



Department of
**Environment &
Conservation**

Title V Fee Stakeholder Webinar

June 13, 2018

Topics Covered

- APC Cost Saving Initiatives
- Updated Revenue and Expense Projections
- Title V Fee Strawmen
- Demonstration of Title V Fee Analysis Tool
- How to Provide Input
- Website

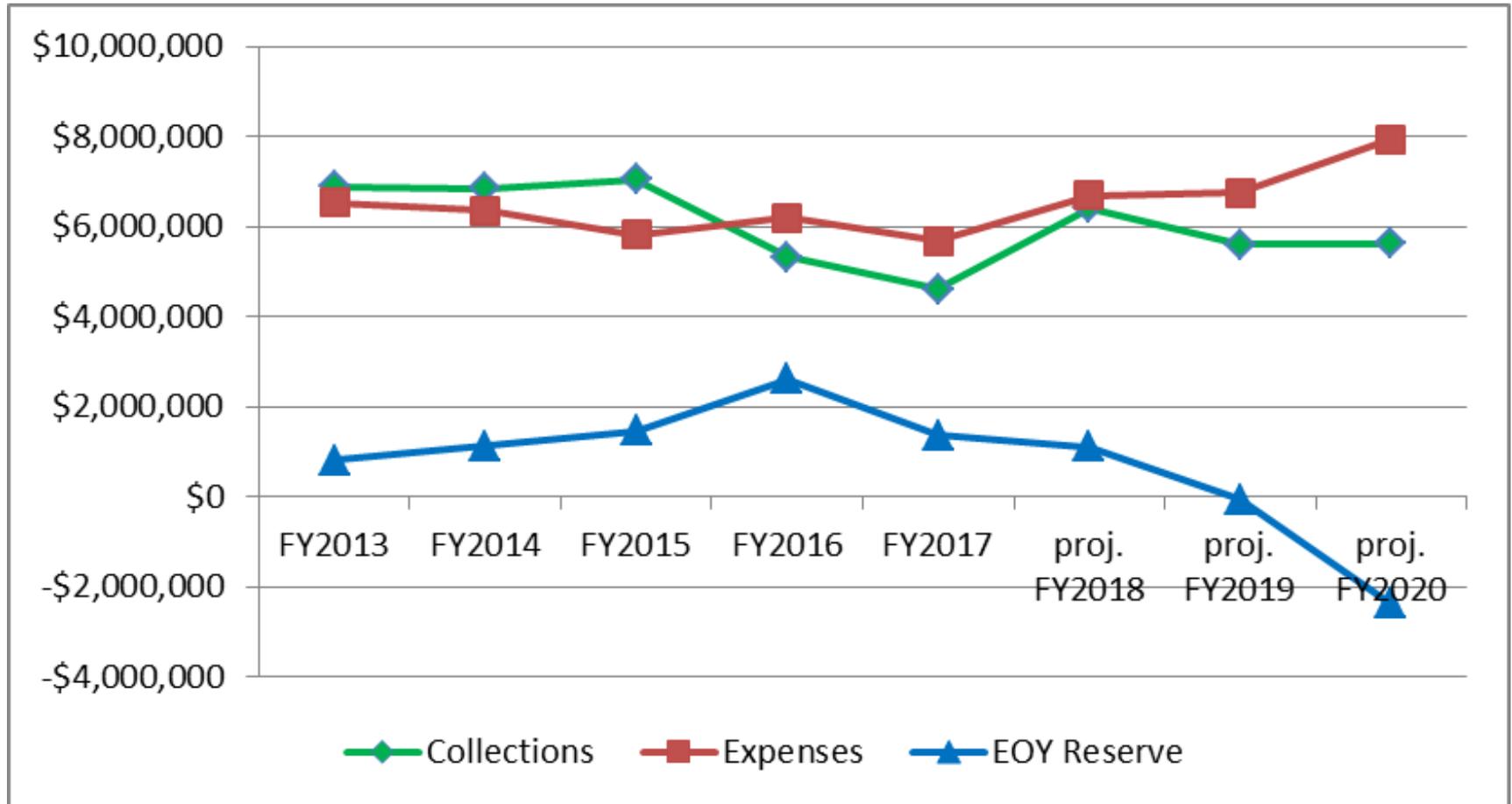
Cost Saving Initiatives

- Participated in Statewide Alternative Workplace Solutions Pilot Project
 - Preliminary results of increased productivity
 - Plans being developed for further deployment
 - Real estate cost savings realized upon leases ending or renegotiation
- Select retiring staff positions will remain unfilled
- Maintain a vacancy rate of at least 16% through FY2019
 - Fill only limited positions to ensure vital services are provided and succession plans are maintained
- Monthly review of expenses ensure accuracy
 - Reduce Unnecessary Expenses
 - Ensures that Only Title V Expenses Charged to Title V
- Reduce staff travel when not related to critical work functions
 - Large Portion of Training and Out-of-State Travel Cost Paid by Grant Funds

Cost Saving Initiatives

- Evaluating all aspects of APC operations to find efficiencies and savings
 - Reorganization to Sector-based Permitting
 - More Efficient and Consistent Permitting
 - Partial Implementation October, 2017
 - Full Implementation Fall-Winter 2018
 - Permit-by-rule & General Permit
 - Permit-by-Rule Transition Program – August, 2016
 - First General Permit – Dry Cleaners – April, 2017
 - First Permit-by-Rule – Gasoline Dispensing Facilities – September, 2017
 - Second Permit-by-Rule – Emergency Engines – March, 2018
 - Further Expansion of General Permits and Permit-by-Rule
 - Permit Program LEAN Improvements
 - Examples – Standardized Permit “Shell”, Standard Permit Conditions, Standardized Review Process

Historical and Projected Income vs. Expenses and End-of-Year Reserve (updated)



Need for Fee Revision

- Title V Reserve will be Depleted During Fiscal Year 2019 (FY2019)
- FY2020 Title V expenses will Significantly Exceed Title V Fee Income
 - **Shortfall estimate of \$2,000,000 - \$2,500,000**
- Need Fee increase starting in FY2020
 - Meet Expenses
 - Restore Reserve
 - Provide Stability for Upcoming Years

Title V Fee Structure Starting 2019

	2018 \$/ton Rate	2019 \$/ton Rate
Non-EGU Allowable	\$32.50	\$33.50
EGU Allowable	\$39.00	\$47.00
Non-EGU Actual	\$43.00	\$53.50
EGU Actual	\$49.50	\$75.00

- Base Fee = \$4,000 per facility (prior to 2019 no base fee)
- Minimum Fee = \$7,500 (same as 2018)
- **Rates based on assumption that FY2019 will be funded in part by drawing ~\$900,000 from reserve**
 - FY2020 Title V Fee System will be revised to cover projected costs and replenish the reserve
- Workload Analysis Covered FY2018 and FY2019



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Title V Fee Strawmen

All Strawmen

- Retain Actual-to-Allowable \$/ton Fee Ratio of 1.6 to 1
- Retain EGU-to-Non-EGU \$/ton Fee Ratio of 1.4 to 1
- Effective starting with fees due in FY2020
- All \$/ton rates shown are as displayed using the Title V fee analysis tool
 - subject to change as actual Title V expense and revenue figures are received
 - \$/ton rates in a proposed rule will likely be rounded to the nearest \$0.50

Strawman 1

- Increase \$/ton Rate

	2019 Fee Rate	2020 Fee Rate
Non-EGU Allowable	\$33.50	\$53.99
EGU Allowable	\$47.00	\$75.59
Non-EGU Actual	\$53.50	\$86.38
EGU Actual	\$75.00	\$120.94
Base Fee	\$4,000	\$4,000
Minimum Fee	\$7,500	\$7,500

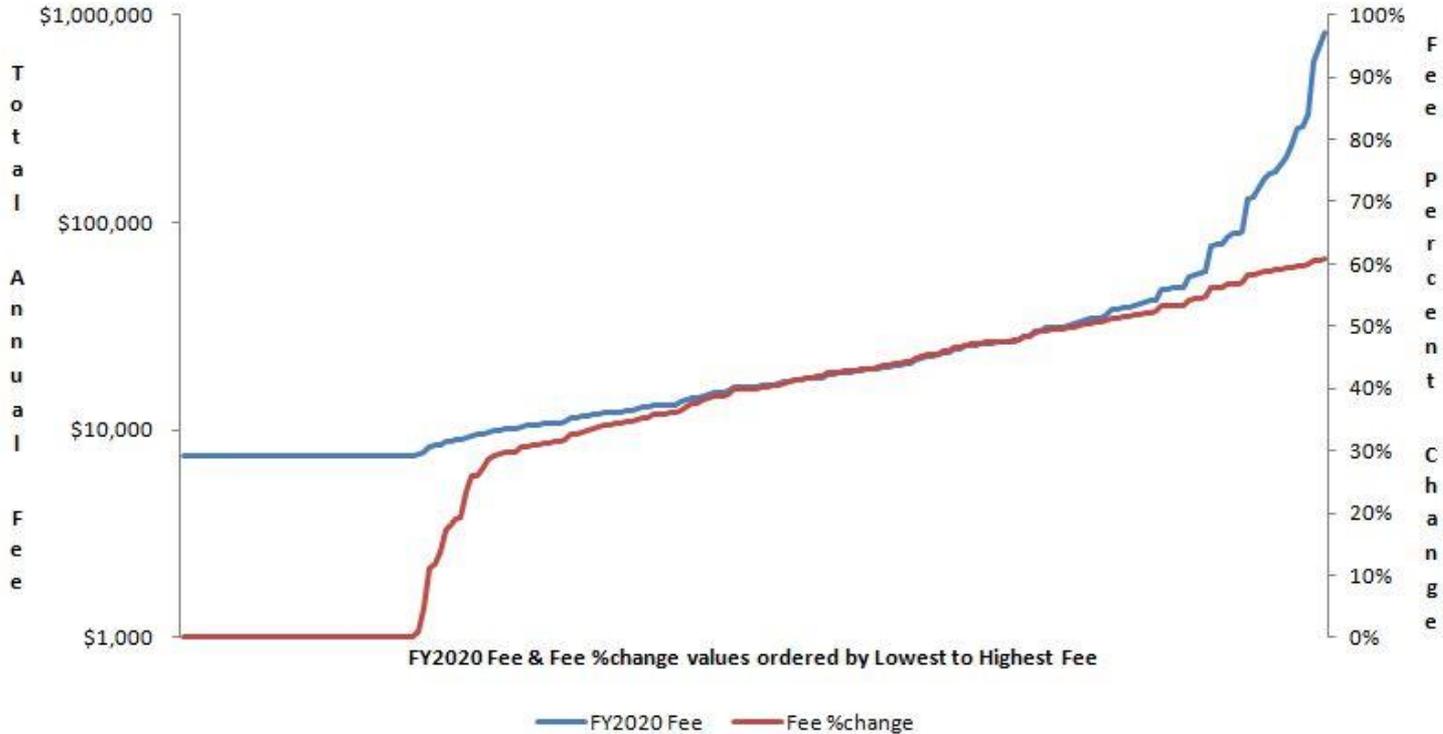
Total Fee \$Amount & Fee %Change from FY2019

