



Nebraska Department  
of Environmental Quality

## ***MEMORANDUM***

To: Jim Macy, Director  
Through: Kara Valentine, Deputy Director  
From: Shelley Schneider, Air Quality Division Administrator  
Date: April 21, 2016  
RE: 2015 Emission Fee Rate Assessment

Attached, please find the fee rate assessment for the 2015 emission inventory. Pursuant to §81-1505.04, emission fees are collected and used to fund the implementation of the air quality permit program. Sources report their annual actual emissions by March 31<sup>st</sup> for the previous calendar year. This information is then used to determine the appropriate fee rate. Fees assessed on the 2015 emission inventory fund state fiscal year 2017 (FY17) which begins July 1, 2016.

The rate calculated for FY17 based on the 2015 EI is **\$71 per ton** of pollutant. The rate set for FY16 (the current year) was \$70 per ton—therefore the new fee rate is up slightly from last year. Last May, we projected a fee rate of \$76 per ton to fund FY17, so the rate is significantly less than what was projected. Appendix 1 includes a table detailing the chargeable emission levels from 2011 to 2015.

The chargeable emissions decreased by about 1,640 tons from the 2014 to the 2015 emissions inventory, but we have minimized the fee rate by applying \$420,000 in surplus funds from FY16 toward FY17 and maintaining a steady level of FTE resources devoted toward eligible activities. However, we do anticipate the continued need for outside assistance in developing general online permits to streamline our permitting program. Investing in this outside support to address our permit backlog is the primary reason why the fee rate is up from last year. We have also hired an intern to support our emissions inventory and modeling programs.

The projection for the 2016 emission inventory is \$78 per ton. The Department projects the future year fee rate so fee payers may plan their budgets accordingly. Adjustments (up or down) to the actual fee rate may occur as a result of budget changes, program changes, surplus availability, and the amount of reported chargeable emissions.

Please let me know if you have any questions or concerns. Invoices are expected to be sent out June 1, 2016. Thank you.

CC: Martie Guthrie  
Dennis Burling  
Air Division Supervisors & Planning Unit Staff

## FEE ASSESSMENT FOR 2015 EMISSION INVENTORY

This document is the Nebraska Department of Environmental Quality 2015 emission inventory fee assessment for the Class I program. The fee rate for the 2015 emission inventory is \$73 per ton. The fees collected based on the 2015 emission inventory will be used to fund State Fiscal Year 2017 (FY17), which runs July 1, 2016 through June 30, 2017. The following table details a history of the emission fees collected and the amount of chargeable emissions emitted since 2003.

<b>Calendar Year</b>	<b>Chargeable Emissions<sup>1</sup> (tons per year)</b>	<b>Fee Rate (\$ per ton)</b>	<b>Total Fees Collected<sup>2</sup></b>	<b>Budget Amount</b>	<b>State Fiscal Year</b>
2003	44,851	\$ 41	\$ 2,216,892	\$ 1,937,144	2005
2004	42,942	\$ 38	\$ 1,634,451	\$ 1,997,943	2006
2005	41,908	\$ 51	\$ 2,136,050	\$ 2,178,170	2007
2006	42,489	\$ 57	\$ 2,410,594	\$ 2,479,887	2008
2007	40,812	\$ 57	\$ 2,326,284	\$ 2,594,101	2009
2008	39,982	\$ 62	\$ 2,478,420	\$ 2,685,567	2010
2009	38,093	\$ 70	\$ 2,666,552	\$ 2,876,672	2011
2010	38,890	\$ 66	\$ 2,566,717	\$ 2,810,237	2012
2011	41,260	\$ 64	\$ 2,640,609	\$ 2,916,219	2013
2012	40,728	\$ 65	\$ 2,588,903	\$ 2,968,018	2014
2013	40,192	\$ 67	\$ 2,738,257	\$ 3,073,423	2015
2014	40,606	\$ 70	\$ 2,832,625	\$ 3,204,509	2016

These fees collected from major sources are used to implement Nebraska's Class I program. Statute requires that emission fees can only be used for purposes of the direct and indirect costs associated with the Class I permit program (Neb. Rev. Stat. 81-1505.05).

There are two mechanisms by which the Department may set the emission fee rate. First, it may be adjusted in accordance with the Consumer Price Index (CPI). Second, the Department has the flexibility to establish the emission fee "as required to pay all reasonable direct and indirect costs of developing and administering the air quality permit program," Neb. Rev. Stat. 81-1505.04 (Cum. Supp. 1992). The latter is the mechanism the Department is using.

