

## Response to Questions from American Lung

- 1) I suppose coincidences happen, but that “66.66%” or nearly exactly two-thirds increase looks arbitrary even though I have no actual reason to believe it is. I expect that you will have a calculation that shows how it isn’t.

This result does appear to be convenient. However, it was done in a systematic way. The full calculations to reach this number are available and I would be happy to review them with you.

- 2) To what degree might the regulated entities react unfavorably to the magnitude of the increases proposed (ranging up to an additional 44% increase over Title V Fees that were billed for 2008, on top of the 26% increase of 2008 Fees Billed over 2007 Fees Collected)?

The regulated entities will react unfavorably to this increase. We have already noticed such a reaction during the Title V Fee Committee meetings.

- a. Can a justification be made that the Title V Fees are long overdue for being increased this much? In other words, have the assessed Title V Fees been historically flat (1995-2006 according to the chart) while costs to carry out Title V activities were steadily increasing (was there a graph of this latter)?

There are several arguments that could support a long overdue Title V increase. While the Title V fee legislation allows for an annual cost of living increase, we have never sought one. However, employee costs continue to rise with the rising cost of employee benefits and recent state mandated salary increases for engineers. It may be difficult to make this argument to the Title V fee committee though. For many years we carried a surplus Title V balance due to consistent understaffing of the program early on. This surplus covered these increasing costs. The Title V fee committee was well aware of this surplus.

- b. Will DNREC be able to demonstrate a capability that they will be able to absorb and use effectively funding whose amount increases steeply over such a short interval? Or will filling vacant positions take a number of years to carry out? If the latter, what kind of phase-in schedule for an ultimate fee increase that fully funds AQM would be appropriate as a compromise solution?

We recognize that we will not be able to fill all of our vacancies immediately. We are looking into creating an increasing fee schedule to address these concerns.

- 3) Finally, have any solutions been suggested for how to avoid incurring such a significant increase over such a short period of time in the future? A more slowly changing rate, reflecting changes in AQM responsibilities and the CPI – perhaps even smoothed over time like a consumer’s averaged utility bill – would seem to be a more predictable option that could help Title V entities do better business planning.

This is an interesting suggestion. We are looking into developing an increasing fee schedule to address these issues.