

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 6

FILED

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REGIONAL HEARING CLERK
EPA REGION VI

IN THE MATTER OF:

TEXAS MUNICIPAL POWER AGENCY

GRIMES COUNTY, TEXAS

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EPA DOCKET NO. CAA-06-2008-3304

COMPLAINT AND
CONSENT AGREEMENT AND
FINAL ORDER

The Director of the Compliance Assurance and Enforcement Division of the United States Environmental Protection Agency (EPA), Region 6 (Complainant), and Texas Municipal Power Agency (TMPA), Grimes County, Texas, in the above referenced proceeding, hereby agree to resolve this matter through the issuance of this Complaint and Consent Agreement and Final Order ("Complaint" and "CAFO").

I. PRELIMINARY STATEMENT

1. This proceeding is for the assessment of civil penalties pursuant to Section 113(d) of the Clean Air Act (the Act), 42 U.S.C. § 7413(d). This proceeding was instituted by the issuance of a Complaint and Notice of Opportunity for Hearing [hereinafter "Complaint"] incorporated herein, and is simultaneously concluded by the issuance of this CAFO against TMPA (Respondent) pursuant to 40 C.F.R. §§ 22.13(b) and 22.34.

2. The Complaint alleges Respondent violated regulations promulgated pursuant to the Act at its Gibbons Creek Steam Electric Station located in Grimes County, Texas (the Facility).

3. For purposes of this proceeding, Respondent admits the jurisdictional allegations of this Complaint; however, Respondent neither admits nor denies the specific factual allegations contained in this Complaint.

4. Respondent consents to the issuance of this CAFO hereinafter recited and consents to the assessment and payment of the stated civil penalty in the amount and by the method set out in this CAFO.

5. By signature on this Complaint and CAFO, Respondent waives any right to an appeal of this proceeding.

6. This CAFO settles and resolves Respondent's liability for federal civil penalties for the violations alleged in the CAFO.

7. Nothing in this CAFO shall be construed to prevent or limit EPA's civil and criminal authorities, or that of other Federal, State, or local agencies or departments to obtain penalties or injunctive relief under other Federal, State, or local laws or regulations.

8. Respondent hereby certifies that as of the date of its execution of this CAFO, the Facility has corrected the violation alleged herein, and is now, to the best of its knowledge, in compliance with all the requirements of the Act.

9. Respondent represents that it is duly authorized to execute this CAFO and that the party signing this CAFO on behalf of the Respondent is duly authorized to bind the Respondent to the terms and conditions of this CAFO.

10. Respondent agrees that the provisions of this CAFO shall be binding on its officers, directors, employees, agents, servants, authorized representatives, successors, and assigns.

II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

11. The Respondent is a municipal corporation and political subdivision doing business in the State of Texas and is a "person" as that term is defined in Section 302(e) of the Act, 42 U.S.C. Section 7602(e), and within the meaning of Section 113(d) of the Act, 42 U.S.C. Section 7413(d).

12. At all relevant times, Respondent owned and operated a steam electric station located in Grimes County, Texas.

13. Pursuant to 42 U.S.C. § 7661a(a) as set out in 40 C.F.R. § 70.6(b), all terms and conditions in a part 70 permit, including any provisions designed to limit a source's potential to emit, are enforceable by the Administrator and citizens under the Act.

14. Pursuant to the general terms and conditions of Title V permit no. O-00083 (issued to TMPA on September 15, 1999), the permit holder shall comply with all terms and conditions contained in Title 30 T.A.C. §§ 122.143, 122.144, 122.145, and 122.146.

15. Pursuant to 30 T.A.C. § 122.145(2)(A) (effective June 3, 2001), the permit holder shall report, in writing, to the executive director all instances of deviations, the probable cause of the deviations, and any corrective actions or preventive measures taken for each emission unit addressed in the permit.

16. Pursuant to special terms and condition 2 of Title V permit no. O-00083, permittee shall comply with the requirements in the prevention of significant deterioration permit no. 5699 and PSD-TX-18M-1 (issued to TMPA on July 23, 2002) for VOC, NO_x, SO₂, PM, and CO.