Regulated chargeable emissions (particulate matter with aerodynamic diameter of 10 microns (PM<sub>10</sub>), oxides of sulfur (SO<sub>2</sub>), oxides of nitrogen (NO<sub>x</sub>), volatile organic compounds (VOCs), lead, and hazardous air pollutants (HAPs)) emitted fluctuate year to year. In previous years while calculating the fee rate, the Department would forecast what the chargeable emissions were expected to be prior to receiving emission inventories from sources. We provided sources with the fee rate based upon a rough estimate of the chargeable emissions; they completed their emission inventories and submitted their fees with the inventories accordingly. During this practice, the Department would sometimes see a significant difference between the

<sup>1</sup> When inventories are not submitted by March 31<sup>st</sup>, the NDEQ does not have an accurate account of the chargeable emissions for the previous calendar year. NDEQ assumes the emissions remained level from the previous year.

<sup>2</sup> Total fees collected reflect late payment fees and updates to the emissions inventory that may have occurred after the initial submittal was filed.

forecasted and actual chargeable emissions numbers. Differences can result in collecting either insufficient funds or excess funds depending upon whether the actual chargeable emissions total was higher or lower than the forecast. Several years ago, the Department changed the system in order to obtain and use a more accurate estimate of the chargeable emissions. We collect the emission inventory reports first, use this information to determine the fee rate, and finally invoice the source for the emission fee. Additionally, each year, the Department conducts emission inventory audits on a sampling of sources to ensure that the reported emissions are complete, accurate, and reflect actual emissions for the year. If warranted, sources will be asked to update their inventories and remit additional emission fees or the department will refund overpayments as appropriate.

There are two key factors that affect the fee rate: program costs (budget) and estimated chargeable emissions. The projected program costs (budget) and the assumptions used are detailed in Table 1. The next two pages detail the calculations which derive the 2015 emission fee rate and estimate the 2016 fee rate. The Department provides an estimate of the 2016 fee rate for planning purposes only. The 2016 rate could change depending upon the amount of chargeable emissions, budget needs, and the availability of surplus funds to be applied to the next fiscal year.

**Table 1: Title V Program Budget Request for State Fiscal Year 2017**

<b>Item</b>	<b>Amount</b>	<b>Description</b>
Personnel	\$ 2,094,213	Personnel cost – Salaries and benefits for 29.7 FTEs
Indirect	\$ 706,404	Indirect costs - @53.62% of direct wages (\$1,317,426)
Other Expenses	\$ 110,000	This includes operational costs such as data processing expenses, office supplies, postal services, and publication expenses. This also includes travel and capital outlay.
Contractual Assistance	\$ 250,000	Estimate for outside assistance on emissions inventory, modeling, general permitting and permit assistance <sup>3</sup>
<b>Total:</b>	<b>\$ 3,160,617</b>	

Appendix 1 lists the total chargeable emission tonnages per source.

<sup>3</sup> At least a portion of the general construction permit development and other permit assistance can be considered eligible activities under the Class I program. The NDEQ anticipates that some synthetic minor sources will qualify for general construction permits.

## ***FEE RATE CALCULATION***

### **2015 Emission Inventory (EI) Fee Rate Calculation**

<b>Expenditures through March 31, 2016</b>	<b>\$ (2,215,838)</b>
<b>Cash Balance as of March 31, 2016</b>	<b>\$ 1,368,384</b>
<b>Projected Expenditures for April - June 2016</b>	<b>\$ (736,000)</b>
<b>Projected Total Expenditures for FY 2016</b>	<b>\$ (2,951,838)</b>
<b>Projected Interest Income for April - June 2016</b>	<b>\$ 8,133</b>
<b>Projected Balance on June 30, 2016</b>	<b>\$ 640,517</b>

Estimated Costs for FY 2017 = \$ 3,160,617

Amount of June 30, 2016 Balance Applied To Offset Costs in FY 2017<sup>4</sup> = \$420,000

Estimated Need for FY 2017 = \$ 3,160,617 - \$ 420,000 = \$ 2,740,617

Chargeable Emissions Reported on 2015 Inventory as of April 18, 2016 = 38,965 tons

Minimum Fee Rate = \$ 2,740,617 ÷ 38,965 tons = \$ 70.34 per ton

<b>Fee Rate to be assessed on the 2015 Emission Inventory<sup>5</sup> = \$ 71 per ton</b>
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<sup>4</sup> The Department retains some funds in reserve in order to assure that sufficient funds are available to process payroll and bills as emission fees are submitted.

