

NOTICES OF FINAL RULEMAKING

The Administrative Procedure Act requires the publication of the final rules of the state's agencies. Final rules are those which have appeared in the *Register* first as proposed rules and have been through the formal rulemaking process including approval by the Governor's Regulatory Review Council or the Attorney General. The Secretary of State shall publish the notice along with the Preamble and the full text in the next available issue of the *Register* after the final rules have been submitted for filing and publication.

NOTICE OF FINAL RULEMAKING

TITLE 4. PROFESSIONS AND OCCUPATIONS

CHAPTER 46. BOARD OF APPRAISAL

[R08-10]

PREAMBLE

- 1. Sections Affected**
R4-46-106
- Rulemaking Action**
Amend
- 2. The statutory authority for the rulemaking, including both the authorizing statute (general) and the statutes the rule is implementing (specific):**
Authorizing statute: A.R.S. §§ 32-3605(A), 32-3605(B)(17) and 32-3625(D)(1)
Implementing statutes: A.R.S. §§ 32-3605(B)(4) and 32-3607
- 3. The effective date of the rule:**
March 8, 2008
- 4. A list of all previous notices appearing in the Register addressing the final rule:**
Notice of Rulemaking Docket Opening: 13 A.A.R. 3044, August 31, 2007
Notice of Proposed Rulemaking: 13 A.A.R. 3002, August 31, 2007
- 5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**
Name: Deborah G. Pearson, Executive Director
Address: 1400 W. Washington St., Suite 360
Phoenix, AZ 85007
Telephone: (602) 542-1593
Fax: (602) 542-1598
E-mail: deborah.pearson@appraisal.state.az.us
- 6. An explanation of the rule, including the agency's reasons for initiating the rule:**
The change in the rule is to conform to statute revisions made during the 48th Legislature, First Regular Session, 2007, and to revise the Board's course approval fees to enable the Board to recover its administrative costs to process course approval applications. The Governor signed the statute revisions into law on July 2, 2007, with an emergency clause making them effective July 2, 2007. As required by Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), as well as its own statutes, the Board has also adopted rules which became effective June 2, 2007, that adopt the new criteria established by the Appraiser Qualifications Board to become effective January 1, 2008. These new criteria make extensive revisions to the education requirements for licensed and certified appraisers. Also pursuant to FIRREA and Board statutes, the Board must ensure that the course approvals meet the new education requirements established by the criteria, Board rules and Board statutes.
- 7. A reference to any study relevant to the rule that the agency reviewed and either relied on or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**
The Board did not review any study relevant to the rule.
- 8. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**

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Not applicable

9. The summary of the economic, small business and consumer impact:

The rule is being changed to conform to revised statutes and rules. The primary groups that will be affected are the Board, the course providers, the licensed or certified appraisers, trainees and the public. There should be minimal appreciable changes in the economic impact on individuals. Some course providers may have a substantial impact based on the number of courses they submit for approval. The Board anticipates \$50,000 in total additional revenue. The fees for course approval have not been revised since 1995, even though the actual administrative costs have risen and will rise even more with the implementation of the 2008 criteria.

10. A description of the changes between the proposed rule, including supplemental notices, and the final rule (if applicable):

Minor grammatical or formatting changes were made at the request of the Governor's Regulatory Review Council's staff. The proposed rule struck "cash"; however, on the advice of the Board's assistant attorney general, "cash" will not be stricken. Considering the rule as a whole, this is not a substantial, substantive change.

11. A summary of the comments made regarding the rule and the agency response to them:

The Board held a stakeholders meeting on the proposed rule change on October 5, 2007. No oral or written public comments were received. The Board held a public hearing on the proposed rule change on October 18, 2007. No oral or written public comments were received. At that time the Board voted to close the record, adopt the proposed rule change to become effective 60 days from filing with the Secretary of State, and proceed with the Notice of Final Rulemaking.

