

**NATURAL RESOURCES,
AGRICULTURE AND ENVIRONMENT
INTERIM COMMITTEE**



JUNE 20, 2012

1) DEQ Process Improvement Initiatives

Radiation Control Permitting Process Kaizen.
Air Quality Permitting Process Kaizen.
DEQ Finance Procedures Kaizen.
Emergency Response Kaizen.
DEQ Boards Process Improvement.
Local Health Department Process Improvement.

2) Uintah Basin Air Study

Over the past several winters the Uintah Basin has experienced numerous periods when ozone concentrations have peaked at levels nearly twice the federal health standard. Ozone is typically associated with urban areas during hot summer periods but in the Basin the high concentrations are occurring during cold, winter temperature inversions when snow covers the ground. The ozone levels during these periods have the potential to not only impact public health but could affect the local economy as well if mandatory, and possibly counterproductive, federal requirements are implemented. Because ozone is not emitted directly from sources but is formed chemically in the atmosphere, understanding how to control it is a very complex problem. This past winter scientists from USU – EDL, NOAA, WEA, CU-Boulder, and EPA worked under the direction of the UDEQ in a multi-pronged study to develop emissions inventories, establish ozone baselines, measure chemical formation processes, and collect source specific chemical "finger prints" in order to identify appropriate and effective mitigation strategies for winter ozone in the Basin. The study was very successful although lack of snow cover and high ozone levels hindered some research components. The research report with conclusions, recommendations for additional study and recommended ozone mitigation strategies will be finalized in October.

3) PM 2.5 SIP

Utah contains 3 of the 32 metropolitan areas that were found in violation by EPA of the national health standard for fine particulate (PM_{2.5}) in 2009. PM_{2.5} is the air pollutant that is both directly emitted and is formed chemically in the urban valleys during winter cold-pool

temperature inversions. The Utah Air Quality Board and UDEQ staff are developing a State Implementation Plan (SIP) to bring those areas back into attainment with the standard. The SIP is due to EPA in December of 2012 and must show that the areas are meeting the standard as early as possible in the window between 2014 and 2019. If the state is unable to demonstrate attainment of the standard, EPA may impose a federal plan and levy sanctions that impact industrial growth and transportation funding. UDEQ has completed a broad based stakeholder process in the seven impacted counties that resulted in a combination of emissions control strategies that will be necessary to improve air quality. The pollution reducing controls will vary by county with Utah and Salt Lake counties needing the greatest reductions due to their current level of emissions. Air quality computer modeling predicts that the selected pollution reductions will improve air quality in all areas and show attainment with the health standard by 2019.

4) PST Fund Cost Recovery

The Petroleum Storage Tank (PST) Trust Fund was established to provide a Financial Responsibility (FR) mechanism for petroleum station owners/operators to meet the required federal FR requirement for underground storage tanks and ensure cleanup of contamination from tanks that leak. To qualify for participation on the state PST fund, owner/operators must declare that they have no other liability insurance as coverage. If they have liability insurance, the state fund would be subrogated to any other insurance coverage and cleanup costs would be ineligible for PST fund coverage.

It is believed that state funds have been paying for cleanups for which there has been insurance and for which major oil companies have recovered insurance settlements. The Utah Attorney General and the Division of Environmental Response and Remediation entered into a Professional Services Contract in February 2011 to join with outside counsel in further researching and potentially litigating this issue to recover monies expended by the PST Fund for which insurance payments and/or settlements were also disbursed to the owner/operators.

Utah is participating in mediation, along with other western states, with Chevron. Additional major oil companies subject to investigation and possible claims include Sinclair Oil, ConocoPhillips, and Exxon. Several other states, including Massachusetts, Colorado, and Arizona, have already received settlement money from some of the major oil companies on this issue.

5) Nutrient Pollution

The largest source of water pollution in Utah's lakes and streams is attributable to excessive levels of nutrients, primarily nitrogen and phosphorous. Nutrients deplete Utah's waters of vital oxygen which can have cascading negative effects in aquatic species and ecosystems. The largest sources of nutrient pollution are urban storm water runoff, agriculture discharges, and discharges from wastewater treatment plants. In FY 2013 Utah will be accountable to EPA to prioritize our threatened waters for nutrient load reductions; establish nutrient load reduction goals; and demonstrate progress in developing protective numeric nutrient criteria.

In September 2011 the Division of Water Quality established a work group of stakeholders to help develop a plan for establishing water quality standards for nutrients. Representatives on the work group include Utah League of Cities and Towns, agriculture interests, drinking water utilities, conservation interests, EPA, industry, academia, recreation interests, wildlife interests, wastewater interests, storm water interests, and water quality scientists. The charge to the work group is to help the Division develop a strategy for addressing nutrient pollution. It is expected that this effort will continue through FY 2014.

6) Developing Oil Shale and Oil Sands While Protecting Ground Water Resources

The Division of Water Quality (DWQ) has issued permits to, or is currently reviewing permit applications for, four projects that propose to extract petroleum from either oil shale or oil sands. One permit (U.S. Oil Sands for its PR Springs project) is currently under appeal to the Water Quality Board.

DWQ administers rules and programs to protect Utah's ground water resources. These are administered under state, not federal, authority. Certain projects and activities are expressly permitted without having to secure a ground water discharge permit, such as agriculture irrigation, individual septic tank systems, facilities regulated under other state permitting programs, etc. Ground water permits, and associated monitoring requirements, are required when subsurface discharges of pollutants may move directly or indirectly into ground water.

In the case of the PR Springs project, DWQ asserted that no ground water permit was necessary due to the "de minimis" impact of the activity on ground water quality.

DWQ works in close coordination with the Division of Oil, Gas and Mining in issuing permits for oil and gas extraction activities.

7) State Funding of Water Projects:

A safe and reliable supply of water is essential for the economic growth and continued prosperity of our State. To ensure the commensurate water infrastructure is in place to accommodate growth and economic development, water utilities have projected that more than \$14 Billion dollars will be needed over the next twenty five years for water projects in the State. Much of these monies will be generated by water user fees and paid by the water utilities. However there are two types of projects that are beyond the economic reach of water users and utilities. These two types of projects are: 1) projects involving small water utilities that, due to the economies of scale, are unable to afford the needed improvements and 2) large projects that require major capital expenditures and include facilities like dams and inter basin water transfers. These types of projects are also beyond the economic reach of large water utilities.

The State Revolving Fund (SRF) program subsidizes projects serving small water systems. Over 52% of the communities in Utah serve fewer than 500 people. This program provides Federal grant funding to the State for the express purpose of funding drinking water system improvements. Current federal budget discussions mention possibly phasing out the SRF program over the next couple of years and the Utah SRF allotment was cut in 2012. The amount of SRF funding that may be phased out is \$10 million per year. These budget cuts could have a major impact on the ability of the State to provide safe, reliable drinking water.

8) Great Salt Lake Water Quality Strategy

Great Salt Lake is of vital economic and ecological importance to the state. The Division of Water Quality has developed a proposed long-term strategy to ensure that the water quality of the lake remains sufficient to maintain the lake's important benefits. Elements of the strategy include: developing protective water quality criteria; monitoring and research; wetlands protection; public outreach; and securing the necessary resources to implement the strategy. The Division has held separate meetings with many stakeholder groups to seek their input into the draft strategy. A public comment period is open through July 15, 2012 after which the strategy will be revised based on the comments received and then adopted by the Water Quality Board. The elements of the strategy will be revisited every three years to keep the document current. A copy of the proposed *Great Salt Lake Water Quality Strategy* is provided members of the committee.