FY2020 Title V Fees - Strawman #1 (\$/ton)

Actual vs Allowable = 1.6, EGU vs Non-EGU = 1.4

Base Fee = \$4,000 , Minimum Fee = \$7,500

FY2020 Fees vs FY2019 Fees



Fee Structure	Value
ACT vs ALW	1.6
EGU vs NEGU	1.4
Base Fee	\$4,000
Minimum Fee	\$7,500
NEGU ALW	\$53.99
NEGU ACT	\$86.38
EGU ALW	\$75.59
EGU ACT	\$120.94

Fee Statistic	\$ Amount
Maximum	\$817,423
Mean	\$40,850
Median	\$16,167
Minimum	\$7,500

Strawman 2

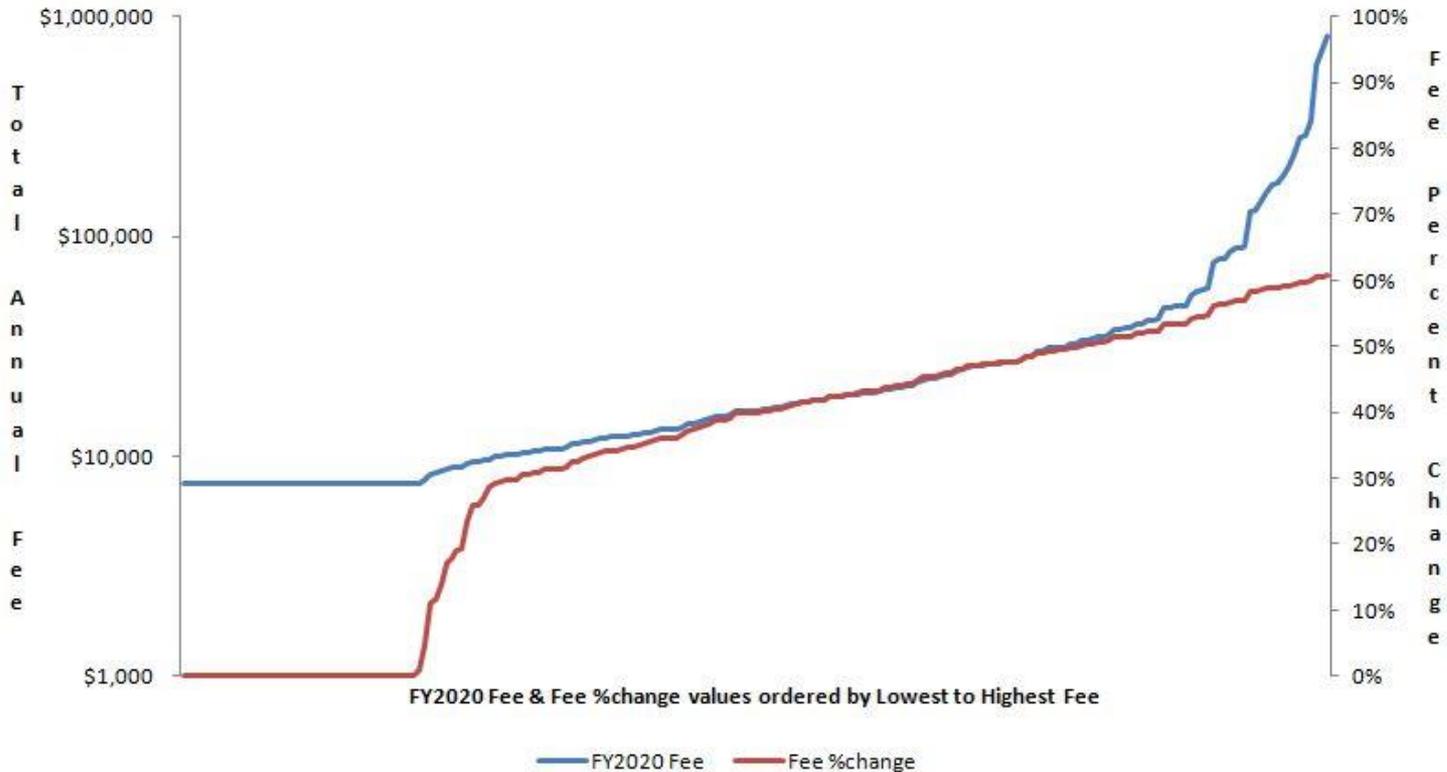
- Increase Base Fee
 - Statistical Analysis used to Choose Base Fee for Strawman #2
- Increase \$/ton Rates

Total Fee \$Amount & Fee %Change from FY2019

FY2020 Title V Fees - Strawman #2 (\$/ton & Base)

Actual vs Allowable = 1.6, EGU vs Non-EGU = 1.4

FY2020 Fees vs FY2019 Fees



Fee Structure	Value
ACT vs ALW	1.6
EGU vs NEGU	1.4
Base Fee	\$4,000
Minimum Fee	\$7,500
NEGU ALW	\$53.99
NEGU ACT	\$86.38
EGU ALW	\$75.59
EGU ACT	\$120.94

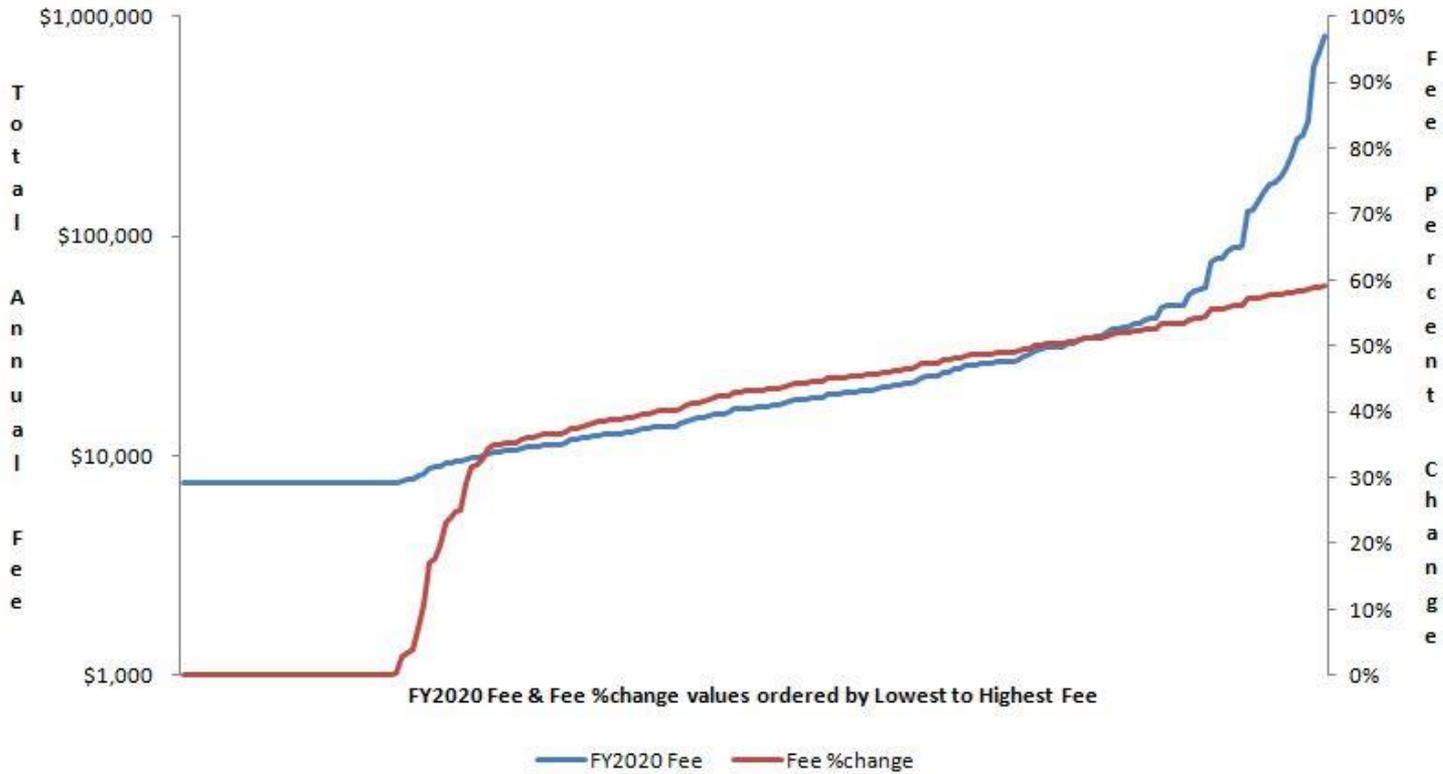
Fee Statistic	\$ Amount
Maximum	\$817,423
Mean	\$40,850
Median	\$16,167
Minimum	\$7,500

Total Fee \$Amount & Fee %Change from FY2019

FY2020 Title V Fees - Strawman #2 (\$/ton & Base)

Actual vs Allowable = 1.6, EGU vs Non-EGU = 1.4

FY2020 Fees vs FY2019 Fees



Fee Structure	Value
ACT vs ALW	1.6
EGU vs NEGU	1.4
Base Fee	\$4,500
Minimum Fee	\$7,500
NEGU ALW	\$53.39
NEGU ACT	\$85.42
EGU ALW	\$74.75
EGU ACT	\$119.59

