalities, counties, universities, alternative fuel advocates and individuals) as to the environmental advantages of alternative fuel usage both statewide and regionally will be moved to the Regulatory Development Program October 1, 2017. Staff also coordinate funding for fuel and retrofit grants which include the writing of proposals for competitive grants, oversee the grant process, and oversee the fulfillment of grant requirements. Expenses related to the operation of this program are not charged to Title V.

**Computer-Related Technical Support:** Beginning October 1, 2017, MARM staff who periodically assist with all aspects of the division's computer hardware including troubleshooting, training, and problem resolution will be moved to the Regulatory Development Program. These staff also provide assistance with all aspects of the division's computer software including purchasing, troubleshooting, training, and problem resolution.

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1200-03-18 in order to harmonize Tennessee's Gasoline Dispensing Facilities rule with EPA standards and eliminate Stage II requirements; non-interference demonstration, SIP submittal, and request for a revision to EPA's federal standard to remove the summer time RVP requirements for Middle Tennessee and for Shelby County; revisions to Chapters 1200-03-09 and 1200-03-26 to give the Division authority to issue Permits-by-Rule, combined construction and operating permits, transfer ownership for non-major sources, revisions to the existing insignificant activity and unit permit exemption to allow sources subject to federal regulations incorporated into Tennessee's rules to qualify for as insignificant, and updates to the General Permits rule; revisions to Chapter 1200-03-10 to add a new Emissions Inventory Rule that will enable the Division to receive electronic emission inventories; and revisions to Chapter 1200-03-26 to change the due dates for Title V fees. Rulemaking and SIP development that will occur during FY2017-FY2018 includes the following: revisions to Chapters 1200-03-09 and the addition of new Chapters 0400-30-39 and 0400-30-39 to incorporate the federal provisions for stationary emergency engines and auto body paint shops to Tennessee's rules and make these sources eligible for permit-by-rule and insignificant activity exemptions; revisions to Chapter 1200-03-07 to incorporate requirements for existing landfills in response to EPA's recently promulgated emissions guidelines; revisions to Chapters 1200-03-06 and 1200-03-10 to exempt sources that have installed particulate matter continuous emissions monitors from the requirement to install and operate continuous opacity monitors; revisions to several rules to allow for electronic public notices as allowed by recent changes to EPA regulations; and revisions to Chapter 1200-03-26 to amend the Title V fee rule that is the basis of this plan. (Some of these activities are not related to Title V facilities, but are included for informational purposes.)

**Local Program Coordination:** The Tennessee Air Pollution Control Board issues Certificates of Exemption to four local air programs (Nashville/Davidson, Memphis/Shelby, Chattanooga/Hamilton, and Knoxville/Knox). MARM staff responsible for oversight and coordination duties will be moved to the Regulatory Development Program October 1, 2017. Some local program coordination work is considered Title V work.

**Emissions Inventory:** The provisions of 40 CFR Part 51 Subpart A “Air Emissions Reporting Requirements (AERR)” require states to prepare and submit state-wide emission inventories to U.S. EPA on an annual and triennial basis<sup>10</sup>. Annual emission inventories are required for higher-emitting point sources and triennial inventories are required for all point sources as well as area, on-road mobile, and non-road mobile emission sources. These emission inventories are used by EPA and state and local air quality agencies for regional and national air quality modeling, federal rule development, SIP development by state and local agencies, and new source review permit modeling. The development of emission inventories are complex and work toward maintaining an accurate emissions database is significant. Division staff is working on implementation of the State and Local Emissions Inventory System (SLEIS), a web-based application that will allow permitted facilities to compile and submit point source emissions inventory data to the Division in accordance with regulatory reporting. This new online tool will modernize and improve Tennessee’s emission inventory work. Also, the Division partnered with the Arizona Department of Environmental Quality on a US EPA e-enterprise grant. The joint grant project includes several updates to SLEIS and Division internal database Smog Log. Staff members are also involved in various special projects, usually technology related, on an as needed basis. Major projects in this area include SO<sub>2</sub> and PM<sub>2.5</sub> non-attainment issues, as well as emission inventories for regional haze issues. Staff may also assist the MARM staff with Transportation Conformity by using the latest EPA models and producing periodic emission inventories of the sources for submission to the EPA. All mega facilities (Type A sources as specified in 40 CFR 51 Subpart A) subject to reporting their emissions to the National Emissions Inventory (NEI) were required to submit their information to the Division by June 1, 2016. Staff in this program are reviewing these reports for accuracy and submitting them to NEI through Exchange Network Web Client.

**Fees:** Title V of the Federal CAA requires that facilities that are subject to the Title V permitting program pay fees on an annual basis to support the direct and indirect cost of the Title V program. These fees must cover the entire cost of the Title V program and cannot be used for other purposes. Tasks related to this requirement include generating invoices based on permitted allowable emissions for those sources who have elected to determine Title V fees based on allowable emissions, generating letters to those facilities that have elected to calculate fees based on actual emissions or a mixture of allowable and actual emissions to notify those sources to submit Actual Emissions Analysis Reports (AEARs), tracking receipt of AEARs and entering that information into appropriate databases, reviewing and approving calculations submitted to support AEARs, tracking extension requests, following up with facilities that fail to submit timely AEAR submissions and taking enforcement action when necessary, and coordinating with the Department’s Fiscal Division to track payment of Title V fees. All of these tasks, except for reviewing and approving AEAR calculations will be transitioned from the Regulatory Development Program to the Emissions Inventory Program during fiscal year 2017-2018. Calculation reviews are performed by permitting staff and are tracked by Regulatory Development/Emissions Inventory Staff. Data from Title V invoices and AEAR reports are used to project future year Title V fees and, when necessary, develop proposed changes to the Title V fee system. The Regulatory Development Program and Emissions Inventory Program are also responsible for assisting the Fiscal Division on generating invoices for non-Title V fees, but that activity is not included in this workload analysis.

**Training:** Training is a vital part of these programs, and staff members are required to attend both internal and external training. Training is necessary to insure that new state and federal requirements are correctly interpreted, and to insure that the permit and rule writers are familiar with the processes and control equipment at Tennessee’s diverse source population. Technology is advancing at a rapid rate, and it is critical that the permitting staff members are familiar with the changes affecting Tennessee’s sources. In FY2016-2017, the Permitting, Regulatory Development, and Emissions Inventory programs identified a series of EPA-sponsored core-skills technical training classes. The Division began implementing core-skills training in FY2016-2017 and most Permitting, Regulatory Development and Emissions Inventory staff will have completed this training by the end of FY2017-2018. A

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<sup>10</sup> Emission inventories for Davidson, Hamilton, Knox, and Shelby counties are prepared by the local agencies that have jurisdiction in these counties. The Division provides support and coordination when necessary.

significant cost savings was achieved by hosting the majority of these courses in the Division's Central Office. Once core technical training is completed, the permitting programs will begin to identify and attend EPA-sponsored courses consistent with its sector-based permitting approach. Highly-technical modeling and emissions inventory training is achieved through attendance of annual or biennial EPA modeling and emissions workshops as well as training provided by EPA.

