

Air Operating Permit Report Fiscal Year 2013



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Introduction

This report summarizes Air Operating Permit (AOP) program financial details and program tasks and activities for Fiscal Year (FY) 2013. The reporting period is July 1, 2012 through June 30, 2013.

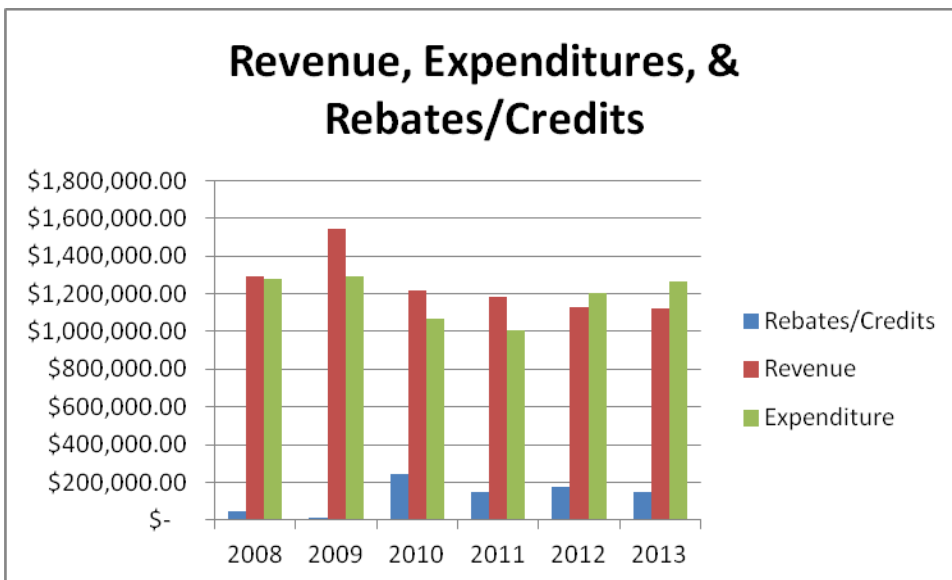
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Financial Summary

The budget is set using a workload analysis that identifies the costs associated with Ecology staff performing various AOP program tasks, such as permit writing and compliance verification. The budget for FY 2013 was set at \$1,273,038.49.

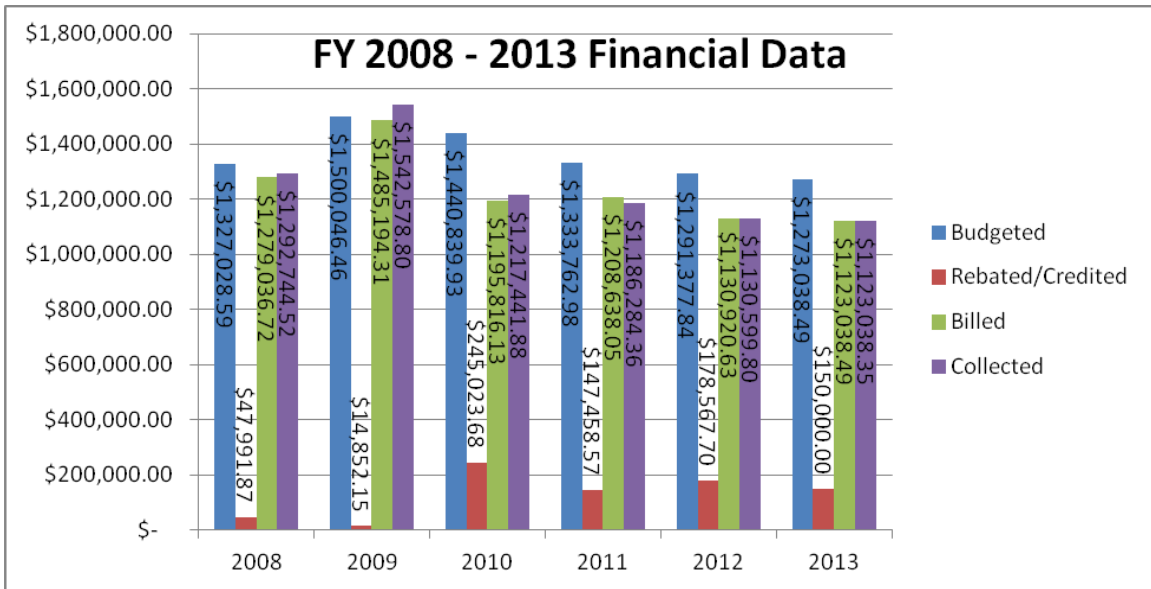
AOP tasks are split into two categories: (1) Ecology AOP program administration, which is paid for by Ecology AOP sources (only); and (2) development and oversight (D&O) of the statewide AOP program, which is paid for by all AOP sources in Washington. AOP program administration budget for FY 2013 was \$1,158,035.07. Statewide development and oversight budget for FY 2013 was \$115,003.42.