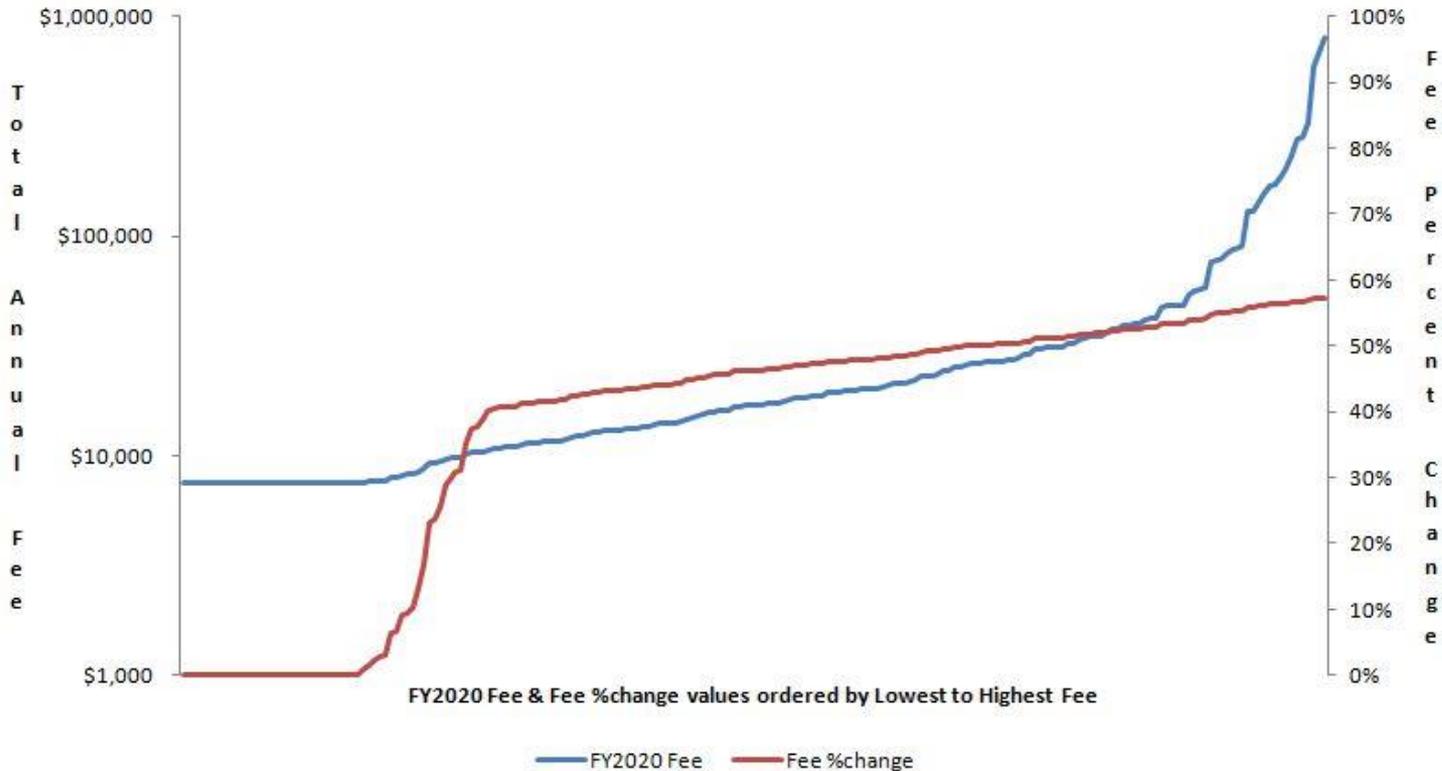
Fee Statistic	\$ Amount
Maximum	\$808,884
Mean	\$40,850
Median	\$16,531
Minimum	\$7,500

Total Fee \$Amount & Fee %Change from FY2019

FY2020 Title V Fees - Strawman #2 (\$/ton & Base)

Actual vs Allowable = 1.6, EGU vs Non-EGU = 1.4

FY2020 Fees vs FY2019 Fees



Fee Structure	Value
ACT vs ALW	1.6
EGU vs NEGU	1.4
Base Fee	\$5,000
Minimum Fee	\$7,500
NEGU ALW	\$52.77
NEGU ACT	\$84.43
EGU ALW	\$73.88
EGU ACT	\$118.20

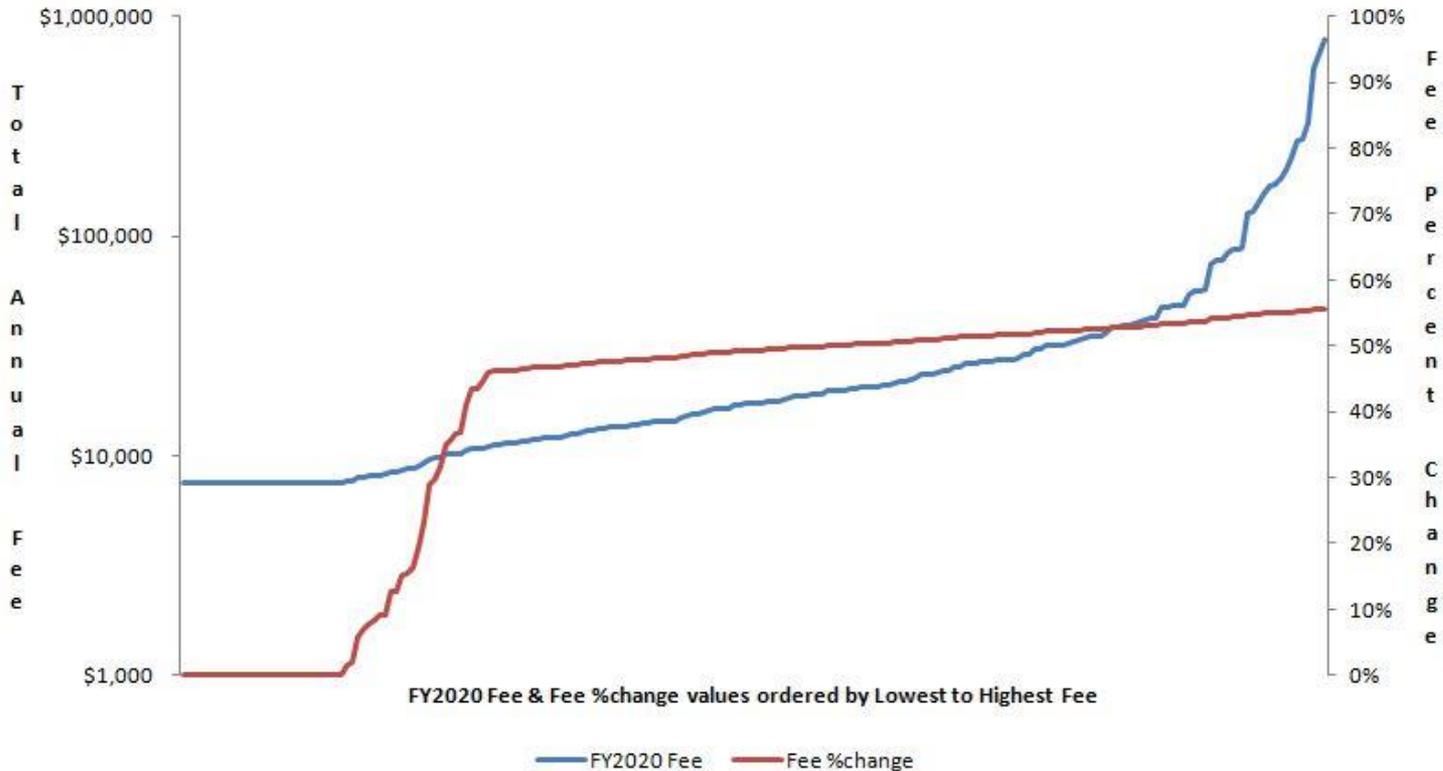
Fee Statistic	\$ Amount
Maximum	\$800,043
Mean	\$40,847
Median	\$16,892
Minimum	\$7,500

Total Fee \$Amount & Fee %Change from FY2019

FY2020 Title V Fees - Strawman #2 (\$/ton & Base)

Actual vs Allowable = 1.6, EGU vs Non-EGU = 1.4

FY2020 Fees vs FY2019 Fees



Fee Structure	Value
ACT vs ALW	1.6
EGU vs NEGU	1.4
Base Fee	\$5,500
Minimum Fee	\$7,500
NEGU ALW	\$52.14
NEGU ACT	\$83.42
EGU ALW	\$73.00
EGU ACT	\$116.79

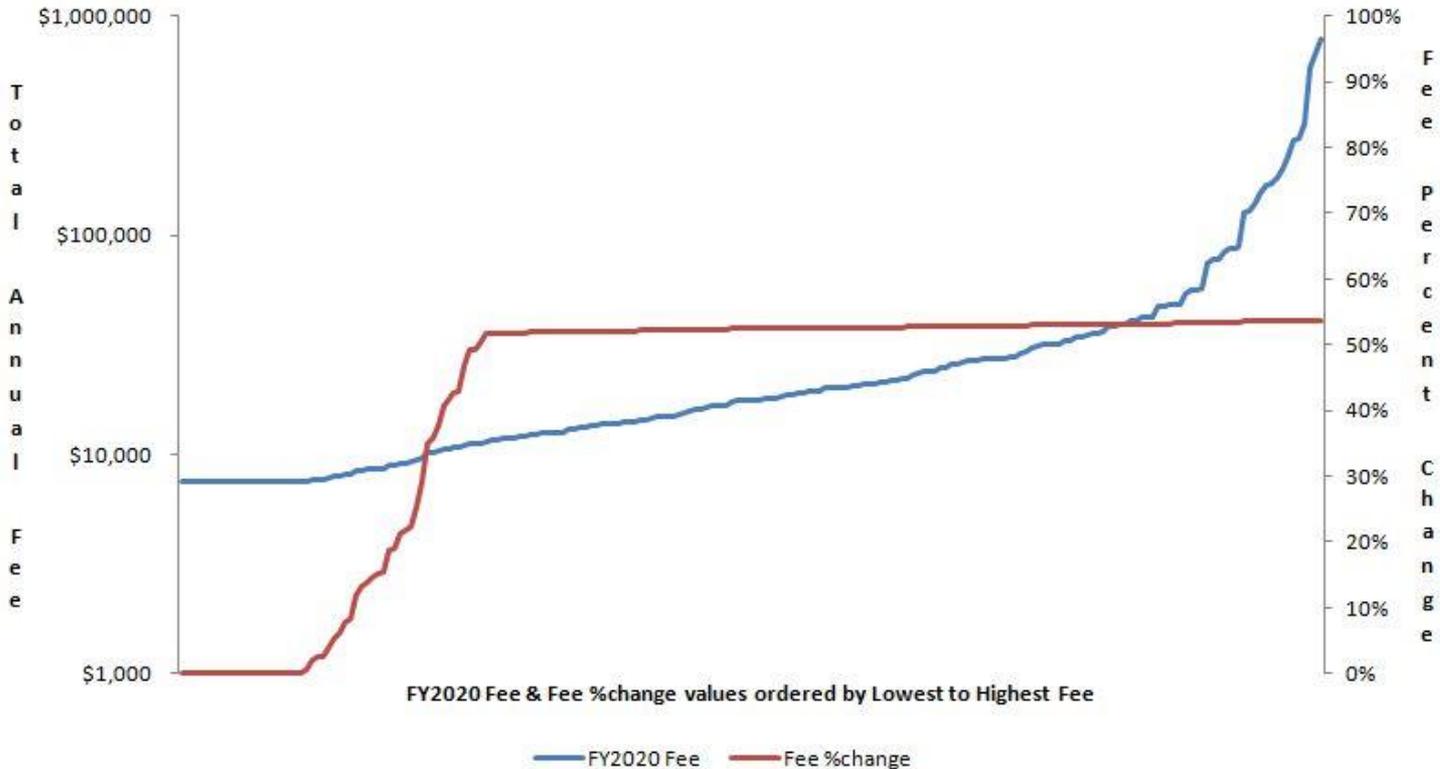
Fee Statistic	\$ Amount
Maximum	\$791,051
Mean	\$40,849
Median	\$17,250
Minimum	\$7,500

Total Fee \$Amount & Fee %Change from FY2019

FY2020 Title V Fees - Strawman #2 (\$/ton & Base)