17. The Texas major source operating permit program was granted interim approval on July 25, 1996. Full approval was effective November 30, 2001. See 40 C.F.R. Part 70 appendix A.

18. Pursuant to 30 T.A.C. § 116.115(c), special conditions, the holders of permits, special permits, standard permits, and special exemptions shall comply with all special conditions contained in the permit document (approved by EPA September 18, 2002 [67 FR 58697] effective October 18, 2002) (originally approved as 30 T.A.C. § 116.04 on August 13, 1984 at 49 Fed. Reg. 32181 and codified at 40 C.F.R. § 52.2270).

19. Pursuant to special terms and condition 1 of Title V permit no. O-00083, emission unit PTE-BS-001 (Boiler/Steam Generator) shall meet the limitations, standards, equipment, equipment specifications, monitoring, recordkeeping, reporting, testing, and other requirements listed in the applicable requirements summary attachment to assure compliance with the permit.

20. Pursuant to the applicable requirements summary in Title V permit no. O-00083, the emission standards, and recordkeeping and reporting requirements, for emission unit PTE-BS-001 shall be in accordance with special conditions numbers 1 through 5, and 11 through 15 found in permit no. 5699 and PSD-TX-18M-1.

21. Pursuant to special condition 1 of permit no. 5699 and PSD-TX-18M-1, the TMPA shall comply with all requirements of the EPA New Source Performance Standards (NSPS) regulations for Steam Generators codified in 40 C.F.R. part 60, subparts A and D.

22. Pursuant to special condition 2 of permit no 5699 and PSD-TX-18M-1, the opacity of emissions from the boiler stack must not exceed 20 percent, except for one six-minute period per hour of not more than 27 percent.

23. Pursuant to 40 C.F.R. § 60.7(d)(2) [NSPS part 60, subpart A] (EPA approved NSPS general provisions for Texas at 48 Fed. Reg. 200963 on December 15, 1982), if the total duration of excess emissions for the reporting period is one percent or greater of the total operating time for the reporting period or the total Continuous Monitoring System (CMS) downtime for the reporting period is 5 percent or greater of the total operating time for the reporting time for the reporting period, the summary report form and the excess emission report described in 40 C.F.R. § 69.7(c) shall both be submitted.

Count 1

24. TMPA violated 30 T.A.C. § 116.115(c) of the Texas SIP by failing to comply with special condition 2 contained in permit no. 5699 and PSD-TX-18M-1. The facility operated the emission unit PTE-BS-001 and the opacity exceeded the permitted value on October 26, 2002; January 14, 2003; February 19, 2003; August 7, 2003; August 8, 2003; September 7, 2003; and October 5, 2003. The details on the hours of operation and opacity values are as follows:

Date	Time	Opacity values (percent)
10/26/02	18:54 - 21:06	28.6, 22.3, 25.9, 21.1, 26.4, 21.2, 25.7, and 25.10
01/14/03	10:30 - 10:36	32.1
02/19/03	20:30 - 20:36	27.9
08/07/03	20:00 - 20:06	27.6
08/08/03	03:06 - 03:12	27.6
08/08/03	20:00 - 20:06	27.6
09/07/03	02:42 - 02:48	69.4
10/05/03	19:30 - 19:36	37.2
10/05/03	19:36 - 19:42	69.3

Count 2

25. TMPA violated Title V, general terms and conditions, by failing to comply with 30 T.A.C. § 122.145(2)(A). TMPA failed to report in writing 397 hours of COMS being out of service during the reporting period for March 15, 2003 to September 14, 2003.

Count 3

26. TMPA violated T.A.C. § 116.115(c) of the Texas SIP by failing to comply with special condition 1 contained in permit no. 5699 and PSD-TX-18M-1. The excess emission summary report form for the period April 1, 2003 through July 1, 2003, indicated COMS were out of service for six percent of the operating time. The facility failed to submit the detailed excess emission reports pursuant to 40 C.F.R. § 60.7(c).

