

Congress of the United States

Washington, DC 20510

December 14, 2011

The Honorable Lisa Jackson, Administrator
U.S. Environmental Protection Agency
Ariel Rios Federal Building
1200 Pennsylvania Ave., NW, Room 3000
Washington, DC 20460

Re: 40 CFR 63 Subpart ZZZZ Rules on air quality under NESHAP RICE

Dear Administrator Jackson:

As members of the Alaska Congressional Delegation, we ask you to re-examine and modify the definition governing which rural Alaska communities must meet a higher and more expensive standard under the National Emissions Standards for Hazardous Air Pollutants for Stationary Reciprocating Internal Combustion Engines (NESHAP RICE). It is our understanding that EPA is considering changes to the NESHAP RICE regulations in order to address a petition on stationary diesel generation used for emergency backup. We ask you to also consider changes to the rule for rural Alaska utilities during this process.

The NESHAP RICE regulation as finalized in August 2010, under 40 CFR 63, Subpart ZZZZ, generously excludes “areas of Alaska not accessible by the Federal Aid Highway System (FAHS).” However, a number of Alaska communities on the Alaska road system or served only by the Alaska Marine Highway System share the same characteristics as those excluded from the rule. We suggest a more equitable and cost-effective rule would amend this definition to exempt all non-Railbelt power grid communities in Alaska from the new NESHAP RICE regulation.

Utilities throughout most of rural Alaska share a reliance on stationary diesel generation for base-load or backup generation. In addition, those utilities are confronted by great distances and high transportation costs for diesel fuel, goods and services; long, cold winters with low levels of light; extremely low customer density and a small number of ratepayers who can share additional costs; and a lack of connection to a major electric grid. Connection to the “Federal Aid Highway System” does not prove the absence of these conditions.

Additionally, rural generation seldom constitutes a significant source of hazardous air pollutants given the small populations served by widely geographically dispersed utility generation facilities. Therefore, these high costs provide little public benefit.

The failure of the current regulation’s exemption is clearly seen in small Southeast Alaska communities “accessible” by one scheduled visit per month in the winter by an Alaska Marine Highway vessel, a component of the Federal Aid Highway System. That ferry stop in no way lowers cost-of-service or provides a larger customer base. Similarly, small,

isolated communities on the Alaska and Richardson Highways not connected to the Railbelt grid face the same fundamental challenges.

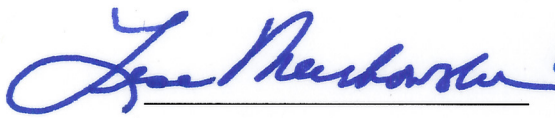
The three largest communities in Southeast Alaska face a similar issue. While Juneau, Ketchikan and Sitka predominately rely on hydropower, they maintain diesel generation for emergencies, exceptional peak demand and times of low water. The utilities serving these communities may have a few more customers to share the costs but only use diesel generation for short periods of time. Relative to towns in Lower 48 served by the national grid, the costs to comply are extremely high, and all of the issues of distance, cost and extreme climate apply to these communities as well.

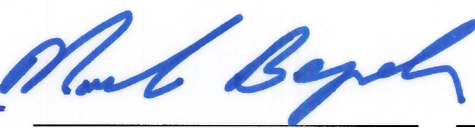
A couple of examples illustrate these dramatic costs. The City of Ketchikan, served by the Alaska Marine Highway System, predominately uses hydroelectric power but employs backup diesel generation. It would need to spend an estimated \$1.5 million initially and a few hundred thousand dollars per year to comply with the new standards. This is roughly the equivalent of 25 cents per kilowatt hour, even though its backup generation on average is utilized only 1.18 percent of the year. Both Alaska Power and Telephone Company and Copper Valley Electric Association, which serve small, isolated towns along the Alaska and Richardson Highways, will have to spend hundreds of thousands of dollars each year, raising already high retail rates by at least 6 cents per kilowatt hour, for negligible reductions in pollutant levels.

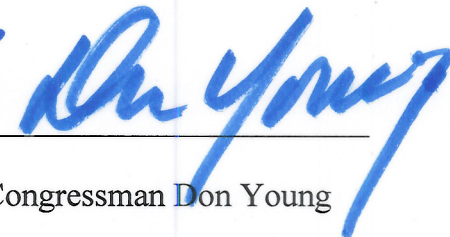
As a Delegation, we ask EPA to limit the application of the NESHAP RICE regulation to only communities served by the Alaska Railbelt electrical grid. Such a definition will still require communities in the urbanized Alaska Railbelt to comply with the air emission reduction regulations, protecting human health, while avoiding the high costs of compliance with the rules by utilities serving smaller, rural towns statewide. This is a particularly important issue for rural Alaskans given their exceptionally high costs of energy. We sincerely hope the agency will re-examine this issue and accept this more equitable and cost effective application of the rule.

Thank you for considering this request.

Sincerely,


Sen. Lisa Murkowski


Sen. Mark Begich


Congressman Don Young

cc: Dennis McLarren, Regional Administrator, EPA Region 10