Actual vs Allowable = 1.6, EGU vs Non-EGU = 1.4

FY2020 Fees vs FY2019 Fees



Fee Structure	Value
ACT vs ALW	1.6
EGU vs NEGU	1.4
Base Fee	\$6,000
Minimum Fee	\$7,500
NEGU ALW	\$51.49
NEGU ACT	\$82.38
EGU ALW	\$72.09
EGU ACT	\$115.34

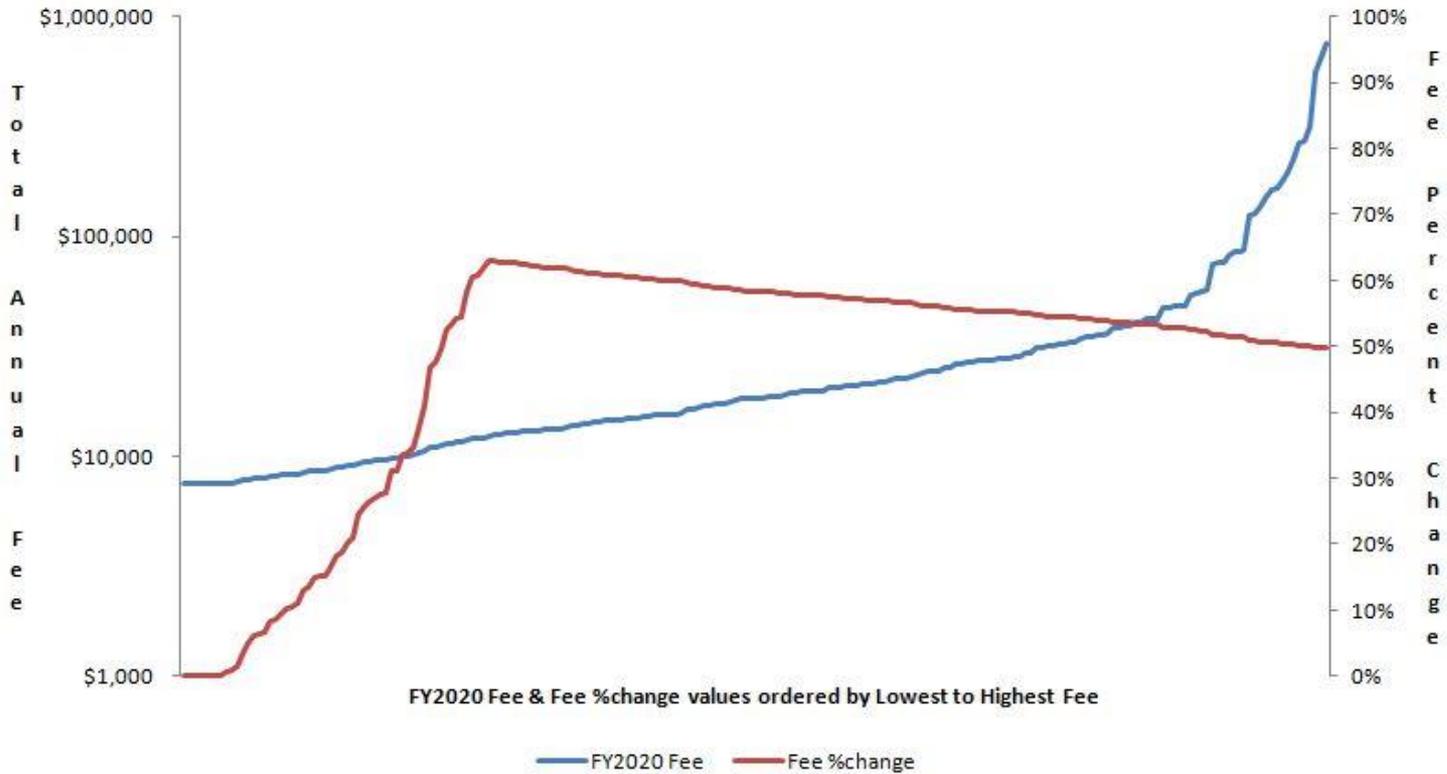
Fee Statistic	\$ Amount
Maximum	\$781,758
Mean	\$40,849
Median	\$17,603
Minimum	\$7,500

Total Fee \$Amount & Fee %Change from FY2019

FY2020 Title V Fees - Strawman #2 (\$/ton & Base)

Actual vs Allowable = 1.6, EGU vs Non-EGU = 1.4

FY2020 Fees vs FY2019 Fees



Fee Structure	Value
ACT vs ALW	1.6
EGU vs NEGU	1.4
Base Fee	\$7,000
Minimum Fee	\$7,500
NEGU ALW	\$50.12
NEGU ACT	\$80.19
EGU ALW	\$70.17
EGU ACT	\$112.27

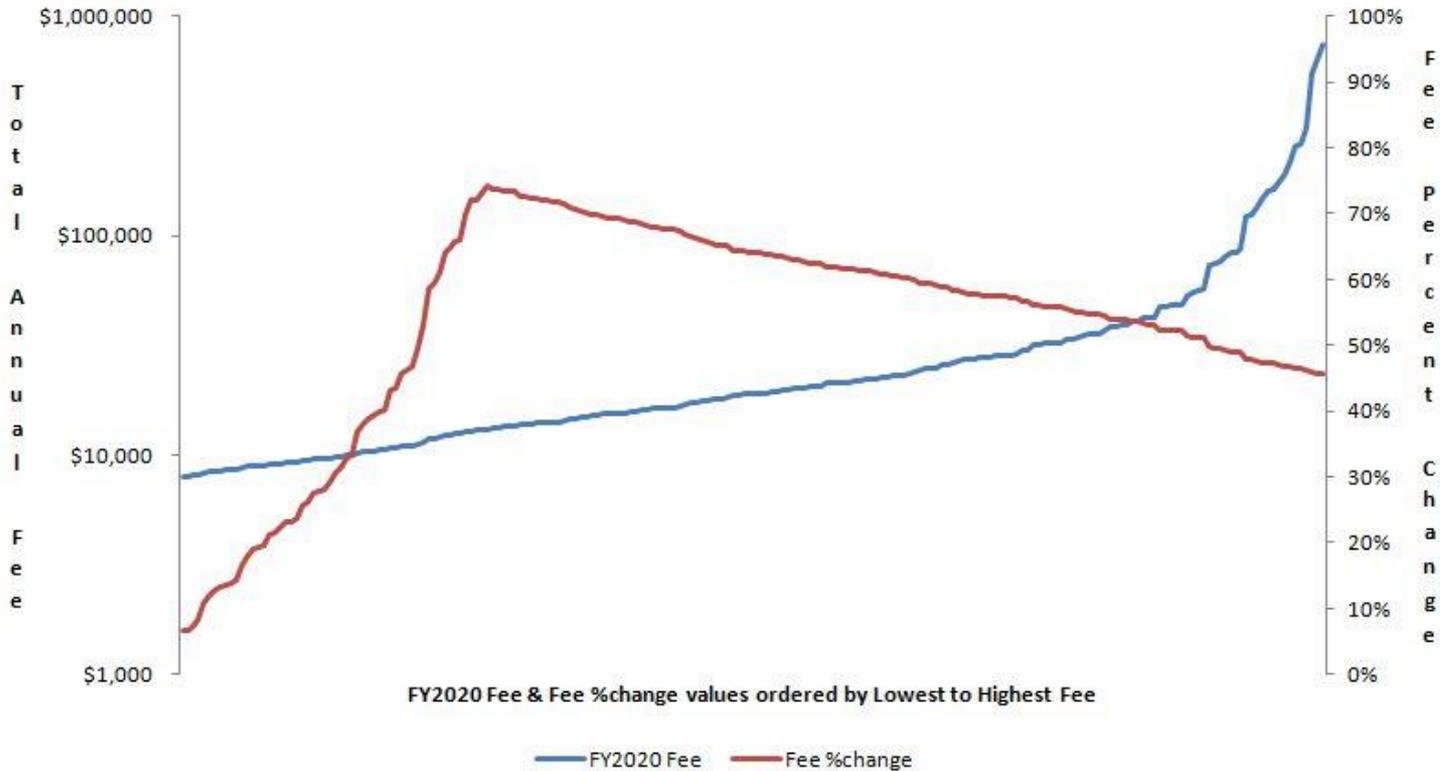
Fee Statistic	\$ Amount
Maximum	\$762,118
Mean	\$40,853
Median	\$18,295
Minimum	\$7,500

Total Fee \$Amount & Fee %Change from FY2019

FY2020 Title V Fees - Strawman #2 (\$/ton & Base)

Actual vs Allowable = 1.6, EGU vs Non-EGU = 1.4

FY2020 Fees vs FY2019 Fees



Fee Structure	Value
ACT vs ALW	1.6
EGU vs NEGU	1.4
Base Fee	\$8,000
Minimum Fee	\$7,500
NEGU ALW	\$48.65
NEGU ACT	\$77.84
EGU ALW	\$68.11
EGU ACT	\$108.98

Fee Statistic	\$ Amount
Maximum	\$740,971
Mean	\$40,850
Median	\$18,964
Minimum	\$8,000

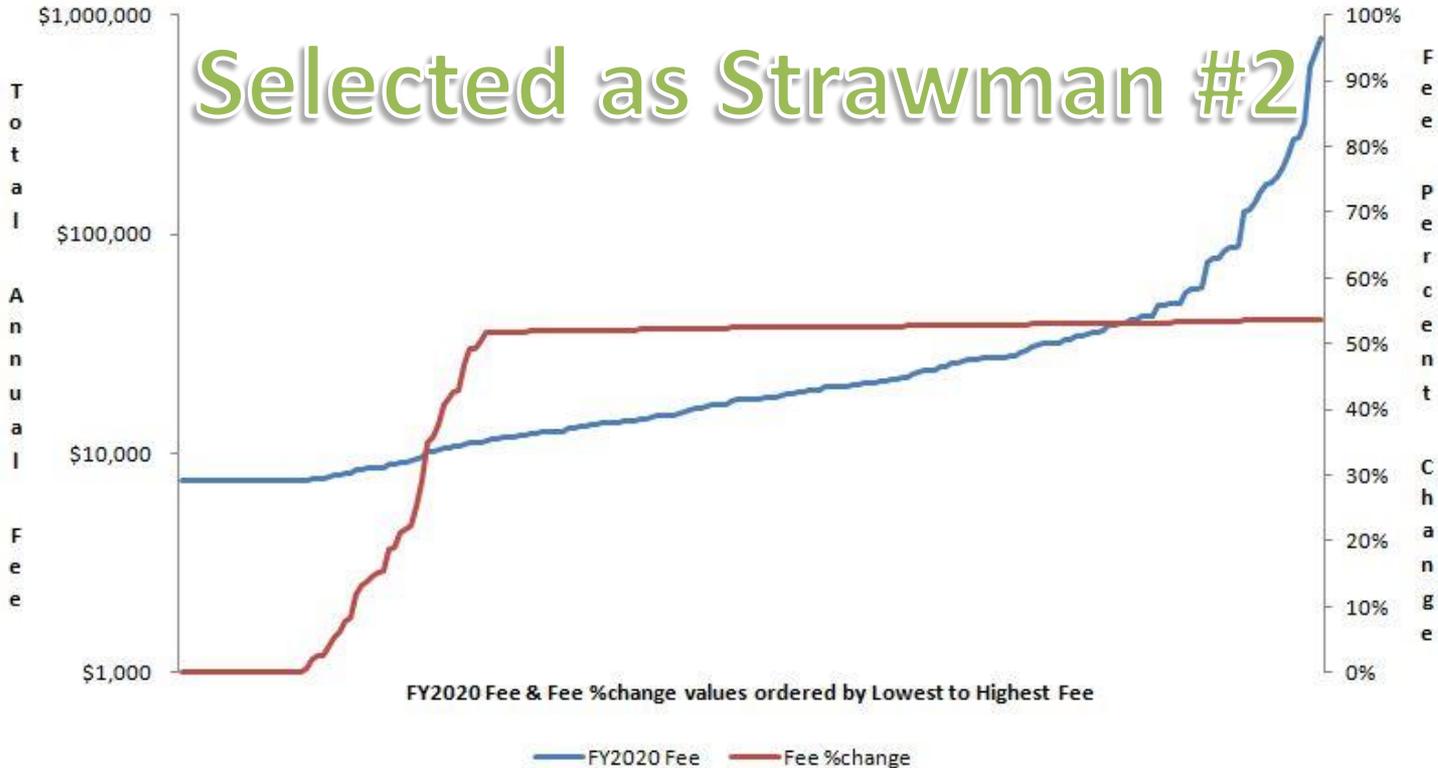
Total Fee \$Amount & Fee %Change from FY2019