**Program Management:** This category includes all aspects of program management, including personnel and administrative issues, supervision, technical assistance, management meetings, program meetings, etc.

**Summary:** Table 8 below shows the current number of applications, modifications and reports in the system. Table 9 is a projection of the hours that will be necessary to review and complete the new submittals, reduce any remaining backlog, and Title V related regulatory development and emissions inventory work.

**Table 8 – Current and Anticipated New Applications, T5 Sources Only**

ACTIVITY	Currently in System	EXPECTED NEW SUBMITTALS <sup>11</sup>
T5 Construction Permits - Non-Major NSR	11	40
T5 Construction Permits - Major NSR (PSD)	1	1
T5 Construction Permits - Major NSR (Non-Attainment)	0	0
Title V Sources – Initial	6	4
Title V Sources – Renewal (Includes CAIR/Acid Rain)	54	56
T5 Significant Modifications	11	20
T5 Non-Significant Modifications	27	215
Initial Issuance Conditional Major Sources	2	2
T5 Semi-annual Reports*	4	78
T5 MACT/NSPS Reports*	15	381
T5 Annual Compliance Certifications*	1	31

\*This is the number of reports expected to be reviewed by permit writers. The majority of Title V semiannual reports and compliance certifications will be reviewed by field office staff.

<sup>11</sup> Although this plan covers both FY2017-2018 and FY2018-2019, the number of expected submittals is projected for FY2017-2018 only. While data is not available for FY2018-FY2019 projections, the total Title V permitting workload is not expected to significantly change.

**Table 9 – Projected Permitting, Regulatory Development, and Emissions Inventory Hours**

ACTIVITIES	ESTIMATED HOURS/YR	ESTIMATED FTE/YR
Title V sources permit preparation – new sources	1,900	1.18
Title V sources permit preparation – renewals	7,300	4.53
Initial Issuance Conditional major sources	750	0.47
Significant Modifications	1,500	0.93
Non-significant modifications	3,800	2.36
Semiannual Report Review (T5 and MACT)	1,700	1.06
Annual Compliance Certification Review	150	0.09
Program Management	5,000	3.11
Training <sup>12</sup>	5,000	3.11
Special Projects	3,100	1.92
Annual emissions fees analysis and related work	1,800	1.12
Enforcement	325	0.2
Regulation and Standard Development	2,400	1.49
Permit preparation time for Title V, non-major NSR construction permits	1,900	1.18
Permit preparation time for major NSR permits	800	0.5
Emission Inventory	2,500	1.55
Computer-Related Technical Support	10	0.01
Local Program Coordination	50	0.03
<b>TOTAL</b>	<b>39,985</b>	<b>24.8</b>

The Division has evaluated the trends in Title V permitting activity and FTEs as reported in this and previous workload analyses to determine if and how Title V staffing needs to change. For permits and amendments, the data shown in the table below shows the number of applications received followed by the number of permits or amendments issued during each fiscal year. The number of applications often exceeds the number of permits or amendments issued since it contains applications that were combined with other actions or cancelled. This data indicates that Title V permitting activity has remained relatively constant over the past four years. There does appear to be a drop in Title V renewals issued in fiscal year 2016-2017, but this is more of a reflection of reducing the Title V permit backlog than a reduction in overall Title V activity.

**Table 10 – Title V Permitting Trends and FTEs (Received/Issued)**

Permitting Activities Completed	FY2013-2014	FY2014-2015	FY2015-2016	FY2016-2017
T5 Construction Permits - Non-Major NSR	84/39	59/41	44/30	36/26
T5 Construction Permits - Major NSR (PSD)	20/2	0/2	2/1	0/1
T5 Construction Permits - Major NSR (Non-Attainment)	0/0	0/0	0/0	0/0
T5 Construction Permits – Amendments	16/21	32/30	26/22	28/25
Title V Permits – Initial	6/10	6/6	3/2	5/4
Title V Permits – Renewal (Includes CAIR/Acid Rain)	57/43	36/43	39/48	37/27
Initial Issuance Conditional Major Sources	2/2	1/0	2/1	1/1
T5 Significant Modifications	28/14	13/12	22/9	20/16
T5 Minor Modifications	83/54	103/74	106/61	97/69
T5 Plantwide Applicability Limitation (PAL) Permits	0/1	0/0	0/0	1/0

<sup>12</sup> Beyond the hours deducted from total available hours, see page 4



## TECHNICAL SERVICES

The primary responsibility of the Technical Services Program will be to monitor ambient air quality across the state to assess compliance with national ambient air quality standards. This is accomplished by operating a network of air monitoring stations throughout the state that record air quality data that is subsequently stored in the EPA's national database. The work requires continuing evaluation of all monitoring sites to ensure that each site conforms to federal ambient air quality monitoring site criteria and remedying or relocating the sites to the extent necessary to render the site compliant. Monitors require bench and field servicing to ensure all components of the monitor are in manufacturer specifications and EPA requirements and are calibrated to assure they give a true reading of air quality. Shelter maintenance is also required to make certain the internal shelter temperature requirements meet federal requirements, that the shelter has no air/water intrusion leaks, that periodic theft and vandalism damages are rectified and that the electrical/data communication lines are properly connected. In the event of a lightning strike, significant effort must be undertaken to restore the site's operability. While the ambient air monitors measure the emissions impact of all types of air contaminant sources, a portion of those sources are Title V sources and those sources must pay a portion of the cost of those monitoring expenses.

As part of resolving the Sullivan County/Kingsport, Tennessee SO<sub>2</sub> nonattainment area, the Division anticipates that EPA will require up to four SO<sub>2</sub> ambient monitoring sites<sup>13</sup>. Over time that may be several years, the Division hopes to reduce the number of monitoring sites when each monitor has sufficient data to make a clean data determination, thus allowing the Division to petition EPA to shut down the site. However, EPA approval is required before a site can be shut down. Long term, there will always be at least one site to satisfy maintenance area monitoring requirements. As the predominate source of SO<sub>2</sub> emissions in the area is a Title V source, the costs needed to conduct this monitoring would generally be covered using Title V fees. Costs associated with the new SO<sub>2</sub> monitoring sites include the site land lease rent, monitor shelter, fencing/security lighting, electrical & data utilities, the analyzer, calibrator, data logger and staff time required to service and operate the monitors.

As further discussed in the new Quality Assurance Program description, part of the existing Technical Services Program is being reassigned to a new Quality Assurance Program. This move is being made in order to address findings and recommendations made by EPA in its June 13-17, 2016, Technical Systems Audit (TSA) regarding the operation of the Division's ambient air quality monitoring network. Once the Quality Assurance Program is formed, the Technical Services Program will no longer perform the following categories of work:

- Performing data validation work necessary to determine if the data can be used for comparison to the NAAQS for regulatory purposes.
- Conducting air dispersion modeling in support of several programs.
- Forecasting air quality.