The annual AOP program administration fees and D&O fees are set after any rebate from the prior fiscal year is subtracted from the annual budget. There was no rebate for FY 2013 because the cost of the program exceeded the amount collected. However, to correct the positive variance in the Air Operating Permit Account (Fund 219), AQP subtracted \$150,000 off the budget to reduce the amount of the positive variance. This “credit” was apportioned to each Ecology AOP source or local clean air agency based on the percentage of the fee each paid the prior year compared to the total fees collected that year.



During the previous biennium (July 2011 through June 2013), an error was made in the Ecology source fee assignment for each fiscal year. These errors were corrected for the Ecology sources by calculating what each source should have paid for each fiscal year, adjusting the FY 2013 fees, then “crediting” \$150,000 to Ecology sources and local clean air agency D&O fees.

Information on the AOP budget, rebates, amounts billed and fees collected for each year from FY 2008 through FY 2013 is represented in the chart below. Discrepancies between the amount budgeted and collected are discussed in the specific AOP Annual Report for each fiscal year.

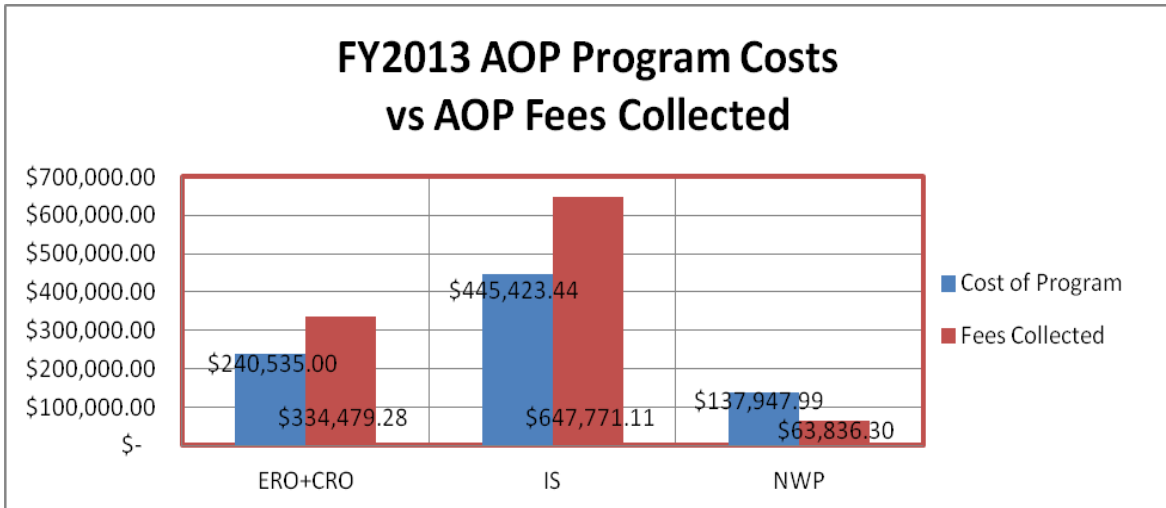


This year, we collected \$.12 less than the budget due to rounding of fractions of a cent in the fee calculations.

Ecology collected \$1,123,038.35 in AOP fees for FY 2013. Ecology spent \$1,266,446.49 performing AOP related work in FY 2013.

The amount collected from AOP sources is less than the cost of the AOP program, which means the “credit” applied against the Ecology AOP source fees resulted in reduction of the AOP fund balance. Since AOP fee revenue did not exceed AOP program expenditures in FY 2013, there will be no rebates in the next billing cycle.