FY2020 Title V Fees - Strawman #2 (\$/ton & Base)

Actual vs Allowable = 1.6, EGU vs Non-EGU = 1.4

FY2020 Fees vs FY2019 Fees

Selected as Strawman #2



Fee Structure	Value
ACT vs ALW	1.6
EGU vs NEGU	1.4
Base Fee	\$6,000
Minimum Fee	\$7,500
NEGU ALW	\$51.49
NEGU ACT	\$82.38
EGU ALW	\$72.09
EGU ACT	\$115.34

Fee Statistic	\$ Amount
Maximum	\$781,758
Mean	\$40,849
Median	\$17,603
Minimum	\$7,500

Strawman 2

- Increase Base Fee to \$6,000
- Increase \$/ton Rates

	2019 Fee Rate	2020 Fee Rate
Non-EGU Allowable	\$33.50	\$51.49
EGU Allowable	\$47.00	\$72.09
Non-EGU Actual	\$53.50	\$82.38
EGU Actual	\$75.00	\$115.34
Base Fee	\$4,000	\$6,000
Minimum Fee	\$7,500	\$7,500

Strawman 3

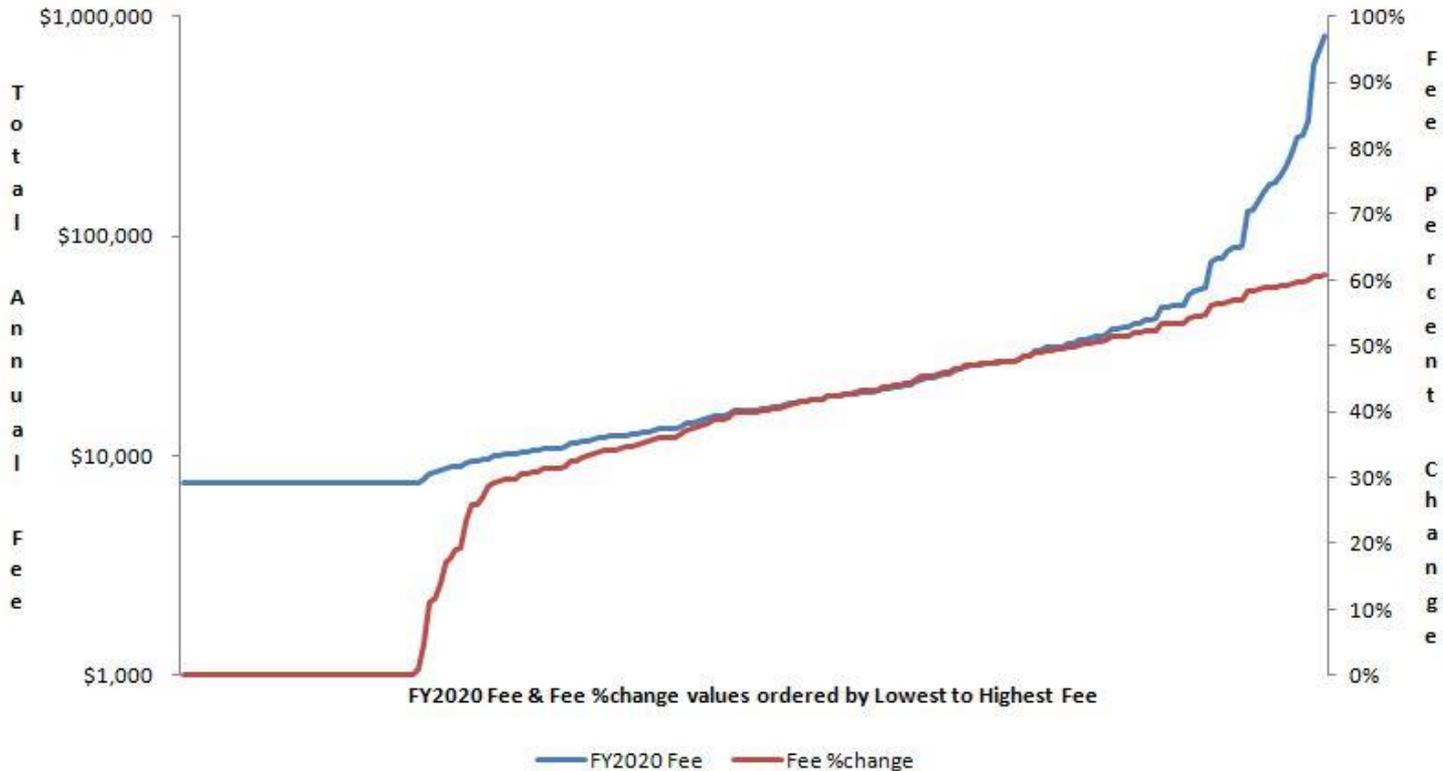
- Increase Minimum Fee
 - Statistical Analysis used to Choose Minimum Fee for Strawman #3
- Increase \$/ton Rates

Total Fee \$Amount & Fee %Change from FY2019

FY2020 Title V Fees - Strawman #3 (\$/ton & Minimum)

Actual vs Allowable = 1.6, EGU vs Non-EGU = 1.4

FY2020 Fees vs FY2019 Fees



Fee Structure	Value
ACT vs ALW	1.6
EGU vs NEGU	1.4
Base Fee	\$4,000
Minimum Fee	\$7,500
NEGU ALW	\$53.99
NEGU ACT	\$86.38
EGU ALW	\$75.59
EGU ACT	\$120.94

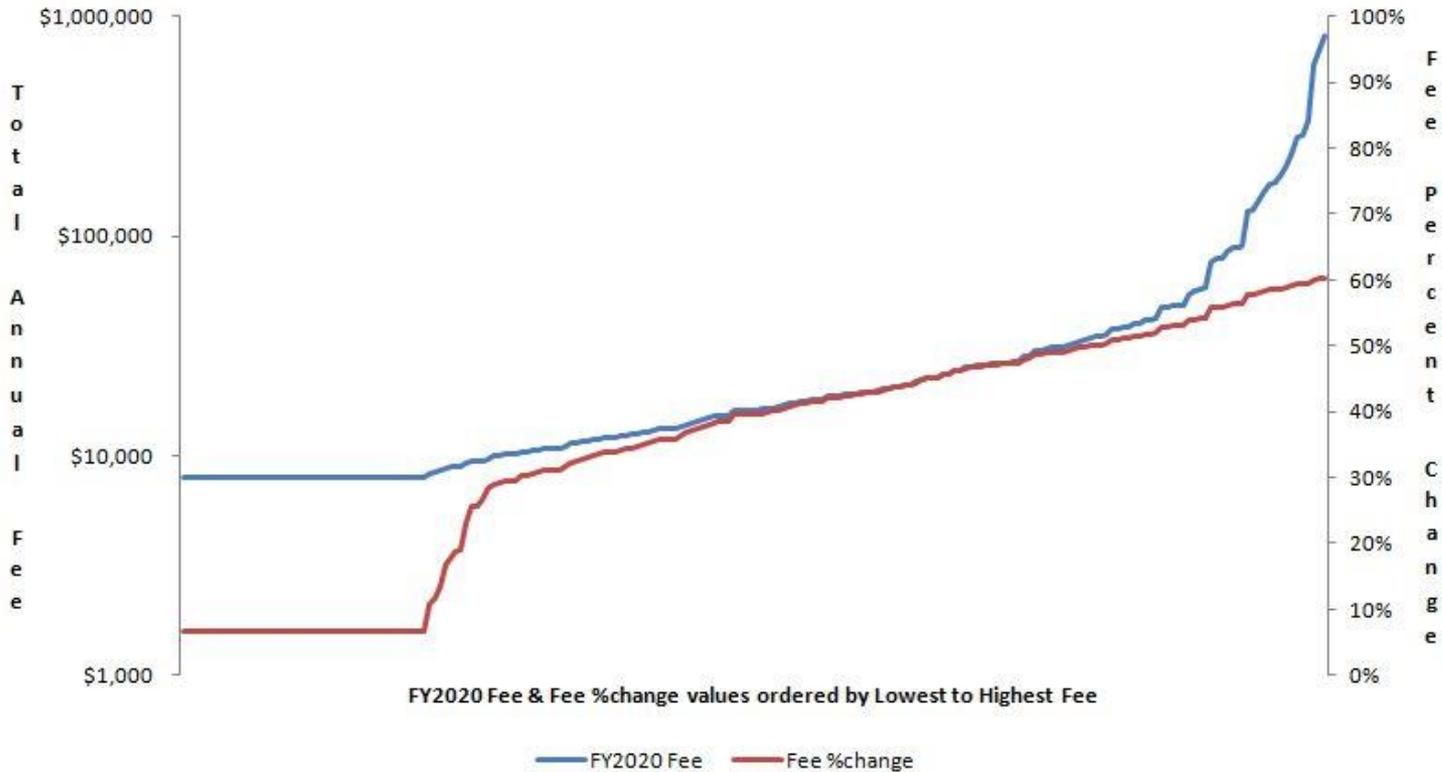
Fee Statistic	\$ Amount
Maximum	\$817,423
Mean	\$40,850
Median	\$16,167
Minimum	\$7,500

Total Fee \$Amount & Fee %Change from FY2019

FY2020 Title V Fees - Strawman #3 (\$/ton & Minimum)

