

Preliminary Study Methodology

Air Quality
February 15, 2010

Methodology

1.1. Direct Fee Formula

The Report analyzed historical data from FY06 through FY09. This allowed for four full fiscal years of cost reporting into *BillQuick* and *AirTools* under the new permit administration fee regulations.

The administration fee formula for calculation of the direct cost for permitting service is:

(Direct labor cost + Third party cost) divided by number of actions.

Direct labor costs are tracked through activity codes in *BillQuick* (see *BillQuick* Road Map provided in the Report Appendix). The Third party costs are comprised of travel, contractor, and public notice costs. The Third party costs are also tracked directly to the permit holders through *BillQuick*, travel logs, and notice to proceed contracts. The number of actions are tracked through *AirTools* and verified by cross reference to *BillQuick* or revenue (fixed fee) actions and invoices.

The administration services and fees are established in 18 ACC 50.400. Technical and administrative staff compiled cost accounting reports from *BillQuick* based on activity codes and type of regulatory actions. These actions are sorted by Phase (permit type) or project ID in *BillQuick*. Staff reviewed the reports and checked for any activity code deviations, duplicates, or incorrectly entered codes. Technical staff pulled reports and queries from *AirTools* to establish the number of actions performed for each regulatory service. The action counts were then verified based on performance reports, *BillQuick* entries, and accounting revenue for fees.

Below is the description of the Direct Fee Formula used for each Regulatory Category analyzed and for which fees were preliminarily established.

18 AAC 50.400

Title V Permit Annual Renewal Fees
18 AAC 50.400(a)(1)-(3), (5), (7), & (9)

Labor Costs: *BillQuick* code 7:16 with phase code for each permit type.
Third Party Costs: *BillQuick* records for public notice, associated travel, and term contractor costs.
Actions: A weighted average based on which permit step was completed was used to establish an action count. The TV renewal permits are in various stages of completion up to and including the final issuance of the permit. The process to issue a TV renewal permit is completed in defined steps up to final issuance (completeness review, technical staff draft, manager review, public notice, EPA 45 day review, final issuance). Title V has placed all renewal application into the Renewal Permit Tracking Schedule to follow the various stages of the issuance of the permits; the tracking schedule was used to determine the weighted average. This tracking schedule information is linked to the data from *AirTools*. Please see the Appendix for weighted average table.

Original Title V Annual Permit Fees
18 AAC 50.400(a)(4), (6)

Original Title V Annual Permit Fees
18 AAC 50.400(a)(4), (6)

Labor Costs: *BillQuick* code 7:30, phase codes
Third Party Costs: Associated Travel, Contractor Costs, and Public Notice Fees
Actions: There were no TV original permits issued for 18 AAC 50.400(a) (4) (A).
There was only one original Title V permit issued under 18 AAC 50.400 (a) (6) (A).

Title V Routine Compliance Review -Annual Fees
18 AAC 50.400(a)(1), (2), (3), (5), (7), (8), & (9)(B)

Labor Costs: *BillQuick* code 7:16 with phase code for each permit type
Third Party Costs: Associated travel and term contractor costs
Actions: Number of sources with Permit Category. Cross reference to *AirTools* and *BillQuick*

Routine Compliance Review Annual Fee
18 AAC 50.400(h) Source not classified as needing a Title V Permit and General Permits

Labor Costs: *BillQuick* code 7:16 with phase code for each permit type.
Third party Costs: Associated travel and contractor cost
Actions: Number of sources with Permit Category. Cross reference to *AirTools* and *BillQuick*

One time Administration Fees required prior to Action
18 AAC 50.400(d) Minor Permit Fast Track

Labor Costs: *BillQuick* codes 7:28 and 7:30 with phase code for each permit type.
Third Party Costs: No Third Party Costs
Actions: Number of sources with Permit Category. Cross reference to *AirTools* and *BillQuick*. There were four Fast track permits issued.

Plant-Wide Applicability
18 AAC 50.400(e) Plant-Wide Applicability

Due to limited actions available to determine an equitable cost recovery rate, it is recommended that this category be moved to the time and materials subsection. That action cost \$12,571, however, with a fixed fee rate of \$7,950, the non-recoverable cost was \$4,621.

One time fees: Other Permit Administration Fees Required Prior to Action
Administration Amendments, Modeling Protocols
18 AAC 50.400(i)

Labor Costs: *BillQuick* codes 7:21, 7:22
Third Party Costs: No Third Party Costs
Actions: *AirTools* count that was cross referenced to *BillQuick* invoices. *BillQuick* data supports continuation of a fixed fee schedule for 18 AAC 50.400(i)(1), (2), and (3).

Permit Administration Fees for Open Burn Approvals
18 AAC 50.400(l) Open Burn

Labor Costs: *BillQuick* codes 07:27, 07:31
Third Party Costs: No Third Party Costs
Actions: *AirTools* count that was cross referenced to *BillQuick* invoices

The Program reviewed data for Open Burns with smoke incursion that are currently charged the time and material rate under 18 AAC 50.400(m)(10). Preliminary data suggested that an administration fixed fee of \$223 for these approvals or denials could be established

One-time Permit and Annual Compliance Review Fees for ORLS, PAELS
18 AAC 50.400(k)

Labor Costs: *BillQuick* codes 07:24, 03:14
Third Party Costs: Associated travel, public notice costs

Actions: *AirTools*, count of sources in Permit Category cross referenced to *AirTools* and invoices.

Other Permit Administration Fees Required Upon Completion of DEC Review or Action 18 ACC 50.400(j) Source Test, Excess Emission, Fee Appeals

Labor Costs: *BillQuick* code 03:13

Third Party Costs: Associated Travel

Actions: *AirTools* count with cross references to *BillQuick* invoices
 , Program staff reviewed the time and material charges for observations of source testing under 18 AAC 50.400(m)(8) to determine if there was sufficient data to establish a fixed fee for this service. Preliminary study indicated that there was sufficient cost accounting data to support the establishment of a new fixed fee for this compliance service.

October 2008 Regulation Citation	Description	Old Fee / Yr	New Fee / Yr	Difference New Fee to Old Fee	Percentage Change
18 AAC 50.400(m)(8)	Observation of Source Test	T&M	\$413		

Permit Administration Fees

The following are the proposed Permit Administration Fees for each regulatory service listed in 18 ACC 50.400. This section references the section and sub--section number sequence in the existing regulations. Each subsection of 18 AAC 50.400 was reviewed according to the above methodology. Where there are clear deviations, significant adjustments, limited historical data, or where circumstances have changed, it is explained how the new fees were derived and how the administrative fee rates were set.