<sup>5</sup> The Department must ensure that sufficient fees are collected to fund the program; therefore the calculated rate was increased to the next whole dollar amount of \$71 per ton.

***Future Year Fee Rate Estimate—2016 Emission Inventory***

<b>Projected Cash Balance on June 30, 2016</b>	<b>\$ 640,517</b>
<b>2015 Emission Inventory Fees Collected</b> (Estimated \$71 x 38,965 tons)	<b>\$ 2,766,515</b>
<b>Interest Income for FY17 (Estimated)</b>	<b>\$ 52,000</b>
<b>Project Funds Available for FY17 (Estimated)</b>	<b>\$ 3,459,032</b>
<b>Budget for FY17</b>	<b>\$ (3,160,167)</b>
<b>Projected Balance on June 30, 2017 (Estimated)</b>	<b>\$ 298,865</b>

Estimated Costs for FY 2018 (same as FY 2017 budget) = \$ 3,160,167

Amount of June 30, 2017 Balance Applied To Offset Costs in FY 2018 = \$150,000

Estimated Need for FY 2016 = \$ 3,160,167 - \$ 150,000 = \$ 3,010,167

Estimated Chargeable Emissions for 2016 = 38,965 tons<sup>6</sup>

Projected Minimum Fee Rate = \$ 3,010,167 / 38,965 tons = \$77.25 per ton

<b><i>Estimated Fee Rate for the 2016 Emission Inventory = \$ 78 per ton</i></b>
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The Department projects the future year fee rate so fee payers may plan their budgets accordingly. Adjustments (up or down) to the actual fee rate may occur as a result of budget changes, program changes, surplus availability, and the amount of reported chargeable emissions.

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<sup>6</sup> For purposes of this projection, the Department estimates that the emissions will remain the same as in 2015.

**Appendix 1: 2011 - 2014 Chargeable Emissions by Facility in Tons per Year**

DEQ #	Facility Name	2011 Tons <sup>7</sup>	2012 Tons <sup>7</sup>	2013 Tons <sup>7</sup>	2014 Tons <sup>7</sup>	2015 Tons <sup>7</sup>
125	Dutton-Lainson Co	11.8	10.7	11.1	12.5	12.3
140	Bimbo Bakeries USA, Inc.	44.2	36.6	42.8	51.6	37.9
723	A-1 Fiberglass	53.7	52.4	71.9	62.7	60.1
1416	KMIGT Albion Compressor Sta	33.1	34.0	31.3	51.8	48.3
1446	Cargill AgHorizons	6.7	5.2	14.0	15.9	9.8
2788	Pramac America	1.6	2.0	-	-	-
4016	David City Plant	2.3	3.4	3.3	2.8	1.3
4129	Ash Grove Cement Co	4,694.5	4,348.0	4,296.9	4,634.3	3,833.9
5456	Tallgrass Huntsman Station 1	136.6	93.7	174.3	150.9	142.1
6272	Cargill Meat Solutions Corp	121.9	129.2	132.3	90.9	98.8
7339	Tyson Fresh Meats, Inc.	126.8	126.7	131.1	59.6	56.5
7795	Chadron Community Hospital	0.1	0.1	0.1	0.1	-
8131	Tenneco Automotive Inc	40.9	4.38	1.9	-	-
8132	Orthman Mfg	46.5	49.0	-	-	-
8512	NPPD Canaday Station	13.3	69.4	0.42	0.4	6.7
8669	KMIGT Lexington Compressor	40.7	71.6	40.9	40.6	83.3
8744	Tyson Fresh Meats, Inc.	75.7	63.3	67.1	70.3	76.7
9169	Archer Daniels Midland Co	202.1	274.9	182.7	124.5	164.0
17738	Irvington Station	44.7	52.7	69.0	60.3	61.5
22282	Geneva Terminal	119.7	116.9	123.6	128.3	116.7
23034	NGPL Compressor Sta. No. 106	1,510.9	1,427.6	1,899.5	1,988.0	1,806.6
23048	Store Kraft Manufacturing Co	51.7	28.3	28.4	-	-
23151	Exmark Manufacturing Co.	11.7	9.0	11.9	12.7	13.5
23382	Northern Natural Gas Company	796.3	762.6	757.5	917.6	952.6
23383	Koch Nitrogen Plant	372.6	325.2	376.0	352.5	297.3
24352	Swift Beef Company	-	44.81	104.8	-	-
24371	New Holland North America Inc	210.1	192.7	192.3	98.2	58.7
24673	KMIGT Grand Island Comp.	170.1	88.9	151.9	156.0	121.1
27086	Agrium Advanced Technologies	97.9	84.7	87.9	62.5	4.7
27355	Endicott Clay Products Co	158.8	204.4	186.3	189.2	195.2
27639	Burgess Well	-	-	18.7	8.0	8.0
34385	NPPD Gerald Gentleman Sta.	8,835.5	8,718.6	8,837.5	8,813.9	8,772.3
35548	Nucor Corp Vulcraft Division	25.9	30.6	34.2	38.2	35.3
35677	Nucor Steel	575.2	493.4	498.3	456.9	541.0
36751	Magnolia Metal Corp	9.7	4.5	2.3	1.8	0.9
37388	Nebraska City Power Plant No 1	3.2	4.0	8.0	3.7	1.0
37514	Northern Natural Gas Company	921.8	928.1	869.5	992.4	913.6
37669	NGPL Compressor Sta. No. 196	6.2	9.0	69.4	6.7	116.1
38270	KMIGT Holdrege Comp. Sta.	13.6	94.2	57.3	2.0	18.4
38561	Plainview Municipal Power	0.5	3.0	<0.1	0.3	0.4
38719	Becton Dickinson Medical Sys.	30.5	24.5	23.9	23.5	26.1
39285	ADM Corn Processing	1,839.8	1,987.6	1,909.9	1,949.3	1,783.3
39527	Columbus Terminal	83.6	104.2	104.1	92.4	93.5
39986	NPPD Mc Cook Peaking Unit	2.7	0.8	2.3	10.5	2.8
41787	Manheim Omaha	5.1	4.7	-	-	-