Workload associated with these tasks is included with the Quality Assurance Program workload.

It should be noted that the majority of the Division's cost of operating and maintaining its fine particulate matter monitoring network is currently funded by a CAA section 103 grant. A portion of these costs would otherwise be Title V eligible expenses. Should these section 103 grant funds be reduced or eliminated, additional Title V resources will be necessary. These additional resources are not included in this plan.

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<sup>13</sup> There are currently two sulfur dioxide monitors in the Kingsport area.

**Table 11 – Technical Services Title V Workload**

<b>ACTIVITIES</b>	<b>ESTIMATED HOURS/YR</b>	<b>ESTIMATED FTE/YR</b>
Air Monitoring	160	0.10
APC Data Management	1,600	0.99
AQS Data Loading/Reporting	320	0.20
CAM Maintenance, Calibration, Trouble Shooting	5,000	3.11
Other Time, Administration, Personnel Activities, Office Work, Special Projects	500	0.31
Program Management	1,600	0.66
Quality Control	800	0.50
SOP and QAPP Development	800	0.50
Training – Received	500	0.31
<b>TOTAL</b>		<b>7.0</b>

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## QUALITY ASSURANCE

As was mentioned in the Technical Services Program description, a new Quality Assurance Program is being created to address recommendations and findings in the EPA June 13-17, 2016, Technical Systems Audit of the Division's ambient air monitoring operations. A portion of the former Technical Services Program operations is being moved to the new Quality Assurance Program to have staffing sufficient to create a program. An existing vacancy has been reclassified to an Environmental Manager position in order to provide management of the new program.

The principle force driving the creation of the new Quality Assurance Program is to have an *independent* review of ambient air quality monitoring measurements and data reduction/reporting of those measurements prior to uploading the data to EPA's national ambient air database. The program will also be responsible for the coordination and development of Standard Operating Procedures (SOPs) for each type of ambient air monitor used, Quality Assurance Project Plans (QAPPs) and any other documents that may be necessary to ensure that quality procedures have been developed and are being followed by persons operating ambient air monitors in Tennessee for regulatory purposes. Having data that is trusted to be accurate is essential for accurate regulatory decision making and for the public to know with assurance, the quality of the air they breathe.

In addition to developing quality assurance documents and making certain they are followed, the staff of the quality assurance program will periodically go to a monitor site to independently challenge the monitor with known, independent calibration gases to gauge the monitor's response and accuracy of measuring the pollutant being audited.

The meteorology staff in the former Technical Services Program will transfer to the new Quality Assurance Program and continue to do air quality forecasting. These staff use meteorological parameters and current air quality conditions to predict future air quality. The forecast information is provided to the public so that informed decisions can be made to protect health and also to plan activities that lessen impact on air quality during high pollution days.

The transferred meteorology staff will also continue to perform dispersion modeling analysis as needed to support the operations of the Division. Modeling emissions from air contaminate sources predicts the impact on ambient air quality and supports the Air Permitting Program. Modeling emissions also assists the Technical Services Program to determine where ambient air quality monitors should be placed. Lastly, air dispersion modeling helps the Division respond to certain complaints from stakeholders and the public.

It is estimated that this program will need about 5.1 FTEs doing Title V work.

## SUMMARY OF FTEs BY FUNCTIONAL UNIT

**Table 12 – Division of Air Pollution Control FTEs by Fiscal Year**

Functional Unit	FY18 & FY19 TITLE V FTEs	FY17 TITLE V FTEs	FY16 Title V FTEs	FY15 Title V FTEs	FY14 Title V FTEs	FY13 Title V FTEs
Administrative Services	3.8	3.8	3.8	2.8	2.3	1.8
Director's Office	3.2	2.4	2.4	2.5	1.6	1.6
Office of General Counsel	N/A	2.0	1.9	1.6	1.6	1.5
Small Business Assistance Activities	2.0	2.0	2.2	3.0	3.0	4.0
Compliance Validation Activities	6.6	5.6	5.5	6.5	5.4	5.7
Enforcement Activities	2.7	2.6	1.0	1.4	N/A	N/A
Environmental Field Offices	9.4	10.0	10.5	11.1	12.0	12.0
MARM	<0.1	0.1	1.8	1.8	2.0	2.8
Permitting and Regulatory Development*	24.8	27.1	29.4	29.8	29.5	29.5
Technical Services Activities	7.0	9.4	6.7	6.2	5.7	6.3
Quality Assurance Group	5.1					
<b>Total Title V FTEs</b>	<b>64.6</b>	<b>65.0</b>	<b>65.2</b>	<b>68.8</b>	<b>65.2</b>	<b>67.3</b>

Discrepancies in FTEs between the numbers shown here and the number of positions in the Division will exist because this plan is a projection of the time that will be spent on Title V matters in the current and future fiscal year and is subject to change. The Division intends to fill the significant number of vacancies in existence during Fiscal Year 2017-2018. As noted earlier in this plan, the Division began implementing a new financial accounting system that will provide a more accurate measurement of Title V and non-Title V personnel time and costs. This new system should lead to more accurate FTE and expense projections. This will be a significant change in methods used in projecting Title V FTE needs and will likely result in figures in future Title V Implementation Plans that are not necessarily comparable the estimates shown above.

## OVERHEAD COSTS

In addition to Title V eligible costs incurred directly by the Air Division, the Division is assessed charges by the Bureau of the Environment (BOE) and Tennessee Department of Environment and Conservation (TDEC) for a number of support activities provided by the other areas of the Department to support the activities of the Division. Some of the Title V related support activities and the Offices that provide them are listed below.

- Services of the Commissioner, Deputy Commissioners, Assistant Commissioner, and Senior Advisor of the Bureau of the Environment – management and organizational support
- Communications Office - media relations
- Office of External Affairs – outreach and communication to department stakeholders, including local government, other government agencies, the regulated community, public interest groups and citizens
- Human Resources Office – all personnel related services
- Office of General Counsel – rulemaking and SIP development support, enforcement activity, legislative services, administrative legal services, policy and guidance interpretation and development
- Office of Policy & Planning – support with rule, SIP, and policy development that require in-depth research, comparison to other state or national programs, or coordination with other state agencies or entities
- Office of Talent Management – leadership and staff training and development
- Budget and Financial Planning Division – budget development and management as coordinated with the overall department budget
- Emergency Services Division – emergency response, risk & safety planning, vehicle services
- Division of Fiscal Services – fee collections and accounting
- Informational Systems Division – software development and management, web site development and management, database development and management, computer support, geographical information systems support, information systems security
- Purchasing Division – procurement of all necessary equipment and supplies, including monitoring network assets and field and office supplies, equipment inventory and asset management, and property contracts
- Records, Space, and Facilities Division – records and facilities management
- Field Office administrative support staff – support APC Field Services, Compliance Validation, and Technical Services staff in seven field offices

Overhead costs are charged to the Division according to formulae based on the percentage of the Division's budget in proportion to that of other BOE division budgets and special reserve funds and the Division's headcount. The Division's overhead costs are charged to Title V funds, non-Title V funds, and federal grant revenue.