III. CIVIL PENALTY AND TERMS OF SETTLEMENT

27. For the reasons set forth above, Respondent has agreed to pay a civil penalty which has been determined in accordance with Section 113(d) of the Clean Air Act (Act), 42 U.S.C. § 7413(d), which authorizes EPA to assess a civil penalty of up to twenty-five thousand dollars (\$25,000)¹ per day for each violation of the Act. Upon consideration of the entire record herein, including the Findings of Fact and Conclusions of Law, which are hereby adopted and made a part hereof, and upon consideration of the size of the business, the economic impact of the penalty on the business, the violator's full compliance history and good faith efforts to comply, the duration of the violation, payment by the violator of penalties previously assessed for the

¹ The Civil Penalty Inflation Adjustment Rule of December 31, 1996 (61 Fed. Reg. 69360) provides for ten percent (10%) increases in the statutory penalty provisions (\$25,000) cited in the Clean Air Act Stationary Source Civil Penalty Policy dated October 25, 1991 (CAA Penalty Policy). The ten percent (10%) increase is effective for violations which occurred between January 30, 1997 and March 14, 2004 for a statutory maximum penalty of \$27,500. The Civil Penalty Inflation Adjustment Rule of February 13, 2004 (69 Fed. Reg. 7121) provides for a further increase in the statutory penalty provisions in the CAA Penalty Policy by 17.23% for violations occurring on or after March 15, 2004, for a statutory maximum penalty of \$32,500.

same violation, the economic benefit of noncompliance, the seriousness of the violation, and other factors as justice may require, it is ORDERED that Respondent be assessed a civil penalty in the amount of twenty six thousand two hundred fifty dollars (\$26,250.00).

28. Within thirty (30) days of Respondent's receipt of this fully executed CAFO, Respondent shall pay twenty six thousand two hundred fifty dollars (\$26,250.00) by cashier's or certified check made payable to "Treasurer, United States of America, EPA - Region 6." Payment shall be remitted in one of four (4) ways: regular U.S. Postal Service mail, to include certified mail; overnight mail; wire transfer; or On Line Payment. For regular U.S. Postal Service mail, U.S. Postal Service certified mail, or U.S. Postal Service express mail, the check(s) should be remitted to:

U.S. Environmental Protection Agency
Fines and Penalties
Cincinnati Finance Center
PO Box 979077
St. Louis, MO 63197-9000

For overnight mail (non-U.S. Postal Service, e.g. Fed Ex), the check(s) should be remitted to:

U.S. Bank
1005 Convention Plaza
Mail Station SL-MO-C2GL
St. Louis, MO 63101

Contact: Natalie Pearson
(314) 418-4087

For wire transfer, the payment should be remitted to:

Federal Reserve Bank of New York
ABA = 021030004
Account = 68010727
SWIFT address = FRNYUS33
33 Liberty Street
New York, NY 10045
Field Tag 4200 of the Fedwire message should read "D 68010727 Environmental
Protection Agency"
phone number (412) 234-4381.

For On Line Payment:

WWW.PAY.GOV
Enter sfo 1.I in search field
Open form and complete required fields.

PLEASE NOTE: Docket number CAA-06-2008-3304 shall be clearly typed on the check to ensure proper credit. The check shall also be accompanied by a transmittal letter and shall reference Respondent's name and address, the case name, and docket number of the administrative complaint and CAFO. Respondent's adherence to this request will ensure proper credit is given when penalties are received for the Region. Respondent shall also send a simultaneous notice of such payment, including a copy of the money order, or check, and transmittal letter to the following:

Harry Shah (6PD-A)
U.S. EPA, Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

Region 6 Hearing Clerk
U.S. EPA Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

29. Respondent agrees not to claim or attempt to claim a federal income tax deduction or credit covering all or any part of the civil penalty paid to the United States Treasurer.