Actual vs Allowable = 1.6, EGU vs Non-EGU = 1.4

FY2020 Fees vs FY2019 Fees



Fee Structure	Value
ACT vs ALW	1.6
EGU vs NEGU	1.4
Base Fee	\$4,000
Minimum Fee	\$8,000
NEGU ALW	\$53.83
NEGU ACT	\$86.13
EGU ALW	\$75.36
EGU ACT	\$120.58

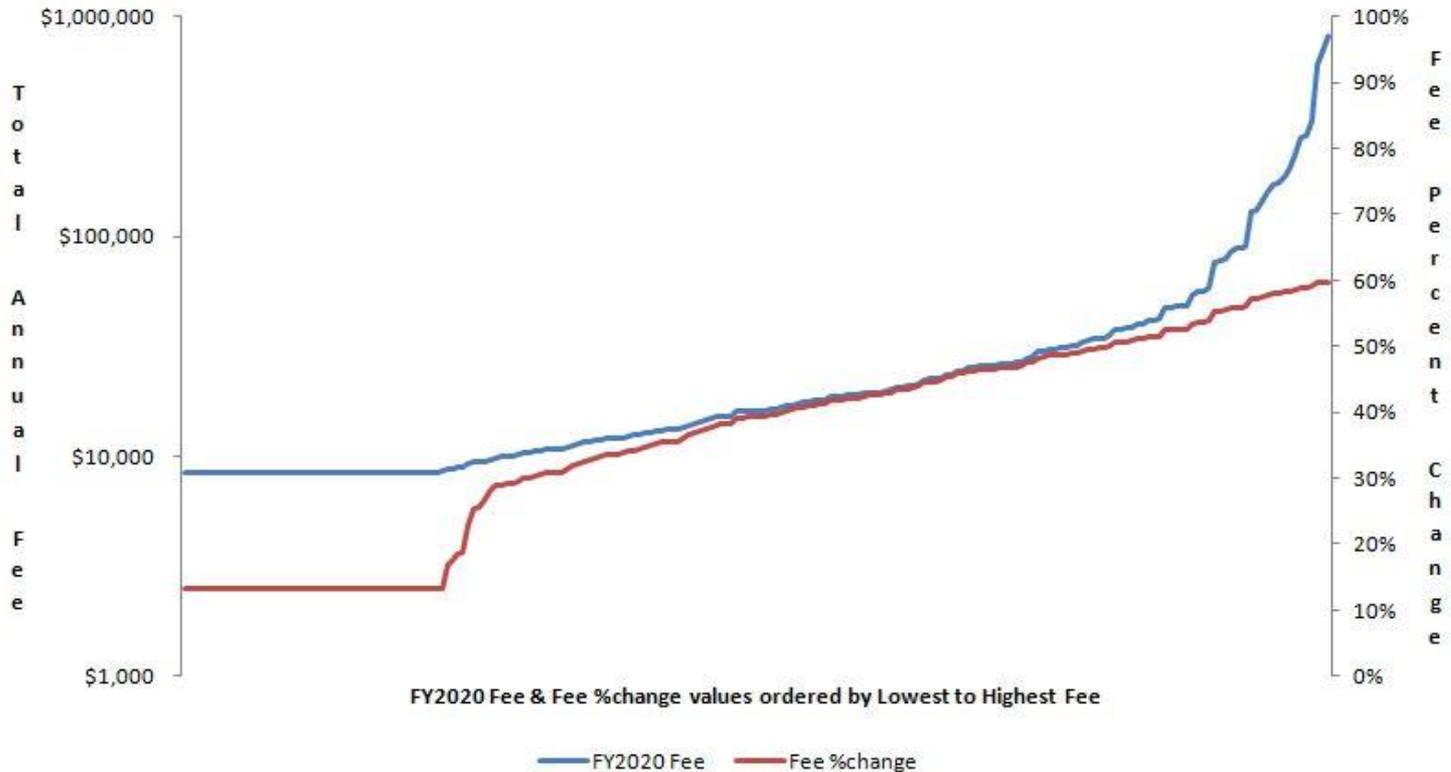
Fee Statistic	\$ Amount
Maximum	\$815,014
Mean	\$40,849
Median	\$16,131
Minimum	\$8,000

Total Fee \$Amount & Fee %Change from FY2019

FY2020 Title V Fees - Strawman #3 (\$/ton & Minimum)

Actual vs Allowable = 1.6, EGU vs Non-EGU = 1.4

FY2020 Fees vs FY2019 Fees



Fee Structure	Value
ACT vs ALW	1.6
EGU vs NEGU	1.4
Base Fee	\$4,000
Minimum Fee	\$8,500
NEGU ALW	\$53.67
NEGU ACT	\$85.87
EGU ALW	\$75.14
EGU ACT	\$120.22

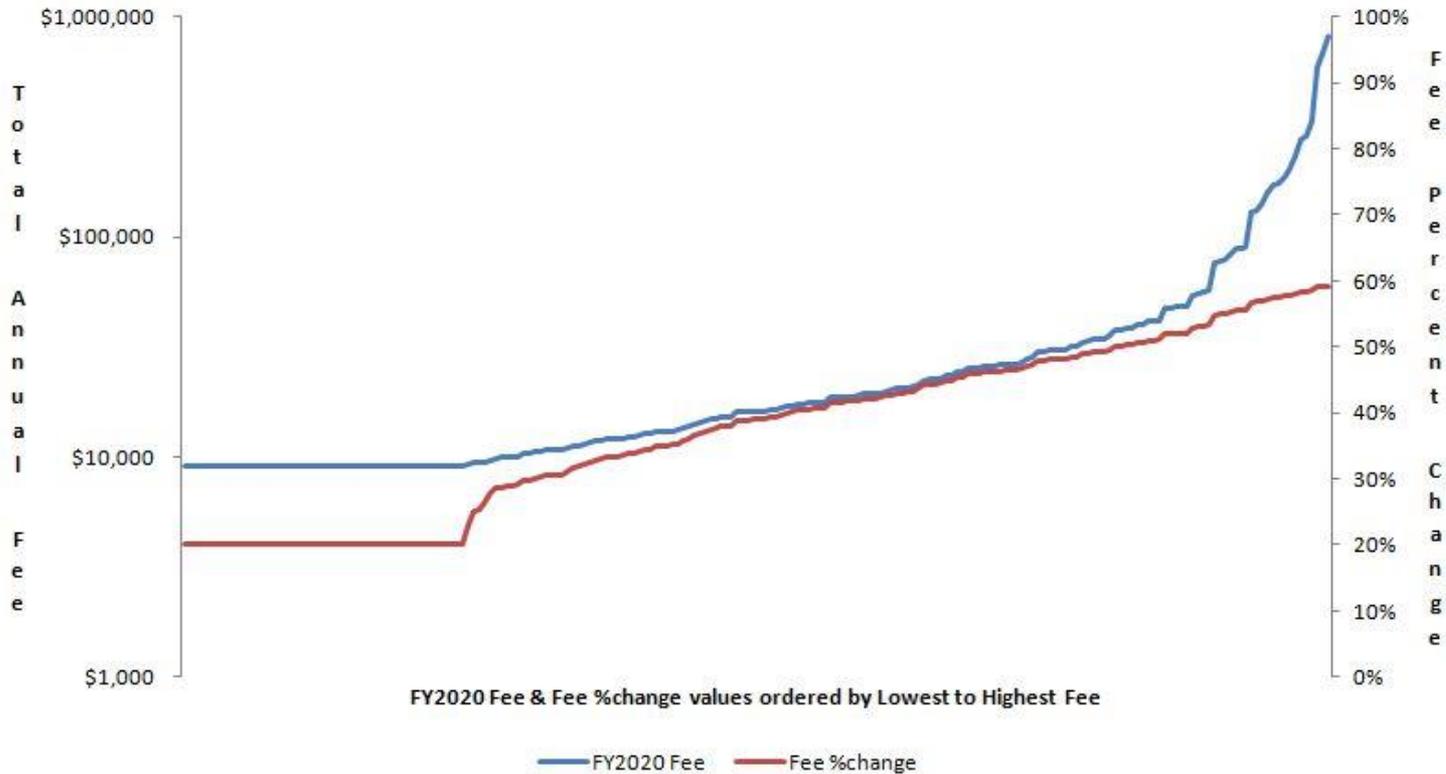
Fee Statistic	\$ Amount
Maximum	\$812,603
Mean	\$40,850
Median	\$16,095
Minimum	\$8,500

Total Fee \$Amount & Fee %Change from FY2019

FY2020 Title V Fees - Strawman #3 (\$/ton & Minimum)

Actual vs Allowable = 1.6, EGU vs Non-EGU = 1.4

FY2020 Fees vs FY2019 Fees



Fee Structure	Value
ACT vs ALW	1.6
EGU vs NEGU	1.4
Base Fee	\$4,000
Minimum Fee	\$9,000
NEGU ALW	\$53.49
NEGU ACT	\$85.58
EGU ALW	\$74.89
EGU ACT	\$119.82

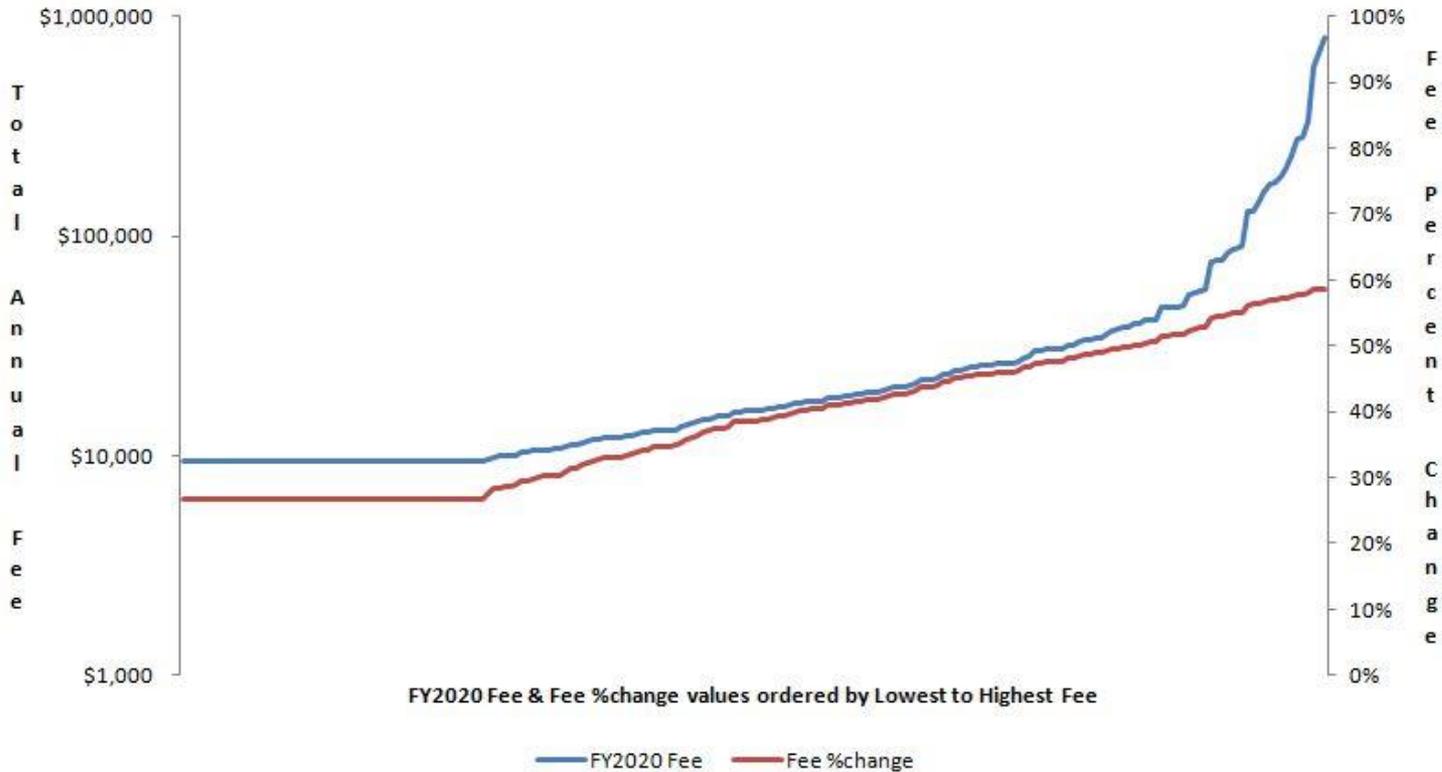
Fee Statistic	\$ Amount
Maximum	\$809,890
Mean	\$40,848
Median	\$16,054
Minimum	\$9,000