## TITLE V EXPENSE ESTIMATES

An important step in developing a Title V fee system is to estimate future expenses in order to determine if projected revenue, together with the available reserve balance, is sufficient to fund the Title V permitting program. As mentioned earlier, federal regulations preclude the use of non-Title V funds from funding Title V activities. Thus, a failure to collect sufficient funds through the Title V fee system would have significant ramifications on the efficacy of Tennessee's Title V program and economic development within the state, and could eventually lead to federal intervention. Therefore, when designing a Title V fee system, the Division plans for a reserve at year-end to account for unexpected expenses and unanticipated reductions in fee revenue.

Projections for fiscal year 2017-2018 and fiscal year 2018-2019 expenses are based on historical expenses and known and assumed changes from previous year's expenses. Historical expenses from fiscal years 2013-2014, 2014-2015, 2015-2016, and 2016-2017 were used in this analysis. It should be noted that at the time of writing of this analysis, fiscal year 2016-2017 has not closed and figures for this time period are preliminary. For many expense categories, the Division simply used the average of these four fiscal years to project fiscal years 2017-2018 and 2018-2019. Other methods for projecting future year expenses are explained below.

**Personnel costs:** This includes salaries, benefits, longevity<sup>14</sup> and bonus pay<sup>15</sup>, and overtime pay. Projected salaries start with actual salary cost for fiscal year 2016-2017. Employees who achieve a "valued" performance rating (the majority of Division staff) receive a pay increase. That increase has averaged 3% since implementation of Pay-for-Performance under the Tennessee Team Act. Thus, a 3% per year increase salary costs is included in future projections. The Division then added the costs associated with reclassifying and filling positions associated with reorganization of the Director's Office, Technical Services Program, Quality Assurance Program, Permitting Programs, Regulatory Development Program, and Emissions Inventory Program as described elsewhere in this plan<sup>16</sup>. Where the Division has assumed that such positions will be filled through internal Division candidates, we have assumed that those vacated positions will be filled through either internal promotion or new hires (i.e., a "trickle-down" effect). For the permitting program, it is assumed that all newly-vacated entry-level positions will be filled with new hires, but that could change if efficiencies from the Division's new General Permits and Permits-by-Rule programs, and combined construction and operating permit authority is realized. The projections also include the estimated cost of filling four routine vacancies in our Field Services Program including any possible trickle down effects. Some of the routine vacancies have recently been filled and their cost is assumed for all of fiscal year 2017-2018. The remaining vacancies are expected to be filled at some point in fiscal year 2017-2018 or, for some of the entry-level permitting positions, in fiscal year 2018-2019. Once these positions are filled, the number of Title V FTEs will be roughly equivalent to the FTE need estimated indicated in table 12 of this plan. The estimated Title V salary cost of filling these vacancies is \$127,925 in fiscal year 2017-2018 and \$305,482 in fiscal year 2018-2019. Fiscal year 2016-2017 was the first year in which bonuses were awarded for Pay-for-Performance. Therefore, longevity and bonus costs were estimated as the same percentage of salary (8.3%) as it was in fiscal year 2016-2017. Benefits costs are roughly 43% of salary costs. This percentage was used for estimating future benefits costs.

**Equipment:** Equipment costs are primarily for the purchase of equipment for Tennessee's ambient monitoring network. The cost of the ambient monitoring program is a Title V eligible expense and, thus, a portion of the cost of purchasing new or replacement equipment should be funded using Title V fees. Where ambient monitors are located in order to monitor the air quality impact from specific Title V facilities, all of those costs should be covered by Title V fees. In the previous four years, equipment costs

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<sup>14</sup> Longevity pay is based on years of service once an employee has been in state service a certain number of years.

<sup>15</sup> Bonus pay is a feature of the Tennessee TEAM Act's Pay-for-Performance system that awards employees for advanced and outstanding performance.

<sup>16</sup> It should be noted that Title V salary costs have decreased significantly since fiscal year 2013-2014 due partly to not filling these vacant positions. Thus, the cost of the reorganization is only projected to bring salaries back to levels similar to previous fiscal years.

have varied from zero to \$471,307. Historically, ambient monitoring equipment was added or replaced based on need and funding availability. However, beginning with fiscal year 2017-2018 the Division will begin a program of replacing ambient monitoring equipment at regular intervals in order to spread the cost of replacing such equipment over time. Therefore, we have included \$100,000 per year in projected Title V expenses to cover routine replacement of ambient monitoring costs starting in FY2019. We have also included \$100,000 in FY2018 projected expenses to cover the Title V cost of two new sulfur dioxide monitoring sites in Kingsport, Tennessee.

**Overhead Costs:** Overhead costs increased in fiscal year 2016-2017 due to an increase in actual central office overhead costs, a decrease in the overall budget of the Division's that are part of the cost recovery pool, and increases associated with pay-for-performance and inflation. Therefore, future overhead costs are estimated based on 2016-2017 overhead costs increased 3.5% per year to account for pay-for-performance and inflation.

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Account	Account Description	FY2014	FY2015	FY2016	preliminary FY2017	projected FY2018	projected FY2019
70100	Regular Salaries & Wages	\$3,014,392	\$2,645,562	\$2,722,076	\$2,449,236	\$2,650,638	\$2,903,877
70102	Longevity & Bonus	\$188,400	\$192,200	\$178,800	\$205,545	\$220,003	\$241,022
70104	Overtime	\$4,324	\$2,031				
70200	Benefits	\$1,281,379	\$1,153,670	\$1,145,871	\$1,092,051	\$1,139,775	\$1,248,667
70300	Travel	\$64,387	\$56,211	\$120,676	\$58,806	\$75,020	\$75,020
70400	Printing_Duplicating_and_Film_Proc			\$562			
70500	Utilities_and_Fuel	\$22,089	\$20,070	\$18,318	\$18,348	\$19,706	\$19,706
70600	Communications_and_Shipping	\$26,111	\$30,395	\$26,466	\$23,962	\$26,733	\$26,733
70700	Maint_Repair_and_Svs_By_Others	\$6,809	\$6,621	\$7,080	\$43,783	\$16,073	\$16,073
70800	Third_Party_Prof_and_Admin_Svcs	\$118,531	\$130,309	\$112,905	\$82,356	\$111,025	\$111,025
70900	Supplies_and_Office_Furniture	\$43,825	\$59,788	\$62,318	\$56,394	\$55,581	\$55,581
71000	Rentals_and_Insurance	\$7,174	\$11,853	\$3,101	\$4,903	\$6,758	\$6,758
71100	Motor_Vehicle_Operation	\$1,648	\$114	\$1,345	-\$2	\$776	\$776
71200	Awards_and_Indemnities	\$465	\$823	\$1,046	\$8,087	\$2,605	\$2,605
71400	Unclassified_Expenses	\$2,400	\$2,400	\$2,400		\$2,400	\$2,400
71600	Equipment		\$50,217	\$471,307	-\$791	\$100,000	\$100,000
72100	Training_of_State_Employees	\$7,965	\$15,572	\$2,977	\$2,292	\$7,201	\$7,201
72200	Computer_Related_Items	\$109,954	\$35,932	\$91,166	\$204,493	\$110,386	\$110,386
72500	Prof_Svcs_By_Other_St_Agcy	\$604,527	\$512,098	\$367,364	\$937,687	\$605,419	\$605,419
	Total before overhead costs	\$5,504,381	\$4,925,865	\$5,335,777	\$5,187,151	\$5,161,620	\$5,544,770
	Overhead Costs	\$851,048	\$892,744	\$866,639	\$1,046,400	\$1,083,024	\$1,120,930
	Grand Total	\$6,355,429	\$5,818,609	\$6,202,416	\$6,233,550.88	\$6,233,126	\$6,654,182



