

DAVID GOWAN
MAJORITY LEADER
1700 WEST WASHINGTON, SUITE H
PHOENIX, ARIZONA 85007-2844
CAPITOL PHONE: (602) 926-3312
CAPITOL FAX: (602) 417-3130
TOLL FREE: 1-800-352-8404
dgowan@azleg.gov



Arizona House of Representatives
Phoenix, Arizona 85007

COMMITTEES:
FEDERALISM AND FISCAL
RESPONSIBILITY
RULES
TECHNOLOGY AND
INFRASTRUCTURE

JOINT COMMITTEE ON CAPITAL
REVIEW

JOINT LEGISLATIVE BUDGET
COMMITTEE

LEGISLATIVE COUNCIL

TUCSON LEGISLATIVE OFFICE
400 WEST CONGRESS, SUITE 201
TUCSON, ARIZONA 85701
TUCSON PHONE: (520) 398-6000
TUCSON FAX: (520) 398-6028

DISTRICT 14

December 9, 2013

Anita Lee (Air-2)
U.S. Environmental Protection Agency Region 9
75 Hawthorne Street
San Francisco, CA 94105-3901

RE: EPA-R09-OAR-2013-0009

Dear Dr. Lee,

As an elected representative from Arizona's Legislative District 14 and as House Majority Leader of the Arizona House of Representatives, I am writing to urge the Environmental Protection Agency to adopt the Technical Working Group's (TWG) proposal for the Navajo Generating Station (NGS).

I believe that TWG's proposal will achieve the EPA's Regional Haze Requirements for the Grand Canyon, while minimizing the economic impact to Arizonans, NGS stakeholders and the Native Americans who, for generations, have earned a livelihood and raised families thanks to the employment opportunities created by the electric generating station.

If the TWG alternative is ultimately implemented, however, the economic impact is still not what I would have hope for, particularly given the weakened condition of the economy and the high unemployment figures in our state and nation. At a minimum, 300 jobs at NGS will be lost even with the adoption of the TWG proposal. The indirect job loss is likely to be more than five times that figure.

Although regrettable, this outcome would be far better than the EPA's proposal for NGS that was published in the Federal Register on Feb. 5, 2013. The EPA's Best Available Retrofit Technology rule proposal would require the installation of additional controls as early as 2018 at an estimated cost of \$500 million to \$1.1 billion without any scientific evidence that the controls would result in appreciable gains in visibility.

The EPA's proposal, if adopted, could result in a near total shutdown of the generating station, if not a total abandonment of the facility by its owners. Even though the EPA BART proposal provides credit to NGS for the voluntary early installation of controls, which cost NGS more than \$40 million, and extends the schedule to 2021-2031, it would most likely halt operation of the plant if implemented. Closure of NGS would precipitate a domino effect that would devastate many Arizona communities and send a shock wave throughout the region.

The TWG proposal is a direct reaction to the significant challenges presented by the EPA proposal. Furthermore, the TWG proposal provides greater emission reductions than the EPA proposal. It protects the future viability of NGS. And it mitigates the negative impact to the price of electricity and water that Arizonans would have to shoulder if the EPA's propose rule were adopted.

Dr. Anita Lee
December 9, 2013
Page 2

The TWG proposal accommodates the announced departure from the plant of the Los Angeles Department of Water and Power and NV Energy. Before NGS owners make significant investments in equipment to reduce emissions from the power generation station, they must have the time to resolve issues with the site lease and other agreements that will be affected by a change of ownership. Moreover, the TWG proposal protects customers of SRP, Arizona Public Service and Tucson Electric Power by leaving the ownership interest of these three utilities in NGS unchanged.

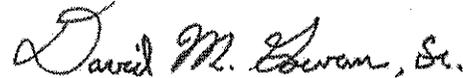
In addition, the TWG proposal extends the requirement to install expensive technologies until 2030. And it gives the Central Arizona Project, which relies on NGS for 90 percent of the pumping power it requires to distribute water throughout Arizona, more time to find ways, both financial and operational, to minimize the direct impact that higher electric power costs will have on the retail price of water. Finally, the TWG proposal does not jeopardize CAP's ability to continue to repay the federal government for providing the financing to build the system of canals that distributes water from the Colorado River to Arizona farmers, business and residents.

Affordable Colorado River water is at the center of the agriculture industry's ability to rely less on mined groundwater, and it is at the center of the Tribal water rights agreements with the federal government, which promises to provide a reliable water supply to these people.

It is not an understatement to say that EPA's proposal would result in NGS shutting down. The TWG proposal provide a responsible solution for Arizona that balances the need to meet the visibility goals of the Clean Air Act while protecting the economy from a shock to both energy and water prices that would have an extremely detrimental effect on Arizona.

I am encouraged that the EPA has taken the necessary step to eventually approve the TWG proposal. The future economic well-being of Arizona, including the Navajo and Hopi people who depend on NGS for jobs and other revenues, hinges on EPA's decision to adopt a responsible and economically feasible haze rule for NGS. I strongly urge the EPA to adopt the TWG proposal for NGS. Thank you for your consideration of my comments.

Sincerely,



DAVID M. GOWAN, SR.
House Majority Leader
Arizona House of Representatives

CC: Senator John McCain
Senator Jeff Flake
Arizona Congressional Delegation