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William Thompson, Chairman
Arkansas Pollution Control and Ecology Commission
101 East Capitol Ave., Suite 205
Little Rock, AR 72201

RE: Regulation No. 19 – Regulation of the Arkansas Plan
of Implementation for Air Pollution Control –
Third Party Rulemaking – Docket No. 08-014-R

Dear Chairman Thompson:

On behalf of Entergy Arkansas, Inc. ("Entergy"), the Arkansas Electric Cooperative Corporation, the Conway Corporation, City Water and Light Plant of the City of Jonesboro, and the West Memphis Utility Commission (collectively, "Petitioners"), which are all co-owners of the White Bluff Steam Electric Station, and pursuant to procedural Step No. 6 outlined in Minute Order No. 08-35 of this Proposed Rulemaking, the following are comments submitted in response to the public hearing held on December 10, 2008 by the Arkansas Pollution Control and Ecology Commission regarding the proposed modification of Arkansas Regulation 19.1504(B).

Regulatory Background

The Environmental Protection Agency (EPA) Regional Haze Rule ("Rule"), 70 Fed. Reg. 39104 (July 6, 2005) (codified at 40 C.F.R. pt 51) requires each affected state to develop a State Implementation Plan (SIP) that is acceptable to EPA in achieving the objectives of the Rule. The Rule calls for EPA to complete review and approval of the SIP within one year of submittal by the State.

The federal Rule specifies that facilities subject to the Rule must achieve compliance with Best Available Retrofit Technology (BART) emission limits established in a SIP no later than 5 years after EPA approval of the SIP. Arkansas Regulation 19 Chapter 15 as adopted by the Arkansas Pollution Control & Ecology Commission (Commission) became effective on September 27, 2007. It establishes a compliance deadline of 6 years after the effective date of the regulation (September 27, 2013) or 5 years after EPA approval of the SIP, whichever comes first. Since the EPA has not approved the Arkansas SIP as of December 2008, the applicable compliance deadline for BART controls in Arkansas is September 27, 2013, while the required federal deadline remains five years from EPA's eventual approval of the SIP. This proposed modification

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to Regulation 19 would conform the Arkansas rule to establish one compliance deadline based on EPA's approval of the Arkansas SIP.

Petitioners' Comments on the Proposed Rulemaking

Entergy and the other Petitioners have previously expressed concerns regarding the more stringent compliance date included in Arkansas Regulation 19.

Entergy submitted comments to the Arkansas Department of Environmental Quality (ADEQ) on June 4, 2007 and again on July 10, 2007, during the regulatory rule-making process noting potential problems with the proposed compliance dates in Regulation 19. On September 28, 2007, revisions of Regulation 19, Chapter 15 were approved by the Commission with the added implementation deadline of "six years after the effective date of this regulation" or September 27, 2013, which did represent some compromise by ADEQ. (ADEQ initially proposed that implementation be required five years after the effective date of Regulation 19.)

During the related SIP development, Entergy representatives again expressed concern because the alternate compliance dates for installing BART controls were not aligned. Entergy representatives met with ADEQ staff on July 10, 2008 to discuss the SIP language and potential implications, and submitted related SIP comments on July 21, 2008.

