

2800

RECEIVED

DEC 23 REC'D

INDEPENDENT REGULATORY
REVIEW COMMISSION



Allegheny Energy

800 Cabin Hill Drive
Greensburg, PA 15601
(724) 838-6709
FAX (724) 830-5142

DAVID C. CANNON JR.
Vice President, Environment, Health & Safety

RECEIVED

December 17, 2009

DEC 21 2009

Environmental Quality Board
P.O. Box 8477
Harrisburg, PA 17105-8477

ENVIRONMENTAL QUALITY BOARD

Proposed Rulemaking, Environmental Quality Board [25 PA. CODE CHS. 121, 127 and 139], Air Quality Fee Schedules, [39 Pa.B. 6049]

Dear Environmental Quality Board:

Allegheny Energy is an investor owned electric generation and distribution company headquartered in Greensburg, Pennsylvania. Allegheny Energy owns and operates generating facilities and delivers low-cost, reliable electric service to 1.6 million customers in Pennsylvania, West Virginia, Maryland and Virginia. The company owns and operates twenty power stations with a capacity of nearly 9,700 megawatts including coal, natural gas, oil, pumped storage and hydroelectric.

Allegheny Energy appreciates the opportunity to comment on the proposed PADEP Air Quality Fee Schedule. We incorporate and support the comments submitted by the Electric Power Generation Association (EPGA) and would like to emphasize one specific issue surrounding the proposed increase in emission fees.

As stated in the EPGA comments, Allegheny Energy fully understands the need for the Department to increase permit fees and testing fees, but the proposed increase in emission fees is unjustifiably exorbitant. The 2009 emission fees (based on 2008 emissions) are based on \$54 per ton, resulting in a total fee of \$1,445,163 for Allegheny Energy's Pennsylvania power stations. To increase the amount by almost 30% to \$70 per ton for next year is unjustified. Moreover, most companies establish budgets for the next calendar year during the third quarter of the year previous. Hence, 2010 budgets have already been established, with items such as emissions fees being calculated on consumer price index changes. From the information available, Allegheny Energy estimated an emission fee increase of \$2.70 to \$56.70 per ton for its 2010 budget (fees paid on 2009 emissions). To suddenly have that estimated fee increase jump almost five fold will have significant negative consequences to the regulated communities' budgets.

Allegheny Energy believes it would be more equitable to those paying the fees if the Department proposed a phase in approach over the next 3 to 5 years identifying permit and testing fee increases for each year. Emission fees should continue to be based on Consumer Price Index changes per year.

Environmental Quality Board
December 17, 2009
Page 2

Allegheny Energy appreciates the opportunity for comment on the proposed fee increases prior to EQB issuing them as final. If you have any questions or comments regarding these comments, please contact Randy Cain of my staff at 724-838-6004 by phone or at rcain2@alleghenyenergy.com via e-mail.

Sincerely,

A handwritten signature in black ink, appearing to read "David C. Cannon Jr.", with a long horizontal flourish extending to the right.

David C. Cannon Jr.
Vice President
Environment, Health & Safety