30. Respondent shall undertake the following supplemental environmental project (SEP), which the parties agree is intended to secure significant environmental or public health protection and improvements. Within 50 days of receiving a copy of this Consent Agreement signed by the Regional Judicial Officer, Respondent shall begin to: notify Member City ratepayers and/or residents that a predetermined number of one hundred fifty dollar (\$150.00) vouchers will be available at designated retail locations for such Member City ratepayers and/or residents to purchase any brand of corded or uncorded electric lawnmowers; notice to ratepayers shall occur by sending a flyer and/or newspaper advertisement sent out by the utilities; therefore, decreasing the amount of carbon monoxide, volatile organic compounds, and nitrogen oxides emitted by lawnmowers.

Respondent shall complete the SEP as follows:

(a) Submit the written agreement to implement the SEP terms between TMPA and distribution retailers to Harry Shah within 40 days of receipt of CAFO;

(b) Send a statement to Harry Shah within 60 days of receipt of CAFO listing the number of announcement flyers sent to Member City ratepayers, number of newspaper advertisements with the name and date of publication, copies of such flyer(s) and advertisements, and the number of vouchers distributed to retailers; and

(c) Send a statement listing the designated retail locations to Harry Shah within 60 days of receipt of CAFO.

The SEP is more specifically described in the Scope of Work attached hereto as Exhibit A and incorporated herein by reference.

31. The Respondent shall complete the SEP within one (1) year of the effective date of this document and shall notify the EPA upon completion of the SEP.

32. The total expenditure for the SEP shall not be less than seventy eight thousand seven hundred fifty dollars (\$78,750.00), in accordance with the specifications set forth in the Scope of Work. Respondent shall provide Complainant with documentation of the expenditures made in connection with the SEP within sixty (60) days after final completion of the SEP.

33. Respondent hereby certifies that, as of the date of this Consent Agreement, Respondent is not required to perform or develop the SEP by any federal, state or local law or regulation; nor is Respondent required to perform or develop the SEP by agreement, grant or as injunctive relief in this or any other case or in compliance with state or local requirements. Respondent further certifies that Respondent has not received, and is not presently negotiating to receive, credit in any other enforcement action for the SEP.

34. Whether Respondent has complied with the terms of this CAFO through pollution reduction and pollution prevention as herein required shall be the sole determination of EPA.

35. (a) Respondent shall submit a SEP Completion Report to EPA within sixty (60) days after final completion of the SEP. The SEP Report shall contain the following information:

- (1) A detailed description of the SEP as implemented;
- (2) A description of any operating problems encountered and the solutions thereto;
- (3) Itemized costs, documented by copies of purchase orders and receipts or canceled checks;

(4) certification that the SEP has been fully implemented pursuant to the provisions of this CAFO; and

(5) A description of the environmental and public health benefits resulting from implementation of the SEP (with a quantification of pollutant reductions, if feasible).

(b) Respondent shall submit any additional reports required by the Scope of Work to EPA in accordance with the schedule and requirements recited therein. Respondent shall submit monthly status reports beginning with the first full month after it receives the fully executed CAFO. The monthly status reports shall be due by the twentieth day of the month for the first and second month, and shall be due by the tenth day of the month for every month thereafter. Each status report shall include information from the preceding month. The status reports shall contain the following information:

(1) a description of the work that has been completed and the actions that have been taken toward achieving compliance with the SEP (i.e., installation and operation of the SEP as set out in the Scope of Work);

(2) a schedule and description of all activities scheduled for the next reporting period;

(3) a description of any problems and/or delays encountered or anticipated;

(4) any actions taken to prevent or mitigate such problems and (if applicable) a modified completion schedule; and

(5) a summary of the actual costs incurred on the SEP for the reporting period and a running total of actual costs incurred for the project to date.

(c) Respondent agrees that failure to submit the SEP Completion Report or any Monthly Status Report required by subsections (a) and (b) above shall be deemed a violation of

this CAFO and Respondent shall become liable for stipulated penalties pursuant to paragraph 40 below.