12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

Not applicable

13. Any material incorporated by reference and its location in the text:

None

14. Was this rule previously made as an emergency rule?

No

15. The full text of the rule follows:

TITLE 4. PROFESSIONS AND OCCUPATIONS

CHAPTER 46. BOARD OF APPRAISAL

ARTICLE 1. GENERAL PROVISIONS

Section

R4-46-106. Fees

ARTICLE 1. GENERAL PROVISIONS

R4-46-106. Fees

A. ~~Except as provided in subsections (D) and (E), the~~ The Board shall charge and collect fees for the following:

1. Initial Applicant and First Biennial License: ~~Application:~~ \$400
2. Examination: \$100
3. ~~Reexamination:~~ \$100
- 4-3. Biennial Renewal of a License or Certificate: \$425
- 5-4. Delinquent Renewal (in addition to the Renewal fee): \$25
- 6-5. Biennial ~~Federal~~ National Registry: \$50
- 7-6. Nonresident Temporary License or Certificate: \$150
8. ~~Duplicate License or Certificate:~~ \$5
- 9-7. Course Review: Approval:
 - a. Qualifying Education
 - i. Initial ~~Review and Course~~ Approval: ~~\$300~~ \$400
 - ii. ~~Review~~ Renewal of Course ~~Previously Approved:~~ Approval: \$5 \$100
 - iii. Renewal of Course Approval to Change Instructor: \$50
 - b. Continuing Education
 - i. Initial ~~Review and Course~~ Approval ~~of:~~ \$200
2-hour courses: \$50
3- and 4-hour courses: \$100

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- ~~Any course 5 hours or longer: \$150~~
 - ii. ~~Review~~ Renewal of Course ~~Previously Approved: Approval: \$5~~ \$100
 - iii. Renewal of Course Approval to Change Instructor: \$50
- B. A person shall pay fees by cash, certified check, cashier's check, or money order payable to the Arizona Board of Appraisal.
- C. A person making a public record request shall pay the Board the reasonable cost of reproduction consistent with A.R.S. Title 39, Chapter 1, Article 2. The person shall pay for the Board's cost of reproduction by cash, certified check, cashier's check, or money order.
- ~~D. The fee for an initial application filed after November 30, 1998, and before December 1, 2000, shall be \$300.~~
- ~~E. The renewal application fee for a license or certificate expiring after November 30, 1998, and before December 1, 2000, shall be \$225.~~

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TITLE 17. TRANSPORTATION

CHAPTER 4. DEPARTMENT OF TRANSPORTATION
TITLE, REGISTRATION, AND DRIVER LICENSES

[R08-05]

PREAMBLE

- | | |
|------------------------------------|---------------------------------|
| <u>1. Sections Affected</u> | <u>Rulemaking Action</u> |
| R17-4-501 | Amend |
| R17-4-504 | Amend |
- 2. The statutory authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**
Authorizing statute: A.R.S. § 28-366
Implementing statute: A.R.S. § 28-3167
- 3. The effective date of the rules:**
March 8, 2008
- 4. A list of all previous notices appearing in the Register addressing the final rules:**
Notice of Rulemaking Docket Opening: 13 A.A.R. 2931, August 24, 2007
Notice of Proposed Rulemaking: 13 A.A.R. 3261, September 28, 2007
- 5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**
Name: Celeste M. Cook, Administrative Rules Analyst
Address: Administrative Rule Unit
Department of Transportation, Motor Vehicle Division
1801 W. Jefferson St., Mail Drop 530M
Phoenix, AZ 85007
Telephone: (602) 712-7624
Fax: (602) 712-3081
E-mail: ccook@azdot.gov
Please visit the ADOT web site to track progress of this rule and any other agency rulemaking matters at www.mvd.azdot.gov/mvd/MVDRules/rules.asp.
- 6. An explanation of the rules, including the agency's reason for initiating the rules:**
The Arizona Department of Transportation, Motor Vehicle Division, proposes to amend the rule to incorporate recent legislative changes provided under Laws 2007, Chapter 97, which amends A.R.S. § 28-3167 to allow a registered nurse practitioner to sign the statement required to place a medical alert condition code on a person's driver license.
- 7. A reference to any study relevant to the rule that the agency reviewed and either relied on or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**
None