<sup>7</sup> A blank indicates the source was not a major source at any time during the calendar year.

### Appendix 1: 2011 - 2014 Chargeable Emissions by Facility in Tons per Year

DEQ #	Facility Name	2011 Tons <sup>7</sup>	2012 Tons <sup>7</sup>	2013 Tons <sup>7</sup>	2014 Tons <sup>7</sup>	2015 Tons <sup>7</sup>
42638	OPPD Sarpy County Station	52.6	83.6	51.4	39.5	38.0
43396	Insulfoam	113.5	148.2	140.4	180.3	144.5
44141	Western Sugar Company	726.2	919.5	613.9	706.9	537.2
45275	G&P Development Inc. Landfill	18.7	18.4	19.6	19.5	18.4
46813	Fort Calhoun Quarry East	45.4	45.3	-	-	-
47263	Wayne Plant	11.9	10.5	26.3	9.7	3.7
48518	Lon D Wright Power Plant	980.9	982.2	984.4	979.6	959.5
48856	Sarpy County Sanitary Landfill	53.3	61.0	60.6	47.7	34.2
53804	Apache Manufacturing	18.6	16.3	30.1	21.8	19.9
53867	Veyance Technologies Inc.	51.6	49.5	51.9	51.2	51.9
54712	C W Burdick Generating Station	0.9	2.8	2.9	1.7	2.0
55721	North Denver Station	1.0	2.9	1.2	0.9	1.0
56628	KMIGT Big Springs Station	109.3	111.7	137.2	223.2	192.6
57220	Gordon Memorial Hospital	<0.1	<0.1	<0.1	<0.1	-
57789	Omaha Papillion Creek Waste	261.1	265.3	231.6	263.0	258.5
57902	Cargill Inc	1,590.0	1,064.0	945.0	960.0	922.0
58027	Platte Generating Station	865.1	861.4	865.4	854.1	846.5
58034	NPPD Hebron Peaking Unit	4.5	1.5	1.3	7.1	3.3
58048	Whelan Energy Center Unit #1	878.5	855.1	872.6	890.1	865.9
58048	Whelan Energy Center Unit #2	1,036.8	968.6	1,278.3	1,144.6	865.2
58049	Chief Ethanol Fuels Inc	507.8	463.9	480.9	525.0	385.4
58343	OPPD Nebraska City Station	8,914.7	8,591.7	8621.2	8677.7	8,600.0
58345	Don Henry Power Center	0.3	1.4	0.4	0.2	0.2
58429	FLEXcon Company Inc	18.5	18.9	30.5	36.2	38.4
58562	Clean Harbors Env Services Inc	74.3	71.8	472.1	470.3	470.5
58735	KMIGT North Platte Compressor	21.1	13.1	17.0	10.0	36.6
58738	Osceola Terminal	2.4	2.5	2.5	2.3	2.4
59052	Nebraska Energy LLC	59.8	35.0	<0.1	30.1	149.8
59056	Earthgrains Baking Company	51.1	47.7	39.4	33.6	27.3
59094	Abengoa Bioenergy	124.0	113.5	89.1	95.2	89.7
59516	Douglas County Landfill	5.4	4.7	4.3	3.6	4.9
60192	Union Pacific Railroad	77.7	88.3	69.7	47.3	55.9
60754	Tyson Fresh Meats, Inc.	37.3	70.3	9.5	-	-
62574	Ag Processing Inc Corn	57.7	59.8	5.7	5.0	1.7
62593	Douglas Co Recycling Landfill	296.5	273.8	285.7	283.9	300.7
62743	Butler County Landfill	20.2	33.1	53.1	46.6	55.2
62779	NNSWC Landfill	11.9	12.4	13.0	13.6	9.4
62812	Grand Island Regional Landfill	16.5	16.2	20.7	17.6	16.7
63354	J Bar J Landfill	4.8	5.4	5.4	4.6	6.1
64258	PURAC Production USA	5.5	12.4	41.6	6.1	6.0
64401	Cargill Polyols, LLC	31.2	47.6	51.9	24.5	24.5
64753	Nebraska City Power Plant No 3	<0.1	0.2	0.5	0.3	0.4
69585	NatureWorks LLC	35.2	40.9	43.3	47.6	41.8
70919	OPPD Cass County Station	27.7	50.8	30.1	8.6	7.1
72698	Ag Processing - Soy Bean Plant	404.8	402.0	399.3	372.0	414.4
73356	Husker Ag LLC	197.8	187.4	-	-	-