36. Respondent shall maintain legible copies of all documents or reports submitted to EPA pursuant to this Consent Agreement, and Respondent shall provide such documentation to EPA within seven days of a request for such information. In all documents or reports, including, without limitation, the SEP Report, submitted to EPA pursuant to this Consent Agreement, Respondent shall, by its officers, sign and certify under penalty of law that the information contained in such document or report is true, accurate, and not misleading by signing the following statement:

I certify under penalty of law that I have examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fines and imprisonment.

37. In Respondent's federal tax return, Respondent may not deduct, as a business expenditure, any SEP expense, and Respondent may not depreciate nor amortize any capital investment related to the SEP.

38. Nothing herein shall obligate Respondent to publicize its involvement in the SEP; however, any public statement, oral or written, in print, film or other media, made by Respondent to publicize its participation in SEP activities shall include the following language: "This project was undertaken in connection with the settlement of an enforcement action taken by the EPA for violations of CAA provisions."

39. (a) Following receipt of the SEP Report described in paragraph 35 above, EPA will do one of the following:

- (1) accept the SEP Report;
- (2) reject the SEP Report, notify Respondent, in writing, of deficiencies in the SEP Report and grant Respondent an additional thirty (30) days in which to correct any deficiencies; or
- (3) reject the SEP Report and seek stipulated penalties in accordance with paragraph 40 herein.

(b) If EPA elects to exercise option (2) above, EPA shall permit Respondent the opportunity to object in writing to the notification of deficiency or disapproval given pursuant to this paragraph within ten (10) days of receipt of such notification. EPA and Respondent shall have an additional thirty (30) days from the receipt by the EPA of the notification of objection to reach agreement. If agreement cannot be reached on any such issue within this thirty (30) day period, EPA shall provide a written statement of its decision to Respondent, which decision shall be final and binding upon Respondent. Respondent agrees to comply with any requirements imposed by EPA as a result of any such deficiency or failure to comply with the terms of this CAFO. In the event the SEP is not completed as contemplated herein, as determined by EPA, stipulated penalties shall be due and payable by Respondent to EPA in accordance with paragraph 40 herein.

40. (a) In the event that Respondent fails to comply with any of the terms or provisions of the Agreement relating to the performance of the SEP described in paragraph 30 above and/or to the extent that the actual expenditures for the SEP do not equal or exceed the cost of the SEP

described in paragraph 32 above, Respondent shall be liable for stipulated penalties according to the provisions set forth below:

(1) Except as provided in subparagraph (2) immediately below, for a SEP which has not been completed satisfactorily pursuant to paragraphs 30, 31 and 32, Respondent shall pay a stipulated penalty to the United States in the amount of one hundred six thousand eight hundred fifty dollars (\$106,850.00).

(2) If the SEP is not completed satisfactorily, but the defendant/respondent:
(a) made good faith and timely efforts to complete the project; and (b) certifies, with supporting documentation, that at least 90 percent of the amount of money which was required to be spent was expended on the SEP, Respondent shall not pay any stipulated penalty.

(3) If the SEP is satisfactorily completed, but the respondent spent less than 90 percent of the amount of money required to be spent for the project, Respondent shall pay a stipulated penalty to the United States in the amount of seven thousand eight hundred seventy five dollars (\$7,875.00).

(4) If the SEP is satisfactorily completed, and the respondent spent at least 90 percent of the amount of money required to be spent for the project, Respondent shall not pay any stipulated penalty.

(5) For failure to submit the SEP Completion Report required by paragraph 35(a) above, Respondent shall pay a stipulated penalty in the amount of \$1,000 for each day after the 60th day after final completion of the SEP until the report is submitted.

(6) For failure to submit any other report required by paragraph 35(b) above, Respondent shall pay a stipulated penalty in the amount of \$1,000 for each day after the report was originally due until the report is submitted.

(b) The determinations of whether the SEP has been satisfactorily completed and whether the respondent has made a good faith, timely effort to implement the SEP shall be in the sole discretion of EPA.

(c) Stipulated penalties for subparagraphs (5) and (6) above shall begin to accrue on the day after performance is due, and shall continue to accrue through the final day of the completion of the activity.

