Owens, Mike

From: Stuart Sanderson [ssanderson@coloradomining.org]
Sent: Monday, June 16, 2014 1:59 PM
To: Owens, Mike; R8AirPermitting
Cc: Stuart Sanderson
Subject: Comments on Deseret Bonanza Power Plant Draft Title V Permit
Attachments: 2013 Coal Report 6.10.14.pdf

Dear Mr. Owens:

On behalf of the Colorado Mining Association (CMA) and its more than 1,000 members, I am writing to urge the EPA not to rescind or impose onerous new requirements on the existing permit for the Bonanza Power Plant. Deseret Power Electric Cooperative, who owns and operates the Deserado Mine, has applied with the Environmental Protection Agency (EPA) for a Title V comprehensive operating permit for the existing Bonanza Power Plant under the Clean Air Act.

Rescinding a vital permit granted to Bonanza almost 15 years ago would raise costs to energy consumers, and likely result in the shutdown of both the plant and Deserado Mine in Colorado. If EPA follows through and "undoes" the construction permit years after the authorized construction was completed, it could lay a groundwork for the EPA to impose severe new emission restrictions on Bonanza. EPA's action could also threaten to remove a reliable source of electricity generation, costing consumers substantially and harming the economy of the region. Coal accounts for 65% of the electricity generated in Colorado and more than 82% of the electric power in Utah.

Bonanza was one of the first of its kind to fully incorporate Best Available Pollution Controls. Other plants enjoyed "grandfathered" status and have escaped upgrading for decades. Forcing Bonanza to implement additional upgrades "ahead of its turn" is unfair and unnecessary. A 2013 study shows emissions from Bonanza do not contribute substantially to the ozone Issue concerning residents in the Uintah Basin or surrounding counties.

> Quote: "The Bonanza power plant plume does not appear to contribute any significant amount of nitrogen oxides or other contaminants to the polluted boundary layer during ozone episodes; the thermally buoyant Bonanza plume rises upwards from the 183 m (600 ft) stack and penetrates through the temperature inversion layer. As a result, emissions from the Bonanza plant are effectively isolated from the boundary layer in which the high ozone concentrations occur." *Cite:* 2013 UINTAH BASIN OZONE STUDY *Prepared by researchers and air quality managers at Utah State University, University of Utah, National Oceanic and Atmospheric Administration, ENVIRON, University of Colorado, Utah Department of Environmental Quality and EPA.*

Bonanza has not paid off the existing controls that were required to be installed at the time of its construction – there remains another 15 years on the original mortgage. If forced to modernize years before the existing equipment is paid, the cost of new equipment has to be added to the existing costs. The residents of Rio Blanco County and tribe members on the Uintah and Ouray Indian Reservation served by Bonanza, could see power rates permanently rise *as much as 40% and possibly more* just to pay for this upgrade alone. If the plant waits and modernizes after the existing debt has been significantly reduced, it could accommodate massive new capital infusion without disrupting rates and wreaking economic damage to the tribal and rural communities it serves.

Because of Deserado Mine's isolated location with no rail delivery available, the mine depends on the long-term viability of the Bonanza Plant. If the plant is forced to comply with severe new emission restrictions, or forced to upgrade to the best available pollution controls that could include switching the fuel source from coal to natural gas, it will cause the premature closure of the coal mine and have severe adverse impacts on the surrounding communities.

By way of background for your comment, some primary contributions made by Deserado and Deseret Power in the Western Slope area are highlighted in the following statistics:

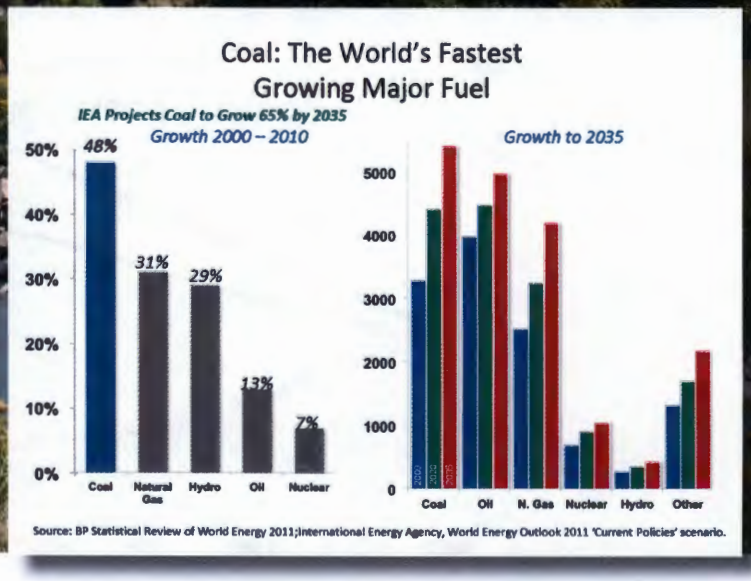
- Employment of 165 coal miners and 105 Bonanza Power Plant personnel
- Royalty taxes paid $1,136,816
- Estimated Sales and Use tax $1,001,528 (includes both DG&T & BME)
- Support of the Rangely hospital $308,638
- Property tax $3,620,183 (includes both DG&T & BME and excludes hospital)
- Excise taxes $6,265,898
- Severance tax $282,274
- Reclamation tax $223,619
- Total taxes 2013 $12,838,956

