



September 26, 2013

Dr. Anita Lee (Air-2)  
U.S. Environmental Protection Agency Region 9  
75 Hawthorne Street  
San Francisco, CA 94105-3901

RE: EPA-R09-OAR-2013-0009

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Dear Dr. Lee:

Early this year, your agency issued a proposed regional haze rule for the Navajo Generating Station (NGS) located in Page, AZ, to improve air visibility near the power plant. The EPA's proposed rule would require installation of costly controls on each of NGS' three generating units as early as 2018. The EPA also included an alternative extending installation of controls to 2023. Notably, this proposed rule contains one of the most stringent standards to control nitrogen oxides (NOx) emissions in the nation.

Requiring the NGS owners to install new control technology at a cost between \$550 million and \$1.1 billion would place a tremendous economic burden on energy users in Arizona, as well as water users that take Central Arizona Project (CAP) water. More than 90% of CAP's pumping power comes from NGS. These costs get passed down and will have an extremely detrimental effect on Arizona businesses.

Not only are cost impacts of grave concern, but the short timeframes required by the EPA in the proposed rule could result in plant closure, given the uncertainties created by a number of plant-related agreements. The loss of NGS and the Kayenta Mine, which supplies coal to NGS, results in the direct loss of employment, income payments, the purchase of goods and services from local businesses, and tax payments to state and local governments. Both facilities cumulatively account for more than \$679 million in adjusted state tax revenues from 2011 through 2044, according to a 2012 Arizona State University study. The study also concluded that NGS and the Kayenta Mine together support 112,720 full-time or equivalent job years in Arizona during that time period, and the utility, mining, retail, health care, and construction sectors also enjoy significant indirect job creation from the operation of NGS and the Kayenta Mine. Arizona cannot afford to lose this economic driver, especially in these fiscally challenging times.

We find it disappointing that the EPA is using its regulatory authority to put Arizonans between a rock and a hard place. Thankfully, however, a diverse group of organizations formed the Technical Working Group (TWG) and worked with the Department of the Interior to identify a practical solution to a problematic EPA mandate. The alternative solution adds two key components to the discussion: time and flexibility. These components help create a solution that is both cost-effective and realistic within the existing onerous regulatory environment. It is not an overstatement to say that the future economic well-being of Arizona, including the Navajo and Hopi people who depend on NGS for jobs and other revenues, is at stake in your decision.

For all the reasons stated above, we urge you to adopt the TWG proposal as the final regional haze rule for NGS.

Sincerely,

A handwritten signature in black ink that reads "Todd Sanders". The signature is written in a cursive, flowing style.

Todd Sanders  
President/CEO