(d) Respondent shall pay stipulated penalties within fifteen (15) days of receipt of written demand by EPA for such penalties. Method of payment shall be in accordance with the provisions of paragraph 28 above. Interest and late charges shall be paid as stated in paragraph 41 herein.

(e) Nothing in this agreement shall be construed as prohibiting, altering or in any way limiting the ability of EPA to seek any other remedies or sanctions available by virtue of Respondent's violation of this agreement or of the statutes and regulations upon which this agreement is based, or for Respondent's violation of any applicable provision of law.

41. Pursuant to 31 U.S.C. § 3717 and 40 C.F.R. § 13.11, unless otherwise prohibited by law, EPA will assess interest and late payment penalties on outstanding debts owed to the United States and a charge to cover the costs of processing and handling a delinquent claim. Interest on the civil penalty assessed in this CAFO will begin to accrue thirty (30) days after the effective date of the CAFO and will be recovered by EPA on any amount of the civil penalty that is not paid by the respective due date. Interest will be assessed at the rate of the United States Treasury tax and loan rate in accordance with 40 C.F.R. § 13.11(a). Moreover, the costs of the Agency's administrative handling of overdue debts will be charged and assessed monthly throughout the period the debt is overdue. See 40 C.F.R. § 13.11(b).

42. EPA will also assess a fifteen dollar (\$15.00) administrative handling charge for administrative costs on unpaid penalties for the first thirty (30) day period after the payment is

due and an additional fifteen dollars (\$15.00) for each subsequent thirty (30) day period that the penalty remains unpaid. In addition, a penalty charge of up to six percent per year will be assessed monthly on any portion of the debt which remains delinquent more than ninety (90) days. See 40 C.F.R. § 13.11(c). Should a penalty charge on the debt be required, it shall accrue from the first day payment is delinquent. See 31 C.F.R. § 901.9(d). Other penalties for failure to make a payment may also apply.

43. Pursuant to Section 113(d)(5) of the Act, 42 U.S.C. § 7413(d)(5), any person who fails to pay on a timely basis a civil penalty ordered or assessed under this section shall be required to pay, in addition to such penalty and interest, the United States enforcement expenses, including, but not limited to, attorneys fees and costs incurred by the United States for collection proceedings, and a quarterly nonpayment penalty for each quarter during which such failure to pay persists. Such nonpayment penalty shall be 10 percent of the aggregate amount of such person's outstanding penalties and nonpayment penalties accrued as of the beginning of each quarter.

44. This document is a "Final Order" as that term is defined in the CAA Penalty Policy for the purpose of demonstrating a history of "prior such violations."

IV. RETENTION OF ENFORCEMENT RIGHTS

45. EPA does not waive any rights or remedies available to EPA for any violations by the Respondent of any other Federal laws, regulations, statutes, or permitting programs not the subject of this action.

46. Nothing in this CAFO shall relieve Respondent of the duty to comply with all applicable provisions of the CAA.

V. COSTS

47. Each party shall bear its own costs and attorneys fees.

IT IS SO AGREED:

FOR THE RESPONDENT:

Date:

5/4/08

CPS

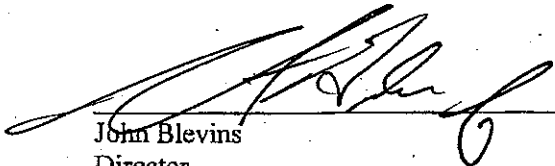


Gary Parsons
General Manager
Texas Municipal Power Agency

FOR THE COMPLAINANT:

Date:

5-13-08



John Blevins
Director
Compliance Assurance and
Enforcement Division

FINAL ORDER

Pursuant to Section 113(d) of the Clean Air Act (Act), 42 U.S.C. § 7413(d), and the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, 40 C.F.R. Part 22, the foregoing Consent Agreement is hereby ratified. This Final Order shall not in any case affect the right of EPA or the United States to pursue appropriate injunctive or other equitable relief or criminal sanctions for any violations of law. This Final Order shall resolve only those causes of action alleged in this CAFO. Nothing in this Final Order shall be construed to waive, extinguish, or otherwise affect Respondent's (or its officers, agents, servants, employees, successors, or assigns) obligation to comply with all applicable federal, state, and local statutes and regulations, including the regulations that were the subject of this action. The Respondent is ordered to comply with the terms of settlement as set forth in the Consent Agreement. In accordance with 40 C.F.R. § 22.31(b), this Final Order shall become effective upon filing with the Regional Hearing Clerk