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8. **A showing of good cause why the rules are necessary to promote a statewide interest if the rules will diminish a previous grant of authority of a political subdivision of this state:**
Not applicable
9. **The summary of the economic, small business, and consumer impact:**
The Division impact of this rule is minimal. The only costs incurred by the Division are the costs of rulemaking.
The Division anticipates the rulemaking will have no impact on small businesses and consumers.
10. **A description of the changes between the proposed rules, including supplemental notices, and final rules (if applicable):**
Minor grammatical and style corrections were made at the request of Governor's Regulatory Review Council staff.
11. **A summary of the comments made regarding the rule and the agency response to them:**
Not applicable
12. **Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:**
Not applicable
13. **Incorporations by reference and their location in the rules:**
Not applicable
14. **Was this rule previously made as an emergency rule?**
No
15. **The full text of the rules follows:**

TITLE 17. TRANSPORTATION

CHAPTER 4. DEPARTMENT OF TRANSPORTATION
TITLE, REGISTRATION, AND DRIVER LICENSES

ARTICLE 5. SAFETY

Section

- R17-4-501. Definitions
R17-4-504. Medical Alert Conditions

ARTICLE 5. SAFETY

R17-4-501. Definitions

In addition to the definitions ~~in~~ provided under A.R.S. §§ 28-101 ~~and~~, 28-3001, 28-3005, and 32-1601, in this Article, unless otherwise specified:

"Adaptation" means a modification of or addition to the standard operating controls or equipment of a motor vehicle.

"Applicant" or "licensee" means a person:

Applying for an Arizona driver license or driver license renewal, or

Required by the Division to complete an examination successfully or to obtain an evaluation.

"Application" means the Division form required to be completed by or for an applicant for a driver license or driver license renewal.

"Arizona Driver License Manual" or "manual" means the reference booklet for applicants, issued by the Division, containing non-technical explanations of the Arizona motor vehicle laws.

"Aura" means a sensation experienced before the onset of a neurological disorder.

"Commercial Driver License physical qualifications" means driver medical qualification standards for a person licensed in class A, B, or C to operate a commercial vehicle as prescribed under 49 CFR 391, incorporated by reference under R17-5-202 and R17-5-204.

"Director" means the Division Director or the Division Director's designee.

"Disqualifying medical condition" means a visual, physical, or psychological condition, including substance abuse, that impairs functional ability.

"Division" means the Arizona Department of Transportation, Motor Vehicle Division.

"Evaluation" means a medical assessment of an applicant or licensee by a specialist as defined below to determine whether a disqualifying medical condition exists.

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“Examination” means testing or evaluating an applicant’s or licensee’s:

- Ability to read and understand official traffic control devices,
- Knowledge of safe driving practices and the traffic laws of this state, and
- Functional ability.

“Functional ability” means the ability to operate safely a motor vehicle of the type permitted by an Arizona driver license class or endorsement.

“Identification number” means a distinguishing number assigned by the Division to a person for a license or instruction permit.

“Licensee” means a person issued a driver license by this state.

“Licensing action” means an action by the Division to:

- Issue, deny, suspend, revoke, cancel, or restrict a driver license; or
- Require an examination or evaluation of an applicant or licensee.

“Medical code” means a system of numerals or letters indicating the licensee suffers from some type of adverse medical condition.

“Medical screening question and certification” means the questions and certification on the application.

“Neurological disorder” means a malfunction or disease of the nervous system.

~~“Physician” has the same meaning as prescribed under A.R.S. § 28-3005.~~

“Seizure” means a neurological disorder characterized by a sudden alteration in consciousness, sensation, motor control, or behavior, due to an abnormal electrical discharge in the brain.

“Specialist” means:

- A physician who is a surgeon or a psychiatrist;
- A physician whose practice is limited to a particular anatomical or physiological area or function of the human body, patients with a specific age range; or
- A psychologist.