The chart below shows AOP program costs for Ecology’s Regional Offices, Nuclear Waste Program, and Industrial Section versus the total AOP fees collected from sources in each program. Not included below are the costs associated with Air Quality Program work out of Ecology’s Headquarters office and overhead (Ecology administration, fiscal office, IT) charges. The methodology for how AOP fees are allocated to each source is set in regulation and statute. However, the formula is unsuccessful in allocating fees that more closely approximate the costs associated with the source.



The time accounting summary below shows the number of FTEs budgeted to perform various AOP tasks, the actual number of FTEs spent doing the work, and the difference for FY 2013.

	Budgeted Total FTEs	Actual Total FTEs	Difference (Budgeted – Actual)
Industrial Section (IND)	3.61	3.234	0.376
Nuclear Waste Program (NUC)	1.216	1.88	(0.664)
Department of Health (DOH)	0.252	0.232	0.02
HQ – Science and Engineering Section (SES)	0.457	0.440	0.017
HQ – Technical Services Section (TSS)	1.120	1.270	(0.15)
HQ – Financial (FIN)	0.073	0.100	(0.027)
HQ – Program Manager (PM)	0.10	0.21	(0.11)
Eastern Regional Office (ERO)	1.724	2.005	(0.281)
Central Regional Office (CRO)	1.546	0.815	0.731
Totals	10.098	10.186	(0.088)

The table below shows some of the basic AOP activities budgeted and the actual work completed for FY 2013.

	Activity	Budgeted Work	Actual Work Completed
Industrial Section (IS)	1. Permit Renewal 2. Final Permit 3. Permit Mod. 4. Inspections 5. Enforcement	2 3 4 10 13	1 1 1 8 8
Nuclear Waste Program (NWP)	1. Permit Renewal 2. Final Permit 3. Permit Mod. 4. Inspection 5. Enforcement	1 1 6 2 1	1 1 0 32 partials 0
Central Regional Office (CRO)	1. Permit Renewal 2. Final Permit 3. Permit Mod. 4. Inspections 5. Enforcement	3 3 4 5 1	0 ¹ 0 ¹ 2 ² 2 2
Eastern Regional Office (ERO)	1. Permit Renewal 2. Final Permit 3. Permit Mod. 4. Inspections 5. Enforcement	6 1 0 6 8	0 ³ 0 ³ 0 4 2

1. One significant permit modification was worked on, three renewals were worked on, and none were finalized before the end of the year.
2. Two administrative permit amendments were completed.
3. Six renewals were worked on, but none were finalized before the end of the year.

Pre-billing and Billing Statements

Ecology sent pre-billing statements for D&O fees to each local air agency by October 24, 2012. Pre-billing statements for AOP fees were sent to Ecology AOP sources by November 1, 2012.

Ecology sent final billing invoices to Ecology AOP sources January 2, 2013, with payment due by February 28, 2013. Ecology sent invoices for D&O fees to each local air agency on January 2, 2013, and April 1, 2013. Payments were due March 31, 2013, and June 30, 2013, respectively.

Explanation of Fee Collections/Late Payments

All AOP and D&O fees were collected by the end of the fiscal year. Only one AOP source did not pay its fee by February 28, 2013. Goldendale Generating Station's fee was received and posted March 2, 2013.

Explanation of Refunds, Rebates and Credits

Ecology did not issue any refunds in FY 2013. In addition, Ecology did not issue any rebates, as AOP program expenditures in FY 2012 exceeded revenue. However, to correct the positive variance in the Air Operating Permit Account (Fund 219), AQP "credited" AOP sources and local clean air agency D&O fees based on the percentage of the fee each paid in FY 2012 compared to the total fees collected that year.

Explanation of Changes to Address Fee Errors Found During Fiscal Audit FY 2010 and FY 2011

During the fiscal audit of Ecology's AOP program in the spring of 2012, the State Auditor's Office found that the fees assessed to each Ecology AOP source were calculated incorrectly due to data input errors in both FY 2010 and FY 2011.

To correct these errors, the Auditor recommended that Ecology correct these past billings by crediting those that overpaid and collecting from those that underpaid. The FY 2013 fees for each Ecology AOP source were adjusted accordingly. This did not change the overall total fees collected, but simply reassigned the fees to the appropriate sources.