

**2014 TITLE V FEE LEGISLATION
COMMENTS OF THE REGULATED COMMUNITY
December 10, 2013**

- (1) In an attempt to ensure better equity of the User Fee Category #8 (0 to 25 tons) - which had 111 sources – Two categories were created (a revised #8 [6 to 25 tons] and revised #9 – [0 to 5 tons]). The previous User Fee Category #9 now becomes User Fee Category #10. (Please See Attached Tables 1 & 2).
- (2) Because of the existing, large, growing carryover balance, we believe that for the next three years total annual revenue requirements should be reduced from DNREC’s proposed \$3.8 million to \$2.8 million. This provides more than enough money for DNREC to implement the Title V Program at 63 FTEs and, at the same time, an adequate cushion for any unanticipated issues that may come up during the period. The estimated carryover amount exceeds \$0.5 million at the end of the three year cycle and is an adequate margin of safety. This reduction reflects no changes to the Proposed Base Fee amounts and reflects a minimal 20% reduction in the User Fee Categories over the three year cycle. (Please See Attached Table 3).
- (3) Support making use of part of the Title V Carryover Balance fee to hire an independent management consultant to perform an efficiency analysis of the program to further enhance AQM’s progress made to date. Structure a working group of stakeholders to oversee effort. The budget of this would come out of the Title V Fee fund and not to exceed \$100,000. This would be used to solicit review the Air Division beyond work of the Value Stream Exercise that was completed back in 2004-2005.
- (4) How many FTE positions are currently filled? For both 2011&12 CY Actual Staffing Levels were at 60 FTE. Can the program function at this level? If not then a cap at 63 FTEs should be discussed.
- (5) Support raising the Reg 2 fee’s as part of the Legislation. DE-DNREC should propose a fee based from the amount of the time it takes to process an application. This fee would be included as part of the management review study proposed.
- (6) All new Title V permit applicants, or Reg 2 Applicants that will eventually become Title V sources, should pay an initial application fee. The suggested charge can be similar to the synthetic minor fee. This fee should also be based from the amount of time spent on actually processing the application. This fee would also be included as part of the management review study.
- (7) Propose creating a credit rebate for those facilities that invest voluntarily in technology that reduces emissions.

- (8) **Request the Following Item to be included as Part of the Proposed Management Study** - Amend the calculation process to be dynamic and reflect facilities that invest in emissions reduction technology, fuel switch, and/or retire units from operation, such as in the first full year the reductions become effective, the current year shall be used as the basis of the calculation and applied to the fee schedule the next calendar year. To qualify, the Title V Permit must be amended. This amendment is required to reflect current operations and potential to emit rather than pre-controlled operations. For 2014, fees should be amended to reflect 2012 emissions.

To amend the process, we request the following improvements be applied.

- User fee – On an annual basis, apply the previous year’s annual emissions data for the next invoice. For example, for the 2015 invoice, 2014 emission data should be used.
 - User Fee – Revise the timing of invoices to incorporate current data. Rather than issue invoices in 4Q with payment required in January, delay the process to allow end of the year data to be used in the next billing sequence. Perhaps a true-up adjustment can be considered.
 - Base Fee – On an annual basis, revise the five year duration and apply a rolling average concept. This will retain the long duration average benefit while allowing the calculation to be as current as possible.
 - Implement the changes effective 2014.
- (9) Propose to aggressively address facilities that have been delinquent in Title V Fee payment. Status Reports should include a listing of these sources, and actions taken by DNREC to attempt to collect fees that are delinquent. Having 13 non-payments for 2012CY for the tune of \$534,908 is a significant amount.

Table 1

Original		
User Fee	User Fee Categories	User Fee Amount
1	> 2001 tons	\$175,000
2	1,001 to 2,000 tons	\$50,000
3	501 to 1,000 tons	\$30,000
4	201 to 500 tons	\$14,000
5	101 to 200 tons	\$6,000
6	51 to 100 tons	\$4,500
7	26 to 50 tons	\$3,000
8	0 to 25 tons	\$2,000
9	New Sources that have applied for a permit after January 1, 2013	\$3,000

Table 2 – Reduced 20% And Added New Category

Proposed					
User Fee	User Fee Categories	User Fee Amount - Reduced 20% From Predicted	Number in Category	Amount From Category	Percent of User Fee
1	> 2001 tons	\$140,000	1	\$140,000	25%
2	1,001 to 2,000 tons	\$40,000	2	\$80,000	14%
3	501 to 1,000 tons	\$24,000	2	\$48,000	9%
4	201 to 500 tons	\$11,200	3	\$33,600	6%
5	101 to 200 tons	\$4,800	5	\$24,000	4%
6	51 to 100 tons	\$3,600	4	\$14,400	3%
7	26 to 50 tons	\$2,400	7	\$16,800	3%
8	6 to 25 tons	\$1,600	25	\$40,000	7%
9	0 to 5 tons	\$1,550	87	\$134,850	24%
10	New Sources that have applied for a permit after January 1, 2013	\$3,000	7	\$21,000	4%
Totals			143	\$552,850	100%

Table 3

The Chamber Proposes The Following:				
Proposal at 20% User Fee Reduction & Keeping Base Fee As Predicted	2015	2016	2017	
Proposed 2015 Fees - Hold for 3 years	\$2,785,650	\$2,785,650	\$2,785,650	
Total Predicted from Proposed CR - At Highest 2012 then added amount equal to 63 FTEs + 2.5% COLA	\$3,687,342	\$3,779,526	\$3,874,014	
Difference	\$901,692	\$993,876	\$1,088,364	3 Year Sum = \$2,983,932
Published 2012 Carryover	\$3,502,552			
Revised 2012 Carryover Balance	\$2,600,860	\$1,606,984	\$518,620	