

FORM # 1

**FORM FOR PETITIONING THE STATE ENVIRONMENTAL COMMISSION FOR
ADOPTION, FILING AMENDMENTS OR REPEAL OF COMMISSION REGULATIONS**

1. Nevada Division of Environmental Protection
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2. The Nevada Division of Environmental Protection (NDEP) is a division of the Nevada Department of Conservation and Natural Resources of the State of Nevada. The NDEP is an environmental regulatory agency.
3. Nevada Revised Statutes (NRS) 445B.210 establishes the authority of the State Environmental Commission (SEC) to adopt regulations to prevent, abate and control air pollution. NRS 445B.300 establishes specific authority of the SEC regarding the ability to charge appropriate fees to pay the expenses of administering NAC Chapter 445B.

SPECIFIC CHANGES:

The NDEP is proposing to amend the fee structure in NAC 445B.327 to make the revenue generated by the operating permits program more commensurate with the expense of administering the air quality control program.

Specifically, the amendments will:

- For application fees,
 - Increase the fee for a Class II general permit and a surface area disturbance from \$400 to \$500; and
 - Clarify that the first year's annual maintenance fee for a new source is included in the application fee.
- For annual fees based on emissions,
 - Increase the fee for Class I sources to \$16 per ton for each regulated pollutant;
 - Repeal the fee for Class II sources; and

- Add an inflationary adjustment factor of 2 percent compounded annually.
 - For annual fees based on maintenance,
 - Increase the fee for all Class I sources, adding a tiered structure;
 - Add a 4th tier to the Class II fee structure;
 - Increase the fee from \$250 to \$500 for Class II sources with a potential to emit less than 25 tons per year;
 - Increase the fee for surface area disturbances, adding a tiered structure based on acreage permitted; and
 - Add an inflationary adjustment factor of 2 percent compounded annually.
 - Provide sources with an opportunity to request a pre-application review by the agency for a fee.
4. **NEED FOR AND PURPOSE:** The air pollution control program is predominantly a fee based program, receiving no general fund revenue to support its efforts. The operating permits program fees have not been significantly increased in ten years, whereas the size and scope of the program have increased. Furthermore, Southern California Edison's Mohave Generating Station (Mohave), which was a significant source of revenue in the past, has shut down, and there has been a steady decline in federal grant funding. Therefore, it is necessary to increase operating permit fees to pay the expenses of administering the program.
5. **ECONOMIC EFFECTS:**
- (a) Regulated Business/Industry. These amendments will have an economic effect on the regulated industry. Much of the fee structure associated with the air pollution control operating permit program is revised. Refer to the "Specific Changes" in number 3 above.
 - (b) Public. These proposed amendments will have no direct economic effect on the public.
 - (c) Enforcing Agency. There will be no additional costs to the agency.
6. The proposed regulations do not overlap or duplicate any regulations of other state or government agencies.
7. The proposed regulations are no more stringent than what is established by federal law.
8. The proposed amendments do address fees. The existing fee structure has been generating approximately \$1,350,000 to 1,400,000, annually. The closure of Mohave (#4 above) will create an annual loss of approximately \$366,000, and the anticipated cutback in federal funding will further reduce annual income by approximately \$120,000.

The proposed fee structure is projected to generate approximately \$1,927,000. Together with application fees, which are basically being left unchanged, total revenue from fees under the new structure will be approximately \$2,377,000 annually. The revenue collected will be used to administer the growing air pollution permit program, to help fund three new positions for an Emissions Review and Auditing Branch in the Bureau of Air Pollution Control and to purchase necessary equipment.