## 2018-2019 TITLE V FEE SYSTEM DEVELOPMENT

The proposed structure for 2018-2019 Title V fees was determined based on stakeholder feedback from a series of meetings and webinars in 2016 and 2017. Various aspects of the Title V fee system were discussed during this stakeholder process. Copies of materials from these stakeholder meetings and webinars can be found on the Title V web page at <http://www.tennessee.gov/environment/topic/permit-air-permit-fees>. The key aspects of the fee system that were raised by stakeholders are discussed below.

**Structure of the dollar per ton fee rates – fixed rates or fee brackets:** The current fee structure includes four separate dollar per ton rates depending on the type of facility (electric generating unit [EGU] or non-EGU) and the basis of fee calculations (actual emissions or allowable emissions). One potential change to the fee structure is to add higher dollar per ton rates for incrementally higher emissions. For example, a facility that has allowable emissions of 1,200 tons per year would pay \$40/ton for the first 500 tons, \$45/ton for the second 500 tons, and \$50/ton for the remaining 200 tons<sup>17</sup>. The concept of fee brackets received very little support from stakeholders, and several submitted comments in opposition of fee brackets at the present time. Therefore, fee brackets were rejected for 2018-2019 fees.

**EGU to non-EGU dollar per ton ratio:** Starting with 2012-2013 fees, different dollar per ton rates were set for EGUs and non-EGU's (see Table 15). The initial ratio between the EGU and non-EGU rates were 1.4 to 1 (\$56.00 \$/ton vs. \$40.00/ton) for actual emissions and 1.54 to 1 (\$45.50 \$/ton vs. \$29.50 \$/ton for allowable emissions). Those ratios were later reduced to 1.2 to 1 for actual emissions and 1.15 to 1 for allowable emissions. Based on stakeholder comments, and concurrence from the Tennessee Valley Authority (TVA), the only owner or operator of EGUs in Tennessee, the proposed dollar per ton rates are based on a 1.4 to 1 EGU to non-EGU ratio.

**Actual to allowable dollar per ton ratio:** In 2001-2002, the ratio between the actual \$/ton rate and allowable \$/ton rate was 1.67 to 1 (\$21.70/ton for actual fees and \$13.00/ton for allowable fees). This ratio has evolved to the current ratio of 1.27 to 1 for non-EGUs and 1.32 to 1 for EGUs. Based on analysis conducted by the Division to minimize the maximum percent increase for any single facility, the Division is proposing a fee structure based on an actual to allowable \$/ton ratio of 1.325 to 1. The Division is also taking comments on an alternative fee structure based on an actual to allowable \$/ton ratio of 1.6 to 1, as proposed by some stakeholders.

**Minimum Fee:** The Division established a minimum Title V fee with the 2003-2004 fees. A minimum fee is put in place to recognize that there is some minimum amount of work and expenses associated with any Title V source, regardless of emissions. The initial minimum fee was \$2500 in 2003-2004 and has been \$7500 since 2011-2012. In 2016, TDECs Policy Office conducted an analysis to quantify the cost to the Division for eight selected Title V sources of various emissions thresholds. That analysis resulted in an estimated annual cost to the Division of \$5183 to \$15,976, depending on how indirect costs were assigned, for the least costly facility (see "May 5<sup>th</sup> Stakeholder Information" at <http://www.tennessee.gov/environment/article/apc-title-v-stakeholder-meetings>). This analysis indicated that a minimum fee of at least \$7,500 remains appropriate. Comments received from some stakeholders, however, indicated that the current minimum fee is already a financial burden. Therefore, the Division is proposing to retain a \$7500 minimum fee for most sources.

**Base Fee:** In 2014-2015, the Division replaced the \$7500 minimum fee with a \$7500 base fee. A base fee spreads a portion of the cost of the Title V program evenly among all facilities. This base fee worked as follows: Sources with total allowable emissions of less than 250 tons/year paid only a \$7500 base fee. Sources with total allowable emissions of equal to or greater than 250 tons/year paid a base fee plus dollar per ton fees based on actual, allowable, or a mixture of allowable and actual emissions. The Title V fee system reverted back to a \$7,500 minimum fee for 2015-2016 fees. Based on stakeholder input, the Division proposes to reinstate a base fee. However, the proposed base fee will apply to all Title V facilities. A base fee of \$4000 is proposed. The proposed base fee will work in conjunction with the minimum fee in

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<sup>17</sup> Rates and brackets are for illustrative purposes only.

a different manner than the previous base fee. If the base fee plus the appropriate dollar per ton fee is less than or equals the \$7,500 minimum fee, the facility will pay \$7500. If the base fee plus dollar per ton fee exceeds the \$7,500 minimum fee, the facility will pay the base fee plus the dollar per ton fee.

