CITY OF ALBUQUERQUE

Environmental Health Department
Mary Lou Leonard, Director

August 6, 2010

PNM Resources
Attn: Robin DeLapp
Technical Project Manager
Alvarado Square, Mail Stop 2104
Albuquerque, NM 87158

Dear Ms. DeLapp:

Attached is the City of Albuquerque, Air Quality Division's Response to PNM's comments to the 20.11.2 NMAC, *Fees* Stakeholder Review Draft. Thank you for your interest in this matter.

Sincerely,

Janice C. Wright
Air Quality Control Board Liaison and Hearing Clerk
City of Albuquerque
Environmental Health Department

PO Box 1293

Albuquerque

NM 87103

www.cabq.gov

Richard J. Berry, Mayor

City of Albuquerque
Environmental Health Department
Air Quality Division
One Civic Plaza NW, Room 3047
P.O. Box 1293
Albuquerque, NM 87103

Mary Lou Leonard, Director

August 6, 2010

Air Quality Division's Response to the July 19, 2010 PNM Comments on 2.11.2 NMAC, *Fees* Stakeholder Review Draft

PNM Technical Project Manager Robin Delapp's Stakeholder Comments:

Page 2, Lines 16-18, 20.11.2.5:
What is the proposed effective date for the revised regulation? The City should allow at least 12 months so that businesses can budget for the increased fees.

Response: The effective date for revised regulation will be 30 days after filing with the New Mexico Records Center. The review fees will be effective upon the effective date of the revised regulation. The revised annual fees will be accessed beginning the next city fiscal year which starts on 7/1/2011.

Page 2, Lines 21-25, 20.11.2.6(A):
The City is proposing substantial fee increases to cover the reasonable costs of implementing and enforcing air regulations. Will there be any additional services provided for the increased fees?

Response: The proposed fees increases are needed in order to pay for the current level of service.

Page 8, Lines 43-46, 20.11.2.13(C)(3):
Fees are based on allowable emission rate. The City should consider provisions for reducing fees when a source is shutdown for a period of time similar to the NMED Air Quality provisions in 20.2.71.111(B)(1-2).

Response: The proposed fee increases are needed in order to pay for the current level of service. The emission levels in an issued air quality permit enable the permittee to "tie up" a certain amount of the air quality resources in Albuquerque/Bernalillo County. Permittees can reduce annual emission fees by submitting a permit application to lower the permitted emission levels.

Page 13, Lines 54-55, Page 14, Lines 1-10, 20.11.2.18(C)(1)-(6):
The city is proposing a 50% increase in permit application review fees. Will any additional services will be provided to the applicant for the increased fee?

Response: The proposed fee increases pay for the current level of service. In 1997 and 2001 when reviews were established, the Air Quality Division underestimated the level of effort needed to review requirements for activities, such as air dispersion modeling review. The 1990 Clean Air Act Amendments also resulted in a significant increase in the number of new and existing businesses requiring permitting actions subject to the federal National Emission Standards for Hazardous Air Pollutants and other requirements.

Page 16, Lines 4-7, 20.11.2.21(B):
A 41% increase in annual emission fees for stationary sources is not a one-time fee but a re-occurring annual cost. The proposed increase would change the annual emissions fees for the PNM Reeves Generating Station from $223,851 to $317,284 in addition to the consumer price index increase. The proposed fee ($44 per ton) is approximately 82% over the NMED Air Quality annual emission fees (*20.2.71.112 Fees)* which was $23.07 per ton in 2009. Has the City considered a phased-in approach to increasing the fees to minimize the impact to businesses?

Response: The proposed fee increases are needed in order to pay for the current level of service. Due to the current financial status of the air quality fee programs, a phased approach is not feasible.

Page 16, Lines 11-15, 20.11.2.21(E)(1)-(2):
The annual fee increase for emergency generators and gasoline service and fleet stations seems disproportionate. It appears the annual fee for emergency generators will increase from $150 to $308 (over 100%) and gas stations from $250 to $308 (28% increase). If that's correct why the difference?

Response: The increase for emergency generators is listed as $210 but has been revised to $185 per year as the result of a calculation correction. The federal requirements for emergency generators, gasoline service and fleet stations have increased in both volume and complexity, resulting in more staff time and emphasis from the Air Quality Division.

Page 16, Line 29, 20.11.2.22(A)(1)(2):
The proposed regulations will increase professional services fees by 22% and the public records research fee by 94%. Specify the types or details of professional services this fee would include?

Response: A type of professional service is a stationary source applicability determination.

Wright, Janice C.

From: DeLapp, Robin [Robin.DeLapp@pnmresources.com]
Sent: Monday, July 19, 2010 11:31 AM
To: Wright, Janice C.
Subject: FW: PNM Comments on 20.11.2 NMAC, Fees

Janice,

PNM hereby submits comments on the proposed amendments to regulation 20.11.2 NMAC, Fees.

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Robin DeLapp
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Alvarado Square, Mail Stop 2104
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