**Appendix 1: 2011 - 2014 Chargeable Emissions by Facility in Tons per Year**

DEQ #	Facility Name	2011 Tons <sup>7</sup>	2012 Tons <sup>7</sup>	2013 Tons <sup>7</sup>	2014 Tons <sup>7</sup>	2015 Tons <sup>7</sup>
75073	KAAPA Ethanol LLC	137.2	147.2	167.1	-	-
76739	NPPD Beatrice Power Station	11.5	24.6	14.9	23.1	16.1
77755	Cornhusker Energy Lexington	107.5	66.3	63.0	85.4	209.4
77854	Abengoa Bioenergy of Nebraska	128.6	137.7	126.0	139.7	123.3
78323	Trenton Agri Products	86.0	85.5	-	-	-
80265	Naturally Recycled Proteins, LLC	-	111.2	34.2	39.7	33.2
82836	Green Plains Central City LLC	213.3	215.4	210.1	187.1	168.9
84220	Standard Ethanol	64.5	83.2	-	-	-
84221	Nebraska Corn Processing LLC	103.1	53.6	-	-	-
84534	Elkhorn Valley Ethanol	123.4	94.9	-	-	-
85434	Siouxland Ethanol LLC	113.4	98.2	-	-	-
85814	Valero Renewable Fuels Company	217.7	129.1	179.3	199.1	203.3
85861	Green Plains Ord, LLC	116.1	126.7	129.0	147.2	148.5
86000	Green Plains Wood River, LLC	148.2	136.2	137.7	188.5	170.4
86026	Flint Hills Resources, Fairmont	205.6	214.5	354.2	220.0	291.1
86373	E Energy Adams, LLC	192.0	183.1	-	-	-
86416	Green Plains Atkinson, LLC	72.7	33.6	59.4	131.0	84.1
86963	Steele City Compressor Station	107.9	100.1	56.9	40.2	41.1
87072	Aventine Aurora West LLC	<0.1	7.1	<0.1	84.5	158.3
87464	Bridgeport Ethanol LLC	112.3	88.8	-	-	-
88547	Bertrand Compressor Station	330.1	317.5	229.2	186.9	204.1
91164	Cargill Lactic Acid Plant	21.0	22.4	34.3	36.7	30.6
	<b>Totals</b>	<b>42,014.1</b>	<b>40,728.5</b>	<b>40,191.9</b>	<b>40,605.8</b>	<b>38,964.9</b>