**Fees for once in, always in sources:** During the stakeholder process, at least one facility provided information showing that although their actual emissions have dropped to approximately one ton per year, the facility was still required to hold a Title V permit and pay Title V permit fees due to EPA's 1995 "once in, always in" policy. All sources subject to a National Emission Standard for Hazardous Air Pollutants found in 40 CFR Part 63 (aka, a MACT standard) for sources with potential emissions of Hazardous Air Pollutants (HAPs) in excess of 10 tons/year of any single HAP or 25 tons/year (i.e., 10/25 tons/year) of any combination of HAPs must obtain a Title V permit, even when their emissions are reduced below these thresholds. On May 16, 1995, U.S. EPA issued a memorandum entitled "Potential to Emit for MACT Standards -- Guidance on Timing Issues" in which they clarified that facilities that are major sources for HAPs on the "first compliance date" are required to comply permanently with the MACT standard. This is commonly referred to as EPA's "once in, always in" policy. If a facility reduces its potential HAP emissions below 10/25 tons/year after the first compliance date of a MACT standard, the facility remains subject to that MACT standard and consequently must obtain or retain a Title V permit. The Division explored the possibility of creating a provision that would reduce the Title V fees for sources roughly based on a position paper issued by the "Environmental Coalition of States" that the once in, always in policy should be removed for sources that have reduced emissions below the major source threshold through pollution prevention practices. However, during the stakeholder process stakeholders provided additional situations for which EPA's once in, always in policy should no longer apply, such as a change in a facility's business operations that result in production levels that are significantly less than they were when the facility was initially applicable to a MACT standard. Therefore, the Division is proposing a reduced Title V fee for sources that have taken enforceable limits to reduce all regulated pollutants to below major source thresholds without any provision requiring pollution prevention practices. The Division is proposing a range of \$4000 to \$5500 for the reduced minimum fee for once in, always in sources and is requesting comments on what the appropriate fee should be. The reduced fee for once in, always in facilities does not apply to facilities that are required to obtain a Title V permit regardless of potential emissions, such as landfills. The Division will continue to work through its national organizations to urge EPA to revise its one in, always in policy. If such a change is made, this provision may become moot. The Division estimates that very few facilities, likely less than ten and probably less than five, will be able to take advantage of this option. Thus, we do not project it will have any significant impact on Title V fee collections.

Based on analysis conducted by the Division and input received during the stakeholder process, the proposed dollar per ton fee rates for FY2018-2019 are as follows.

non-EGU Allowable Rate - \$49.00/ton  
Non-EGU Actual Rate - \$65.00/ton  
EGU Allowable Rate - \$69.00/ton  
EGU Actual Rate - \$91.00/ton

The Division is also taking comments on alternative dollar per ton fee rates for FY2018-2019 as follows.

Non-EGU Allowable Rate - \$45.00/ton  
Non-EGU Actual Rate - \$73.00/ton  
EGU Allowable Rate - \$64.00/ton  
EGU Actual Rate - \$102.00/ton

Sources are allowed to determine Title V fees based on a mixture of allowable and actual emissions and will utilize the dollar per ton rates indicated above.

## TITLE V FEE COLLECTION ESTIMATES

The Division has projected the amount of Title V fees that will be collected for fiscal year 2017-2018 fees and 2018-2019 fees based on projected tonnage for both of these periods, the system that will be in place in 2017-2018, and the proposed fee system for 2018-2019. Projected tonnage was determined by starting with allowable and actual emissions as invoiced or reported for 2015-2016 fees on AEAR reports. The twenty facilities that paid the highest Title V fees for that year were then examined and emissions were reduced to account for the following: 1) known physical or operational changes that had been completed or will be completed by the projection year, 2) revisions to permitted emission levels that have already been permitted, 3) the facility's change from allowable fee calculation methods to actual fee calculation methods that had been made through permit revisions or by exercising the ability to change calculation methods without a permit revision as first allowed for 2016-2017 fees, 4) assumed changes from allowable to actual fee calculation methods for those facilities where the Division's calculations indicated that such a change would be financially beneficial to the company. The tonnage data was also revised to remove facilities that have ceased operation or changed status (from Title V to conditional major or true minor) since the 2015-2016 fee period and adding facilities that were invoiced for Title V fees for the first time in 2016-2017. With the provision that went into effect starting with 2016-2017 fees, other facilities may have switched from allowable to actual fee calculation methods in order to reduce fees. However, this information will not be fully available until after September 29, 2017 (when the AEAR reports and remaining fees are due from facilities that requested extensions for their Title V fees), and is thus not accounted for in these estimates. These estimates are shown on the following page.

Once future expenses are projected and the framework for a Title V fee system is developed, the Division must determine how much the revised fee system needs to collect in order to cover estimated expenses. In addition, a Title V fee system must collect sufficient fees in order to retain a reserve to cover unexpected expenses or reductions in fee collections. Since fiscal year 2003-2004, the amount of this reserve has ranged from \$758,000 to \$3,339,000. When the reserve reached levels higher than needed to cover unexpected expenses, the Board has revised the Title V fee system in order to lower fees.

FY2016-2017 fee collections were approximately \$700,000 lower than FY2015-2016 collections and previously projected FY2017 collections (see "May 24<sup>th</sup>" and June 1<sup>st</sup> Meeting Presentations, slide 7 for previously projected FY2017 fee collections). Because of this unexpected reduction in revenue and with uncertainty regarding the distribution of Title V and non-Title V personnel costs under the new, more accurate accounting system implemented starting July 1, 2017, the Division recommends that the 2018-2019 fee system be developed to result in a \$1,000,000 reserve at the end of the fiscal year 2018-2019.

Calculation of the fees necessary to cover projected expenses and result in a sufficient ending reserve were performed using a Microsoft Excel fee analysis worksheet developed by the Division and available on the Division's permit fee website at <http://www.tennessee.gov/environment/topic/permit-air-permit-fees>. Assumptions and calculations are detailed below.

### **Title V reserve at beginning of fiscal year 2017-2018: \$998,018**

**Estimated Title V collections of 2016-2017 fees during fiscal year 2017-2018.** This includes the portion of the previous year's Title V fees that are collected on or after July 1, 2017 (i.e., after the deadline<sup>18</sup>). As of July 27, 2017, the Division had \$1,737,769 in "late" Title V collections. Historically, the majority of late Title V fees are received in July. Thus, this amount is used to estimate the FY2016-2017 fees that will be collected in fiscal year 2017-2018: **\$1,737,769.**

**Estimated Title V collections of 2017-2018 fees during fiscal year 2017-2018.** Starting with fees due in 2018, the Title V due date is being changed from July 1<sup>st</sup> to April 1<sup>st</sup> of each year. For sources that pay fees based on allowable emissions, regardless of their choice of fiscal or calendar year, 100% of the fee is due April 1. For sources that pay fees based on actual emissions or a mixture of actual and allowable emissions and on a fiscal year basis, at least 65% of the estimated fee is due April 1<sup>st</sup> with the balance due July 1<sup>st</sup>,

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<sup>18</sup> Late fees and penalties are not applied until payments are 15 days past due.

with an extension available to September 28, 2018. For sources that pay fees based on actual emissions or a mixture of actual and allowable emissions and on a calendar year basis, at least 65% of the estimated fee is due April 1<sup>st</sup> with the balance due July 1<sup>st</sup>, with extensions available to June 30, 2018. With the initial due date changed to April 1, 2018, the Division estimates that a much higher percentage of 2017-2018 fees (90%) will be received in fiscal year 2017-2018. Later in this plan, we have estimated 2017-2018 fee collections at \$4,792,282. Therefore, we estimate that 90% of this amount, or  $\$4,792,282 \times 0.90 = \$4,313,054$ , will be received in fiscal year 2017-2018: **\$4,313,054**

**Estimated Expenses for fiscal year 2017-2018: \$6,233,126**

**Reserve at end of fiscal year 2017-2018** =  $\$998,018 + \$1,737,769 + \$4,313,054 - \$6,244,644 = \mathbf{\$815,715}$

**Estimated Title V collections or previous year's fees during fiscal year 2018-2019** = 10% of 2017-2018 fees, or  $\$4,792,282 \times 0.10 = \mathbf{\$479,228}$

**Estimated Title V collections of 2018-2019 fees during fiscal year 2018-2019.** The Division has estimated 2018-2019 fee collections of \$7,086,306 using the fee analysis worksheet. The results of those calculations are shown on the following page. As with 2017-2018 fees, the Division estimates that 90% of these fees will be collected during the fiscal year.  $\$7,086,306 \times 0.90 = \mathbf{\$6,377,675}$ .