“Substance abuse” means:

- Use of alcohol in a manner that makes the user an alcoholic as defined in A.R.S. § 36-2021(1), or
- Use of controlled substance in a manner that makes the user a drug dependent person as defined in A.R.S. § 36-2501.

“Substance abuse evaluation” means an assessment by a physician, specialist, or certified substance abuse counselor to determine whether the use of alcohol or a drug impairs functional ability.

“Successful completion of an examination” means an applicant or licensee:

- Establishes the visual, physical, and psychological ability to operate a motor vehicle safely, or
- Achieves a score of at least 80% on any required written test and road test.

R17-4-504. Medical Alert Conditions

- A.** Definition. In this Section, “license” means any class driver license, commercial driver license, non-operating identification license, or instruction permit.
- B.** Medical alert condition displayed on license. The Division shall provide on each license a space to indicate a medical alert condition. A list of recognized medical alert conditions is available at all Motor Vehicle Division Customer Service offices and Authorized Third Party Driver License offices.
- C.** Retention of medical alert condition authorization. The Division shall not maintain the medical alert code on the Division computer record unless written authorization is submitted.
- D.** A person shall submit a signed statement, from a physician or registered nurse practitioner, stating that the person is diagnosed with a medical condition. The signed statement is required every time the person requests a license unless the person authorizes the Division to maintain the medical code in the Division computer.

NOTICE OF FINAL RULEMAKING

TITLE 18. ENVIRONMENTAL QUALITY

CHAPTER 2. DEPARTMENT OF ENVIRONMENTAL QUALITY
AIR POLLUTION CONTROL

[R08-18]

PREAMBLE

- 1. Sections Affected**
R18-2-903

Rulemaking Action
Amend
- 2. The statutory authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**
Authorizing and implementing statutes: A.R.S. §§ 49-104(A)(11), 49-404(A) and 49-425(A)
- 3. The effective date of the rules:**
March 8, 2008
- 4. A list of all previous notices appearing in the Register addressing the proposed rules:**
Notice of Rulemaking Docket Opening: 13 A.A.R. 313, February 9, 2007
Notice of Proposed Rulemaking: 13 A.A.R. 3074, September 7, 2007
- 5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**

Name: Carrie Bojda

Address: Department of Environmental Quality
1110 W. Washington St.
Phoenix, AZ 85007

Telephone: (602) 771-4210 (This number may be reached in-state by dialing 1-800-234-5677 and requesting the seven digit number.)

Fax: (602) 771-2366
- 6. An explanation of the rules, including the agency's reasons for initiating the rule:**

Summary: The Arizona Department of Environmental Quality (ADEQ) is amending R18-2-903, Standards of Performance for Fossil-fuel Fired Steam Generators, to reflect proposed changes to the compliance demonstration by Arizona Public Service (APS) at the Cholla generating station resulting from the addition of air pollution control equipment to the facility.

Background: Current regulations set forth in R18-2-903, Standards of Performance for Fossil-fuel Fired Steam Generators, provide exceptions from the New Source Performance Standards (NSPS) for fossil-fuel-fired steam generators at 40 CFR 60.40 through 60.47. Subsection (3) provides an exclusion from the NSPS for sources that obtained an installation permit prior to May 14, 1979. This exclusion allows the source to comply with the sulfur dioxide emission standards specified in R18-2-901 and this Section as if two or more fuel-burning equipment or steam-power generating installations constitute one emission discharge point. The subsection requires the source to comply with the applicable sulfur dioxide emission standards in the manner specified in its installation permit and requires the Department to incorporate such emission standards into the source's operating permit as an enforceable permit condition. The subsection also stipulates that in no event shall any one fuel-burning equipment or steam-power generating installation emit sulfur dioxide (SO₂) in excess of 520 nanograms per joule heat input (1.2 pounds per million BtuBtu) for solid fossil fuel or solid fossil fuel and wood residue or in excess of 340 nanograms per joule heat input (0.8 pounds per million Btu) for liquid fossil fuel or liquid fossil fuel and wood residue. At this time, this exclusion applies solely to the Cholla Power Plant in Navajo County, Arizona.