Total Fee \$Amount & Fee %Change from FY2019

FY2020 Title V Fees - Strawman #3 (\$/ton & Minimum)

Actual vs Allowable = 1.6, EGU vs Non-EGU = 1.4

FY2020 Fees vs FY2019 Fees



Fee Structure	Value
ACT vs ALW	1.6
EGU vs NEGU	1.4
Base Fee	\$4,000
Minimum Fee	\$9,500
NEGU ALW	\$53.30
NEGU ACT	\$85.28
EGU ALW	\$74.62
EGU ACT	\$119.39

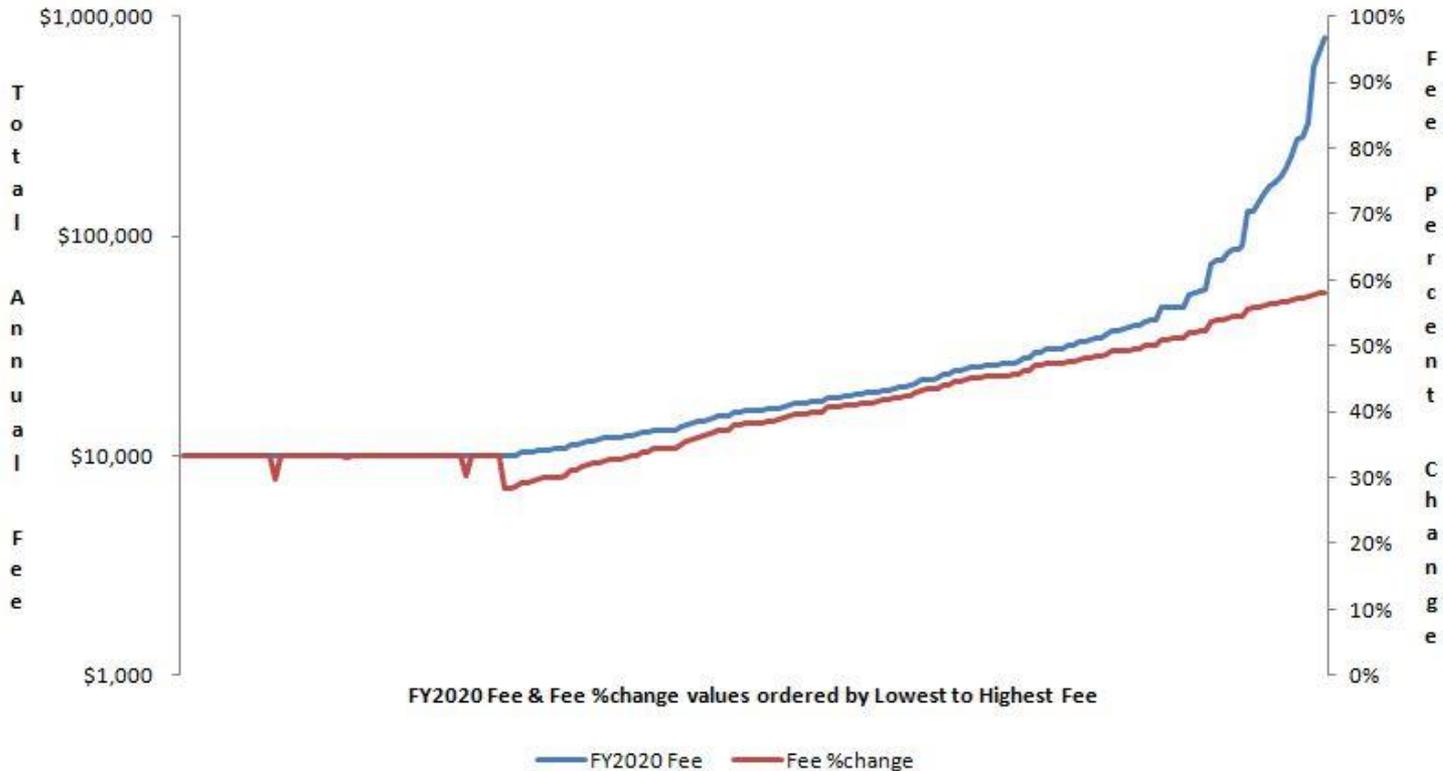
Fee Statistic	\$ Amount
Maximum	\$807,028
Mean	\$40,848
Median	\$16,011
Minimum	\$9,500

Total Fee \$Amount & Fee %Change from FY2019

FY2020 Title V Fees - Strawman #3 (\$/ton & Minimum)

Actual vs Allowable = 1.6, EGU vs Non-EGU = 1.4

FY2020 Fees vs FY2019 Fees



Fee Structure	Value
ACT vs ALW	1.6
EGU vs NEGU	1.4
Base Fee	\$4,000
Minimum Fee	\$10,000
NEGU ALW	\$53.10
NEGU ACT	\$84.96
EGU ALW	\$74.34
EGU ACT	\$118.94

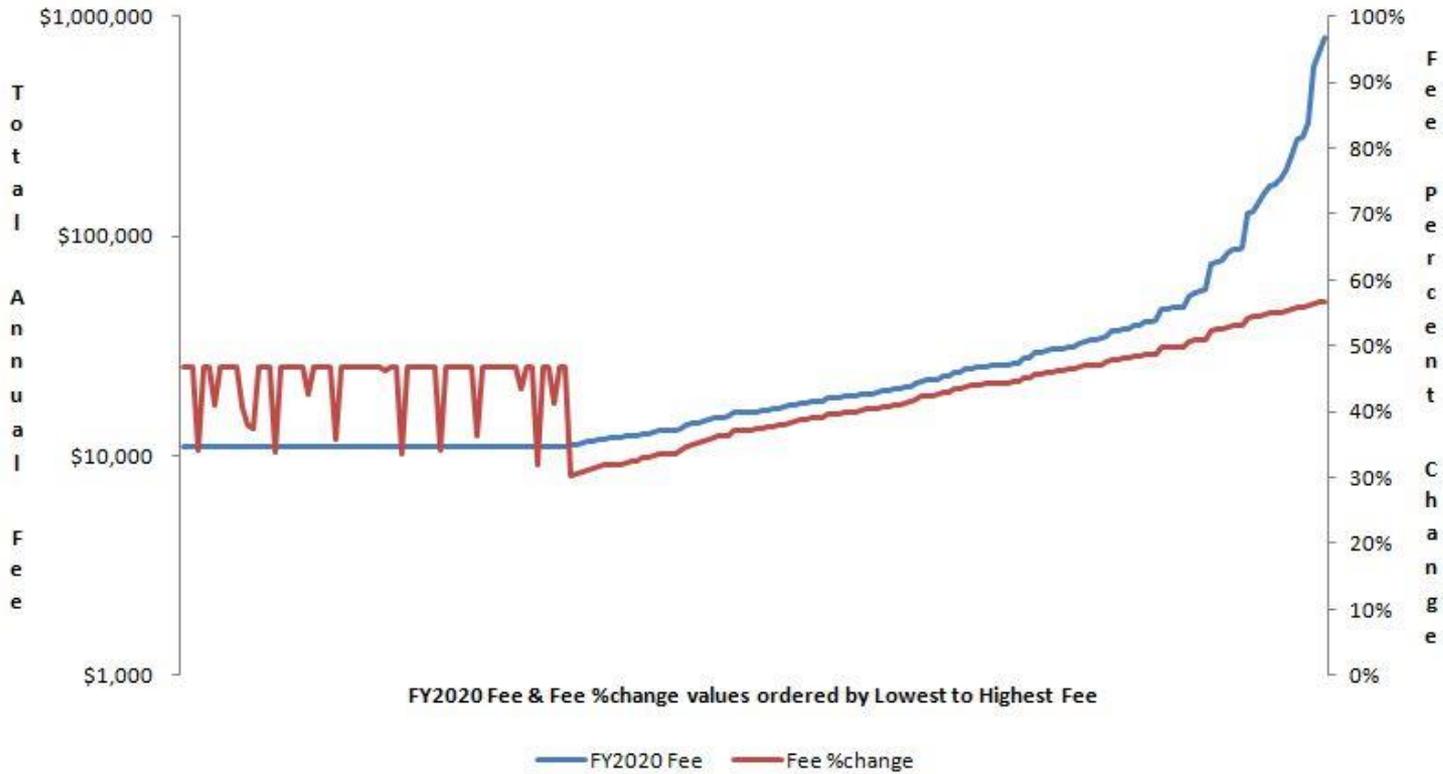
Fee Statistic	\$ Amount
Maximum	\$804,015
Mean	\$40,852
Median	\$15,966
Minimum	\$10,000

Total Fee \$Amount & Fee %Change from FY2019

FY2020 Title V Fees - Strawman #3 (\$/ton & Minimum)

Actual vs Allowable = 1.6, EGU vs Non-EGU = 1.4

FY2020 Fees vs FY2019 Fees



Fee Structure	Value
ACT vs ALW	1.6
EGU vs NEGU	1.4
Base Fee	\$4,000
Minimum Fee	\$11,000
NEGU ALW	\$52.62
NEGU ACT	\$84.19
EGU ALW	\$73.67
EGU ACT	\$117.87