Colorado coal mines also generate more than $31 million in royalties, hundreds of millions in additional revenue, and account for more than 23,700 jobs in the general economy. (See attachment) If the mine is forced to close, it will also reduce royalties that support state government and the public school system. There is no environmental or economic reason for imposing costly new requirements.

Stuart A. Sanderson
President
Colorado Mining Association
216 16th Street, Suite 1250
Denver, CO 80202
303/575-9199
303/575-9194 Fax
www.coloradomining.org

2013 Coal Production & Employment

presented by the
Colorado Mining Association



CMA
COLORADO MINING
ASSOCIATION

Contact: Stuart A. Sanderson, President
Colorado Mining Association
216 16th Street, Suite 1250
Denver, CO 80202
303/575-9199 Fax: 303/575-9194
www.coloradomining.org
colomine@coloradomining.org

Clean Coal From Colorado Lights The Way Forward!

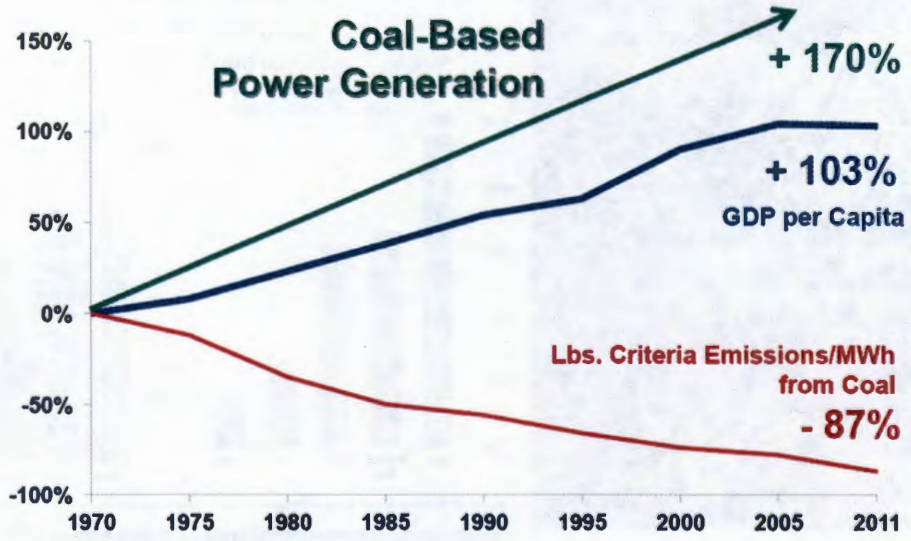
Total Coal Produced	23,920,617 Tons
Total Coal Sold In State	7,471,530 Tons
Total Coal Sold Out of State	11,687,233 Tons
Number of Employees at the Mines	2,047
Total Direct Employment	6,200 (NMA Economic Contributions of Coal, 2011 Data)
Total Jobs Created	23,700 (NMA Economic Contributions of Coal, 2011 Data)
Total Payroll & Benefits	$ 238,801,887
Average Pay & Benefits per Employee (Thermal Coal Mines Only)	$ 116,659
Property Taxes	$ 12,454,966
Severance & Sales Taxes	$ 11,234,090
Black Lung Taxes	$ 20,201,933
Abandoned Mine Land Fees	$ 3,465,953
Federal/State Royalties	$ 32,004,418
Royalties Paid to Private Landowners	$ 28,832,730
Total Taxes, Royalties and Payroll	$ 346,995,977
Total Sales Value of Production	**$ 872,737,694**
Total Coal Sold Outside of US	3,913,408 Tons

Colorado coal mines purchased over $321,505,579 in equipment, services and supplies during 2013.

Coal, which is high in BTU or energy content and low in sulfur, accounts for 65% of Colorado's electricity needs. (Source: Energy Information Administration)

Federal coal royalties support the public school system.

Source: Colorado Mining Association Survey of Coal Producers (2013)

Advanced Technologies Drive Major Environmental Progress

Emissions Decline 87% Since 1970 as Coal Use Nearly Triples