Among the units being currently operated at the Cholla Power Plant are Units 2 and 3. Unit 2 currently has an SO₂ scrubber while Unit 3 does not. Based on the above exclusion, these two units are considered a single emission discharge point. In a letter dated November 20, 2006; however, APS petitioned ADEQ to amend R18-2-903 due to contemplated environmental projects for Cholla Units 2 and 3. APS has plans to install an SO₂ scrubber to Unit 3, and the scrubber is scheduled to be online in 2009. Without an amendment to R18-2-903, the exclusion will prevent the installation of the scrubber to Unit 3 as the facility's units are currently treated as a single emission source "bubble." Therefore, the revisions to R18-2-903 will decouple the units and allow the installation of the scrubber to Unit 3.

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Explanation of significant proposed changes:

R18-2-903. Standards of Performance for Fossil-fuel Fired Steam Generators: The amendment to this Section revises the rule to include a new exception for a source that is subject to subsection (3) of this Section. When a source changes the equipment configuration so that each fuel-burning equipment or steam-powered generating installation constitutes one emission discharge point, that source shall now comply with the Standards of Performance for New Stationary Sources specified in subsection (1) and R18-2-901. These emission standards shall then be incorporated into the source's operating permit as enforceable permit conditions. Minor changes were also made to R18-2-903 to improve the clarity of the language.

7. A reference to any study relevant to the rule that the agency reviewed and either relied on or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:

None

8. A showing of good cause why the rules are necessary to promote a statewide interest if the rules will diminish a previous grant of authority of a political subdivision of this state:

Not applicable

9. The summary of the economic, small business, and consumer impact:

Rule Identification

This rulemaking amends Title 18, Chapter 2, Article 9 "New Source Performance Standards" (A.A.R. 18-2-903). Section 903, "Standards of Performance for Fossil-fuel Fired Steam Generators," is being amended to accommodate an alternative compliance demonstration for the Cholla Steam Electric Station, operated by Arizona Public Service Company (APS).

Background

The Cholla Power Plant is located two miles east of Joseph City and about 200 miles northeast of Phoenix. Steam units 1, 2, and 3, which are owned by APS, were completed in 1962, 1978, and 1980, respectively. Unit 4, owned by PacifiCorp, began commercial operation in 1981. All units use pulverized coal that is tangentially fired into the dry bottom furnace of each of the four boilers. Bituminous or sub-bituminous coal is combusted to heat water to create super-heated steam that drives the turbines. Low-sulfur coal is combusted if Unit 3 is operated without Unit 2. Electricity is distributed to North Phoenix, a substation near Red Rock, Flagstaff, and several local communities near the facility.

APS requested an alternative compliance mechanism due to voluntary capital-investment projects contemplated at Units 2 and 3. Unit 2 is equipped with an SO₂ scrubber while Unit 3 is not. The current regulatory provisions will not be necessary when the projects are completed (anticipated date of 2009) because APS intends to install an SO₂ scrubber on Unit 3.

R18-2-903(3) provides an exclusion from New Source Performance Standards (NSPS) when two or more fuel-burning equipment or steam-power generating installations permitted prior to May 14, 1979, operate as a single discharge system ("bubble"), enabling the units to meet the 0.8 pounds per million Btu SO₂ limit for liquid fossil fuel and 1.2 pounds per million Btu; however SO₂ limit for solid fossil fuel. This rulemaking, done at the request of APS, the plant operator, adds a new subsection that allows Units 2 and 3 to comply with the SO₂ limit individually on a per emission point basis under NSPS.

Classes of Persons Affected

ADEQ anticipates that this rulemaking will directly impact APS Cholla Power Plant, consultants (including engineers, lawyers, and accountants), equipment vendors, consumers of electric power, the general public, and ADEQ. The Corporation Commission is considered to be impacted indirectly when APS applies for rate increases in the future due to the compliance costs associated with implementing these projects.

ADEQ does not expect other state agencies or political subdivisions to be impacted by this rulemaking, except for entities collecting sales taxes and property taxes as a result of capital purchases or any increase in property taxes.