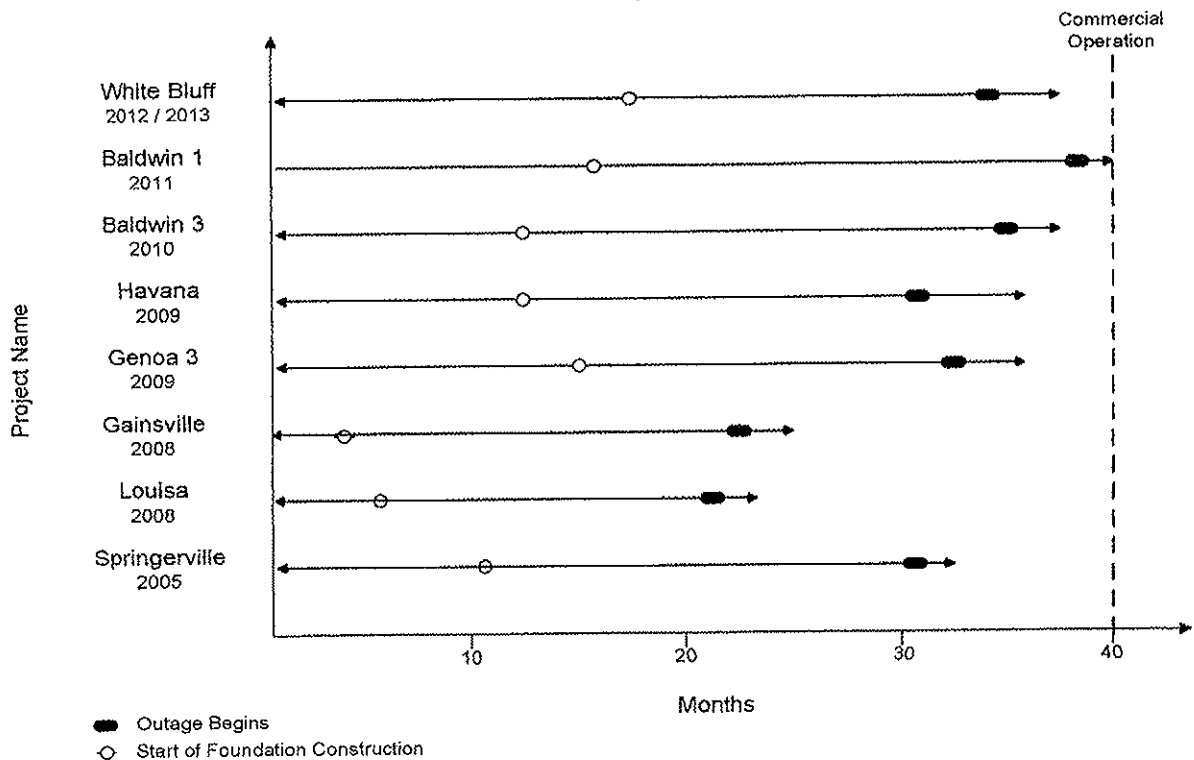
The compliance deadline included in Regulation 19 should provide adequate construction time following EPA approval of the Arkansas SIP.

Some controls required to comply with BART, in particular flue-gas desulfurization (scrubbers), represent a major undertaking with multi-year construction schedules requiring delivery of sequenced, long lead time equipment. As such, these projects require long-term planning, engineering, management decisions, and financial commitments well in advance of implementation. Petitioners are concerned that the current language requiring implementation no later than six years after the effective date of Regulation 19 will require the Petitioners to make critical decisions and commitments prior to EPA's approval of the SIP. The current schedule established by Regulation 19.1504 (B) and the SIP unnecessarily creates significant risk and financial exposure for both the Petitioners and Arkansas residents in the event the SIP is modified by EPA in such a manner as to require different or additional compliance actions for Petitioners' facility.

Typical scrubber construction can take thirty to forty months to complete, from contract award through the commercial operation date. To meet the State's September 2013 compliance date, scrubber tie-in outages for the White Bluff plant must be completed before the summer of 2013 so that the units are available to meet summer

electrical demand. For example, the White Bluff scrubber schedule incorporates an eight-week outage, planned for Fall 2012 for Unit 1 and Spring 2013 for Unit 2, to complete the scrubber tie-ins. To accommodate the construction schedule, a major contract award must be made in December 2009 to secure long lead time components such as scrubber vessels, pumps, electrical transformers, major fans, and motors. This is equivalent to a thirty-six month construction schedule for Unit 1 and a forty-two month construction schedule for Unit 2. A survey of the construction timelines for similar BART control installations at other plants, provided below in Table 1, demonstrates that such a schedule is typical.

**Table 1 - Dry FGD Timeline
Award to Operation**



Unless EPA approves the Arkansas SIP before December 2009, the White Bluff environmental controls construction period will require major contract awards to be made prior to EPA approval of the SIP. This is a concern, because SIP revisions required by EPA may result in additional engineering and/or equipment changes for White Bluff compliance with the Rule.

The preliminary estimate for the cost of installing technology to comply with the Regional Haze Rule limits at White Bluff is over one billion dollars. To put into perspective the financial impact of EPA's ultimately requiring changes to the Arkansas SIP; consider that a design change resulting in only a 10% increase in cost would represent one hundred million dollars.

Utilities are regulated monopolies whose rates are approved by the Arkansas Public Service Commission, or city councils in the case of the three municipal co-owners. Whatever the ultimate cost of installing environmental controls at White Bluff, it will increase rates charged to the more than one million customers served by the plant. The risk of increased cost due to the disparity between the EPA and Regulation 19 deadlines ultimately would fall on Arkansas electric customers, and the Petitioners contend that not mitigating this risk, and potential cost increase, by revising Regulation 19 is not in the public interest. Revising Regulation 19 so that compliance is required no later than five years after EPA approval of the Arkansas SIP will allow affected Petitioners and their electric utility customers to avoid unnecessary costs for potential change orders in the event EPA requires changes to the SIP.

The recent federal court decision vacating the Clean Air Interstate Rule may render BART SIP invalid.

