ADDITIONAL ATTENDEES
Theresa Gunn, Gunn Communications
Kelly Cairo, Gunn Communications

AGENDA
The complete agenda is available online and includes:
- Welcome and Progress Report
- Review Agenda and Introductions
- Arizona’s Goal
- Action Items and Next Steps

WELCOME AND PROGRESS REPORT
Eric Massey thanked stakeholders for attending the meeting. He explained that the EPA extended the comment period by an additional 45 days. Comments from all interested parties must now be received by EPA on or before December 1, 2014.

REVIEW AGENDA AND INTRODUCTIONS
Meeting facilitator Theresa Gunn reviewed the agenda and explained the purpose of the meeting would be to identify potential issues with the proposed Arizona goal. Discussion would be held to clarify and understand issues. She encouraged participants to hear and respect others’ points of view. At this time, the purpose of the meeting would not be to seek agreement.

Gunn facilitated attendee introductions and prompted stakeholders to ask questions about the process.

Stakeholder questions included:
- How will questions on the matrix be dealt with?
• Has ADEQ provided comments regarding anticipated growth, energy use, etc. that would impact the goal in general?

Massey explained that questions appearing on the issues matrix would be answered where possible. Updates to the file will be posted on the ADEQ EPA Clean Power Plan web page.

ARIZONA’S GOAL
Stakeholders reviewed the issues matrix for issues that may be missing from the document. Gunn prompted stakeholders to print comments on note cards, which were then posted according to topic by ADEQ staff. Approximately 40 comment cards were received. (See the ADEQ EPA Clean Power Plan web page for the complete matrix.)

Massey explained that the department has not taken litigation off the table. The current approach is to work to adjust the goals and create an achievable plan for Arizona with EPA. The EPA extension of the comment period means that the department and stakeholders will need to focus on phase two of the process for six months without knowing whether those comments have affected the proposed rule.

Massey led discussion of topics, beginning with areas not previously discussed at the September 10 meeting. New comments on other topics were also reviewed.

Highlights of stakeholder questions and comments by topic include:

Roles
• How will ADEQ move forward in this process now? IPP – ITP – roles
• Who makes the decisions balancing issues such as power cost, public health, and grid reliability?
• Are there areas where stakeholders agree?
• What role is the Technical Advisory Committee playing? What is the makeup of the group? Is anyone missing?

Tribal/Multi-State
• Is Arizona an attractive partner?
• Should a multi-national approach be considered? What if Mexico generated natural gas for Arizona?

Massey explained that states in general are unclear about the multi-state regional plan. There is not a lot of incentive to be involved in this type of plan at this time. ADEQ is open to the idea, though perhaps on a limited basis. Tribal involvement is an issue for EPA determination, and more information may be coming in mid-October. The Navajo nation has approached the department to discuss the CPP.

Alternatives
• Are there opportunities for a BB5?
• The rule offers flexibility to consider other options
• Is there an alternative to the CPP?
• Are the calculations used rate-based or mass-based?

Steve Burr noted that there is an open-ended option in compliance strategy.

**Legal**
• Do you plan to preserve the department’s legal position?

Massey explained that the department intends to write a position preservation letter in its final comment submittal to EPA.

**General Goal Setting**
• How do cleaner fleets impact the goal?
• Do some scenarios now and in the future impact our comments?
• Offsets
  o Can we use offsets?
  o Should offsets be authorized?
  o Could we buy credits nationally or internationally to help reach the interim goal and retire them?
  o Can we demonstrate any offsets would not be duplicative?
  o What about credits for other sources?
• If we use new control measures’ credits, can we use those as credit?
• Rule should address end of pipe

**Building Block #2**
• Adding more natural gas to the system is a risk regarding cost fluctuations. Arizona should maintain a balance

**Building Block #3 (Renewable Energy)**
• If there is a SIP violation, would the utilities or others who didn’t meet the goal or adhere to the plan be liable?
• Are bio fuels/algae considered renewable?

Burr explained that while everything is on the table as far as compliance strategy, the department must verify that strategies are creditable.

**Building Block #4 (Energy Efficiency)**
• Does Arizona get credit for current EE measures?
• Department should comment on getting more credit for being a leader in this area
• What about credit above 1.5%? Does EPA allow early credit? Can non-utility EE count, and would it be enforceable?
• Should get more credit for prior to 2014 implementation

Massey informed the group that any excess EE would be credited to Arizona. Future EE measures will receive credit if implemented after June 2014.
Other

- Priority of comments – what is wrong/omitted in EPA assumptions?
- Is it realistic to be able to change the proposed rule?
- Think from perspective of ADEQ and environmental protection. Be creative, do more talking about the future vs. short term impacts
- Impacts of growth
- ADEQ comments – how to balance comments with the political nature of the topic?
- Should address not just air issues but unintended consequences to water and land, and the drastic shift of potential impacts on the environment
- When do we need to have rules in place?
- Is the extension a given? Concerned about losing a year of compliance
- May want to hear statements from elected officials
- How will agency deal with political aspect and determine its own voice?

Massey explained that ADEQ will speak with its own voice in comment letters. The primary goal is to focus on goal setting and whether Arizona can achieve its goals in the specified timeframes. The department must balance environmental responsibility with economic growth and hope to affect the goal in a way that makes sense for Arizona’s future.

