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Governor Brewer, ADEQ Disappointed about Proposed Control Strategy by the EPA to Reduce Air Pollution from Navajo Generating Station near Page

PHOENIX (Jan. 18, 2013) - Governor Jan Brewer and the Arizona Department of Environmental Quality today announced their disappointment with the U.S. Environmental Protection Agency's proposed air pollution control strategy at Navajo Generating Station near Page.

If adopted, the EPA plan will require the utilities that operate NGS to install at least \$500 million worth of retrofits, with those costs passed along to Arizona consumers. The proposal follows a Jan. 4, 2013, joint statement from the U.S. Department of the Interior, Department of Energy and EPA regarding goals for the Navajo Generating Station.

“Although the EPA’s proposal would give the owners of the Navajo Generating Station more time to install the expensive controls, this remains the least sustainable solution for the environment and the cost of doing business in Arizona,” Governor Brewer said. “The costs of these controls will be passed to the ratepayers of Arizona and without a commensurate improvement in visibility. The EPA’s actions amount to a hidden tax Arizonans will be paying for years to come.”

“The regional haze program is about balancing the costs to utilities with the potential to improve visibility from implementing air pollution controls,” said Arizona Department of Environmental Quality Director Henry Darwin. “The EPA’s proposal would give everyone more time, but still fails to strike the appropriate balance since the anticipated air quality improvements would not even be visible to the naked eye.”

Under the federal Clean Air Act, the EPA has jurisdiction in protecting air quality in tribal areas. The Navajo Nation has one coal-fired power plant in Arizona, Navajo Generating Station, which is subject to the EPA’s regional haze decisions.

In August 2009, the EPA published its assessment of anticipated visibility improvements at nearby national parks and wilderness areas. The agency also addressed the cost effectiveness of potential emissions controls at NGS. The EPA received numerous comments regarding its proposal, including detailed comments regarding the costs associated with controlling emissions of nitrogen oxides.

Low nitrogen oxide burners that already have been installed cost NGS about \$40 million. At the time, Salt River Project estimated the total cost of meeting the EPA's proposed requirement to install the additional selective catalytic reduction units on all three coal fired boilers at more than \$500 million.

In an October 2009 letter, Governor Brewer stressed Arizona's reliance on NGS for jobs, water and electricity as well as economic stability. Specifically, the governor's letter cited the Navajo and Hopi reservations, where unemployment rates are four to five times higher than in the rest of the state.

Governor Brewer's letter also noted that NGS is essentially the sole source of power for the Central Arizona Project, which provides water from the Colorado River to about 80 percent of the state's water users and taxpayers. At the time, CAP's service met 50 percent of the municipal water demand in the state, and 45 percent of the City of Phoenix's total water demand. Overall the CAP provided 20 percent of the state's total water demand. Increased water costs could increase Arizona's dependence on dwindling groundwater supplies.

The U.S. Bureau of Reclamation is the largest single owner of the facility, owning 24.3 percent of the facility. Five other utilities including Salt River Project, Arizona Public Service, Tucson Electric Power, Nevada Energy and the Los Angeles Department of Water and Power own the remaining 75.7 percent.

There will be a public comment period of 90 days regarding EPA's proposal after it is posted in the Federal Register.