Human Health and Environmental Impacts

SO₂ emissions have the potential to aggravate asthma, resulting in wheezing, shortness of breath, and coughing. Children and the elderly, as well as persons suffering from bronchitis, emphysema, and cardiovascular disease are at increased risk. SO₂ emissions also can damage plants and materials; impair visibility; and contribute to acid deposition because of the conversion to sulfate particles (ADEQ 2003).

In addition to a 95 percent reduction from the current SO₂ emissions, co-pollutant removal benefits are expected to accrue to the public and the environment. For example, hydrogen fluorides are anticipated to be reduced by 4 tons, as well as hydrogen chlorides by 2 tons and sulfuric acid mist by 2 tons on an annual basis (APS May 2007).

Although ADEQ expects benefits to accrue to human health and the environment, the benefits cannot be monetized. To gain an insight to costs of adverse-health effects; however, the following table below contains per-case values of

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various health endpoints. For example, the value of respiratory hospitalization would be \$32,000 (Hall et al. 2006). Other costs per incident are represented in Table 1. A reduction in emissions has the potential to reduce a variety of health endpoints that are adverse to human health. Because the potential exists for not only improvements in human health but in the health of the environment, ADEQ anticipates that benefits will outweigh costs.

Table 1. Monetized Value of Health Endpoints

Health Endpoint (avoided health effect)	Value per Incidence (2005\$ unless noted)	Notations
Premature Mortality (VSL)	6,500,000	EPA's value of \$5.5 million converted to 2005 dollars
Chronic Bronchitis (onset)*	374,000	Estimated in two CV studies (Krupnick and Cooper 1989; Viscusi et al. 1991) updated from the value used by EPA (2003b, 2004, 2005)
Respiratory Hospitalizations (applies to adults and children)	32,000	CA-based value (Chestnut et al. 2006)
Emergency Room Visit	335	Based on two combined COI studies (EPA 2005); excludes time lost at work or school and value of pain avoidance
Work Loss Day (WLD)	141	Daily wage rates in Kern and San Joaquin counties
Work Loss Day (WLD)	123	Daily wage rate in Merced County
Acute Bronchitis (six-day period)	110	Computed from Loehman et al. (1979) values for chest discomfort and cough, and adjusted to 2005 dollars
School Absent Day (SAD)	79	San Joaquin County
School Absent Day (SAD)	65	Tulare County
Minor Restricted Activity Day (MRAD)	61	Based on WTP (Tolley et al. 1986) and reported by EPA 2005 (\$51 in 1999), and converted to current dollars and adjusted for income (CARB 2005)
School Absence Day (SAD)	54	Computed from an indirect cost of 3.6 million school loss days to be \$194.5 million in 1994 dollars (Smith et al. 1997)
Asthma Attack (per event)	50	Adjusted from EPA's peer-reviewed value and updated to current dollars and income; value is based on a 1986 CV study conducted in Los Angeles that estimated WTP to avoid a "bad asthma day" (Rowe and Chestnut)
Upper Respiratory Symptom Day (URS)	32	Adjusted from the value EPA adopted (2005) to account for inflation and income
Lower Respiratory Symptom Day (LRS)	20	Adjusted from the value EPA adopted (2005) to account for inflation and income

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Acute Bronchitis (single day)	18	Computed from Loehman et al. (1979) values for chest discomfort and cough, and adjusted to 2005 dollars
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Source: Hall, Jane V.; Victor Brajer; and Fredrick W. Lurmann, 2006, "The Health and Related Economic Benefits of Attaining Healthful Air in the San Joaquin Valley," California State University, Fullerton (March), pp. 69-71.