ADEQ staff carefully conducted necessary modeling and thoughtfully developed the BART SIP with information available at the time. However, a June 2008 Federal District Court decision to vacate the Clean Air Interstate Rule (CAIR) has created uncertainties regarding this modeling that could delay EPA approval of many SIPs, including Arkansas'. It is possible that EPA may reject part or all of the Arkansas SIP because it relies in part on CAIR. The Arkansas SIP directly references CAIR in at least two important places. The first reference is in "Section 7.2: Overview of the 2018 Emission Inventory," which notes that the 2018 Emission Inventory used for modeling was developed using the IPM model that included CAIR emission reductions. Petitioners are unsure how EPA will view the 2018 Emission Inventory if CAIR reductions can no longer be assumed and questions whether EPA will accept related modeling. The second direct reference to the CAIR is in "Section 11.4.1.1: Clean Air Interstate Rule (CAIR)." This section directly refers to assumed NOx reductions in Arkansas based on the 2015 CAIR seasonal cap. This statement is no longer valid with the D.C. Circuit's decision to vacate CAIR, and Petitioners are concerned that EPA may reject the SIP on these grounds.

The Arkansas implementation date is inconsistent with surrounding states.

Because the pollutants that lead to regional haze can originate from sources located across broad geographic areas, the EPA has encouraged the States and Tribes across the United States to address visibility impairment from a regional perspective. EPA has recognized five regional planning organizations to address regional haze.

Arkansas is part of the Central Region Air Planning Association (CENRAP), which also includes states and tribal areas of Nebraska, Kansas, Oklahoma, Minnesota, Iowa, Missouri, Louisiana, Texas and the Tribal areas located within those states.

Under the Rule, sources required to install Best Available Retrofit Technology (BART) must comply within five years of EPA approval of the SIP. None of the six states surrounding Arkansas including Louisiana, Mississippi, Missouri, Oklahoma, Tennessee, and Texas have a compliance date more restrictive than the federal requirement (as shown in Table 2, below)

Table 2 – BART SIP Implementation Dates for States Surrounding Arkansas

State	Compliance Date
Arkansas	Sept. 27, 2013
Louisiana	5 years after EPA approval of SIP
Mississippi	No BART affected sources
Missouri	No BART affected sources
Oklahoma	5 years after EPA approval of SIP
Tennessee	5 years after EPA approval of SIP
Texas	No BART affected sources

From a national standpoint, only twenty-two of the fifty states and Washington D.C. have submitted Regional Haze SIPs. Of these, four states plan to submit revised regional haze SIPs to account for the vacature of CAIR.

This proposed rulemaking will not significantly delay visibility improvements.

The Petitioners strongly support EPA and ADEQ goals of improving air quality and restoring the natural visibility of Federal Class I areas. Petitioners recognize the significant time and effort involved in drafting the Arkansas SIP. However, the Regional Haze Rule as written requires states to modify their regulations and SIP to require BART controls on affected plants within five years of EPA approval of the state SIP. Once the SIP is approved, the subject industrial facilities will be provided more clarity on how to proceed. Further, the ultimate goal of the Regional Haze Rule is to restore natural visibility by 2064, so a slight delay in implementation in order to secure certainty in investment decisions totaling more than one billion dollars is prudent. Additionally, some projects requiring less planning and engineering and with shorter lead times, such as NOx control improvements, could be completed sooner than five years after EPA approves the Arkansas SIP.

The proposed rulemaking will not have an adverse on emissions inventory and modeling by ADEQ staff.

The ADEQ Air Division has voiced concerns that this requested Regulation 19 change subsequently would require the revision of the results of air quality model runs that are submitted to EPA under Section 7.2 of the SIP. This provision responds to a federal requirement that the State demonstrate by 2018 that it is making reasonable progress toward returning to "natural visibility." To meet this requirement, ADEQ has completed air emission models to account for manufacturing point sources, electrical generation sources, mobile sources, and non-point sources. Inventories of point sources are updated annually and non-point and mobile source modeling is updated every three years. Significant changes in these inventories between now and 2018 are likely to require new model runs regardless of the outcome of this rulemaking. The current model runs are also explicitly based on the assumption that all states participate in the CAIR trading program. This program has been vacated by the Court and is no longer in effect, and new model runs may be required. The amendment to the compliance date requested by Petitioners is just one of a number of factors that could require new model runs over the next ten years to revise the 2018 Emission Inventory. Taking these factors into account, the requirement of new modeling runs, if any, does not appear to be a significant, new or different burden on ADEQ Air Division Staff that would stem from a change in the BART compliance date.

Thank you for the opportunity to provide comments in support of the proposed change to Regulation No. 19, and please contact me if you have any questions or comments.

Sincerely,

QUATTLEBAUM, GROOMS,
TULL & BURROW PLLC



Al Eckert

Attorneys for Petitioners

cc: Teresa Marks, Director
ADEQ