Dated May 16, 2008



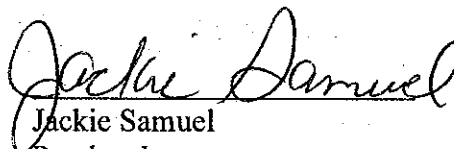
Michael Barra
Regional Judicial Officer
U.S. EPA, Region 6

CERTIFICATE OF SERVICE

I hereby certify that on the 20th day of May, 2008, the original and one copy of the foregoing Complaint and Consent Agreement and Final Order ("Complaint and CAFO") was hand delivered to the Regional Hearing Clerk, U.S. EPA - Region 6, 1445 Ross Avenue, Suite 1200, Dallas, Texas 75202-2733, and a true and correct copy was delivered to the following individual(s) by the method indicated below:

CERTIFIED MAIL - RETURN RECEIPT REQUESTED: 7004 1160 0003 0359 2625

Gary Parsons
General Manager
Texas Municipal Power Agency
P.O. Box 7000
Bryan, TX 77805


Jackie Samuel
Paralegal
U.S. EPA Region 6
Dallas, Texas

TMPA's Proposed Supplemental Environmental Project

This proposed Supplemental Environmental Project (SEP) is for the environmental benefit of communities in TMPA's member cities. These include Bryan, Denton, Garland, and Greenville. Three of these cities are in the Dallas-Fort Worth (DFW) area. Since this area is an ozone non-attainment area, TMPA is proposing a project that would prevent NO_x, CO and VOC pollution by providing an incentive to rate-payers and/or residents to purchase electric lawn-mowers.

The SEP consists of providing a predetermined number of vouchers (see the table below) to designated retailers of electric lawnmowers (such as Home Depot) in the TMPA's member cities. Each voucher would be worth \$150 toward purchase of a corded or uncorded electric lawnmower only. The vouchers would be available at designated retail locations. A purchaser wishing to purchase an electric lawnmower would receive one voucher per person at the retail location, upon verification that the purchaser is either a rate payer of TMPA with proof such as a utility bill or a member city resident with a proof such as a driver license. With a voucher, a purchaser would pay an amount equal to the regular price minus \$150. Retailers would submit a copy of sales and corresponding number of vouchers used in the sales to the TMPA on a weekly basis to cash the vouchers.

Details of the procedure would be as follow:

- TMPA receives approval from EPA to proceed with project.
- TMPA prints a flyer that would notify member City rate-payers of the project. This flyer would be enclosed as a bill stuffer with the regular billing sent out by the utilities. Depending when CAFO is received and billing cycle, a separate mail and/or newspaper advertisement may be necessary. Cost of printing, separate mailing and/or newspaper advertising is not included in SEP.
- The flyer would announce that Member City ratepayers or residents can obtain a voucher which would be worth \$150 toward a purchase of any brand of corded or uncorded electric lawnmower at certain retailers. (Notes: TMPA will not restrict the choice of electric mower to any particular brand).
- The allocations of vouchers would be divided up among the Member Cities in proportion to the power sales agreement shares:

Member City	Power sales agreement share	Supplemental Environmental Project share	Proposed number of \$150 vouchers
Bryan	21.7%	\$17,000	113
Denton	21.3%	\$16,800	112
Garland	47.0%	\$37,000	247
Greenville	10.0%	\$8,000	54
Total	100.0%	\$78,800	526

The program will end for each City when each City's allocation of rebates has been exhausted or 12 months after the receipt of the CAFO, whichever comes first.

EXHIBIT A