KEY:

VSL=value of a statistical life; CV=contingent valuation; WTP= willingness-to-pay; MRAD= minor restricted activity day; COI=cost of illness

Pollution can cause detrimental impacts not only to plants, animals, and ecosystems, but to aesthetics and recreational activities. Negative impacts could include increased material soiling and damage and visibility impairment. Approximately 83% of visibility impairment from SO₂ at the Petrified Forest National Park is contributed by industrial sources. Natural resources have both a use and non-use value. Natural resources provide recreational, agricultural, commercial, extractive, and aesthetic functions. Both use and non-use values represent total economic value that can impact individual utility (U.S. Department of Interior 1987). Total value is the sum of direct use value, indirect use value, existence use value, and option use value. Direct use means the actual or potential use of resources, such as hunting, fishing, drinking, and swimming. Indirect use is normally associated with some other activity (e.g., hiking, sight seeing, relaxing, and bird watching). The existence value comprises the non-use value. It can include cultural and heritage values as well as objects of intrinsic value (e.g., forests). In short, a value is created just knowing that it exists. Option value emerges from a potential to visit or use a resource in the future. Resources also provide services as they perform various functions (human and animal habitats, plant genetics, microclimates, pollution reduction, etc.). Environmental degradation has the potential to reduce all of these values. Hence, improvements in environmental quality can generate potential increases in individual utility.

Existence value, a non-consumption value, can be explained according to Boyle and Bishop 1985, as cited in Button 1993, as follows: bequest motive (a value placed on the environmental resources because they can exist for utility of future generations); benevolence toward relatives and friends (a value knowing that resources presently are available to them); sympathy for people and animals who may suffer from environmental degradation caused by transport; environmental linkages (a fear that degradation is a symptom of a wider malaise that must be stopped before it becomes worse); and environmental responsibility to share in the cost of protecting the environmental as a moral responsibility. Thus, total value is equal to use values plus indirect values plus existence values.

Approximately 400,000-450,000 households are served by the Cholla Power Plant. A portion of the costs for reducing pollutants is expected to be passed on to consumers. ADEQ expects a portion of the annualized cost of capital and its monthly electrical bills. Whether or not increased costs can be passed on to consumers depends on a variety of factors, including market conditions. Part of the increased costs may have to be absorbed as the higher costs of doing business which could impact the company's profit margin.

APS Costs

APS is voluntarily installing an SO₂ scrubber (adsorber) on Unit 3 with the target installation date of July 1, 2009. A decrease in SO₂ emissions could range 8,290 tons to 9,110 tons annually, based on a 95 percent reduction applied to 2005 and 2006 emissions from Table 2. This would mean that 437 tons to 480 tons would be emitted from Unit 3 annually into the atmosphere.

Table 2. Annual SO₂ Emissions (TPY) for Steam Generating Units 2 and 3: 2005 and 2006

Year	Unit #2	Unit #3	Total
2005	1,045	9,590	10,635
2006	1,379	8,727	10,106

Source: Actual emissions are from Emissions Inventory reports submitted to ADEQ.

According to APS, the estimated capital cost is \$63 million with annual O&M costs of \$4.1 million, excluding auxiliary power costs (APS April 2007).

Since APS is not a small business, a small business impact exploring potential reductions in overall impacts was not done.

A potential benefit for APS in the installation of the SO₂ scrubber is the possibility of acid rain SO₂ credits. The Acid Rain Program of the 1990 Clean Air Act places a limit on the amount of SO₂ that can be emitted annually. Sources of air pollution are allocated allowances, or credits, based on the facility's historic level of SO₂ emissions. At the end of the year, a facility must hold enough credits to cover the facility's SO₂ emissions for that year. Any remaining credits may be traded or banked for future use. Credits are a valuable and tradable commodity.

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Consultants, Engineers, etc.

Increased revenues are expected to accrue to consultants, engineers, lawyers, and accountants for preparation and planning costs to install the SO₂ scrubber and related control equipment. Revenues are expected to be minimal to moderate.

Equipment Vendors

Increased revenues are expected to accrue to equipment vendors for the purchase and installation of pollution control equipment. Revenues are expected to be relatively substantial at \$63 million for capital costs.

Other Businesses

Other businesses may be expected to have increased revenues from materials, supplies, and services obtained for annual O&M costs, estimated at more than \$4 million. Not all of the O&M cost will result in expenditures to this category. Some of these businesses may be classified as small businesses. If they provide supplies, materials, or services to APS, the impact will be positive. No other small businesses are expected to be impacted.

