

MEMORANDUM

TO: All Title V sources and interested parties

FROM: Southern Ute Indian Tribe Air Quality Program

RE: Consumer Price Index adjusted Title V emission fee amount for calendar year 2013

DATE: February 3, 2014

Each year Part 70 affected sources are required to pay annual emissions fees as outlined in the Reservation Air Code (RAC) 2-118(2). An initial emissions fee of \$50.00 per ton for all fee pollutants was set under RAC 2-119(1)(a). However, this initial emissions fee is adjusted at the beginning of each calendar year to reflect any percentage increase by which the Consumer Price Index (CPI) for the most recent year exceeds the CPI for the year the Tribe's Title V Operating Permit Program was approved (RAC 2-119(1)(d)).

The annual emissions fee, set by the Southern Ute Indian Tribe (SUIT) Air Quality Program (AQP) for Calendar Year (CY) 2013 is \$50.83 per ton for all fee pollutants. This revised emissions fee amount was calculated according to the methodology required by RAC 2-119(1)(d) and as outlined in 40 CFR Part 70 section 70.9(b)(2)(iv) and Clean Air Act section 502(b).

The CPI adjusted fee for CY 2013 reflects an increase of 1.66740 % or \$0.83 per ton above the initial emissions fee established with the approval of the Tribe's Title V Operating Permit Program in 2012. Example calculations can be found on the Tribe's Title V Operating Permits website at: <http://www.southernute-nsn.gov/environmental-programs/air-quality/title-v-operating-permit-programs/>

Title V Emissions Fee Rate Calculation for Part 70 Sources Calendar Year 2013

1. Emission Fee References

A. Reference Documentation for CPI

CPI - All Urban Consumers (1982-84=100)

CPI Reference Source website <http://ftp.bls.gov/pub/special.requests/cpi/cpia.txt>

B. Clean Air Act, Part 70 and Reservation Air Code Emission Fee Indexing Citations

Clean Air Act: Title 42 United States Code Chapter 85, Subchapter V, §7661a(b)(3)

Part 70: 40 Code of Federal Regulations §70.9(b)(2)(iv)

Reservation Air Code: RAC 2-119(d)

2. Example Calculations

Step 1 = Retrieve Consumer Price Index (CPI) information from U.S. Department of Labor, Bureau of Labor Statistics. Use All Urban Consumers (CPI-U) 1982-84=100.

Step 2 = Average CPI values from September through August for current and previous year.

$$CPI_{avg} = \Sigma \text{ Monthly CPI values September through August } \div 12$$

Step 3 = Subtract current year monthly average from previous year monthly average.

$$\Delta CPI = \text{Current } CPI_{avg} - \text{Previous } CPI_{avg}$$

Step 4 = Divide difference of current year and previous year monthly averages by current year monthly average. Multiply value by 100 to convert to percentage.

$$ADJ\% = \Delta CPI \div \text{Current } CPI_{avg} \times 100$$

Step 5 = Multiply previous years emission fee in dollars/ton by inflation adjustment percentage.

$$FEE\$_{increase} = FEE\$_{previous} \times ADJ\%$$

Step 6 = Add increase in dollars/ton to previous year's emission fee to obtain current year fee in dollars/ton.

$$FEE\$_{current} = FEE\$_{previous} + FEE\$_{increase}$$

3. Calculate Revised Emissions Fees for Current Year

A. Previous Year Monthly Consumer price Index for (September 2011 through August 2012)

Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
226.889	226.421	226.230	225.672	226.665	227.663	229.392	230.085	229.815	229.478	229.104	230.379

Previous Year Monthly Avg: 228.149

B. Current Year Monthly Consumer price Index for (September 2012 through August 2013)

Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13
231.407	231.317	230.221	229.601	230.280	232.166	232.773	232.531	232.945	233.504	233.596	233.877

Current Year Monthly Avg: 232.018

C. Calculate Difference between CPI Previous and Current Year Monthly Averages

Current Year Monthly Avg:	232.018	<i>Current year's monthly avg. index value change</i>
Prior Year Monthly Avg:	228.149	<i>Previous year's monthly avg. index value change</i>
Difference:	3.8688	<i>Difference between the two Annual Monthly Averages</i>

D. Derive Annual Average Monthly % Adjustment Factor

Avg Monthly %: **1.66740%**
(change in CPI)

E. Adjust Fees to Current Year

Last Year's Emissions Fee ¹ :	\$50.00
Inflation Adjustment:	\$0.83
Revised Fee for 2013²	\$50.83

1. FY 2012 (ending August 2012 for part 70)

2. FY 2013 (ending August 2013 for part 70)