

The National Rural Electric
Cooperative Association

Comments

On

EPA's National Ambient Air Quality Standards for Particulate Matter; Proposed Rule

Submitted Electronically to:

The Environmental Protection Agency Air Docket
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The National Rural Electric Cooperative Association provides comments on EPA's June 29, 2012 National Ambient Air Quality Standards for Particulate Matter; Proposed Rule. [77 Fed. Reg. 38890] [Docket ID No. EPA-HQ-OAR-2007-0492] NRECA is a member of and also supports the comments of both the Utility Air Regulatory Group and the NAAQS Implementation Coalition.

NRECA is the not-for-profit, national service organization representing nearly 930 not-for-profit, member-owned rural electric cooperative systems, which serve 42 million consumers in 47 states. NRECA estimates that cooperatives own and maintain 2.5 million miles, or 42 percent, of the nation's electric distribution lines covering three quarters of the nation's landmass. Cooperatives serve approximately 18 million businesses, homes, farms and other establishments in 2,500 of the nation's 3,141 counties.

NRECA disagrees with EPA's proposal to lower the fine particulate matter air quality standard (PM_{2.5} standard) to a level ranging from 12µg/m³ and 13µg/m³ and instead we recommend that EPA retain the standard at its current level of 15µg/m³. In recent years, EPA has twice deemed the current annual PM_{2.5} standard as protective of human health and the environment. The same studies considered by EPA in proposing their recommendation to lower the standard continue to reflect significant uncertainty regarding the health and environmental impacts. EPA established the current PM_{2.5} standard to protect human health and the environment with an ample margin of safety. Until and if EPA can clearly establish that a lower standard is more protective, the current standard should be retained and fully implemented.

NRECA members have invested significantly in emission control technologies and continue to make substantial progress in meeting and exceeding environmental regulations at both the Federal and state level. We do not believe EPA has made a sound scientifically based case to lower the standard that will result in many electric cooperatives incurring additional costs for more emission controls without any commensurate health benefits.

Since the PM_{2.5} standard was first established in 1997, scientific uncertainties regarding PM_{2.5} health effects have increased rather than decreased. EPA continues to use a shotgun approach to achieving public health benefits from PM_{2.5} reductions as they haven't identified what component of PM_{2.5} is triggering adverse health effects, at what level and to what extent. After over twenty years of continued research, these critical questions remain unanswered. Yet in spite of the uncertainties that led previous EPA Administrators to retain the current, protective standard; this EPA is using the same uncertainties of these studies to justify a significant lowering of the standard.

EPA's actions raise questions about the impact of socioeconomic factors on public health. Indeed, stringent PM_{2.5} standards may have severe unintended consequences for public health. Studies show that by increasing the costs of goods and services such as energy, and decreasing disposable incomes, regulation can inadvertently harm the socioeconomic status of individuals and, thereby, contribute to poor health and premature death. As NRECA provides reliable and affordable power, along with much needed jobs in our community, we believe these scientific uncertainties should be better explored in order to best allocate resources in a manner that strengthens both the economy and the environment.

Many of the nation's rural electric co-op consumers are especially impacted by the current economic downturn. The service territory average household income for electric co-ops falls almost 11% below the U.S. average household income of \$74,877. The service territory average household income for all electric co-ops is \$66,793. This makes affordable rates even more critical for rural cooperatives and their customers. As not for profit cooperatives, the costs of regulatory compliance incurred by NRECA members are directly passed to their customers.

We strongly support efforts to improve air quality and protect public health. However, EPA's stringent PM_{2.5} proposal will burden an already fragile economy with no perceptible public health benefits. In addition to providing electric service, electric

cooperatives are involved in community development and revitalization projects, e.g., small business development, jobs creation, improvement of water and sewer systems, and assistance in delivery of health care and educational services. EPA's proposed PM_{2.5} standards will inhibit commercial and industrial activity not only vital to creating jobs, but also providing tax revenue to support important local services like public safety and education.

While EPA's proposal claims no adverse impact from adopting tighter standards, we disagree. The Clean Air Act carries serious and immediate consequences for areas that do not attain PM_{2.5} standard. A non-attainment designation directly impacts economic vitality, making it difficult to attract and develop, or expand business both in and around the designated area. Further, states and EPA have authority to impose controls on sources outside of nonattainment areas if they are considered to significantly contribute to the nonattainment status of one or more areas.

EPA is well aware of these impacts. In air toxics standards under Section 112, Regional Haze requirements under Section 169 and through the 1990 CAA Acid Rain program and the subsequent NO_x SIP, Clean Air Interstate Rule and Cross-State Air Pollution Rule, EPA claims either direct or indirect health benefits from the costly control requirements that reduce fine particulates and other pollutants. In fact, these claims have been EPA's primary justification for imposing a significant number of regulations since the original fine particulate standard was issued in 1997. Billions of dollars of regulatory action have been implemented, pollution controls have been and continue to be installed and nationwide, are resulting in significant emission reductions. Further, numerous additional standards are either in the proposal stage, recently issued, or in litigation that will be used by EPA to evaluate what additional controls would be necessary to meet this new proposal. Proposing to lower the fine particulate NAAQS will have cost impacts.

Companies building a new facility or performing major modifications to certain existing facilities resulting in increased PM_{2.5} emissions in, or near, a non-attainment area will be required to meet the most stringent Clean Air Act standard by installing the most

effective emission reduction technology *without consideration of cost*. Existing units may be required to install more restrictive control technology than is required for similar units in attainment areas. States are mandated to offset any PM_{2.5} emissions from new projects, or increased emissions from projects undergoing major modifications, by reducing PM_{2.5} emissions from other existing sources in a non-attainment area. If no party is willing to provide emission offsets, then the project cannot go forward. This emission offset requirement can be as much as a two-to-one ratio in certain situations.

Non-attainment designation also has profound impact on infrastructure development vital to all citizens and businesses. Beginning one year from the date of the non-attainment designation, federally supported highway and transit projects cannot proceed in a non-attainment area unless the state can demonstrate that the project will cause no increase in PM_{2.5} emissions. With the basic maintenance and repair of the nation's infrastructure of roads and bridges already strained, restriction of funding will only exacerbate an already critically problem.

Presuming that designated nonattainment areas can at some point achieve attainment; the community still faces a legacy of EPA regulatory oversight. Before a non-attainment area can be re-designated to attainment, states must submit a maintenance plan to EPA for review and approval. The maintenance plan must specify measures providing continued maintenance of the PM_{2.5} standard and contingency measures to be implemented promptly if a PM_{2.5} standard is violated.

As you are aware, EPA truncated the standard setting process when they entered into a consent decree with environmental groups to finalize the proposed PM_{2.5} standards by December 14, 2012. This deadline is half the time EPA had recently stated was necessary to release a final PM_{2.5} standard. In light of the incredibly abbreviated rulemaking timeline, economic hardship, reduction in funding for crucial services, and uncertain benefits all related to the proposed stringent PM_{2.5} standard, NRECA calls on EPA to retain current PM_{2.5} standard in the final PM_{2.5} rule. Please contact me at (703) 907-5706 or at ted.cromwell@nreca.coop if you have questions.