ADEQ

The impact of this rulemaking on ADEQ is expected to be minimal. The implementation of this rulemaking will not result in the need for additional staff. The impact to ADEQ's workload will be de minimis. ADEQ does not anticipate that this rule will impact other state agencies or counties, except for an indirect impact to the Corporation Commission if APS applies for rate increases in the future.

Employment, Payroll, Revenues Impact

This proposed rule is not expected to impact short-term or long-run employment in Arizona. Current employment within the private sector is not expected to change. Equipment vendors and other businesses are expected to receive increased revenues. Payrolls are not anticipated to be negatively affected. The rulemaking is not expected to have an adverse impact on state revenues or public employment.

References

ADEQ, 2003, Environmental Programs, AQD, Planning, Health and Welfare Effects, (8/08/03).

APS April 2007, telephone conversation with Brent Gifford (April 26, 2007).

APS May 2007, e-mail from Douglas Lavarnway, Environmental Consultant "Cholla Emissions info" (May 1, 2007).

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10. A description of the changes between the proposed rules, including supplemental notices, and final rules (if applicable):

Not applicable

11. A summary of the comments made regarding the rules and the agency response to them:

None

12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

Not applicable

13. Incorporations by reference and their location in the rules:

None

14. Were these rules previously made as emergency rules?

No

15. The full text of the rules follows:

TITLE 18. ENVIRONMENTAL QUALITY

CHAPTER 2. DEPARTMENT OF ENVIRONMENTAL QUALITY
AIR POLLUTION CONTROL

ARTICLE 9. NEW SOURCE PERFORMANCE STANDARDS

Section

R18-2-903. Standards of Performance for Fossil-fuel Fired Steam Generators

ARTICLE 9. NEW SOURCE PERFORMANCE STANDARDS

R18-2-903. Standards of Performance for Fossil-fuel Fired Steam Generators

As exceptions to 40 CFR 60.40 through 60.47:

1. In place of 40 CFR 60.43(a)(2), the following language shall be substituted: 340 nanograms per joule heat input (0.8 pounds per million Btu) derived from solid fossil fuel or solid fossil fuel and wood residue.
2. Delete 40 CFR 60.43(b).
3. ~~For those persons who obtained an installation permit prior to May 14, 1979, for two or more fuel burning equipment or steam power generating installations, which permitted such persons to comply with the sulfur dioxide emission standards specified in R18-2-901 and this Section as if such equipment or installations constituted one emission discharge point: If an owner or operator of a fossil-fuel fired steam generator obtained an installation permit for two or more fuel-burning equipment or steam-power generating installations before May 14, 1979, that permitted the installation to comply with the sulfur dioxide emission standards specified in R18-2-901 and this Section as if the equipment or installations were one emission discharge point:~~
 - a. ~~Those persons~~ The owner or operator shall comply with the applicable sulfur dioxide emission standards in the manner specified in ~~their~~ the installation permit;
 - b. The Department shall incorporate ~~such~~ the emission standards under subsection (3)(a) into each ~~person's~~ owner's or operator's operating permit as an enforceable permit condition;
 - c. ~~In no event shall any one fuel-burning equipment or steam-power generating installation emit sulfur dioxide in excess of~~ No single fuel-burning equipment or steam-power generating installation shall emit sulfur dioxide in excess of:
 - i. 520 nanograms per joule heat input (1.2 pounds per million Btu) for solid fossil fuel or solid fossil fuel and wood residue; or
 - ii. 340 nanograms per joule heat input (0.8 pounds per million Btu) for liquid fossil fuel or liquid fossil fuel and wood residue.
4. When an owner or operator subject to subsection (3) changes the equipment configuration so that each fuel-burning equipment or steam-powered generating installation constitutes one emission discharge point:
 - a. The owner or operator shall comply with the emissions standards specified in subsection (1) and R18-2-901; and
 - b. The Department shall incorporate the emissions standards into the owner's or operator's operating permit as enforceable permit conditions.