**Estimated Expenses for fiscal year 2018-2019 (see earlier): \$6,654,182**

**Reserve at end of fiscal year 2018-2019** =  $\$815,715 + \$479,228 + \$6,377,675 - \$6,654,182 = \mathbf{\$1,018,436}$

**Air Pollution Control**  
Projected Title V Fees

July 1, 2017– June 30, 2018

**Non-EGU Estimated Fees**

58,114 Allowable	X	\$32.50/Ton	\$ 1,888,701
20,002 Actual	X	\$43.00/Ton	\$860,107
109 Sources @ minimum fee	X	\$7,500.00	+\$817,500
<b>Total</b>	=		<b>\$3,566,308</b>

**EGU Estimated Fees**

16,642 Allowable	X	\$39.00/Ton	\$649,050
11,352 Actual	X	\$49.50/Ton	\$561,924
2 Sources @ minimum fee	X	\$7,500.00	+\$15,000
<b>Total</b>	=		<b>\$1,225,974</b>

**Grand Total** = **\$ 4,792,282**

July 1, 2018– June 30, 2019<sup>19</sup>

**Non-EGU Estimated Fees**

64,402 Allowable	X	\$49.00/Ton	\$3,155,700
22,536 Actual	X	\$65.00/Ton	\$1,464,831
Base Fee for 156 Sources <sup>20</sup>	X	\$4000	\$624,000
50 Sources @ Minimum Fee <sup>21</sup>	X	\$7,500	+\$375,000
<b>Total</b>	=		<b>\$5,619,531</b>

**EGU Estimated Fees**

8,835 Allowable	X	\$69.00/Ton	\$609,636
8985 Actual	X	\$91.00/Ton	\$817,640
Base Fee for 8 Sources <sup>22</sup>	X	\$4000	\$32,000
1 Sources @ Minimum Fee <sup>23</sup>	X	\$7,500	+\$7,500
<b>Total</b>	=		<b>\$1,466,775</b>

**Grand Total** = **\$7,086,306**

<sup>19</sup> These rates are based on a EGU to non-EGU ratio of 1.4 to 1 and an Actual-to-Allowable ratio of 1.325 to 1. The Division is also proposing alternate rates based on an Actual-to-Allowable ratio of 1.6 to 1. See appendix.

<sup>20</sup> does not include base fee for facilities paying minimum fee

<sup>21</sup> includes \$4000 base fee

<sup>22</sup> does not include base fee for facilities paying minimum fee

<sup>23</sup> includes \$4000 base fee

Projected Title V Fees  
 Alternate Dollar per Ton Rates

July 1, 2018– June 30, 2019<sup>24</sup>

**Non-EGU Estimated Fees**

64,331 Allowable	X	\$45.00/Ton	\$2,894,875
22,641 Actual	X	\$73.00/Ton	\$1,652,761
Base Fee for 157 Sources <sup>25</sup>	X	\$4000	\$628,000
49 Sources @ Minimum Fee <sup>26</sup>	X	\$7,500	+\$367,500
<b>Total</b>	=		<b>\$5,543,135</b>

**EGU Estimated Fees**

8,835 Allowable	X	\$64.00/Ton	\$565,459
8985 Actual	X	\$102.00/Ton	\$916,475
Base Fee for 8 Sources <sup>27</sup>	X	\$4000	\$32,000
1 Sources @ Minimum Fee <sup>28</sup>	X	\$7,500	+\$7,500
<b>Total</b>	=		<b>\$1,521,434</b>
<b>Grand Total</b>	=		<b>\$7,064,570</b>

<sup>24</sup> These rates are based on a EGU to non-EGU ratio of 1.4 to 1 and an Actual-to-Allowable ratio of 1.6 to 1.

<sup>25</sup> does not include base fee for facilities paying minimum fee

<sup>26</sup> includes \$4000 base fee

<sup>27</sup> does not include base fee for facilities paying minimum fee

<sup>28</sup> includes \$4000 base fee

**Table 14 – Historical Title V Collections and Expenses**

Fiscal Year	Fees	Interest	Transfer In <sup>29</sup>	Expenditures	Balance
2002-2003					\$1,387,223.12
2003-2004	\$5,780,573.30	\$17,261.10		\$5,299,426.96	\$1,885,630.56
2004-2005	\$5,773,095.32	\$33,124.15		\$6,289,281.06	\$1,402,568.97
2005-2006	\$6,806,903.33	\$62,547.16		\$6,604,384.65	\$1,667,634.81
2006-2007	\$6,170,217.54	\$67,707.22		\$6,993,064.19	\$912,495.38
2007-2008	\$7,116,004.10	\$35,456.47		\$7,254,796.79	\$809,159.16
2008-2009	\$7,939,773.17	\$21,518.17		\$6,613,669.61	\$2,156,780.89
2009-2010	\$7,587,853.93	\$9,317.34		\$6,415,182.16	\$3,338,770.00
2010-2011	\$5,800,630.50	\$5,527.40		\$7,261,266.44	\$1,883,661.46
2011-2012	\$6,336,163.20	\$1,636.87		\$7,463,530.81	\$757,930.72
2012-2013	\$6,891,980.16	\$1,113.83		\$6,844,668.87	\$806,355.84
2013-2014	\$6,844,856.89	\$9,484.30		\$6,543,335.07	\$1,117,361.96
2014-2015	\$7,040,610.80	\$1,129.83		\$6,694,005.01	\$1,465,097.58
2015-2016	\$5,321,521.83	\$2,108.31	\$1,919,777.74	\$6,094,831.92	\$2,613,673.54
2016-2017	\$4,617,895.15			\$6,233,551	\$998,018

Preliminary closeout information for fiscal year 2016-2017 is in blue font.