Fee Statistic	\$ Amount
Maximum	\$796,783
Mean	\$40,851
Median	\$15,858
Minimum	\$11,000

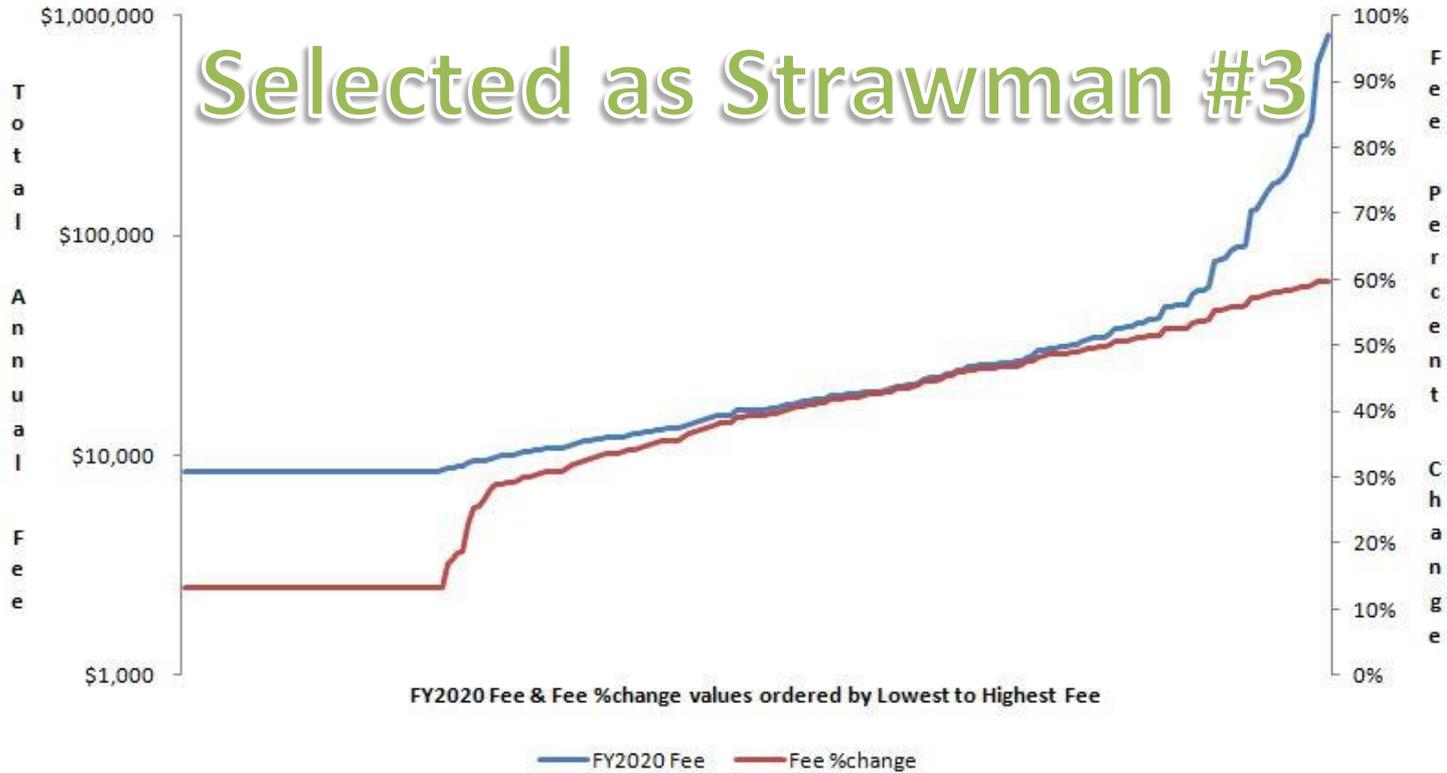
Total Fee \$Amount & Fee %Change from FY2019

FY2020 Title V Fees - Strawman #3 (\$/ton & Minimum)

Actual vs Allowable = 1.6, EGU vs Non-EGU = 1.4

FY2020 Fees vs FY2019 Fees

Selected as Strawman #3



Fee Structure	Value
ACT vs ALW	1.6
EGU vs NEGU	1.4
Base Fee	\$4,000
Minimum Fee	\$8,500
NEGU ALW	\$53.67
NEGU ACT	\$85.87
EGU ALW	\$75.14
EGU ACT	\$120.22

Fee Statistic	\$ Amount
Maximum	\$812,603
Mean	\$40,850
Median	\$16,095
Minimum	\$8,500

Strawman 3

- Increase Minimum Fee to \$8,500
- Increase \$/ton Rates

	2019 Fee Rate	2020 Fee Rate
Non-EGU Allowable	\$33.50	\$53.67
EGU Allowable	\$47.00	\$75.14
Non-EGU Actual	\$53.50	\$85.87
EGU Actual	\$75.00	\$120.22
Base Fee	\$4,000	\$4,000
Minimum Fee	\$7,500	\$8,500

Strawman 4

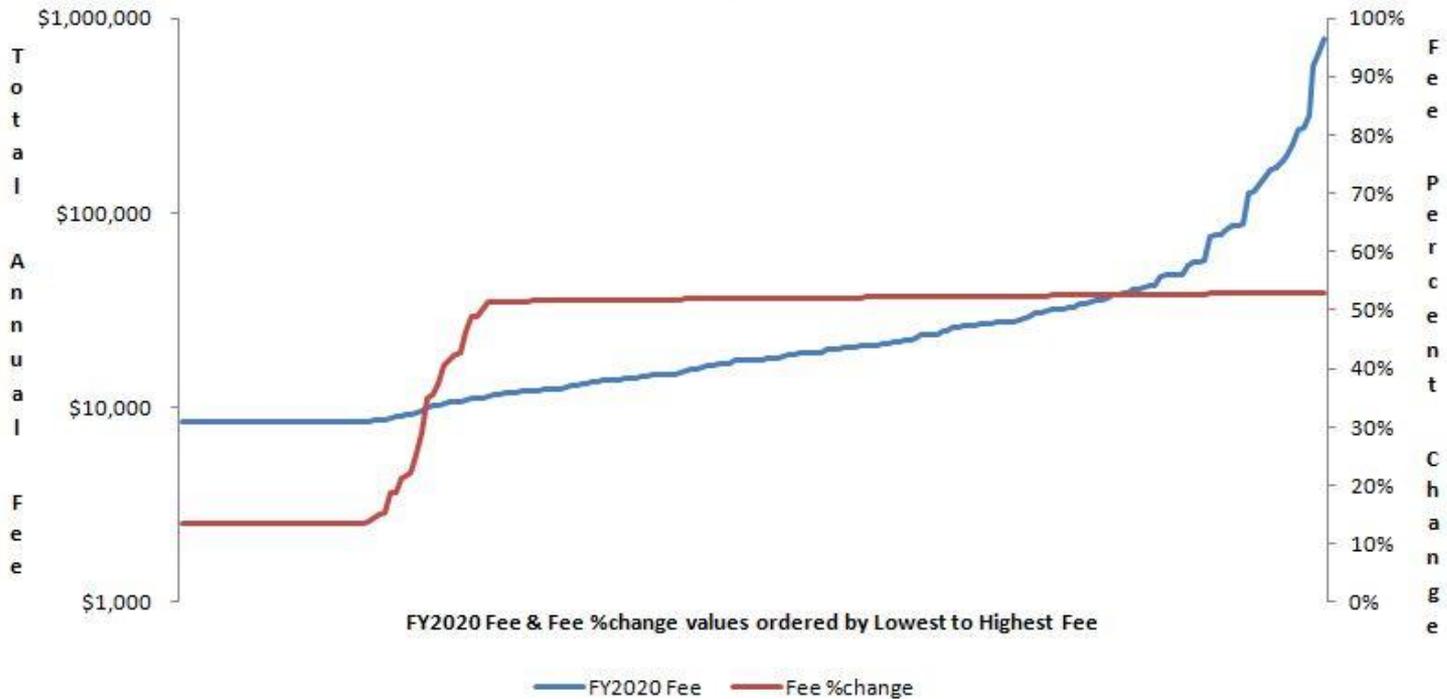
- Increase Base Fee – Same as Strawman #2
- Increase Minimum Fee – Same as Strawman #3
- Increase \$/ton Rates

	2019 Fee Rate	2020 Fee Rate
Non-EGU Allowable	\$33.50	\$51.28
EGU Allowable	\$47.00	\$71.79
Non-EGU Actual	\$53.50	\$82.05
EGU Actual	\$75.00	\$114.87
Base Fee	\$4,000	\$6,000
Minimum Fee	\$7,500	\$8,500

Total Fee \$Amount & Fee %Change from FY2019

FY2020 Title V Fees - Strawman #4 (\$/ton & Base & Minimum)

Actual vs Allowable = 1.6, EGU vs Non-EGU = 1.4
FY2020 Fees vs FY2019 Fees



Fee Structure	Value
ACT vs ALW	1.6
EGU vs NEGU	1.4
Base Fee	\$6,000
Minimum Fee	\$8,500
NEGU ALW	\$51.28
NEGU ACT	\$82.05
EGU ALW	\$71.79
EGU ACT	\$114.87

Fee Statistic	\$ Amount
Maximum	\$778,595
Mean	\$40,847
Median	\$17,556
Minimum	\$8,500

Other Potential Changes

- CPI Adjustment with Board Approval
 - \$/ton rates would increase based on the Consumer Price Index (CPI) for All-Urban Consumers
 - APC will have the option for CPI adjustment each year subject to approval by APC Board upon review of Workload Analysis

We Want your Input

- Respond to Survey
 - Link to be provided by email and on Title V fee website
 - Preference of Strawman
 - #1 – Increase \$/ton Rates
 - #2 – Increase Base Fee & \$/ton Rates
 - #3 – Increase Minimum Fee & \$/ton Rates
 - #4 – Increase Base Fee, Minimum Fee, & \$/ton Rates
 - Question about CPI Adjustment
- Submit comments and questions by email to:
 - air.permitting.permits@tn.gov
 - Include phrase “Title V fees” in subject line of email
- Please complete survey or submit comments by Wednesday, June 20th, 2018



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Title V Fee Analysis Tool

Rulemaking Process – Tentative Time Frame

- Initial Board Briefing – 3/14/18
- Stakeholder Process – April through July, 2018
- Second Board Briefing with proposed rule – 8/8/2018
- Public Notice with Proposed Rule – No Later than 8/22/2018
- Webinar to Discuss Proposal - ~ two weeks after public notice
- Public Hearing – 10/16/2018
- Board Adoption – 11/14/2018
- File with Secretary of State – No Later than 1/16/2019
- Effective Date of Rule – 4/16/2019
- Change in Fees Effective FY2020

Title V Fee Website

- Go to www.tn.gov/environment
 1. Select "Permitting"
 2. Select "Air Permits"
 3. Select "Permit and Annual Emission Fees"
 4. Select "Title V Fees"
- Includes link to survey
- New Response to Questions Document

Questions