The complete issues matrix will be available on the stakeholder website so that others may take advantage of issues raised in preparing their comments to EPA. The department will continue to send comment letters to EPA in order to provide issues and comments to the agency as quickly as possible. Letters will be posted on the stakeholder website.

Burr noted that while it will be a challenge to get rules and legislation in place in a timely manner, the bigger challenge will be the technical aspects. ADEQ will build a compliance plan and a menu of options. The department will likely request an extension on initiating implementation; however, this allows less time to achieve goals, especially the interim goal.

**ACTION ITEMS AND NEXT STEPS**

Massey encouraged stakeholders to continue to submit ideas and comments. Stakeholders will receive a meeting announcement for the next meeting to be held in late-October. The agenda is expected to include addressing significant issues, interim goals, and possible areas of consensus.

Action items include:

- ADEQ to bring TAC issues to this stakeholder group
- Project team to add issues from September 10 meeting notes to the issues matrix
- ADEQ to answer questions appearing in the issues matrix by written comment
- Project team to add issues from September 24 meeting to the issues matrix

Gunn reminded attendees to complete the meeting evaluation forms.
STAKEHOLDER ATTENDEES

Sandy Bahr  
Sierra Club

Philip Bashaw  
Grand Canyon State Electric Power Cooperative Assoc.

Todd Baughman  
Policy Development Group

Andy Berger  
Tri State Energy

Jeremy Browning  
GovGroup

Barbara Burkholder  
Arizona Public Health

Ian Calkins  
Copper State Consulting

Gary Crane  
Southwest Power

Jo Crumbaker  
MCAQD

Patrick Cunningham  
Law Office of Patrick J. Cunningham

Tom Dorn  
Dorn Policy Group

Leslie Ethen  
City of Tucson

Phillip Fargotstein  
Fennemore Craig, P.C.

Robert Geake  
ACC

Joe Gibbs  
City of Phoenix

Charles Hains  
ACC

Helen Heiden  
Arizona Chamber of Commerce and Industry

Kevin Hengehold  
Arizona Community Action Association

Lon Huber  
AZRUCO

Spencer Kamps  
HBACA

Ana Kennedy  
Arizona Farm Bureau

Ron Lunt  
CAWCD

Robert Lynch  
Robert S. Lynch and Associates

Maren Mahoney  
ASU Energy Policy Innovation Council

Verle Martz  
SR Materials

Dean Miller  
Lux Consulting, LLC

Gary Mirich  
Energy Strategies, LLC

John Moody  
Peters, Cannata and Moody PLC

Maria Naff  
SRP

K. Nakew  
CAWCD

Geoff Oldfather  
Arizona's G&T Cooperatives/AEPCO/SSW

Amanda Ormond  
Interwest Energy Alliance

Lawrence Ornellas  
Yuma Cogeneration Associates

Vince Pawlowski  
Ultra SW
<table>
<thead>
<tr>
<th>Name</th>
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<tr>
<td>Amanda Reeve</td>
<td>Snell &amp; Wilmer L.L.P.</td>
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<td>Amanda Rusing</td>
<td>Dorn Policy Group</td>
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<td>Jeff Schlegel</td>
<td>Southwest Energy Efficiency Project</td>
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<td>Maureen Scott</td>
<td>Arizona Corporation Commission</td>
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<td>David Slade</td>
<td>Yuma Cogeneration Associates</td>
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<td>Barbara Sprungl</td>
<td>Salt River Project</td>
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<td>Barbara Stockwell</td>
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<td>Ed Stoneburg</td>
<td>ACC</td>
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<td>Mark Suehl</td>
<td>CEC Inc.</td>
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<td>Jaret Sullivan</td>
<td>Arlington Valley Energy Facility</td>
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<td>Richard Sumner</td>
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<td>Jonathan Weisbuch</td>
<td>Arizona Public Health Association</td>
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<td>Michael Wrapp</td>
<td>J.D./MBA, University of Notre Dame</td>
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<td>Gary Yaquinto</td>
<td>Arizona Investment Council</td>
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<td>Jeff Yockey</td>
<td>TEP</td>
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<td>Ellen Zuckerman</td>
<td>Southwest Energy Efficiency Project</td>
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ADEQ STAKEHOLDER MEETING EVALUATION RESULTS

Eight stakeholders returned meeting evaluation surveys. Some stakeholders did not answer all questions.

1. Please rate the following:
   Meeting was a valuable use of my time
   0-Strongly Disagree / 1-Disagree / 4-Agree / 3-Strongly Agree

   Clear and understandable information was presented
   0-Strongly Disagree / 0-Disagree / 6-Agree / 2-Strongly Agree

   Stakeholder process will provide me an opportunity to participate
   0-Strongly Disagree / 0-Disagree / 2-Agree / 5-Strongly Agree

   ADEQ wants to hear my input will it make a difference
   0-Strongly Disagree / 1-Disagree / 4-Agree / 3-Strongly Agree

   The hotel was a good venue for the meeting
   0-Strongly Disagree / 0-Disagree / 3-Agree / 5-Strongly Agree

2. What was the best thing about the meeting?
   • I am still confused by the absence of a political agenda
   • Interaction between the "factions." Great venue -- comfortable
   • Interactions
   • The open nature encouraging participation and the great mix of viewpoints of the participants

3. What should be changed before the next meeting?
   • I’d hoped we would get to consensus building process today -- disappointed
   • Better or more information given with regards to questions answered from prior meetings
   • More table space for attendees
   • Nothing