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<sup>29</sup> Explain transfer in

**Table 15 - Historical Tonnage Projections & Collections and Historical Fees**

Fiscal Year	Number Companies	\$/Ton Allowable Emissions	\$/Ton Actual Emissions	Minimum /Base Fee*	Projected Total Tons	Total Tons Collected	Projected Allowable Tons	Allowable Tons Collected	Projected Actual Tons	Actual Tons Collected	Projected Companies Paying Min./Base	Companies Actually Paying Min./Base	\$ Amount Billed	\$ Amount Collected
16-17 non-EGU	205	32.50	43.00	\$7,500	103,000		84,000		19,000		100			
16-17 EGU	11	39.00	49.50	\$7,500	41,000		36,000		5,000		4			
15-16 non-EGU	205	32.50	43.00	\$7,500	124,500	100,365	104,000	81,260	20,500	19,105	105	97	\$4,215,224.16	\$4,059,712.98
15-16 EGU	11	39.00	49.50	\$7,500	43,000	41,259	39,500	36,603	3,500	4,656	3	4	\$1,691,011.45	\$1,691,011.45
14-15 non-EGU	205	\$28.50	\$39.00	\$7,500	119,500	114,977	102,000	99,567	17,500	15,410	201	200 (83 only paid base)	\$4,739,853.72	\$4,692,656.26
14-15 EGU	10	\$45.50	\$56.00	\$7,500	48,000	49,781	46,000	47,616	2,000	2,165	10	10 (1 only paid base)	\$2,362,785.29	\$2,362,785.29
*13-14 non-EGU	201	\$28.50	\$39.00	\$7,500	118,000	121,396	101,000	103,650	17,000	17,746	201	200	\$4,712,238.32	\$4,646,138.70
*13-14 EGU	10	\$45.50	\$56.00	\$7,500	57,000	48,802	55,000	46,648	2,000	2,154	10	10	\$2,318,133.81	\$2,318,133.81
12-13 non-EGU	211	\$29.50	\$40.00	\$7,500	184,000	125,576	160,000	105,256	24,000	20,320	105	102	\$4,403,500	\$4,096,563.73
12-13 EGU	9	\$45.50	\$56.00	\$7,500	65,000	60,425	62,500	58,110	2,500	2,315	3	3	\$2,795,416.43	\$2,795,416.43
11-12	214	\$28.50	\$39.00	\$7,500	200,000	190,232	175,000	165,782	25,000	24,450	105	108	\$5,973,274.94	\$6,167,959.21
10-11	220	\$24.50	\$35.00	\$6,500	210,000	204,961	190,000	179,953	20,000	25,008	110	106	\$5,682,497	\$5,800,630.50
09-10	221	\$28.50	\$39.00	\$7,500	217,064	211,344.7	195,801	191,346	21,263	19,999	105	111	\$7,298,632.70	\$7,587,853.93
08-09	239	\$28.50	\$39.00	\$7,500	217,064	232,996	195,801	206,725.8	21,263	26,271	115	110	\$7,835,606.93	\$7,939,773.17
07-08	243	\$26.50	\$37.00	\$7,500	230,489	234,615.4	213,772	207,541.6	16,717	27,073.8	88	119	\$7,394,083.80	\$7,317,445.36
06-07	244	\$22.50	\$33.00	\$5,000	257,989	236,936.8	238,232	214,385.8	19,757	22,551	100	96	\$6,093,539.15	\$6,095,634.93
05-06	250	\$21.50	\$32.00	\$4,500	284,639	259,420	256,578	232,764	28,061	26,656	100	92	\$5,976,181.77	\$6,000,240.56
04-05	264	\$19.50	\$30.00	\$3,500	324,896	290,030.7	294,836	262,405.1	30,050	27,625.6	80	80	\$5,869,607.39	\$5,874,970.52
03-04	267	\$19.50	\$30.00	\$2,500	330,731	287,381.9	309,213	258,052.4	21,519	29,329.5	72	56	\$6,024,377.47	\$6,032,675.99
02-03		\$17.50	\$28.00		321,279								\$	\$
01-02		\$13.00	\$21.70		382,476								\$	\$

Final close-out information for 2016-2017 was not available as of the date of preparation of this plan. Preliminary close-out information is reflected in red.

\*For FY 2013-2014, the Division replaced the minimum fee of \$7,500 with a base fee of \$7,500. All sources with total allowable emissions (excluding CO) of 250 TPY or less paid only the base fee. All sources with total allowable emissions (excluding CO) greater than 250 TPY paid the base fee plus their total tonnage (excluding CO) times the applicable \$/ton value (actual, allowable, or mixed basis). This is also the case for 2014-2015. In 2015-2016, the base fee was replaced with the minimum fee.



**Table 16 - Historical Federal Presumptive Minimum and Part 71 Fees**

Presumptive Minimum		Part 71	
Effective	Fee Rate	Effective	Fee Rate
Sept 1989 – Aug 1990	\$ 25.00		
Sept 1990 – Aug 1991	\$ 26.21		
Sept 1991 – Aug 1992	\$ 27.59		
Sept 1992 – Aug 1993	\$ 28.43		
Sept 1993 – Aug 1994	\$ 29.30		
Sept 1994 – Aug 1995	\$ 30.07		
Sept 1995 – Aug 1996	\$ 30.93	Calendar Year 1996	\$ 32.00
Sept 1996 – Aug 1997	\$ 31.78	Calendar Year 1997	\$ 32.88
Sept 1997 – Aug 1998	\$ 32.65	Calendar Year 1998	\$ 33.78
Sept 1998 – Aug 1999	\$ 33.21	Calendar Year 1999	\$ 34.35
Sept 1999 – Aug 2000	\$ 33.82	Calendar Year 2000	\$ 34.98
Sept 2000 – Aug 2001	\$ 34.87	Calendar Year 2001	\$ 36.07
Sept 2001 – Aug 2002	\$ 36.03	Calendar Year 2002	\$ 37.27
Sept 2002 – Aug 2003	\$ 36.60	Calendar Year 2003	\$ 37.86
Sept 2003 – Aug 2004	\$ 37.43	Calendar Year 2004	\$ 38.72
Sept 2004 – Aug 2005	\$ 38.29	Calendar Year 2005	\$ 39.61
Sept 2005 – Aug 2006	\$ 39.48	Calendar Year 2006	\$ 40.84
Sept 2006 – Aug 2007	\$ 41.02	Calendar Year 2007	\$ 42.43
Sept 2007 – Aug 2008	\$ 41.96	Calendar Year 2008	\$ 43.40
Sept 2008 – Aug 2009	\$ 43.75	Calendar Year 2009	\$ 45.25
Sept 2009 – Aug 2010	\$ 43.83	Calendar Year 2010	\$ 45.33
Sept 2010 – Aug 2011	\$ 44.48	Calendar Year 2011	\$ 46.00
Sept 2011 – Aug 2012	\$ 45.55	Calendar Year 2012	\$ 47.11
Sept 2012 – Aug 2013	\$ 46.73	Calendar Year 2013	\$ 48.33
Sept 2013 – Aug 2014	\$ 47.52	Calendar Year 2014	\$ 49.15
Sept 2014 – Aug 2015	\$ 48.27	Calendar Year 2015	\$ 49.93
Sept 2015 – Aug 2016	\$ 48.49	Calendar Year 2016	\$ 50.16
Sept 2016 – Aug 2017	\$ 48.88	Calendar Year 2017	\$ 50.56
Sept 2017 – Aug 2018			